

**PROPOSAL TO DE-AMALGAMATE
COOTAMUNDRA-GUNDAGAI
REGIONAL LOCAL GOVERNMENT AREA**

Established under section 438U of the *Local Government Act* 1993

**Interim Report of the Public Inquiry
to the Minister for Local Government**

14 July 2025

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Glossary

Term	Meaning
Act	Local Government Act 1993 (NSW)
area	Local government area constituted under the Act.
Boundaries Commission	The Local Government Boundaries Commission established under section 260 of the Act.
CGRC	Cootamundra-Gundagai Regional Council
Demerger or de-amalgamation	The dissolution of CGRC and creation of two new council areas that align with the former Cootamundra and Gundagai local government areas.
DTP	Demerger Transition Plan
FSP	Financial Sustainability Plan
LGA	Local Government Area
Minister	New South Wales Minister for Local Government
OLG	The Office of Local Government
Proposal	The Proposed submitted by Cootamundra-Gundagai Regional Council pursuant to section 215(1) of the Local Government Act dated 28 March 2024 as described in [89]
TPMO	Transition Project Management Office

Chapter 1 - Background to the Proposal

1. The current Cootamundra-Gundagai Regional Council (**CGRC**) was created by Proclamation published in the New South Wales Government Gazette on 12 May 2016. It was the result of the amalgamation of the former Gundagai and Cootamundra local government areas. The amalgamation followed a proposal by the then Minister for Local Government which was part of a suite of proposals involving amalgamations of local government areas across metropolitan, regional and rural New South Wales.
2. From the time the proposed amalgamation of the two councils was announced, overwhelming opposition has been expressed by the local community. That opposition continued after the local government area of the CGRC was proclaimed. This opposition led to the first attempt to seek the demerger of the two councils.
3. The first proposal was an elector-initiated proposal to the Minister under section 215(1) of the Act submitted on 16 October 2018 (**First Demerger Request**) made with the unanimous support of the CGRC councillors. The then Minister for Local Government referred the First Demerger Request to the Local Government Boundaries Commission for review and report on 25 February 2020. The Boundaries Commission finalised its review of that proposal and submitted its report recommending against demerger to the Minister on 22 February 2021. A dissenting report by two LGBC Commissioners, recommending the demerger be implemented, was also submitted to the Minister on that date. On 20 July 2021, the then Minister for Local Government determined not to recommend the First Demerger Request to the Governor.
4. A second attempt to secure the demerger of CGRC was submitted pursuant to section 218CC of the Act on 6 July 2021 (**Second Demerger Request**), again with the unanimous support of the CGRC councillors. On 3 August 2021, the Minister referred the Second Demerger Request to the Local Government Boundaries Commission for examination, consideration and reporting. On 27 July 2022, the Boundaries Commission provided a report to the then Minister for Local Government recommending the Second Demerger Request be implemented. Also on 27 July 2022, a dissenting report of one member of the Boundaries Commission recommending against the demerger was submitted. In October 2023, the Minister for Local Government advised CGRC that advice had been received that section 218CC of the Act did not provide a legal pathway to demerge CGRC. Accordingly, notwithstanding the recommendation of the Boundaries Commission, the Second Demerger Request could not proceed.
5. CGRC was further advised by the Minister that if it wished to again seek demerger, the legal pathway was for the Minister to dissolve the CGRC local government area by proclamation pursuant to section 212 of the Act and create two new areas pursuant

to section 204 of the Act. To that end, CGRC was advised it should prepare a detailed implementation plan to create two sustainable councils with a view to that plan being reviewed by the Boundaries Commission and by further public inquiry which would each then make recommendations to the Minister. The advice from the Minister to CGRC was that no funding would be provided by the NSW State government to support CGRC's application to demerge or any subsequent demerger.

6. The Proposal to be considered by the Public Inquiry the subject of this report is as the result of the pathway suggested by the Minister for Local Government for CGRC to pursue, for the third time, the demerger of the Cootamundra-Gundagai Regional Council. Again, the pursuit of demerger has been unanimously supported by the CGRC councillors.
7. The matters that CGRC was advised it would need to specifically demonstrate to justify a demerger were as follows:
 - (a) where the new boundaries should be;
 - (b) electoral matters such as wards, number of councillors and the method of electing the Mayor;
 - (c) division and sharing of assets and liabilities;
 - (d) allocation of staff as well as management and organisational structures;
 - (e) rate levels and charges; and
 - (f) proposed service standards and shared service arrangements.
8. The Proposal comprises the following documents:
 - (a) Demerger Transition Plan – Phase 1 (including transition task schedule) (**DTP**);
 - (b) Financial Sustainability Plan, dated March 2024 (**FSP**);
 - (c) Financial Sustainability Plan Addendum, dated January 2025 (**FSP Addendum**);
 - (d) Response to requests for additional information, dated November 14 2024 (**RFI Response**); and
 - (e) Workforce Management Plan 2025/2029 (**WMP**).
9. In addition to those documents, Commissioners requested that the public submissions and reports that resulted from the First Demerger Request and the Second Demerger Request be considered as part of the Proposal. CGRC agreed to that request and that earlier material has been considered as part of the Proposal.
10. In addition to having the benefit of the Proposal documents, the Commissioners also called for submissions from the public in relation to the Proposal. Twenty were received. This is in addition to the 1399 received in response to the First Demerger

Request and the Second Demerger Request. The content of these submissions is discussed below in Chapter 7.

