

Business Paper

DEMERGER TRANSITION COMMITTEE MEETING

**ALBY SCHULTZ MEETING CENTRE,
COOTAMUNDRA**

5pm, Tuesday 13th October, 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, 13th October, 2026 at 5pm

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

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 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 TUESDAY 15 SEPTEMBER 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 Tuesday 15 September 2026

RECOMMENDATION

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

Minutes

DEMERGER TRANSITION COMMITTEE MEETING

COUNCIL CHAMBERS, GUNDAGAI

6:03PM, TUESDAY 15th September, 2026

Administration Centres: 1300 459 689

**MINUTES OF COOTAMUNDRA-GUNDAGAI REGIONAL COUNCIL
DEMERGER TRANSITION COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, GUNDAGAI
ON TUESDAY, 15 SEPTEMBER 2026 AT 6:03PM**

PRESENT: Cr Abb McAlister (Mayor), Cr Rosalind Wight (Deputy Mayor), Cr David Graham, Cr Penny Nicholson, Cr Ethan Ryan (online), Cr Gil Kelly (online)

IN ATTENDANCE: Cr Les Cooper, 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

Nil

3 DISCLOSURES OF INTEREST

Nil

4 CONFIRMATION OF MINUTES

4.1 MINUTES OF THE DEMERGER TRANSITION COMMITTEE MEETING HELD ON TUESDAY 11 AUGUST 2026

COMMITTEE RESOLUTION

Moved: Cr Penny Nicholson

Seconded: Cr Rosalind Wight

That the Minutes of the Demerger Transition Committee Meeting held on Tuesday 11 August 2026 be confirmed as a true and correct record of the meeting.

CARRIED

5 REPORTS

5.1 GENERAL MANAGER OFFICE

5.1.1 REPORT FROM GM-DESIGNATE RECRUITMENT PANELS

COMMITTEE RESOLUTION

Moved: Cr David Graham

Seconded: Cr Gil Kelly

That the Committee note the report and endorse the appointment of LG Services Group Pty Ltd (ABN 606 6178 8389) by both Recruitment Panels.

5.1.2 ALLOCATION OF COUNCIL CASH RESERVES BETWEEN THE SUCCESSOR COUNCILS

COMMITTEE RESOLUTION

Moved: Cr Ethan Ryan

Seconded: Cr David Graham

The Committee recommends that Council allocate its 2026-2027 financial year cash reserves opening balances based on the audited FY26 closing balances and distributed between the proposed successor Councils using the percentages from the Morrison Low Advisory Cash Analysis Allocation report, namely while noting that :

- The Employee Leave Entitlement and Plant reserves will need to be recalculated as at 30 June 2027.
- Any pre-paid Financial Assistance Grants will need to be allocated based on appropriate pro-rata basis for both the General and Roads Component.

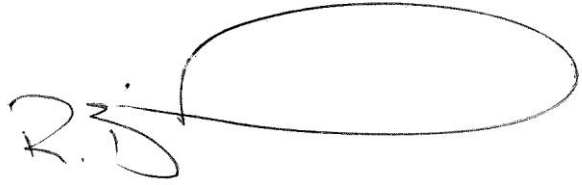
	Cootamundra		Gundagai	
	%	%	%	\$
Developer Contributions - General	48.0%	\$702,826	52.0%	\$762,826
Developer Contributions - Sewer	100.0%	\$421,276	0.0%	\$0
Unexpended Grants	49.3%	\$892,240	50.7%	\$918,999
Water Supply	14.5%	\$1,220,648	85.5%	\$7,206,966
Sewerage Service	98.5%	\$4,961,255	1.5%	\$74,381
Domestic Waste	77.0%	\$2,104,848	23.0%	\$629,513
Stormwater Infrastructure Renewal	93.7%	\$453,106	6.3%	\$30,354
		\$10,756,200		\$9,623,038
Employees Leave Entitlement	51.2%	\$861,371	48.8%	\$821,332
Plant Replacement	52.8%	\$1,221,996	47.2%	\$1,090,721
Waste Management	70.0%	\$350,000	30.0%	\$150,000
Bradman's Birthplace	100.0%	\$76,337	0.0%	\$0
Cootamundra Heritage Centre	100.0%	\$25,882	0.0%	\$0
Cemetery	50.0%	\$12,886	50.0%	\$12,886
Development - Land & Buildings	69.1%	\$1,220,510	30.9%	\$545,561
Cootamundra Caravan Park	100.0%	\$215,737	0.0%	\$0
Aerodrome Bitumen Resurfacing	100.0%	\$160,788	0.0%	\$0
Quarries & Pit Restoration	92.9%	\$230,672	7.1%	\$17,653
Southern Phone	100.0%	\$505,598	0.0%	\$0
Dog on the Tuckerbox Land	0.0%	\$0	100.0%	\$367,500
		\$4,881,777		\$3,005,653

CARRIED

The Meeting closed at 6:28pm.

