



14 January 2026

ORDINARY MEETING OF COUNCIL

WEDNESDAY, 14 JANUARY 2026

RELATED INFORMATION

Responses to questions raised by Councillors in relation to agenda items.

PRE-MEETING PUBLICATION

RESCISSION MOTION

RM1/2026 BN19/2025 - Suspension of all Non-Legislated Net Zero Expenditure to support Financial Sustainability

Response 1: RM1/2026 & BN19/2025 Net Zero

Response 2: RM1/2026 & BN19/2025 Net Zero _ further response

CORPORATE AND COMMUNITY

CC1/2026 Adoption Of The Long Term Financial Plan 2026-2036

Response 1: CC1/2026 & CC3/2026 _ SV application

CC2/2026 Review Of Distributive Equity In Council's Rating Structure

Response 1: CC3/2026 _ SV application

CC3/2026 Application To The Independent Pricing And Regulatory Tribunal For A Permanent One-Year Special Variation Of 39.9%

Response 1: CC1/2026 & CC3/2026 _ SV application

Response 2: CC3/2026 _ SV application

Response 3: CC3/2026 _ Efficiency Report

POST MEETING PUBLICATION

CORPORATE AND COMMUNITY

CC2/2026 Review Of Distributive Equity In Council's Rating Structure

Response 1: CC2/2026 _ Information about values

CC3/2026 Application To The Independent Pricing And Regulatory Tribunal For A Permanent One-Year Special Variation Of 39.9%

Response 1: CC3/2026 _ SV application clarification



Memo to: Councillor Harrington

Copy to: Mayor Watton, all Councillors, General Manager, Directors, Senior Leadership Group and Communications & Engagement Team

From: Sue Page, Acting Director Planning and Environment
Paul McLachlan, Director Infrastructure

Subject: Suspension of Net Zero expenditure – Implications on grant funding opportunities

Date: 8 January 2026

Reference: CRM 33/2026 – DOC2026/002742

Dear Councillor Harrington

I refer to your request for information where you asked:

"I am writing to request advice on the potential implications for Cessnock City Council arising from the recent Council resolution to suspend the Net Zero funding motion.

In particular, I would appreciate clarification on how this decision may affect Council's eligibility for, or competitiveness in, future grant applications—especially those at the state and federal level where climate, sustainability, emissions reduction, or energy transition commitments may form part of the assessment criteria.

Could you please advise whether staff have identified any current or forthcoming grant programs where Council's position on Net Zero or related policy settings may be considered relevant, and whether suspending the motion poses any material risk to funding opportunities or partnerships?

This information would be helpful in understanding the broader strategic and financial consequences of the decision, and in informing future discussions of Council."

In response, the following information is provided:

Individual grant programs will be subject to eligibility criteria contained within the associated funding guidelines. Past grant funding programs have contained criteria regarding commitment and planning for greenhouse gas emission reduction in operations and facilities. Grant funding programs may also require a proportional funding commitment, eg) up to 50% for the project, as part of the eligibility requirements, but this varies across grant funding programs.

Even if the grant funding program does not require proportional funding from Council, the resolution is likely to be required to be disclosed in the grant application and would severely impact Council's competitiveness within the assessment process for funding. The suspension of expenditure to reduce greenhouse gas emissions is highly likely to make Council ineligible for most grant funding opportunities in relation to energy efficiency or sustainability programs.

Grant funding programs are being delivered by both Federal and State Government Departments. Current and forthcoming grant programs include:

- Community Energy Upgrades Fund Program – Department of Climate Change, Energy, the Environment and Water (Federal)
- Sports Clubs Energy and Climate Upgrades - Department of Climate Change, Energy, the Environment and Water (Federal)
- Community Batteries Funding – Australian Renewable Energy Agency (Federal)
- EV Fleets Incentive Program – NSW Climate and Energy Action (State)
- Community Energy Activation Program - NSW Climate and Energy Action (State)

A number of the funding programs will require partnerships with other organisations and/or funding from Council to participate. The resolution places projects under these programs at risk of ineligibility and initial discussions with funding bodies have indicated Council is likely to be ineligible to apply for these programs.

If you have further questions, please contact Council's Strategic Planning Manager, Martin Johnson on 02 49 934229.