11. Public hearings in relation to the Proposal were conducted on 30 August 2024 in Sydney, 18 February 2025 in Gundagai and 19 February 2025 in Cootamundra. Consistent with the public hearings in relation to the First Demerger Request and the Second Demerger Request, the hearings in Gundagai and Cootamundra were very well attended by members of the local community. Approximately 400 people attended the two-day hearing of the Inquiry.

12. The following persons made oral submissions during the hearings:

- (a) Peter Tegart, Always Thinking Advisory (consultant engaged by CGRC to prepare the DTP, FSP and FSP Addendum);
- (b) Mayor Abb McAlister, CGRC
- (c) Roger Bailey, Interim General Manager, CGRC
- (d) Steph Cooke MP, Member for Cootamundra
- (e) Glen Moore, community member (Gundagai Council in Exile Inc.)
- (f) Cindy Smith, community member (employee, CGRC)
- (g) Clr Penny Nicholson, CGRC
- (h) Clr Rosalind Wight, CGRC
- (i) Leigh Bowden, community member (former Councillor of CGRC)
- (j) Charlie Sheahan, community member (former Mayor of CGRC)
- (k) Pip McAlister, community member
- (l) Clr David Graham, CGRC

13. The Commissioners were assisted during the Public Inquiry by counsel assisting, barrister Janet McKelvey.

14. All hearings were live streamed on the internet.

Chapter 2 - The Public Inquiry Terms of Reference

15. The Terms of Reference of the Inquiry as set by the Minister for Local Government are as follows:

To enquire and report to the Minister for Local Government with respect to the Cootamundra-Gundagai Regional Council (Council) proposed Implementation Plan (comprising a Detailed Transition Plan, Task Schedule and Financial Sustainability Plan) as lodged by Council as a formal proposal on 21 March 2024 to create two new Councils from the existing Council including advising whether:

(1) if the governing bodies of the new Councils were to implement the proposed Implementation Plan, would this create the potential for:

- sustainable financial path for the ongoing operation of the two Councils;*
- strong and effective leadership in a manner consistent with the guiding principles set out in sections 8A, 8B and 8C of the Act;*
- effective management of responsibilities relating to long term financial planning, public land management and provision of services.*

(2) the area of Cootamundra-Gundagai Regional Council should be dissolved pursuant to section 212 to enable the proposal to create two new Councils to be implemented;

(3) any other matter that warrants mention, particularly those that may impact on the effective administration of the future Councils' functions and responsibilities or the community's confidence in the Council being able to do. The Commissioners may make recommendations as the Commissioners see fit having regard to the outcomes of the inquiry, including whether all civic officers at Cootamundra-Gundagai Regional Council should be declared vacant.

Chapter 3 - Summary and Recommendation

16. The Proposal seeks to achieve two outcomes:

- (a) the dissolution of the CGRC local government area under s. 212 of the Act; and
- (b) the creation of two new local government areas of Cootamundra and Gundagai under s. 204 of the Act that have boundaries coincident with the former council areas.

In effect, the Proposal seeks to 'demerge' the CGRC.

17. The Proposal outlines a pathway to these two outcomes. It provides preliminary financial modelling to demonstrate the consequences of the creation of separate Cootamundra and Gundagai councils. It undertakes high level risk analyses and identifies opportunities for shared services and co-operation between the proposed new councils to demonstrate that the resultant councils will be viable entities.

18. The Proposal identifies two further stages of work to be completed (referred to as Phase 2 and Phase 3) that will identify with greater specificity and certainty the allocation of assets, liabilities, funding, staffing, etc., to facilitate a 'demerge' of CGRC.

19. It is proposed that a Transition Project Management Office be established within CGRC with a view to employing necessary key staff that will need to be ready to start on 'Day 1' of the proposed new councils, to pre-negotiate shared services agreements,

and undertake necessary audits and allocations of assets, liabilities, funding, staffing, etc.

20. The dissolution and creation of council areas are to be completed by way of proclamation by the Governor. Section 213 of the Act anticipates that the proclamation will cover all necessary matters for, among other things, the transfer of assets, rights and liabilities, staff and funding for a new council to be functional from the date of proclamation. Any proclamation will need to be very detailed given CGRC and the new councils need to cease and commence (respectively) simultaneously.
21. It is evident from the Proposal that Phase 2 and Phase 3 are necessary to be completed before an effective proclamation may be drafted and made. However, the Commissioners are of the view that the Proposal provides sufficient information to allow a recommendation to be made that the Minister give CGRC ‘in principle’ support to pursue the dissolution of the CGRC local government area and the creation of two new areas aligned with the areas of the former Cootamundra and Gundagai councils. **This recommendation is subject to the Minister being satisfied with CGRC’s arrangements for the funding of Phase 2 and Phase 3 under the Proposal being secured (in the sum of up to \$3 Million) – via State government funding or otherwise.**
22. If the critical issue of funding for Phase 2 and Phase 3 can be resolved, the Commissioners make additional observations of matters to be considered during those phases.
23. It is further recommended that CGRC be given a timeline for completion of the tasks envisaged in Phase 2 and Phase 3. Based on the time estimations provided in the Proposal, it is recommended that Phases 2 and 3 (including the drafting of a proposed proclamation) be completed by 31 May 2026, with a view to the proclamation (and the ‘demerge’) taking effect by 1 July 2026. As part of that proclamation, local council elections should be proposed to take place in September 2026 for a two-year term so as to align the subsequent election with the regular local government election cycle (the next regular election being due in 2028).