A handwritten signature in cursive script, appearing to read "A. McArthur".

CHAIRPERSON

A handwritten signature in cursive script, appearing to read "R. J. [unclear]", followed by a large, empty oval shape.

INTERIM GENERAL MANAGER

5 GENERAL MANAGER'S REPORT

5.1 GENERAL MANAGER OFFICE

5.1.1 CORRESPONDENCE FROM THE OFFICE OF LOCAL GOVERNMENT

DOCUMENT NUMBER	483270
REPORTING OFFICER	Peter Bascomb, Demerger Transition Manager
AUTHORISING OFFICER	Roger Bailey, Interim General Manager
RELEVANCE TO COMMUNITY STRATEGIC PLAN	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. Correspondence from IGM to OLG 3 July 2026 ↓ 2. Response from OLG to IGM 24 September 2026 ↓

RECOMMENDATION

That the Committee note the correspondence from the Office of Local Government dated 24 September 2026.

Introduction

The recent letter from the Office of Local Government (OLG), in response to a letter from Council's Interim General Manager (IGM) and a meeting in Sydney on 27 August, provides clarity on some issues but is silent or ambiguous on other matters.

Discussion

OLG's response (Attachment 2) did not provide clarity on all matters raised in the Interim General Manager's letter (Attachment 1) or discussed during the 27 August meeting attended by the Mayor, IGM and Demerger Transition Manager (DTM). To seek further clarity, the DTM met with 3 OLG representatives on Friday 2 October.

Special Variation

The letter is silent on the matter of Council's proposed Special Variation to Rates (SV) so it was a primary topic of discussion for the 2 October meeting.

There are two issues relating to the SV.

1. IPART's involvement: This remains unresolved. A draft, simplified process for Council's application for an SV was discussed with OLG representatives in July, at which time Council was advised that it would need to submit documents in September. At the time of writing, the process and its timing remain unclear.

2. SV quantum: At the 27 August meeting with OLG, Council was again advised that, if necessary, it could apply for an SV that was higher than that included in Council's submission to the Local Government Boundaries Commission, provided it was not significantly higher. There was no clarity around the meaning of "significant", but it was suggested by OLG that an amount equivalent to inflation would be acceptable.

At the 2 October meeting Council was advised that it was unlikely that anything other than the SVs contained in Council's submission to the Boundaries Commission.

Continuing Entity

OLG's 24 September letter clearly states that the Proclamation(s) will create two new legal entities but not a continuing legal entity. This is contrary to the discussion on 27 August where the Deputy Secretary Local Government canvassed options to create a continuing legal entity.

Council has previously resolved to request a continuing legal entity for 2 primary reasons and, at the meeting of 2 October, the OLG was asked how Council might now resolve the two issues.

1. Completion of Financial Statements: The final set of CGRC Annual Statements need to be completed, but the OLG representatives were unable to advise how that might be done without a continuing entity. Council was advised to contact the NSW Audit Office. The NSW Audit Office advised that it was a policy matter for the OLG to resolve as they only audit against OLG established policies. The Audit Office did however undertake to see if there was a precedent in other Government areas that might provide guidance. At the time of writing, no further advice has been received.
2. Contracts: To give effect to the demerger, CGRC has entered into contracts effectively on behalf of the successor Councils. For example, Council has entered a contract with CIVICA on behalf of Gundagai Shire Council. The plan, developed in consultation with CIVICA, was for the continuing legal entity to novate the lease to Gundagai Shire after 1 July 2027. CIVICA modified its standard contract to specifically address the novation process. Without a continuing legal entity this novation process is not possible.

During the 2 October meeting, the OLG representatives proposed that a list of which contracts are to be transferred to which successor Council be included in the proclamation. It is OLG's belief that this process will provide legal certainty to the vendors. CIVICA has referred the proposal to their legal team for advice.

Transition Plan

The 24 September letter mentions a Transition Plan is required to assist the preparation of the Proclamation(s). Council developed a comprehensive transition plan while preparing its submission to the Local Government Boundaries Commission.

The current work of the Demerger Transition Committee is directed to preparing an updated plan simplified to just cover the key elements required for the Proclamation(s). This plan will comprise:

1. Demonstration of financial sustainability (updated FSP, plus Revenue Policies & LTFPs for each successor Council to IP&R requirements)
2. Governance arrangements (names of successor councils, number of councillors, administration arrangements etc)
3. Community Strategic Plans
4. Asset allocation, including cash
5. Organisation structures

6. Contract allocation to successor Councils
7. Plan for ongoing work post-December 2026 (data migration, position descriptions, etc etc)

All these are currently underway or have already been completed.

