

# Business Paper

## EXTRAORDINARY COUNCIL MEETING

**COUNCIL CHAMBERS, GUNDAGAI**

**5.00PM, Tuesday 19th March, 2024**

**Administration Centres: 1300 459 689**

The Mayor & Councillors  
Cootamundra-Gundagai Regional Council  
PO Box 420  
Cootamundra NSW 2590

#### NOTICE OF MEETING

An Extraordinary Meeting of Council will be held in the Council Chambers, Gundagai on:

**Tuesday, 19th March, 2024 at 5.00PM**

The agenda for the meeting is enclosed.

Steve McGrath  
Interim General Manager

#### **Live Streaming of Meetings Statement**

**This meeting is streamed live via the internet and an audio-visual recording of the meeting will be publicly available on Council's website.**

**By attending this meeting, you consent to your image and, or, voice being live streamed and publicly available. Please refrain from making any defamatory statements.**

# AGENDA

## Order Of Business

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**1 ACKNOWLEDGEMENT OF COUNTRY**

Council acknowledges the Wiradjuri people, the Traditional Custodians of the Land at which the meeting is held and pays its respects to Elders, both past and present, of the Wiradjuri Nation and extends that respect to other Aboriginal people who are present.

**2 OPEN FORUM – NO OPEN FORUM WILL BE CONDUCTED****3 APOLOGIES****4 DISCLOSURES OF INTEREST**

## 5 GENERAL MANAGER'S REPORT

### 5.1 GENERAL MANAGER OFFICE

#### 5.1.1 PROPOSED DEMERGER - DRAFT DETAILED TRANSITION PLAN AND FINANCIAL SUSTAINABILITY PLAN

DOCUMENT NUMBER	409526
REPORTING OFFICER	Steve McGrath, Interim General Manager
AUTHORISING OFFICER	Steve McGrath, Interim General Manager
RELEVANCE TO COMMUNITY STRATEGIC PLAN	<p><b>4. Collaborative and progressive leadership</b></p> <p>4.2 Proactive, practical Council leaders who are aligned with community needs and values</p>
FINANCIAL IMPLICATIONS	There are Financial implications associated with this report, as summarised within the Report.
LEGISLATIVE IMPLICATIONS	The Minister for Local Government has directed Council to submit a Detailed Transition Plan demonstrating financial sustainability for consideration in accordance with s212 and s204 of the Local Government Act 1993.
POLICY IMPLICATIONS	There are no Policy implications associated with this report.
ATTACHMENTS	<ol style="list-style-type: none"> <li>1. Demerger Detailed Transition Plan <a href="#">↓</a></li> <li>2. CGRC Demerger Task Schedule <a href="#">↓</a></li> <li>3. Demerger Financial Sustainability Plan <a href="#">↓</a></li> </ol>

### RECOMMENDATION

#### That Council:

1. **Formally adopt the Detailed Transition Plan and Financial Sustainability Plan to support the demerger of Cootamundra-Gundagai Regional Council, and the formation of Cootamundra Council and Gundagai Council;**
2. **Lodge the Detailed Transition Plan and Financial Sustainability Plan with the Minister for Local Government, seeking referral of the Plans to the Local Government Boundaries Commission to formalise a review and determination in accordance with s204 and s212 of the Local Government Act 1993;**
3. **Develop and deliver a communications plan designed to inform the community of Cootamundra-Gundagai Regional Council in regard to the adopted Plans mentioned in 1. above, noting that this will occur in parallel with the LGBC and Minister's deliberations.**

### Introduction

As Council is aware, notwithstanding the demerger approval issued by the then Minister for Local Government in August 2022, Council has been requested to progress its demerger proposal by way of submitting “a detailed implementation plan which creates two sustainable councils” for the consideration of the Local Government Boundaries Commission (LGBC) and the Minister for Local Government. This process is to be conducted under sections 204 and 212 of the Act.

The detailed implementation plan referenced in communications from the Minister, has been developed through a draft Detailed Transition Plan, draft Financial Sustainability Plan and a Task Schedule, copies of which are set out in Attachments 1, 2 and 3.

### Discussion

The Minister for Local Government met with Councillors of Cootamundra-Gundagai Regional Council (CGRC) on Tuesday 3 October 2023 and advised that for CGRC to progress its proposed demerger, a detailed implementation plan creating two sustainable councils was required to be prepared by CGRC for submission to the Minister and the LGBC. The relevant sections of the Act that cover this process are s204 and s212.

Subsequently, on 2 November 2023 a Memorandum to support demerger of CGRC was received from the NSW Office of Local Government. This Memo provided a range of information designed to assist CGRC in the preparation of its detailed implementation plan, including a section on the “Financial Performance of demerged councils”. This advice provided that the future financial sustainability of the two demerged councils will need to be considered through the four key elements that can be used to identify financial sustainability for local government:

- Council must achieve a fully funded operating position reflecting that it collects enough revenue to fund operational expenditure, repayment of debt and depreciation.
- Council must maintain sufficient cash reserves to ensure it can meet its short-term working capital requirements.
- Council must have a fully funded capital program, where the source of funding is identified and secured for both capital renewal and new capital works.
- Council must maintain its asset base by renewing identified ageing infrastructure and ensuring cash reserves are set aside for those works yet to be identified.