Chapter 4 - The Role of the Commissioners

24. The Minister for Local Government has appointed the following Commissioners to hold a public inquiry under section 438U of the Act into Cootamundra-Gundagai Regional Council:
 - (a) Mr Peter Duncan AM (Chair)
 - (b) Ms Ruth Fagan (Commissioner)
 - (c) Mr Rick Firman OAM (Commissioner)

(d) Mr Douglas Walther (Commissioner)

25. The role of the Commissioners in this Public Inquiry is established in accordance with the Terms of Reference set out in the previous chapter. This requires the Commissioners to carefully consider the Proposal (comprising those documents referred to in paragraphs 8 and 9 and above), the submissions received in respect of the Proposal (described at 10 above) and the evidence given during the public hearings convened (as described in paragraph 11 above).
26. It is not the role of the Commissioners to opine as to the appropriateness or otherwise of the original merging of the Cootamundra and Gundagai local government areas in 2016.
27. It is noted that the Commissioners Duncan, Fagan and Firman are also members of the Boundaries Commission and, when fulfilling that role, have a different statutory function and different mandatory considerations under section 263 of the Act. This report is limited to the outcomes of and the recommendations following the Public Inquiry under section 438U of the Act having regard to the Terms of Reference.

Chapter 5 - The Applicable Legal Framework

28. At the date of the lodgement of the Proposal, the Act did not provide a dedicated pathway for the demerging of local councils. Since the lodgement of the Proposal, the *Local Government Amendment (De-amalgamation) Act 2025* has come into effect along with *Local Government (General) (De-amalgamations) Regulation 2025*. Neither of these amending instruments apply to the Proposal as it was lodged under section 215 of the Act. Rather, the previous provisions regarding the creation and dissolving of local government areas (which had only previously been used to merge local councils) apply.
29. Chapter 9 of the Act regulates the establishment of local councils in New South Wales. In particular, section 204 of the Act provides:
- (1) *The Governor may, by a proclamation, constitute any part of New South Wales as an area.*
 - (2) *The area is to have the boundaries determined by the Governor by a proclamation.*
 - (3) *An area must be a single area of contiguous land.*
30. The dissolution of local government areas is addressed in section 212 of the Act:
- (1) *The Governor may, by a proclamation, dissolve the whole or part of an area.*

- (2) *The area may not recommend the making of a proclamation to dissolve the whole or part of an area until after a public inquiry has been held and the Minister has considered the report made as a consequence of the inquiry.*

31. Section 213 of the Act makes provision for the content of proclamations that are necessary to either constitute or dissolve local government areas. It relevantly provides:

- (1) *A proclamation of the Governor for the purposes of this Division may include such provisions as are necessary or convenient for giving effect to the proclamation, including provisions for or with respect to –*

- *the transfer or apportionment of assets, rights and liabilities*
- *the transfer of staff*
- *the application of regulations*
- *the alteration of ward boundaries*
- *the holding of elections*
- *the delivery or retention of records*
- *the termination, cessation, dissolution or abolition of anything existing before the proclamation takes effect*
- *the preservation or continuance of anything existing before the proclamation takes effect*
- *the making of appointments*
- *the inclusion or exclusion, as a constituent council of any related county council or related joint organisation, of the council of any area constituted or dissolved by the proclamation.*

- (2) *Such a proclamation may –*

- (a) *apply generally or be limited in its application by reference to specified exceptions or factors, or*
- (b) *apply differently according to different factors of a specified kind, or*
- (c) *authorise any matter or thing to be from time to time determined, applied or regulated by any specific person or body, or may do any combination of those things.*

32. Section 214 of the Act provides that a function under section 204 of the Act may be exercised only after a “*proposal*” for the exercise of the function is dealt with under

Division 2 of Chapter 9 of the Act. Section 215 then provides how a “*proposal*” may be made. Section 215 relevantly provides:

- (1) *A proposal may be made by the Minister or it may be made to the Minister by a council affected by the proposal or by an appropriate minimum number of electors.*

33. Once a “*proposal*” is made, section 216 of the Act provides that the Minister must give at least 28 days’ public notice of the “*proposal*”. Section 217 of the Act requires representations concerning the “*proposal*” to be made to the Minister by a council or elector affected by the proposal and the Minister must consider all representations made.

34. Section 218 of the Act then provides:

- (1) *If the Minister decides to continue with the proposal, the Minister must refer it for examination and report to the Boundaries Commission.*
- (2) *The Minister may recommend to the Governor that the proposal be implemented –*
 - (a) *with such modifications as arise out of the Boundaries Commission’s report, and*
 - (b) *with such other modifications as the Minister determines, but may not do so if of the opinion that the modifications constitute a new proposal.*
- (3) *The Minister may decline to recommend to the Governor that the proposal be implemented.*

35. At the same time as the establishment of the Public Inquiry the subject of this report, the Minister for Local Government also referred the Proposal the subject of the Inquiry to the Boundaries Commission for examination and report under s 263 of the Local Government Act.

36. Section 263 provides:

- (1) *The Boundaries Commission is required to examine and report on any matter with respect to the boundaries of areas and the areas of operation of county councils which may be referred to it by the Minister.*
- (2) *For the purpose of exercising its functions, the Boundaries Commission –*
 - (a) *may hold an inquiry if the Minister so approves, and*
 - (b) *must hold an inquiry if the Minister so directs, but may not hold an inquiry otherwise than as referred to in paragraph (a) or (b).*
- (2A) *Despite subsection (2), the Boundaries Commission must hold an inquiry for the purpose of exercising its functions in relation to a proposal for the*

amalgamation of two or more areas that has been referred to it in accordance with section 218F.