Regards



Sue Page
Acting Director Planning and Environment



Memo to: Councillor Harrington

Copy to: Mayor Watton, all Councillors, General Manager, Directors, Senior Leadership Group and Communications and Engagement Team

From: Sue Page, Acting Director Planning and Environment
Paul McLachlan, Director Infrastructure

Subject: Suspension of Net Zero expenditure – Additional information

Date: 10 January 2026

Reference: CRM 519/2026 - DOC2026/003146

Dear Councillor Harrington

I refer to your request for additional information regarding the memo relating to the suspension of Net Zero expenditure dated 8 January 2026. Information has been provided below in response to your request:

“Firstly, I would like to better understand why the resolution from the December meeting would be required to be disclosed in a grant application. In this context, I wish to clarify my understanding that the resolution passed by Council does not reduce Council’s commitment to greenhouse gas emission reduction. Rather, its purpose was to ensure that expenditure on greenhouse emission programs is assessed and approved by Council on its individual merits, particularly in light of Council’s current financial position. Suspension or withdrawal of commitment to emission reduction was not the intent of the resolution, nor was the resolution intended to prevent or undermine grant-funded initiatives.”

Given this, I would appreciate clarification as to why disclosure of the resolution would be necessary, and in what way it would be considered material to a grant application”

The resolution for BN18/2025 refers to ‘**all future expenditure, programs, projects and activities related to achieving net zero emissions**’. The resolution does not differentiate between grant funded projects or otherwise.

The majority of grant programs require a financial contribution from Council as part of eligibility criteria. The financial contribution is budgeted within the Delivery Plan and Operational Plan when applying for the grant. The resolution to suspend expenditure on any net zero projects, is likely to make Council ineligible for most grant opportunities, as the financial commitment cannot be demonstrated in a timely manner to meet the eligibility criteria and grant closing date.

The resolution states any '**net zero expenditure, outside of State or Federal legislation is to be presented to Council for determination, with a cost benefit analysis, before adoption**'. The majority of grant programs are open for a short period of time, typically 4-6 weeks. The process and time for reporting the cost benefit analysis to Council for consideration is highly likely to impact on the ability to meet the grant program timeframes for submission.

If a grant application was to be prepared, pending adoption of expenditure by Council, the submitted application would need to disclose that the proposed project is currently unfunded within Council's budget. This uncertainty regarding Council's ability to meet the financial commitment for eligibility is highly likely to impact Council's competitive ability to secure funding in the grant program.

'Secondly, the memo states that "initial discussions with funding bodies have indicated Council is likely to be ineligible for grant funding programs." I would welcome further explanation as to why Council's eligibility is framed in this way. If relevant grant funding programs already exist, the proposed actions are contained within Council's adopted Climate Change Resilient Plan, and Council has resolved to support the submission of grant funding applications, I am seeking to understand under what circumstances Council would be considered ineligible, and what specific factors may influence that assessment'

The current resolution does not support the submission of grant related activities. It states **all future expenditure, programs, projects and activities related to achieving net zero emissions'**.

Grant programs are subject to varying eligibility conditions based on the objectives of the funding stream, but financial considerations to ensure the project can be delivered are generally highly weighted in the grant assessment process.

Initial discussions with funding bodies have highlighted the uncertainty of Council's ability to meet the financial commitments of the relevant grant programs. The uncertainty regarding financial commitment, due to the suspension of greenhouse gas emission reduction projects and programs within Council's budget and the elected Council's unknown or pending position on the adoption of expenditure for the proposed project is likely to compromise the assessment of eligibility and/or ability to deliver the project. This uncertainty is likely to significantly impact on Council's success in competitive grant funding programs.

As mentioned in the memo dated 8 January, past grant funding programs have contained criteria regarding commitment and planning for greenhouse gas emission reduction in operations and facilities. As part of this criteria staff would discuss any adopted policies or strategies and relevant Council resolutions.

If you have further questions, please contact Council's Strategic Planning Manager, Martin Johnson on (02) 4993 4229.

Regards



Sue Page
Acting Director Planning and Environment

Enclosure 1: Resolution for BN18/2025

BUSINESS WITH NOTICE NO. BN18/2025

SUBJECT: SUSPENSION OF ALL NON-LEGISLATED NET ZERO EXPENDITURE TO SUPPORT FINANCIAL SUSTAINABILITY

MOTION **Moved:** Councillor King **Seconded:** Councillor Jurd

1. That Council suspend all future expenditure, programs, projects and activities related to achieving net zero emissions that are not required under any State or Federal legislation. Any future net zero expenditure outside of State or Federal legislation is to be presented to Council for determination, with a cost-benefit analysis, before adoption.
2. That Council redirect any future savings realised toward stabilising Council's financial position and supporting core service delivery.



