

Business Paper

DEMERGER TRANSITION COMMITTEE MEETING

**ALBY SCHULTZ MEETING CENTRE,
COOTAMUNDRA**

6pm, Tuesday 16th June, 2026

Administration Centres: 1300 459 689

NOTICE OF MEETING

A Meeting of The Demerger Transition Committee will be held in the Alby Schultz meeting Centre, Cootamundra on:

Tuesday, 16th June, 2026 at 6pm

The agenda for the meeting is enclosed.

Roger Bailey
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.

Statement of Ethical Obligations

The Mayor and Councillors are bound by the Oath/Affirmation of Office made at the start of the Council term to undertake their civic duties in the best interests of the people of Cootamundra-Gundagai Regional Council and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act or any other Act, to the best of their skill and judgement.

It is also a requirement that the Mayor and Councillors disclose conflicts of interest in relation to items listed for consideration on the Agenda or which are considered at this meeting in accordance with Council's Code of Conduct and Code of Meeting Practice.

AGENDA

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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 APOLOGIES, LEAVE OF ABSENCE AND AUDIO-VISUAL ATTENDANCE REQUESTS**3 DISCLOSURES OF INTEREST**

4 CONFIRMATION OF MINUTES

4.1 MINUTES OF THE DEMERGER TRANSITION COMMITTEE MEETING HELD ON WEDNESDAY 15 APRIL 2026

REPORTING OFFICER	Teresa Breslin, Executive Assistant to Mayor and General Manager
AUTHORISING OFFICER	Roger Bailey, Interim General Manager
FINANCIAL IMPLICATIONS	There are no Financial implications associated with this report.
LEGISLATIVE IMPLICATIONS	There are no Legislative implications associated with this report.
POLICY IMPLICATIONS	There are no Policy implications associated with this report.
ATTACHMENTS	1. Minutes of the Demerger Transition Committee Meeting held on Wednesday 15 April 2026

RECOMMENDATION

That the Minutes of the Demerger Transition Committee Meeting held on Wednesday 15 April 2026 be confirmed as a true and correct record of the meeting.

Minutes

DEMERGER TRANSITION COMMITTEE MEETING

ALBY SCHULTZ MEETING CENTRE, COOTAMUNDRA

10AM, WEDNESDAY 15th April, 2026

Administration Centres: 1300 459 689

**MINUTES OF COOTAMUNDRA-GUNDAGAI REGIONAL COUNCIL
DEMERGER TRANSITION COMMITTEE MEETING
HELD AT THE ALBY SCHULTZ MEETING CENTRE, COOTAMUNDRA
ON WEDNESDAY, 15 APRIL 2026 AT 10AM**

PRESENT: Cr Abb McAlister (Mayor), Cr Rosalind Wight (Deputy Mayor), Cr Penny Nicholson, Cr Ethan Ryan, Cr Gil Kelly, Cr Les Cooper.

IN ATTENDANCE: Peter Bascomb (Demerger Transition Manager), Roger Bailey (Interim General Manager)

1 ACKNOWLEDGEMENT OF COUNTRY

The Chairperson acknowledged the Wiradjuri people who are the Traditional Custodians of the Land at which the meeting was held and paid his respects to Elders, both past and present, of the Wiradjuri Nation and extended that respect to other Aboriginal people who were present.

2 APOLOGIES, LEAVE OF ABSENCE, AND AUDIO-VISUAL ATTENDANCE REQUESTS

2.1 APOLOGIES

That the apology received from Cr Graham be accepted.

2.2 LEAVE OF ABSENCE

Nil

2.3 AUDIO-VISUAL ATTENDANCE REQUESTS

Nil

3 DISCLOSURES OF INTEREST

Nil

4 CONFIRMATION OF MINUTES

4.1 MINUTES OF THE DEMERGER TRANSITION COMMITTEE MEETING HELD ON TUESDAY 10 MARCH 2026

COMMITTEE RESOLUTION

Moved: Cr Penny Nicholson

Seconded: Cr Rosalind Wight

That the Minutes of the Demerger Transition Committee Meeting held on Tuesday 10 March 2026 be confirmed as a true and correct record of the meeting.

CARRIED

5 GENERAL MANAGER'S REPORT

5.1 GENERAL MANAGER OFFICE

5.1.1 SELECTION OF DISPUTE RESOLUTION PANEL CHAIR AND MEMBERS

COMMITTEE RESOLUTION

Moved: Cr Gil Kelly

Seconded: Cr Penny Nicholson

The Committee recommends that Council endorses Candidate A as Chair of the Demerger Transition Dispute resolution Panel.