(2B) Reasonable public notice must be given of the holding of an inquiry under this section.

(3) When considering any matter referred to it that relates to the boundaries of areas or the areas of operations of county councils, the Boundaries Commission is required to have regard to the following factors -

(a) The financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned,

(b) The community of interest and geographic cohesion in the existing areas and in any proposed new area,

(c) The existing historical and traditional values in the existing areas and the impacts of change on them,

(d) The attitude of the residents and ratepayers of the areas concerned,

(e) The requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area,

(e1) the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities,

(e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned,

(e3) the impact of any relevant proposal on rural communities in the areas concerned,

(e4) in the case of a proposal for the amalgamation of two or more areas, the desirability or otherwise of dividing the resulting area or areas into wards,

(e5) in the case of a proposal for the amalgamation of two or more areas the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented,

(f) Such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas.

- (4) The Boundaries Commission is not entitled to examine or report on any matter relating to the area of operations of a county council constituted or proposed to be constituted for the supply of electricity.*
- (5) The Boundaries Commission must allow members of the public to attend the inquiry held by the Commission under this section.*
- (6) The Boundaries Commission may continue with an examination or inquiry even though a Commissioner or Acting Commissioner replaces another Commissioner during the course of the examination or inquiry.*
- (7) The Supreme Court may not make an order in the nature of prohibition in respect of, or an order for removing to the Court or quashing, any decision or proceeding made or conducted by the Boundaries Commission in connection with the exercise of its functions.*

37. The Boundaries Commission will be separately constituted following delivery of this report to the Minister for Local Government. It is for this reason that this report and the Public Inquiry focuses on the Terms of Reference rather than the “factors” required to be considered by the Boundaries Commission. It is evident, however, that there is considerable overlap between the Terms of Reference and the factors required to be considered under section 263(3) of the Act. Those factors will be the subject of a separate report by the Boundaries Commission .

38. For clarity and given that the Second Demerger Request was made under sections 218CC, it is relevant for the limitations on that section to be outlined as a means of detailing why this third proposal for demerger became necessary.

39. Section 218CC was inserted into the Act on 24 May 2021 by the *Local Government Amendment Act 2021*. It provides:

- (1) The new council may, within 10 years of the constitution of the new area, submit a written business case to the Minister setting out -*
 - (a) a proposal for the de-amalgamation of the new area, whether by constituting the former areas or constituting different areas, and*
 - (b) the reasons in support of the proposal.*
- (2) The Minister must, within 28 days after the business case is submitted, refer the de-amalgamation proposal to the Boundaries Commission with a direction that it conduct an inquiry and report on the proposal.*
- (3) Without limiting subsection (2) or section 263, the Boundaries Commission may in its report recommend that -*
 - (a) the de-amalgamation proposal be supported, or*
 - (b) the de-amalgamation proposal be rejected, or*

- (c) *a different de-amalgamation proposal be supported.*
- (4) *The Minister must ensure that the report of the Boundaries Commission is publicly released within 48 hours after it is provided to the Minister.*
- (5) *The Minister must, within 28 days after the report is provided to the Minister, provide a written response to the new council setting out -*
 - (a) *whether or not the Minister supports the de-amalgamation proposal or a different de-amalgamation proposal recommended by the Boundaries Commission, and*
 - (b) *the reason for the Minister's decision, and*
 - (c) *if the Minister supports the de-amalgamation proposal or the different de-amalgamation proposal – the anticipated timeframe for giving effect to the proposal.*
- (6) *The Minister is, by making grants under section 620 or using money otherwise appropriated by Parliament for the purpose, to ensure that the cost of any de-amalgamation of the new area resulting from a business case submitted under this section is fully funded.*
- (7) *This section extends to new areas constituted before the commencement of this section.*
- (8) *In this section –*

new area *means the area constituted by the amalgamation of areas (former areas) by the relevant proclamation.*

new council *means the council of a new area constituted by section 219.*

relevant proclamation *means the proclamation made pursuant to Chapter 9, Part 1 that amalgamates former areas in the new area and constitutes the new council.*

40. Section 218CC did not appear in the bill for the Amendment Act as originally tabled. Section 218CC was an amendment proposed by the then opposition in the Legislative Council. During the Second Reading debate, the Honourable Tara Moriarty for the opposition referred several times to the “botched” 2016 amalgamations and explained the purpose of proposed section 218CC as follows:

We also believe there should be a process for the de-amalgamation of newly constituted areas – an ability for the creation of a business case process for demerger proposals and time limits for consideration by the Minister. The bill should include a process and pathway to demerge where wanted. The government botched this process from start to finish and we need to provide an opt out for communities where mergers have failed. In

some cases, councils are being driven to financial ruin and ratepayers are picking up the tab. There needs to be a process that sees councils succeed.

41. In Committee, during a short debate about the provision, the Hon. Scott Farlow for the then government opposed the proposal for several reasons, including concerns about the obligation to ensure a de-amalgamation proposal is “fully funded”:

The proposed amendments leave several matters at large with significant unbounded financial implications. Amendment No.2 refers to the Minister ensuring that a proposal is fully funded. The funding would be of an unknown amount, for which the parliament cannot make an appropriation. It would also be unclear in each case what level of funding must be provided and for which supposed amalgamation cost the taxpayers of New South Wales must compensate the council. That could potentially amount to millions of dollars.

