

Circular to Councils

Subject/title	Council de-amalgamations - amendments to the <i>Local Government Act 1993</i>
Circular Details	Council Circular 25-13 / 18 June 2025 / A900336
Who should read this	Councillors / General Managers
Contact	Policy Team / 02 4428 4100 / olg@olg.nsw.gov.au
Action required	Information

What's new or changing?

- Amendments to the *Local Government Act 1993* (the Act) relating to council de-amalgamations have commenced, effective **22 May 2025**.
- The amendments replace existing provisions within the Act with new provisions setting out a clearer pathway for councils to seek to de-amalgamate.
- The legislation provides the following in relation to the new de-amalgamation pathway:
 - councils must develop a business case for de-amalgamation with community input so that residents are adequately informed of potential implications upfront
 - the business case must include detailed information about the proposed de-amalgamation, as prescribed by the legislation, such as:
 - details of the estimated financial impacts of de-amalgamation including an estimate of rates and charges following de-amalgamation and any assumed NSW Government funding assistance,
 - details of the future sustainability, long-term strategic plans, and capacity of the newly formed councils to provide services and infrastructure; and
 - proposed governance and operational arrangements including transitional arrangements.
 - the Minister must refer a business case to the Local Government Boundaries Commission for independent review and assessment

- if the Minister is satisfied by a recommendation from the Local Government Boundaries Commission that a proposal is sound, the council may hold a de-amalgamation constitutional referendum to enable the community to vote on whether they wish to
 - de-amalgamate. Voting in the referendum is compulsory
 - the majority of the community must vote in support of the proposal for the de-amalgamation to proceed
 - the Government may make arrangements to offset the financial costs of de-amalgamation via a grant of up to \$5 million and/or a TCorp loan.
- Any council that has been formed by the amalgamation of 2 or more former areas may pursue de-amalgamation under the new pathway.

What will this mean for council?

- Local councils and communities have a new pathway to explore voluntary de-amalgamations.
- The new provisions include transitional arrangements to ensure that the new process can be applied, as necessary, to in-train de-amalgamation proposals that were submitted to the Minister under former de-amalgamation provisions before the commencement of the legislative amendments.
- The new process does not apply to the Cootamundra-Gundagai Regional Council de-amalgamation proposal which is being progressed via an alternate legislative pathway.

Key points

- The legislative amendments provide a new pathway for councils and communities to pursue de-amalgamation.
- The new pathway requires engagement with the community throughout the entire process to ensure communities understand the consequences of de-amalgamating and can make an informed decision about their future.

Where to go for further information

- The *Local Government Amendment (De-amalgamations) Act 2024* is available on the Legislation Register at [Local Government Amendment \(De-amalgamations\) Act 2024](#).
- A flowchart outlining the new de-amalgamation pathway is available [here](#).

A blue ink signature of Brett Whitworth.

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