OLG has been requested to confirm in writing that this proposed content of the plan meets their expectations.

Timing of Submission

The current schedule of workshops, Demerger Transition Committee meetings and Council meetings for consideration of DTC recommendations meant that Council's final approval of the transition plan at the Council meeting scheduled for 8 December 2026. This schedule has previously been relayed to the OLG.

The OLG's 24 September letter mentions a deadline for submission of the Transition Plan by 1 December.

At the 2 October meeting OLG representatives agreed that the original timeline of submitting the Plan following the 8 December Council meeting was satisfactory. OLG has been requested to confirm this in writing.

Financial

There are no additional costs associated with this report.

OLG 23a Guideline consideration

N/a



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Gundagai Office:
255 Sheridan Street,
Gundagai NSW 2722

Teresa Breslin
REC-260703-TMB-110257.doc

Deputy Secretary
Office of Local Government
Locked Bag 3015
NOWRA NSW 2541

Via email: olg@olg.nsw.gov.au

Dear Brett

RE: Demerger Implementation — Proclamation Drafting and Operational Continuity

I am writing to seek OLG's guidance on the drafting of the proclamation that will give effect to the CGRC demerger, and specifically to make the case for an approach that directs the bulk of CGRC's operational continuity to Cootamundra Shire Council rather than treating the two successor councils as equals for vesting purposes.

We understand and accept that CGRC's alternate legislative pathway operates under s.212 (dissolution of all or part of CGRC) and s.204 (constitution of new areas) of the *Local Government Act 1993*. We are not seeking to depart from that structural model. We are, however, of the view that there are two pathways open to achieve the outcome of two separate, financially sustainable, and operationally effective, councils based on the pre-merger boundaries of Cootamundra and Gundagai Shires in a manner that is the most operationally effective.

The first, and preferred approach, is that CGRC undergo a boundary adjustment and be renamed Cootamundra Shire and that Gundagai Shire be constituted as a new entity.

The second, less preferred, approach is a proclamation that uses the broad facilitating-provisions power in s.213 to achieve specific practical outcomes that would also reduce the complexity, cost and risk of the transition.

Under this approach the proclamation would:

- Vest the preponderance of CGRC's existing contracts, bank accounts, ERP data, rates and debt records in Cootamundra Shire Council, reflecting the operational reality that Cootamundra is the larger and administratively more continuous of the two successor entities.
- Vest Gundagai-specific contracts, assets and liabilities in Gundagai Shire Council, with arrangements for any transitional shared services.
- Include provision for a Service Level Agreement to be adopted by each successor council at its first meeting, to govern any shared or transitional arrangements.

This second approach achieves similar practical advantages to the first by:

- Avoiding the need to separate and reissue CGRC's ERP data across two entirely new entities simultaneously, substantially reducing transition cost and risk.
- Preserving the continuity of rates notices, invoices and debt collection processes. Where CGRC issued the original notice or invoice, Cootamundra Shire Council — as the primary vesting entity — would pursue any recovery. The legal entity that issued the notice would be the entity in whose favour the debt vests, removing any question about the standing or validity of debt collection proceedings.
- Simplifying banking arrangements and avoids the need to establish two entirely new banking relationships from day one.
- Simplifying the final pay run, which overlaps the end of the 2026–27 financial year.

Section 213(2) of the Act allows a proclamation to include provisions about any matter that is not provided for, or not adequately provided for, by the Act. We submit that directed and asymmetric vesting of this kind — allocating the operational continuity of CGRC predominantly to one successor rather than dividing everything equally — is precisely the kind of practical matter s.213 exists to address. The proclamation power is broad enough to accommodate it, and we are not aware of anything in the Act that would prevent it.

With either approach the s212/s204 structural model is preserved. What we are asking for is a proclamation, or proclamations, drafted with operational practicality in mind, rather than one that treats the two new councils as starting from an identical blank sheet.

We appreciate that proclamation drafting of this kind involves careful legal consideration, and I am not suggesting this is straightforward. What I am asking is that OLG actively explore whether the s.213 power is sufficient to achieve the outcomes described above, and if there are impediments, that those be identified early so that we can work through them together before the proclamation is finalised.

Given the transition timeline, particularly with the OLG's requirement for Council to provide OLG with sufficient information to begin drafting the Proclamation in time for the successor councils' commencement on 1 July 2027, early clarity on this question would be of considerable assistance to the transition planning process.

I would welcome the opportunity to discuss further at a time that suits you.