42. In any event, as noted above, section 218CC did not have the apparent intended legal effect of the providing a power to de-merge local councils. The effect of the *Local Government Amendment (De-amalgamation) Act 2025* along with *Local Government (General) (De-amalgamations) Regulation 2025*, which came into operation on 22 May 2025, appears to seek to revive of the intended effect of the original section 218CC of the Act and inserts a mechanical provision in section 218CD for this purpose, but this is not a matter of consideration for this Inquiry as the Proposal is not made pursuant to Chapter 9, Part 1, Division 2A of the Act. As a consequence, the requirement for a referendum to be held in respect of a de-amalgamation proposal does not apply to the Proposal being considered by this Inquiry.

Chapter 6 – The Proposal

43. The Proposal was prepared on behalf of CGRC by consultant Peter Tegart of Always Thinking Advisory, a specialist local government advisory firm. As noted above, Mr Tegart also gave oral evidence to the Inquiry.
44. The Proposal seeks to dissolve the CGRC local government area under section 212 of the Act and to have proclaimed under section 204 of the Act two new local government areas that have the same boundaries as the previous Cootamundra and Gundagai local government areas prior to the merger of the two former councils in 2016.
45. As presently constituted, CGRC is represented by nine councillors, inclusive of the Mayor and Deputy Mayor who are elected by the councillors (as opposed to being directly elected). It is proposed that the new Cootamundra Council would have seven councillors, and the new Gundagai Council would have five and that the Mayors and

Deputy Mayors would continue to be elected by the councillors from within their respective number.

46. The nine councillors of the CGRC are fewer councillors than the former two councils (which previously had a combined 15 councillors) but the proposed number of councillors for the new councils would represent an increase in representation overall compared to the current circumstances and would comply with section 224 of the Act which requires a minimum of five councillors for any local government area. Further, the resultant rate of representation proposed (councillor per number of residents) is similar to the average rate of representation for similar sized rural council areas.

47. It is proposed that neither of the new councils will be divided into wards for the purpose of the election of representatives. This is consistent with the situation that existed prior the merger of Cootamundra and Gundagai councils and the merged area of CGRC.

48. The Proposal acknowledges the logistical challenge that exists in order to establish two new councils. To achieve this, the Proposal sets out three phases of implementation:

Phase 1 – The scoping phase with a demerger transition plan proposing a high-level approach, timeframe and estimates, a high-level financial sustainability plan to present to the Boundaries Commission.

Phase 2 – A planning phase with a detailed demerger transition plan following documentation and delineation of the service and asset profiles proposed for the new councils, supported by an updated financial sustainability plan:

- (a) from which appropriate distribution of assets, liability and staffing may be assigned
- (b) with which acceptable asset standards and levels of service may be modelled;
- (c) through which achievable options for utilising existing CGRC assets, systems and programs may be shared, and
- (d) to which affordable funding and resourcing for two sustainable councils may be planned during the first term, then progressed over a 10-year horizon.

Phase 3 – With relevant documentation and distributions identified, the implementation of the demerger, nominating tasks to be completed prior to and after the proclamation.

49. The Proposal is the high-level Demerger Transition Plan contemplated as Phase 1. The Proposal acknowledges that it is based on a significant collaborative approach to sharing resources or hosting and contracting services or facilities between the two new councils, and by utilising the existing assets, technology and intellectual

property of CGRC to its fullest extent. Precisely what these collaborations would look like are to be established as part of Phases 2 and 3 under the Proposal.

50. As a practical matter, once a decision is made regarding demerger, it is proposed that a Transition Project Management Office (**TPMO**) would be established within the existing CGRC. The TPMO would recruit ‘General Managers-elect’ for the new councils who would endorse interim structures for the new organisations enabling the proposed transfer of staff and the task of disentangling technology and financial systems to be established in anticipation of the formal demerge. The Proposal suggests that the councillor elections would occur before proclamation of the new area (see the further discussion about timing at paragraph 98(a)).

51. An interim General Manager would continue to oversee the day-to-day operations of the CGRC pending the creation of the two new councils and the Councillors would continue to carry out their roles in relation to CGRC.

52. Below is the proposed timeframe and task breakdown included in Figure 3 of the Proposal:

	Timeframe	Tasks	Due Date (target)
Prepare for Proclamation	< week	Administrative: appoint key advisors, change contacts, notify bankers/insurer/unions, endorse policies etc	
	< month	Statutory: transfer debts/investments, establish committees/meetings, reassign delegations, leases, contracts etc	
	< quarter	Establishment: general ledger, logo, website, comms plan, registers, distributions, legals, interim structures, recruit, etc	
	< 6 month	Interim: elections, specialist reviews, interim budgets, interim ICT, revise policies, property transfers, risk reviews etc	
New Councils	> 6 month	Strategic: revise IPR, revise AMP, refresh service and asset standards, reset pricing policy, migrate SaaS, trial resource share etc	
	> 1 year	Implementation: signage, LEP/DCP reviews, new IPR-LTFP, org structure, rating path, resource share/hosted facilities etc	

53. The tasks required are further broken down in the Proposal according to theme. The themes adopted were financial, human, technology, asset, project, utilities, risk, governance, planning, communications and services and facilities.

