

Response to SV questions raised from the Wollombi Community Association and Wollombi Business Chambers

SV Options and Decision Making

1. What options have been considered other than a Special Variation?

Fundamentally there's not much more Council can do other than consider a Special Variation which is why we are at this point in the process.

Council has consistently managed its budget within available resources over the last 20 years. We look to maximise investment returns. We have previously sold surplus land and we will continue to review when we can sell surplus land. We are focusing on improving our other fees and charges and considering where we could do a user pays model such as for use of the airport so ratepayers aren't subsidising these services.

2. Are you able to share the sorts of things Council would be making its decision on regarding applying for the Special Variation?

This is a decision for elected Councillors. Broadly it would be in line with the Local Government Act 1993 and other various legislation, and guidelines for financial sustainability, accounting practices and local government operations provided by the Office of Local Government and other state bodies like NSW Treasury.

3. Has Capacity to Pay been looked at?

Also phrased as: Has consideration been given to alternatives to a 39.9% increase in 12 months, including differently staged SRVs? What consideration has been given to capacity of ratepayers to contribute?

Yes, Capacity to Pay is an IPART requirement to consider as part of a Special Variation application.

As part of research undertaken by independent advisors, initial research into Capacity to Pay is included in the Cessnock City Council Financial Sustainability Review prepared by the University of Newcastle's Institute for Regional Futures. See the full report here - <https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Community-information/Cessnock-City-Council-Financial-Sustainability-Review>

Capacity to Pay for the Cessnock LGA in regards to the 39.9% proposed Special Variation specifically will be explored more thoroughly as part of the Special Variation application, should Council opt to proceed with an application. The application will be publicly available on IPART's website.

Long Term Financial Plan

4. What are the efficiency measures mentioned in the revised LTFP? What would the service reductions be?

There are no proposed service reductions at this stage. This will be driven by the decision made by IPART on assessing a Special Variation in May 2026, should Council proceed with an application. Any proposed service reductions would be negotiated with the elected Council at the time if required depending on the outcome from IPART.

Potential efficiency measures are outlined in the Long Term Financial Plan in a general sense. A separate efficiency report will be outlined in the application submitted to IPART which looks at past and future identified efficiencies.

5. Will Council consult on service reductions, and when would this occur?

Yes, two versions of Council's Operational Plan will be on public exhibition in April 2026, one which includes the rate rise approval and one without. This is likely when consultation on potential service reductions would occur. This is also largely to be determined by an IPART decision in May as to whether service reductions become required or not as current work being undertaken for the SV is trying to prevent the need for service reductions.

6. Statement: Council has 30 million of unspent funds. Does Council think it has the capacity to deliver roadworks for this, and what delivery plan does Council have for the infrastructure? (Citing Financial Statements ending 2025 and as a reoccurring amount)

It is not clear what this question is referring to. We do not agree with the statement of, and have no knowledge of, an alleged 30 million in unspent general funds.

If the 30 million quoted is in reference to unspent grants or unspent Development Contributions we provide the below explanation.

We cannot use grants for anything else other than what the grant deed stipulates. Grant funds also cover long term project periods which are often across multiple financial years. We receive operating grant funds in one financial year which have to be counted immediately as income for that year, however these funds are not to be spent until an allocated predetermined time period which may not be in that same financial year. This means they are not able to be paired or matched between income and expenditure in a financial statement which looks at the time period of one financial year only.

Development Contributions also cannot be spent on anything else other than what is allowed and predetermined in the Contributions Plan without ministerial approval. Often this can lead to holding contributions for a period of time while collecting further contributions and applying for other funding sources before being in a position to commence a works project. You can read Council's Cessnock City Wide S7.11 Infrastructure Contributions Plan (amended 2025) here - <https://www.cessnock.nsw.gov.au/Plan-and-build/Planning/Local-Infrastructure-Contributions-and-Planning-Agreements>

7. Noting the proposed resources freeze identified in the updated Long Term Financial Plan, does Council consider it has the skills and capability to deliver an uplifted infrastructure renewal program? Are there any actions Council is considering to assure this?