Yours faithfully



Roger Bailey
Interim General Manager

3 July 2026

Cc: Jennifer Hickey ED OLG

Department of Planning, Housing and Infrastructure
Office of Local Government



Our reference: A1011706

Your reference: REC-260703-TMB-110257.doc

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

Via email: mail@cgrc.nsw.gov.au

24 September 2026

Dear Mr Bailey,

Thank you for your letter of 30 July 2026 regarding the drafting of the de-amalgamation proclamation and the operational continuity of the successor councils. I apologise for the delay in responding.

Legislative mechanism to de-amalgamate Cootamundra-Gundagai Regional Council

A boundary alteration to constitute the Gundagai Shire local government area (LGA) is not an option for Cootamundra Gundagai Regional Council (CGRC) under s.215 and s. 218E of the Act. Outside of dissolving CGRC under s.212 of the Act, any future application by an amalgamated council to de-amalgamate is to be made under s.218CD of the Act.

The broad provisions of a proclamation

The proclamation will include the necessary provisions to constitute two new LGAs. It will serve as the formal instrument giving effect to the decisions reflected in Council's adopted Transitional Plan.

The Transitional Plan adopted by the elected Council is fundamental to the de-amalgamation process. It will establish how CGRC manages and implements the transition before the proclamation is made, and how the successor councils commence operations from day one.

The adopted Transitional Plan is the enduring record of the agreed arrangements, terms and conditions underpinning the new councils. A successor council will not be able to rescind a decision of CGRC where that decision has already been legally or physically implemented. It is a matter for Council to decide and agree on the arrangements relating to the continuity and allocation of contracts, ERP systems and data, rates and debt records, and any shared service arrangements between the successor councils. It is also

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expected that Council will establish necessary banking arrangements and maintain a comprehensive record of those who need to be notified of the changes.

Timing of the Transitional Plan and proclamation

As you would appreciate, the de-amalgamation of CGRC has required significant legislative change, and OLG is working to address policy issues as they arise, including special variations for de-amalgamating councils.

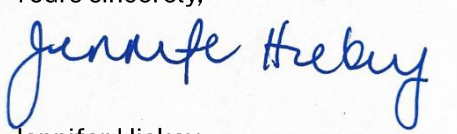
We understand that CGRC is targeting a commencement date of 1 July 2027 for the successor councils. As the first de-amalgamation arising from the 2016 council amalgamations, it is important that CGRC allows sufficient time to carefully consider and complete this final stage of the process.

Preparation by Council and drafting of the proclamation including approvals will take approximately 6 months. Given the Caretaker period beginning on 19 February 2027, OLG is requesting that Council provide its Transitional Plan to OLG no later than 1 December 2026, and preferably before that date. This will enable drafting instructions to be provided to Parliamentary Counsel's Office. It is noted there may be some issues that will need updating in April 2027 or that will require some further clarification between December and 19 February 2027. However, without the substantial matters being provided in December 2026, the 1 July 2027 proposed commencement date by Council may be at risk.

Governance arrangements for the 14-month period from 1 July 2027 until the local government elections in September 2028 will also need to be determined. Section 218C(2) provides that the Governor may appoint an administrator or the existing councillors in office. We would welcome CGRC's views on the preferred governance model for this period.

If you would like to discuss this matter further, please contact Mr Francis D'Lima, Director, Delivery and Performance on 02 4428 4161 or francis.dlima@olg.nsw.gov.au

Yours sincerely,



Jennifer Hickey
Executive Director, Sector Performance
Office of Local Government

5.1.2 FUNDING THE COST OF THE DEMERGER

DOCUMENT NUMBER	483274
REPORTING OFFICER	Peter Bascomb, Demerger Transition Manager
AUTHORISING OFFICER	Roger Bailey, Interim General Manager
RELEVANCE TO COMMUNITY STRATEGIC PLAN	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	Nil

RECOMMENDATION**1. That the Committee recommends that Council:**

- (a) **Determine that all costs associated with the demerger be shared equally between the two successor Councils, noting that demerger related expenditure will be incurred both before and after the commencement of the successor Councils.**
- (b) **Note that the Financial Sustainability Plan currently under development assumes that each successor Council will fund its share of the demerger transition costs through borrowings.**
- (c) **Note that each successor Council will ultimately determine how it will fund its share of the demerger transition costs.**

Introduction

While Council has allocated a \$3million to fund the demerger transition costs, it has not formally resolved how those costs are to be shared and the funding source. This report recommends an approach.

Discussion

It has been assumed, for the purposes of the Financial Sustainability Plan review currently underway, that the estimated \$3million cost of the demerger transition will be equally shared between the two successor Councils and that each Council would fund the \$1.5million through a 10-year loan from externally restricted reserves.

Although that assumption has been the consensus from various discussions, it is important to formally document the agreement to ensure that it can be included in the Proclamation that will create the two new Councils.

Financial

There are no financial costs associated with the recommendation.

OLG 23a Guideline consideration

N/A