54. In considering these tasks, the Phase 1 DTP considers:

- (a) increases to rates that are likely to be necessary;
- (b) necessary increased staffing levels and wage harmonisation;
- (c) likely increased renewal expenditure, new capital projects and associated borrowings and grants;
- (d) gifted and grant funded assets;
- (e) impacts on existing capital programs and asset replacement schedules;

- (f) availability and turnover of skilled staff;
- (g) availability of consultants to accelerate demerger activities and supplement skill gaps;
- (h) opportunities for sharing resources and/or contracting between the new councils;
- (i) the logistics of disentangling technology and financial systems;
- (j) broad time and cost estimates;
- (k) prioritising of tasks;
- (l) risks and opportunities for the new councils.

55. These high-level matters were identified and detailed as a result of input from councillors and staff of CGRC.

56. One of the key conclusions arising from consideration of these matters is that, subject to further due diligence, the cost of demerger is estimated to be in the order of \$2.5M - \$3M. It is accepted in the Proposal that CGRC does not have sufficient unrestricted cash to fund the scoping, planning and implementation of a demerger at that level of cost. It was candidly accepted by Mr Tegart during oral evidence to the Inquiry that either funding from the State government or borrowings would be necessary to fund Phases 2 and 3 under the Proposal.

57. It is proposed that CGRC will continue to bear operational costs as well as preparation and recruitment costs for the new councils, with those costs raised as debts with the relevant new council to be settled upon the final audit of CGRC.

58. It is evident from the Financial Sustainability Plan submitted as part of the Proposal that CGRC's ongoing operational deficits are not sustainable. Without substantial changes to planned growth in revenues and limitations on expenditure, and because of additional staffing costs for the new councils (projected to be between 6 and 10 staff members), it is anticipated that the newly formed councils would also experience annual operating deficits. To address this outcome, several scenarios were prepared (with various adjustments to revenue and expenses being modelled) to lead to a projection of a fully funded operating position for each of the new councils.

59. Based on the 'Preferred Scenario' put forward in the Proposal via the FSP, the following financial interventions would, at least, be required to ensure financial sustainability of the new councils going forward to FY31:

- (a) planned growth in asset servicing, maintenance and depreciation would have to be limited to 2.5%pa, 5%pa, and 2.5%pa respectively;
- (b) planned growth of utilities assets (water, sewer, waste and stormwater) would be limited to 4%pa;

- (c) non-asset services and support services would need to be limited to the value of any CPI-rate peg indexation for respective revenues;
- (d) a \$1.2M one-off uplift in executive and specialist staff costs to be shared between the councils;
- (e) increases to rates of 7.5% x 2 years above the rate peg for Cootamundra;
- (f) increases to rates of 25% x 3 years above the rate peg for Gundagai;
- (g) planned fee growth of 2.5%pa for regulatory, commercial, property and contract services
- (h) planned fee growth of 5%pa for Cootamundra for utility services;
- (i) planned fee growth of 10%pa for Gundagai for utility services;
- (j) fees would need to continue to be indexed (CPI or rate peg) in addition to planned fee growth;
- (k) investment yields through planned improvement to utility funds annual returns would need to grow;
- (l) capital expenditure for renewal of existing assets would need to be limited (or funded with limited debt) with any new or upgraded assets to be fully funded by grants contributions or cash-backed reserves.

60. Even with those measures, the Proposal acknowledges that the new councils would have a rating of 'moderate' (Cootamundra) and 'weak' (Gundagai) if measured against the sustainability rating criteria adopted by Treasury Corp's previous model adopted when considering the merger program in 2014-2015. CGRC currently rates as 'moderate' using the same criteria.

<div style="writing-mode: vertical-rl; transform: rotate(180deg);">Interventions required</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">OLG</div>	Strong	strong capacity to meet its financial commitments in the short, medium and long-term. record of operating surpluses and may occasionally report minor operating deficits. It is able to address its operating deficits, manage major unforeseen financial shocks and any adverse changes likely to result in only minor changes to the range of and/or quality of services offered
	Sound	adequate capacity to meet its financial commitments in the short, medium and long-term record of minor to moderate operating deficits expected to regularly report operating surpluses able to address its operating deficits, manage major unforeseen financial shocks and any adverse changes some changes to the range of and/or quality of services offered
	Moderate CGRC CC	adequate capacity to meet its financial commitments in the short to medium-term acceptable capacity in the long-term record of reporting minor to moderate operating deficits likely able to address its operating deficits, manage unforeseen financial shocks and any adverse changes number of changes to the range of and/or quality of services offered
	Weak GC	acceptable capacity to meet its financial commitments in the short to medium-term limited capacity in the long term. reporting moderate to significant operating deficits with a recent operating deficit being significant. unlikely to be able to address its operating deficits, manage unforeseen financial shocks, and any adverse changes will need significant revenue and/or expense adjustments significant changes to the range of and/or quality of services offered.

61. The Proposal also acknowledges and considers the Office of Local Government's benchmarks for sustainability which are as follows:

Measure	Performance indicator	Calculation and definition	Target benchmark
Assets	Asset sustainability ratio	Capital expenditure on replacement assets + depreciation expense. This is an approximation of the extent to which the infrastructure assets managed by council are being replaced as their service potential is used up.	Greater than 90%
Surplus/profit	Operating surplus ratio	Operating result as a percentage of operating revenue. Indicates the extent to which revenues cover operational expenses only or are also available for capital funding. A positive ratio means that the surplus can be used for capital expenditures or debt repayments.	Between 0% and 10%
	Council-controlled revenue ratio	Net rates, levies and charges and fees and charges/ total operating revenue. Council's financial flexibility improves the higher the level of its council-controlled revenue. Greater reliance on external funding sources such as operating subsidies, donations and contributions reduces financial flexibility.	Higher the percentage = greater independence & flexibility to influence future results
Level of debt	Total debt service cover ratio	(Operating result (excluding capital items) + depreciation and amortisation + gross interest expense)/(gross interest expense + prior year current interest bearing liabilities). Indicates the ability to repay loan funds. A low cover indicates constrained financial flexibility and limited capacity to manage unforeseen financial shocks.	Greater than 2 times
	Net financial liability ratio	(Total liabilities – current assets) ÷ operating revenues. Indicates that net financial debt can be serviced by operating revenues. A ratio greater than zero implies that liabilities exceed current assets.	Not greater than 60%
Liquidity	Cash expense ratio	Current year's cash ÷ ((operating expenses – depreciation – finance costs) ÷ 12). Indicates the number of months council can continue paying its immediate expenses without additional cash flows.	Greater than 3 months

62. However, the Proposal also takes a simpler approach to assess the likely financial health of the proposed new councils by examining the financial data of the former councils compared to CGRC. It states that “*the basic indicator of sustainability is to regularly produce a balanced or surplus operating result, indicating resources are available to expend on capital (renewal/upgraded assets). In essence, the annual movement in cash and investments (and subsequent mix of reserves and unrestricted cash) is a reasonable barometer of the financial health of a council. The following table draws on the premerger financial statements and tracks comparative annual results, using data from the Cashflow Statement and other Notes*”.

			Statement of Cashflows - Trends								
FY15	FY15	\$2023		(\$,000)	FY18	FY19	FY20	FY21	FY22	FY23	OP24
Cootamundra	Gundagai	C+G									
7,026	4,102	14,956		Rates and annual charges	11,996	13,022	13,884	14,550	16,588	18,269	19,264
4,529	1,553	8,174		User charges and fees	7,212	8,978	8,114	7,523	7,356	10,806	4,986
534	297	1,117		Interest received	1,103	900	537	144	117	697	1,245
4,767	4,237	12,101		Grants and contributions	11,354	17,019	11,658	20,947	25,666	27,564	20,970
766	1,046	2,435		Other income	2,556	3,474	1,311	881	528	1,563	1,301
17,622	11,235	38,784			34,221	43,393	35,504	44,045	50,255	58,899	47,766
5,550	3,842	12,623		Employee benefits and on-costs	12,469	12,099	12,430	12,286	13,175	13,922	14,709
5,640	1,919	10,159		Materials and services	14,615	13,988	13,678	13,693	14,642	25,956	19,824
68	28	129		Borrowing costs	148	131	111	230	222	184	146
2,022	2,050	5,473		Other expenses	3,793	3,964	3,609	3,097	2,146	903	1,572
13,280	7,839	28,384			31,025	30,182	29,828	29,306	30,185	40,965	36,251
	261	351		Sale of real estate assets	186	793	347	1,368	453	-	
305	168	636		Proceeds from sale of IPPE	663	1,208	1,223	1,188	1,728	109	
	3,000	4,032		Proceeds from borrowings			4,430	4,000			
305	3,429	5,018			849	2,001	6,000	6,556	2,181	109	
2,650	3,217	7,885		Purchase of IPPE	10,539	21,443	22,000	24,897	16,998	9,963	
165		222		Purchase of real estate assets	10	781	186	4	55	-	
119	1	161		Repayment of borrowings	410	428	414	1,052	1,275	1,315	
2,934	3,218	8,268			10,959	22,652	22,600	25,953	18,328	11,278	
- 733	- 122		Inc Stat	Nett operating result (excluding capital grants)	- 9,376	- 2,910	- 6,248	- 5,469	- 4,977	- 3,779	- 7,694
- 452	2,313			Net change in cash and cash equivalent	- 1,467	3,821	- 2,201	2,556	2,039	7,161	
16,312	9,972			Total cash, cash equivalents and investments	34,471	27,015	16,781	18,276	22,273	29,070	
5,132	6,989		C1-3	Externally restricted reserves	16,800	15,473	8,166	16,232	21,679	21,683	
6,647	2,504		C1-3	Internally restricted reserves	16,755	8,192	7,363	10,003	10,866	8,203	
4,533	479		C1-3	Unrestricted reserves	916	3,350	1,252	- 7,959	- 10,272	- 771	
4,354	2,886	9,731	Inc Stat	Depreciation, amortisation and impairment	8,072	8,941	9,344	10,600	11,194	12,149	10,536
-5.58%	-3.65%			Operating Performance Ratio	-29.61%	-5.79%	-19.47%	-15.31%	-4.98%	-7.53%	
72.94%	60.98%			Own Source Revenue Ratio	65.28%	54.93%	56.88%	49.62%	57.68%	58.60%	
6.23%	3.11%			Unrestricted Current Ratio	5.40%	3.27%	2.91%	5.00%	6.47%	6.40%	
18.91	55.23			Debt Service Ratio	0.66	12.67	5.26	4.55	6.21	5.40	
0.83%	0.00%			Asset Maintenance Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
110.30%	104.57%			Infrastructure Renewal Ratio	112.60%	117.03%	162.48%	154.34%	340.36%	98.79%	
3.14%	0.00%			Infrastructure Backlog Ratio	6.95%	7.60%	4.10%	3.32%	3.49%	4.26%	

63. Analysis of this financial data resulted in a conclusion that while there was significant growth in revenues raised by CGRC compared to the former councils, there was also significant growth in expenses borne by CGRC. Notably, the annual investment in infrastructure by CGRC was significant (which then manifests in growth in depreciation) compared to the former councils. Further, assuming the near doubling

of materials costs in FY23 was an aberration, preceded by a similar doubling over three years of disaster and stimulus-led grant income, the normalised revenue and expenditure differences between the (indexed) former councils and CGRC would be acceptable.