Yes, we are continuing the capital works we are expected to deliver according to the Community Strategic Plan and associated strategies like the Delivery Program. We will continue to use outside resources where existing resources don't allow due to timing or particular skill set requirements.

Our suite of Integrated Planning and Reporting documents including Resourcing Strategies can be found on Council's website here - <https://www.cessnock.nsw.gov.au/Council/Integrated-planning-and-reporting>

The program is keeping services at the same level and not an uplifted program.

8. The LTFP notes identified efficiencies of \$28M over 10 years and that Council will consult on services reductions associated with these efficiencies. Can Council please provide full details of the identified efficiencies and any contemplated services reductions?

Yes, two versions of Council's Operational Plan will be on public exhibition in April - one which includes the rate rise approval and one without. This is likely when consultation on potential service reductions would occur. The level of potential reductions to services depends on the amount of income we have for future years. As a result, this is largely to be determined by an IPART decision in May as to whether service reductions become required or not.

Potential efficiency measures are outlined in the Long Term Financial Plan in a general sense. Should Council make an application, a separate efficiency report will be outlined in the application submitted to IPART which looks at past and future identified efficiencies.

9. The LTFP also notes that Council "will seek suggestions from the community on how to further improve revenues, reduce costs and/or change service levels to minimise the scale of impact from an SV". Can Council please advise how it proposes to seek such input?

If Council adopts a recommendation to apply to IPART for a Special Variation, Council will seek to undertake community consultation in 2026. This may include communication and engagement methods such as survey to take suggestions, quick poll, ask a question, meetings with community groups, workshops, social media and pop ups across the LGA.

We will also follow legal requirements such as documenting performance against actions set out in our Delivery Program through an Annual Report. We also take advice from Council's Audit, Risk and Improvement (ARIC) Committee. The Committee advises Council management to ensure good governance and provide assurance to Council and includes three Independent Members.

Financial Statements

10. Council's FY25 financial statements note \$32M in capital and \$3M in operating grant funding which was unspent in 2024. Can Council please advise what this grant funding relates to and how it will be expended?

Council's planned use of grant funds can be found in the Delivery Program 2025 – 2029. This is within the suite of Integrated Planning and Reporting documents previously linked, the direct link is also here - <https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Plans-and-strategies/Delivery-Program-incorporating-Annual-Operational-Plan-DPOP>

As outlined in the Delivery Program the funds are to be expended by the project team delivering the work in accordance with items listed in the Delivery Program.

In regards to unspent operating grant funds we refer to our answer provided for question 6.

We cannot use grants for anything else other than what the grant deed stipulates. Grant funds also cover long project periods which are across multiple financial years. We receive operating grant funds in one financial year which have to be counted immediately as income for that year, however these funds are not to be spent until an allocated predetermined time period which may not be in that same financial year. This means they are not able to be paired or matched between income and expenditure in a financial statement which looks at one financial year only.

Asset Management

11. Can we be provided with an understanding of the Capital Works Program?

Council's Capital Projects can be found in the Delivery Program 2025 – 2029. This is within the suite of Integrated Planning and Reporting documents previously linked, the direct link is also here - <https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Plans-and-strategies/Delivery-Program-incorporating-Annual-Operational-Plan-DPOP>

12. Can we understand the maintenance schedule and how it may change with or without the Special Variation?

The maintenance schedule is within the Asset Management Strategy which is aligned with the Long Term Financial Plan as a resource strategy under Integrated Planning and Reporting Requirements. An updated Asset Management Strategy was adopted by Council at its meeting on Wednesday 10 December 2025. Any further changes would be in consultation with the community and published through Integrated Planning and Reporting processes.

13. Is the road coming into Wollombi planned for any future works?

Council's plan for future works is also documented within the suite of Integrated Planning and Reporting documents.

14. What was Council's road infrastructure renewal and maintenance budget (not capital works) for the last 5 financial years and what was Council's performance against that budget?