Council conducted an Extraordinary Meeting on 18 October 2023 at which time it was resolved to pursue a range of options designed to promote the demerger of CGRC. Specific to the development of the implantation plan, Council resolved “to prepare a detailed implementation plan which creates two sustainable councils in preparation for lodgement with the Minister for Local Government and the Local Government Boundaries Commission to pursue the demerger of Cootamundra-Gundagai Regional Council”.

Since Councils 18 October 2023 Extraordinary Meeting, along with other strategies, Council has been pursuing the development of a Detailed Transition Plan (DTP) and Financial Sustainability Plan (FSP) to satisfy the implementation plan requested by the Minister. In summary, the following has occurred:

- Council engaged Peter Tegart from Always Thinking Advisory to assist in the development of the DTP and FSP;
- Peter Tegart has worked with Council's Manager Finance, in the main, Interim General Manager and other staff, in the collection of data and preparation of the draft DTP and FSP documents;
- Workshops, facilitated by Peter Tegart, with Councillors face to face were conducted on Thursday 1 February 2024, Thursday 15 February 2024 and a further TEAMS workshop held on Monday 26 February 2024. Each of these workshops enabled clarification/questions, and hard copy versions of the presentations were made available. Councillors were also requested to provide further input to inform the development of the draft DTP and FSP documents;
- Both the draft DTP and FSP have been peer reviewed by a senior officer within the NSW Office of Local Government, predominantly to ensure that there were no gaps in the information required, feedback on terminology etc. The OLG did not pass comment on any of the strategies or scenarios proposed in the Plans on the basis that this is for the Councillors of CGRC.

The draft Detailed Transition Plan and associated Financial Sustainability Plan, along with the Task Monitoring Schedule, are now presented to Council seeking formal adoption. Once adopted it is planned that the Mayor, a Councillor from Gundagai and the Interim General Manager will deliver the Plans to the Minister, ideally in his offices in Parliament House, and the Plans will also be formally lodged with the Minister to enable the demerger proposal to once again be reviewed.

The DTP and FSP are quite detailed in their content, I do not propose to break each element of the Plans into detail, given they are attached to this report. Suffice to say that the Plans propose a range of issues that need to be dealt with including matters advised by the Minister for Local Government and the Office of Local Government, including:

- where the boundaries should be;
- electoral matters such as wards, number of councillors and the method of electing Mayors;
- division and sharing of assets and liabilities;
- allocation of staff, as well as management and organisational structures;
- rate levels and charges;
- service standards and shared service arrangements;
- sustainability principles; and
- various financial interventions to address sustainability.

Whilst the recommendation ultimately suggests the adoption and submission of the DTP and FSP to the Minister for Local Government, it would be advisable for Council to conduct a focussed communications plan designed to inform the community of CGRC. This communications plan could be conducted in parallel to the LGBC and Ministers deliberations.

## Financial

Whilst a range of scenarios were provided for Councillors consideration at the workshops mentioned above, given the direction provided by the Minister for Local Government, namely that the two new councils are required to demonstrate financial sustainability, Councillors ultimately focussed on preferred scenarios that delivered financial sustainability at the end of the first term of the new Councils.

After consideration of the various scenarios at the workshops mentioned above, the consensus was to move forward by submitting the Financial Sustainability Plan with the preferred Cootamundra and preferred Gundagai scenarios, summarised as follows:

### **Cootamundra:**

- increasing fees and charges in line with the principles of achieving appropriate rates of return from the various activities delivered by Council to the community; and
- a 7.5% increase in rates above the rate peg for the FY26 and FY27 rating years.

### **Gundagai:**

- increasing fees and charges in line with the principles of achieving appropriate rates of return from the various activities delivered by Council to the community;
- a 25% increase in rates above the rate peg for the FY26, FY27 and FY28 rating years; and
- borrowing \$1.5m per annum from FY26 to FY31, specifically for expenditure on asset renewals.

## OLG 23a Guideline consideration

There are no implications in respect of the 23A Guidelines issued by the Office of Local Government.



Cootamundra-Gundagai Regional Council Demerger – Transition Plan (draft)



# Demerger Transition Plan

## Phase 1

Cootamundra-Gundagai Regional Council Demerger – Transition Plan (draft)

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**Version Control**

#	Date	Details	Prepared/Checked	Council Report	OLG Report
1.0	Dec 2023	Draft	Always Thinking Advisory		
2.0	Jan 2024	Revised Draft	Always Thinking Advisory		
3.0	Feb 2024	Final Draft	ATA - IGM CGRC	Mar 2024	
4.0		Peer Review	IGM CGRC - OLG		





























































































































































































































































































































































