CARRIED

COMMITTEE RESOLUTION

Moved: Cr Gil Kelly

Seconded: Cr Penny Nicholson

The Committee recommends that Council endorses Candidate B and Candidate F as members of the Demerger Transition Dispute Resolution Panel.

CARRIED

COMMITTEE RESOLUTION

Moved: Cr Gil Kelly

Seconded: Cr Penny Nicholson

The Committee recommends that Council endorses Candidate C as an alternative member of the Demerger Transition Dispute Resolution Panel should one of the other members not be available for any reason.

CARRIED

5.1.2 APPOINTMENT OF GENERAL MANAGERS DESIGNATE

COMMITTEE RESOLUTION

Moved: Cr Ethan Ryan

Seconded: Cr Rosalind Wight

1. The Committee recommends that Council:

a. Establish the positions of:

- i. General Manager Designate Cootamundra**
- ii. General Manager Designate Gundagai**

b. Seek to employ both GMs-Designate by 30 April 2027 at the latest, initially as an award-based employee with remuneration package equivalent to that of the relevant GM position.

c. Seek to have the Proclamation refer to the appointment of the GMs-Designate as the Interim General Manager of the Council for which they were recruited.

- d. Determine that the GMs-Designate's role will include:
 - i. Review the draft structure of the organisation for which they are recruited.
 - ii. Recruit as many vacant positions as possible by 1 July 2027.
 - iii. Working with the other GM-Designate and the Interim General Manager, ensure that all new staff are properly inducted and trained.
 - iv. Progress the Demerger Transition Project to ensure that both successor Councils are fully operational on 1 July 2027.
 - v. Working with the other GM-Designate and the Interim General Manager, finalise the draft IP&R and other plans and policies for the Council for which they are recruited.
 - vi. Assist the CGRC Interim GM as required to ensure the continued operation of CGRC and the smooth transition to the new organisations.
2. The Committee recommends that Council, to facilitate the recruitment of the two GMs-Designate:
 - a. Establish two Committees of Council, being:
 - i. GM Cootamundra Recruitment Committee, comprising Councillors Wight, Kelly, Ryan, Collins, Cooper and Syed.
 - ii. GM Gundagai Recruitment Committee, comprising Councillors McAllister, Graham and Nicholson.
 - b. Require the Committees to follow the *Guidelines for the Appointment and Oversight of General Managers* issued under Section 23a of the Local Government Act 1993
 - c. Authorise each Committee to:
 - i. Elect the Committee Chair.
 - ii. Appoint a recruitment agency to assist with the recruitment process for each successor Council.
 - iii. Select the preferred candidate for each successor Council for referral to Council for formal appointment.

CARRIED

5.1.3 PROCESS TO SPLIT RESERVES

COMMITTEE RESOLUTION

Moved: Cr Penny Nicholson

Seconded: Cr Gil Kelly

The Committee recommends that Council:

1. Approves the methodology for allocating Council's reserves detailed in this report.
2. Authorises the engagement of a contractor, selected by the Interim General Manager and the Demerger Transition Manager, to undertake the work of splitting the reserves according to the approved methodology so that the successor council reserves can be provided to the consultant engaged to prepare the updated Financial Sustainability Plan.
3. Consistent with Council's adopted Restricted Assets Policy, establish a reserve to retain the Financial Assistance Grants (FAGs) paid in advance with the reserve plus interest to carry forward to the actual year for which the FAGs were paid.

4. Acknowledge that the reserve established in part (c) above will further reduce the cash available for Council's internally restricted reserves.
5. Acknowledge that it is possible that the division of an Externally Restricted Reserves may result in one of the proposed successor Councils having a negative balance requiring that Council to borrow to repay the other successor Council.
6. Acknowledge that Council's Internally Restricted Reserves are not fully cash backed and require the balances of all such reserves to be reduced on a pro rata basis to the reserves are fully cash backed.
7. Require that the organisation record all future reserve transactions so that the successor council reserve balances are accurately known on 30 June 2027.

CARRIED

5.1.4 UPDATE ON FINANCIAL SUSTAINABILITY TENDER SCHEDULE

COMMITTEE RESOLUTION

Moved: Cr Ethan Ryan

Seconded: Cr Rosalind Wight

That the committee endorses the changed schedule for the appointment of contractors to undertake the review and update of the Financial Sustainability Plan.

CARRIED

The Meeting closed at 10:24.