Road infrastructure renewal is Capital Works so please refer to response for Question 11.

Council's road maintenance budget for the last 5 financial years was spent each year. Roads civil maintenance this year for 2025-26 is 10.7 million which we do routinely spend. Local roads maintenance alone is 8.5 million and the remaining is regional roads and bridges.

It's been at a similar level for the last 3 years. We are not planning on cutting maintenance budgets, unless we really have to, as it's resource efficient to undertake maintenance before issues escalate which then cost more in the future.

15. What detailed forward planning has Council undertaken for asset (particularly road) maintenance and renewal if the SV is approved, can this be shared?

At its meeting on Wednesday 10 December 2025, Council adopted an updated Asset Management Strategy. These documents form part of Council's Integrated Planning and Reporting Framework, as well as supporting documentation for a potential Special Variation application to IPART.

Minutes from the Council Meeting are available here:

<https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas>

The Asset Management Strategy is available here -

<https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Plans-and-strategies/Asset-Management-Strategy>

Rates Collection and Distribution

16. Can we receive a breakdown for Wollombi based on rates, what amount of rates are collected and what amount of money is spent in Wollombi?

Also phrased as: **What was the value of rates levied on businesses, residences and farmland in the Wollombi Valley in FY25? What was Council's spend on services in the Wollombi Valley in the last 5 financial years and could you please provide details of how this is comprised, including capital works, grants, infrastructure renewal and maintenance or other services?**

Council rates data is not broken down by suburb. Rates are collected across the LGA. You can find the LGA-wide split across the rate categories in the Financial Statements.

Rates are a tax and not a fee for service.

Past Annual Reports include all completed projects.

Council has a defined list of priorities defined by the Asset Management Strategy which determine where capital works are developed which include safety and population size considerations.

Some of the completed projects in the Wollombi Valley in recent years available on our website:

- [Wollombi Road, Millfield | CCC](#)
- [Yango Creek Road Bridge | CCC](#)
- [Watagan Creek Road, Bridge Replacements | CCC](#)
- [George Downes Drive, Bucketty | CCC](#)
- [George Downes Drive Safety Improvements | CCC](#)

Completed projects in the Wollombi Valley listed in the 2024-25 Annual Report:

- Wollombi, Nature Trail Stairs – deliver natural disaster declaration AGRN 1012 1025 and upgrade trail stairs
- Wollombi, Pony Club Building - deliver amenities upgrade Wollombi
- Wollombi Community Hall - develop and deliver retaining wall reconstruction (staged)
- Wollombi Walking Shared Path – deliver improvement to shared pathway
- Wollombi, Cuneens Bridge - investigate bridge demolition
- Wollombi, Paynes Crossing Road – deliver flood essential public asset restoration program (EPAR)
- Wollombi, Paynes Crossing Road – deliver non-flood regional emergency road repair fund program (RERRF)
- Watagan, Watagan Road – deliver non-Flood regional emergency road repair fund program (RERRF)
- Watagan, Watagan Road Flood - deliver flood essential public asset restoration program (EPAR)
- Community, Sporting and Environment Grant Scheme provided to Wollombi Valley Arts Council Inc, Wollombi Valley Landcare Group Ltd, Wollombi Valley Tennis Club, Wollombi Valley Pony Club, Wollombi Community Hall Section 355 Committee, Wollombi Valley Community Association
- Laguna, Watagan Creek – deliver bridge replacement
- Laguna, Great North Road – deliver flood essential public asset restoration program (EPAR)
- Laguna, Great North Road - deliver non flood regional emergency road repair fund program (RERRF)
- Laguna, Rhino Corner to Glenloona Road - deliver natural disaster rehabilitation
- Koala population study workshop in Laguna
- Great North Road, Laguna 800m North Fern N/B - deliver natural disaster remediation
- Bucketty, George Downes Drive - investigate and develop road safety plan
- Paynes Crossing, Paynes Crossing Road - deliver road renewal

Development Contributions

17. Developer Contributions – how come Council doesn't break even on developments?

Development contributions and implications for financial sustainability were explored as part of the presentation provided during public meetings for the proposed Special Variation. Council is required to take ownership of assets once built by developers however there is no budget allocation for ongoing maintenance of these assets within Development Contributions. Often there is additional surrounding infrastructure requirements with new developments.