Memo to: Mayor Watton

Copy to: All Councillors, General Manager, Directors, Senior Leadership Group, and Communications & Engagement Team

From: Robert Maginnity, Director Corporate and Community Services

Subject: Special Variation External Consultant Fees – Reports CC1/2026 & CC3/2026

Date: 13 January 2026

Reference: CRM 695/2026

Mayor Watton

I refer to your email dated 12 January 2026 regarding the special variation external consultancy fees where you asked:

“Outside of the fee relating to the work of Prof Joseph Drew Ltd which was endorsed via council resolution (\$90k etc), how much more was spent on external consultancy fees to assist in the development of LTFP, SV application process, anything else relating to the process.”

Outside of the consultancy engagement with Professor Joseph Drew Ltd, which was endorsed by Council resolution, Council engaged an additional external consultant to support senior managers funded from within Finance's existing operational budget allocations.

This consultancy was initially undertaken under the Business Improvement Framework and focused on identifying and quantifying efficiency savings across varying levels of organisational need. This was considered a critical investment at the time, as the Finance team was concurrently focused on statutory financial statements and audit requirements.

Following receipt of advice from Professor Joseph Drew in relation to the SV scenario, Council officers determined that this consultant would also be utilised to update the Long Term Financial Plan as required. This decision was made due to the Finance team's limited capacity while completing the audit process.

The total cost of this work is \$54,943 which represents 477 hours of consulting time.

Regards

A handwritten signature in black ink, appearing to read 'Robert Maginnity'.

Robert Maginnity
Director Corporate and Community Services



Memo to: Mayor Watton

Copy to: All Councillors, General Manager, Directors, Senior Leadership Group, and Communications & Engagement Team

From: Peter Chrystal, Interim General Manager

Subject: Mayor questions – 13 January 2026

Date: 13 January 2026

Reference: DOC2026/005352

Dear Mayor Watton

I refer to your enquiries regarding various matters;

- 1) *SV Base Rate. I am looking to confirm if what we have in place in report CC2/2026 in the agenda is substantial enough for our SV application? Does anything more concrete need to be put in place concerning what our intentions are, specifically relating to a potential \$152 base rate? I am mindful of the amount of work that needs to go into investigating distributive equity in councils rating structure - particularly with relation to ad valorum etc. Interested to hear your thoughts on this.*
- 2) *Based on the independent modelling and recommendations contained within the Professor Joseph Drew Pty Ltd reports accompanying this agenda, particularly the preliminary base rate modelling indicating that a base rate of approximately \$152 materially improves distributive equity and capacity to pay outcomes. Can you please advise whether Council should formally resolve to endorse a \$152 base rate for the 2026/27 rating year, so that this structure can be incorporated into Council's Special Variation application to IPART, rather than retaining the current base rate pending further ad valorem modelling?*
- 3) *Post engagement strategy. Lots of feedback came back to council from residents, and I'm concerned unnecessary 'crisis' cycles will occur due to a lack of general knowledge. Looking to see what may be planned, discuss some thoughts I have that may work well for our community.*

Responses to your questions are provided below;

SV Base Rate

The material included in report CC2/2026, together with the independent modelling and advice provided by Professor Joseph Drew Pty Ltd, is considered substantial and appropriate for the purposes of Council's SV application to IPART. In particular, the preliminary base rate modelling demonstrates that a base rate in the order of \$152 materially improves distributive equity and capacity-to-pay outcomes when compared to Council's current rating structure. This provides strong, independent evidence that Council has actively considered equity impacts as part of the SV process.

At this stage, officers do not recommend that Council formally resolve to endorse a specific base rate for the 2026/27 rating year as part of the SV application. While the base rate modelling is informative, it represents one component of a broader rating structure that also includes ad valorem settings, rating categories, and relative impacts across different cohorts of ratepayers. As you note, a thorough assessment of distributive equity requires more detailed analysis of these interacting elements. In addition, with the basis for the base rate to be made on predetermined overhead costs it is likely to change each year as part of the budget process as those costs are assessed.

Importantly, IPART does not require Council to have finalised or formally adopted its preferred rating structure for 2026/27 at the time of submitting an SV application. Rather, IPART's focus is on whether Council has demonstrated that it has:

- considered alternative rating structures;
- assessed equity, affordability, and capacity-to-pay impacts; and
- supported its proposed approach with robust analysis and consultation.

The inclusion of the Professor Drew modelling in report CC2/2026 satisfies these requirements and can be relied upon within the SV application as evidence of Council's consideration of a higher base rate and its potential equity benefits, without committing Council to a final decision at this point.