CHAIRPERSON

GENERAL MANAGER

5 GENERAL MANAGER'S REPORT

5.1 GENERAL MANAGER OFFICE

5.1.1 LEGAL STATUS OF SUCCESSOR COUNCILS

DOCUMENT NUMBER	470197
REPORTING OFFICER	Peter Bascomb, Demerger Transition Manager
AUTHORISING OFFICER	Roger Bailey, Interim General Manager
RELEVANCE TO COMMUNITY STRATEGIC PLAN	4. Collaborative and progressive leadership 4.4 Recognised as a premier local government Council that represents and advocates for community needs
FINANCIAL IMPLICATIONS	There are no additional financial implications associated with this report.
LEGISLATIVE IMPLICATIONS	There are no Legislative implications associated with this report.
POLICY IMPLICATIONS	There are no Policy implications associated with this report.
ATTACHMENTS	Nil

RECOMMENDATION

The Committee recommends that Council request that the Proclamation:

- 1. Rename Cootamundra Gundagai Regional Council as Cootamundra Council and adjust the boundary to match the boundary of the former Cootamundra Shire Council**
- 2. Create Gundagai Council using the boundary of the former Gundagai Shire Council.**
- 3. Include wording to require Cootamundra Council to assign to Gundagai Council, and Gundagai Council to accept, all contracts and agreements entered into by Cootamundra Gundagai Regional Council that were deemed necessary for the successful operation of Gundagai Council.**

Introduction

During the process of scoping the work required to transition Council's primary systems staff have identified that if one of the successor Councils retains the legal status (ABN etc) of the current Cootamundra Gundagai Regional Council (CGRC).

Discussion

Early discussions assumed that the demerger would simply dissolve CGRC and create two new successor Councils.

Subsequent work identifying the issues involved in the demerger and the actions required to address them has led to the understanding that it is preferable for the one of the "successor" councils to be CRGC, but with a name change and a boundary adjustment. That is, it would continue to operate with the same Australian Business Number (ABN).

Examples of where this approach is beneficial include:

1. Requires only two software licences for Council's primary ERP software. If two new Councils were created it would be necessary to retain a separate third version of the software to retain the CGRC history. Not only would this increase cost, but makes the transfer of data more complicated.
2. CGRC will need to enter contracts for services such as the ERP on behalf of the successor Councils as non-existent entities cannot be parties to any contract. The contracts would be assigned to the relevant successor Council, but if CGRC no longer exists, then there is no entity to assign them. If one of the successor Councils is effectively CGRC renamed, then that Council can assign the relevant contracts.
3. The final pay week of the 2027 financial year includes the 1 and 2 July and will be paid on Wednesday 7 July 2027. This not an uncommon issue, and that pay week would usually be included in the FY27 statements. If one council is simply the continuation of CGRC, it is simply "business as usual" with that council completing the payrun, with the other council reimbursing it for 2 days of its staff time.

While this approach is recommended it is not without risks if either of the successor Councils do not act appropriately – for example, one council refusing to accept the assignment of a contract. It is acknowledged that such behaviour is unlikely, but it is still recommended that the Proclamation include appropriate wording to ensure both councils continue to act in good faith.

It is understood that Snowy Valleys Council is also seeking a similar approach for its demerger.

It is recommended that the proposed Cootamundra Council be the successor to CGRC as it will be the better resourced organisation and, at least at an operational level, it has been accepted that it would be the council with the primary responsibility for preparing the CGRC FY27 financial statements.

Council Names

The other matter implied in the recommendation is that the names of the successor councils do not include the word "shire". Most councils created or renamed over the past twenty years or so have not included "shire" in their name. This was particularly evident in the 2004 and 2016 mergers.

If "shire" is not used, then consideration will need to be given to the councils' logos. It could be argued that this presents an opportunity to further engage with the community by running a logo design contest, while emphasising that they are new councils and it's not merely "business as usual" as the councils will be operating in a significantly different local government environment to the pre-2016 environment.

Financial

There are no additional financial implications with any costs to be drawn from Council's allocation budget.

OLG 23a Guideline consideration

The recommendation is consistent with the s.23A guidelines.

5.1.2 CONSIDERATION OF RECENT LETTER FROM THE OFFICE OF LOCAL GOVERNMENT

DOCUMENT NUMBER	474268
REPORTING OFFICER	Peter Bascomb, Demerger Transition Manager
AUTHORISING OFFICER	Roger Bailey, Interim General Manager
RELEVANCE TO COMMUNITY STRATEGIC PLAN	4. Collaborative and progressive leadership 4.4 Recognised as a premier local government Council that represents and advocates for community needs
FINANCIAL IMPLICATIONS	There are no financial implications associated with this report.
LEGISLATIVE IMPLICATIONS	There are no Legislative implications associated with this report.
POLICY IMPLICATIONS	There are no Policy implications associated with this report.
ATTACHMENTS	1. OLG Letter 25 May 2026 ↓

RECOMMENDATION

That the Committee discuss the letter from the Office of Local Government dated 25 May 2026.