Developers pay a contribution towards building this infrastructure however these contributions are capped and are typically paid later in the development process. Importantly, contributions are indexed at CPI only and not at a level that meets increases in construction costs.

This means that by the time Development Contributions are received, construction costs might have escalated. This results in a funding gap that must be met through general rates - transferring the financial risk of development away from developers and onto councils and communities.

Council is also left to carry maintenance and depreciation costs on these assets.

Development Contributions are set up by and capped by the government, we can increase to 30k with ministerial approval. We need to prove we will spend more than what we collect on each block. The additional infrastructure required is not just for that developer, it's also other areas.

Population growth also means additional service increases.

18. Can Council please provide information in relation to the 12M received for capital developer contributions in FY25, including how this is proposed to be expended and additional costs of Council associated with this? Could Council also please provide additional information in relation to any perceived shortfall in developer contributions?

Development Contributions are prepared in accordance with the requirements of the *Environmental Planning and Assessment Act 1979*. Information in relation to Local Infrastructure Contributions and Planning Agreements is available on Council's website here - <https://www.cessnock.nsw.gov.au/Plan-and-build/Planning/Local-Infrastructure-Contributions-and-Planning-Agreements>

Any Development Contributions expenditure must be in line with the Section 7.11 Contribution Plans.

General questions

19. Statement: The Southern Connector was allocated 40 million dollars in a previous plan but then it disappeared. Was it never going to be delivered in the first place and is it now cut?

The Southern Connector is also referred to as Bellbird - Duffie Drive/Colliery Street Connector. This has been included in Council's Traffic and Transport Strategy 2023. The land is privately owned and requires remediation works due to its mining history.

It has never received anywhere near significant funding of 40 million dollars.

Council's Traffic and Transport Strategy states "*The traffic and transport strategy is not intended to be a fully funded strategy. It is a vision to guide transport policy and prioritise investment in the transport network. The strategy will be used to assess funding needs and underpin bids for funding from all levels of government*" (Pg. 73).

The Duffie Drive to Maitland Road section of Colliery Street in Aberdare has a budget forecast of \$117,000 for a design road upgrade in Council's Delivery Program 2025 – 2029, now pending a Special Variation application and outcome.

20. Can we have an update on Wollombi Road Upgrade Project?

It is important to note the Wollombi Road Upgrade Project is not funded by Council. It is funded through a combination of funds from the NSW Accelerated Infrastructure Fund, the Commonwealth's Housing Support Program - Enabling Community Infrastructure, the State

Voluntary Planning Agreement Funding Program, developer contributions and contributions from Hunter Water.

Works on Wollombi Road have been winding-down as the Christmas period approaches, with construction focusing on completing essential tasks, restoring local road and side street access, reinstating driveway access and tidying work zones before the holiday break.

This pause in works provides an important opportunity to review progress as Council prepares for the next stage of delivery.

Council will continue to take a proactive approach to managing the project, making adjustments needed to maintain efficiency, quality and value for the community. We remain committed to delivering a high-quality outcome that delivers lasting benefits for our region.

A further update will be provided in the new year, outlining the next steps for the project and how the program will continue.

If you would like project updates you can subscribe to the project mailing list by emailing the Project Team at: wollombiroadupgrade@cessnock.nsw.gov.au

Project updates are also provided via Council's Facebook page and the WRUP works page here: <https://www.cessnock.nsw.gov.au/Works/Current-works/Wollombi-Road-Upgrades>

21. We understand Council has been invited to provide a submission to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport inquiry into the funding and financial sustainability of local governments in Australia. Can Council please provide the key points which would form the basis of its submission?

As a process of the Parliament of Australia, when Council provides a submission to inquiries in general the submissions are usually made public and published via the relevant Committee's website.