Councillors will be further briefed on rating structure options, including base rate and ad valorem settings, as part of the strategic discussions during the development of the 2026/27 Operational Plan, inclusive of the Revenue Policy which covers rating. This will allow Council to determine its preferred rating structure in an informed manner, in time for the exhibition of the Revenue Policy in April and adoption in June, subject to the outcome of the SV application.

This approach ensures the SV application is well supported, while preserving Council's role in making the final policy decision following full modelling and consultation.

Post Engagement Strategy

Officers share the view that, following the level of engagement undertaken to date, it is important to maintain clear and ongoing communication to reduce the risk of misinformation or unnecessary escalation driven by uncertainty or lack of understanding.

A post engagement communications plan and strategy has been developed. Council will continue to communicate with the community in a structured and staged way to explain:

- what Council heard through consultation,
- how that feedback has informed the recommendations and proposed next steps,
- what opportunities remain for further input and decision-making, and
- implications of final IPART determination.

The focus of this approach is on maintaining clarity and transparency as the process transitions from engagement into formal consideration by Council, IPART assessment, and ultimately the budget and Revenue policy decision process.

Rather than a single post-engagement response, communications will be aligned to key milestones of the process to help build understanding over time and reduce the likelihood of reactive cycles driven by partial or misunderstood information.

Please note a copy of this memo will be uploaded to the Council website.



Memo to: Councillor Harrington

Copy to: Mayor Watton, all Councillors, General Manager, Directors, Senior Leadership Group, and Communications & Engagement Team

From: Robert Maginnity, Director Corporate and Community Services

Subject: CC3/2026 - Application to the Independent Pricing and Regulatory Tribunal for a Permanent One-Year Special Variation of 39.9%

Date: 14 January 2026

Reference: CRM 837/2026

Councillor Harrington

I refer to your request for information in relation to Council Report number – CC3/2026 as follows;

"I write to request that Councillors be provided with access to the efficiency review report prepared by the external consultant, including any supporting material or recommendations.

Given the significance of the findings to Council's current financial position and upcoming decisions, it is important that Councillors are able to review the full report to properly understand the assumptions, methodology, and conclusions that have been drawn.

Access to this information will assist Councillors in fulfilling their governance responsibilities and engaging in informed discussion and decision-making."

In response, the following information is provided:

- Councillors were provided with an updated *Cessnock City Council Efficiency Report* including Appendix one on Monday 12 January 2026. This report was prepared by Professor Joseph Drew and replaces Enclosure 4 of the CC3/2026 report. The updated document was also uploaded to the Agenda section of Council's website for the public information.
- All reports attached to the relevant business papers represent the complete and final reports held by Council in relation to the efficiency review. There are no additional reports, supporting papers or separate recommendations available beyond those already provided.
- The recommendations arising from the efficiency review are contained within Professor Drew's report as presented to Council.
- The efficiency savings identified through the assurance process outlined in Appendix One have been incorporated into all scenarios of the Long Term Financial Plan proposed for adoption as part of Report CC1/2026.

Please note a copy of this memo will be uploaded to Council's website.



Memo to: Councillor Harrington

Copy to: Mayor Watton, all Councillors, General Manager, Directors, Senior Leadership Group, and Communications & Engagement Team

From: Robert Maginnity, Director Corporate and Community Services

Subject: CC2/2026 - Review of Distributive Equity in Council's Rating Structure

Date: 14 January 2026

Reference: CRM 839/2026

Councillor Harrington

I refer to your request for information in relation to Council Report number – CC2/2026 as follows;

"I am writing to request further information in relation to the table provided as part of the review of the rate structure motion.

Specifically, could Councillors please be provided with the percentage of ratepayers within each land value category in all four rate categories as shown in the table. This information would assist Councillors in better understanding the distributional impacts of the current rate structure and in assessing the implications of any potential changes.

By way of example, it would be helpful to know what percentage of residential properties have a land value of \$300,000, and similarly for the other land value categories listed.

Providing the percentages alongside the existing figures would support informed discussion and decision-making ahead of further consideration of this matter."

Council officers note that there is no table included in Report CC2/2026 so there is some assumptions made in this response. Information provided below shows the rating categories in the current rating structure, along with land value ranges and number of assessment in each category.

Councillors should note that this information is based on data from November 2025. Rating categorisations and supplementary rating does occur throughout the year and has not been reflected in the figures below. Likewise, the land values are 2022 land values as per our current rate assessment. The land values in each category table below represent the median for each category.

Please note a copy of this memo will be uploaded to Council's website.