Introduction

This report provides the opportunity for the Committee to discuss the most recent letter from the Office of Local Government (OLG).

Discussion

The Committee may wish to resolve to move into committee of the whole to allow a free discussion regarding the contents of the letter and the implications, if any, for the demerger transition project. During the discussion the Committee may choose to develop a recommendation for Council to consider.

Financial

Nil

OLG 23a Guideline consideration

N/a

Our reference: A1004102

Mr Roger Bailey
Acting General Manager
Cootamundra-Gundagai Regional Council
PO Box 420
COOTAMUNDRA NSW 2590

Via email: roger.bailey@cgrc.nsw.gov.au
25 May 2026

Dear Roger,

Thank you for your letter of 16 April 2026 regarding the de-amalgamation of Cootamundra-Gundagai Regional Council and the transition project.

I apologise that my advice about section 213 of the *Local Government Act 1993* (the Act) was unclear. Section 213 states that a proclamation of the Governor may include provisions as are necessary or convenient for giving effect to the proclamation.

The Office of Local Government (OLG) will assess the Transition Plan for completeness before recommending to The Cabinet Office (TCO) to prepare the draft proclamation. TCO will prepare the proclamation having regard to section 213 of the Act. TCO will provide the draft proclamation to OLG to form a final recommendation for the Minister.

OLG will make a recommendation to the Minister having regard to the Transition Plan and:

- (a) appropriate distribution of assets, liability, and how staffing may be assigned,
- (b) assets standards and levels of service,
- (c) options for sharing existing Council assets, systems and programs and
- (d) planning for funding and resourcing of 2 sustainable councils over a 10-year period.

I understand Council is targeting 1 July 2027 as the commencement date for the successor councils. To assist OLG in forming its recommendation and to avoid a delay in meeting the proposed commencement date I recommend that Council's transition plan suitably demonstrate these key areas.

As discussed at our meeting, OLG is preparing guidelines for IPART to assist with the assessment of special rate variations for councils seeking to demerge. This will be a shorter process than the normal special variation process. We will be in touch soon to consult with you about these guidelines.

Department of Planning, Housing and Infrastructure
Office of Local Government

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If you would like to discuss this matter further, please feel free to contact me, or in my absence, Mr Francis D'lima, Director and Delivery at francis.dlima@olg.nsw.gov.au.

Kind regards,

A handwritten signature in blue ink that reads "Jennifer Hickey".

Jennifer Hickey
Executive Director, Sector Performance
Office of Local Government

6 CONFIDENTIAL ITEMS

6.1 CLOSED COUNCIL REPORT

DOCUMENT NUMBER	474251
REPORTING OFFICER	Teresa Breslin, Executive Assistant to Mayor and General Manager
AUTHORISING OFFICER	Roger Bailey, Interim General Manager
RELEVANCE TO COMMUNITY STRATEGIC PLAN	4. Collaborative and progressive leadership 4.1 A clear strategic direction that is delivered upon
FINANCIAL IMPLICATIONS	There are no Financial implications associated with this report.
LEGISLATIVE IMPLICATIONS	To facilitate compliance with sections 10 and 11 of the Local Government Act 1993.
POLICY IMPLICATIONS	There are no Policy implications associated with this report.
ATTACHMENTS	Nil

Note

Council's Code of Meeting Practice allows members of the public present to indicate whether they wish to make representations to the meeting, before it is closed to the public, as to whether that part of the meeting dealing with any or all of the matters listed should be closed.

RECOMMENDATION

1. **Item 6.2 be considered in closed Council at which the press and public are excluded in accordance with the applicable provisions of the Local Government Act, 1993 and related public interest reasons detailed.**
2. **In accordance with section 11 (2) and (3) of the Local Government Act, 1993, the reports, correspondence and other documentation relating to Item 6.2 be withheld from the press and public.**

6.2 DETERMINATION OF THE FINANCIAL SUSTAINABILITY PLAN CONTRACT 2026/10

Provisions for Confidentiality

Section 10A (2) (d(i)) – The Confidential Report contains commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it;

Section 10A (2) (d(ii)) – The Confidential Report contains information that would, if disclosed, confer a commercial advantage on a competitor of the council; and

Section 10A (2) (d(iii)) – The Confidential Report contains information that would, if disclosed, reveal a trade secret.

Public Interest

N/A.