Categories	No of Assessments	
Residential	26,518	86.21%
Residential - Rural	1,835	5.97%
Farmland	769	2.50%
Farmland - Mixed Use	25	0.08%
Farmland - Business Rural	28	0.09%
Business	1,573	5.11%
Mining	5	0.02%
MD - Residential	3	0.01%
MD - Business	3	0.01%
	30,759	

Residential

Land Value	Assessments	
160,000	2,680	10.1%
278,000	2,924	11.0%
308,000	2,541	9.6%
325,000	2,559	9.7%
340,000	2,697	10.2%
352,000	2,604	9.8%
371,000	2,856	10.8%
399,000	2,490	9.4%
476,000	2,542	9.6%
887,000	2,625	9.9%
	26,518	
Mean	387,373	
Median	343,000	
Min	900	
Max	28,000,000	

Residential Rural

Land Value	Assessments	
673,000	460	25.07%
906,000	461	25.12%
1,065,000	460	25.07%
1,470,000	454	24.74%
	1,835	
Mean	1,027,125	
Median	985,000	
Min	150,000	
Max	8,840,000	

Farmland

Land Value	Assessments	
819,000	154	20.0%
1,232,000	154	20.0%
1,467,000	163	21.2%
1,716,000	145	18.9%
2,262,000	153	19.9%
	769	
Mean	1,495,360	
Median	1,450,000	
Min	17,400	
Max	2,750,000	

Business

Land Value	Assessments	
12,000	294	18.7%
25,000	163	10.4%
54,000	221	14.0%
179,000	224	14.2%
289,000	225	14.3%
474,000	224	14.2%
1,770,000	222	14.1%
	1,573	
Mean	396,517	
Median	166,000	
Min	186	
Max	14,500,000	



Memo to: Councillor Harrington

Copy to: Mayor Watton, all Councillors, General Manager, Directors, Senior Leadership Group, and Communications & Engagement Team

From: Robert Maginnity, Director Corporate and Community Services

Subject: CC3/2026 - Application to the Independent Pricing and Regulatory Tribunal for a Permanent One-Year Special Variation of 39.9%

Date: 14 January 2026

Reference: CRM 899/2026

Councillor Harrington

I refer to your request for information in relation to Council Report number – CC3/2026 as follows;

"I am seeking clarification regarding the process following tonight's consideration of the motion to apply to IPART for a Special Rate Variation.

If the motion to submit the application is approved at this evening's meeting, and IPART subsequently advises in May that the application has been approved, could you please confirm whether the outcome is required to be brought back to Council for a further resolution of Council?

If a further Council resolution is required, I would also appreciate clarification on the extent of Council's discretion at that stage. Specifically, would Council be able to make any changes to the size of the approved increase, such as reducing the percentage increase, and would Council have the ability to alter the delivery of the Special Rate Variation, for example by staging the increase over several years?"

If Council resolves to submit the application, Council is required to lodge the full application and supporting documentation with IPART by 2 February 2026.

Following lodgement, Council continues to operate under the Integrated Planning and Reporting (IP&R) Framework. As IPART will not determine the application until May 2026, Council will be required to place on public exhibition two versions of the 2026/27 Operational Plan, Revenue Policy and Budget:

- One reflecting the approved rate peg only (currently 3.8%), and
- One reflecting the proposed SV of 39.9% (inclusive of the rate peg).

The subsequent process depends on IPART's determination:

- If IPART approves the SV as applied for, Council will be required to formally adopt by resolution in June 2026, the Operational Plan, Revenue Policy and Budget that reflects the special variation.
- If IPART approves a different percentage, Council would be required to re-exhibit an Operational Plan, Revenue Policy and Budget reflecting the approved percentage, and then adopt these by resolution prior to 30 June 2026.
- If IPART refuses the SV, Council would be asked to adopt the base case Operational Plan, Revenue Policy and Budget (rate peg only).

In terms of Council discretion, Council may elect through the IP&R adoption process to apply an increase of up to, but not exceeding, the maximum percentage approved by IPART. For example, if IPART approved a 39.9% SV, Council could choose to apply a lower increase.

However, it is important to note that section 508(2) of the Local Government Act 1993 provide that for a permanent single year special variation, the approved maximum applies only to that specified year. Any portion of the approved increase not applied in that year is permanently forgone and cannot be recovered or staged across future years.

Accordingly, while Council has discretion not to apply the full approved percentage, doing so carries material financial, strategic and reputational risk. All long-term modelling, capital works planning, service delivery settings and asset maintenance strategies have been developed on the basis of the independent advice supporting the full SV. In addition, applying a materially different outcome to that consulted on would not be consistent with the information provided to the community through the engagement program and the IP&R documentation, and would carry reputational and governance risk.

Please note a copy of this memo will be uploaded to Council's website.