64. The Proposal acknowledges that the new Gundagai council would bear the greatest change in financial circumstances from a demerger (pending final decisions about asset sharing and collaborations between the new councils) as it will be responsible for over half of the assets but only 40% of the revenue from rates, annual charges and the financial assistance grant. However, the DTP and the FSP identify opportunities for the new councils to streamline each of the new councils' offerings. These are matters that would be further explored in Phases 2 and 3 under the Proposal.
65. There is evidence in the FSP Addendum that the financial positions originally anticipated in the FSP are improved when CGRC's financial results for FY24 are considered such that the FSP Addendum concludes:

the results indicate the new councils may meet the benchmarks expected of Government with budget discipline, shared resources and the interventions proposed. The matter of affordability should be tested with the community through the Integrated Planning and Reporting framework.

66. As a preliminary projection, the overall split of cash, investments, assets and liabilities (based on FY23 financials) that inform the conclusions in the FSP (**Initial Distribution Projection**) are as follows:

Cash, Investments, Assets, Liabilities FY2023	C%	G%	Cootamundra \$,000	Gundagai \$,000
cash and investments	73	27	21,664	8,176
IPPE, equipment, plant and fixtures assets	57	43	359,686	327,196
contribution plans	50	50	519	519
employee leave entitlement liability	63	37	- 1,118	- 657
loan and lease liabilities	45	55	- 2,517	- 3,025

67. The preliminary proposed distribution of restricted funds which informs the first line item in the Initial Distribution Projection is as follows:

	FY23	Cootamundra	Gundagai
Aerodrome	165,588	165,588	
Bradman's Birthplace	94,337	94,337	
Caravan Park	172,553	172,553	
Heritage Centre	27,181	27,181	
Development - Land & Buildings	1,182,693	796,584	386,109
Employee Leave Entitlements	1,774,746	1,118,090	656,656
Quarries & Pit Restoration	570,207	285,103	285,103
Plant Replacement	3,026,533	1,573,797	1,452,736
Saleyards	0		
Swimming Pool	0		
Cemetery	102,989	57,674	45,315
Southern Phone	586,464	586,464	
Waste Management	500,000	370,000	130,000
	8,203,291	5,247,371	2,955,919
Externally Restricted Reserves			
Domestic Waste	806,958	597,149	209,809
Water Supply	7,462,014	4,402,588	3,059,426
Sewerage Service	5,402,866	6,429,411	- 1,026,545
Stormwater Infrastructure Renewal	262,011	193,888	68,123
Developer Contributions	1,037,818	518,909	518,909
General Fund Unspent Grants & Contribu	6,665,901	3,888,950	2,776,950
	21,637,568	16,030,895	5,606,672
TOTALS	29,840,858	21,278,266	8,562,591

68. The projected asset and staff distribution, which inform the second and fourth line items in the Initial Distribution Projection, is as follows:

	C%	G%	Cootamundra \$,000	Gundagai \$,000	Total WDV FY23 \$,000
IPPE <i>(distribution per asset location)</i>					
WIP	50%	50%	5,693	5,693	11,385
Plant	56%	44%	5,025	3,948	8,973
Buildings	66%	34%	21,671	11,164	32,835
Land	61%	39%	12,071	7,717	19,788
Roads	45%	55%	227,903	278,549	506,452
Stormwater	53%	47%	9,764	8,658	18,422
Water	56%	44%	11,682	9,179	20,861
Sewer	52%	48%	26,382	24,353	50,735
Recreation	61%	39%	8,852	5,660	14,512
Waste (landfill)	75%	25%	2,257	752	3,009
	48%	52%	331,300	355,672	686,972

By Department	Cootamundra	Gundagai	Total	Cootamundra \$	Gundagai \$
General Manager	3.6	1.6	5.2	\$ 572,392	\$ 254,396
DGM - Corp, Comm & Develop	0.8		0.8	\$ 212,627	\$ -
Business	10.5	3.5	14	\$ 1,229,652	\$ 409,884
Finance	7.8	2	9.8	\$ 976,436	\$ 250,368
Sustainable Development	6.28	4	10.28	\$ 920,842	\$ 586,524
DGM - Operations		1	1	\$ -	\$ 332,229
Engineering Cootamundra	52		52	\$ 5,443,682	\$ -
Regional Servcies - Cootamundra	26		26	\$ 2,565,404	\$ -
Engineering Gundagai		31	31	\$ -	\$ 3,256,963
Regional Services - Gundagai		13	13	\$ -	\$ 1,268,559
	106.98	56.1	163.08	\$ 11,921,035	\$ 6,358,923

69. The allocations relating to operational funding adopted when developing the Preferred Scenario under the FSP are:

Budget FY24 (QBRS)	Program	Coota	Gundagai
		%	%
Overhead Expenses	Attribution	65%	35%
Internal Allocation of Overhead Costs	Attribution	65%	35%
Internal Allocation of Admin Overhead Costs	Attribution	65%	35%
Internal Allocation of Water & Sewer O/head Costs	Attribution	65%	35%
Community Donations	Community	70%	30%
Community Services	Community	50%	50%
Community Events	Community	50%	50%
Libraries	Cultural	60%	40%
Museums and Art	Cultural	65%	35%
Depreciation - General	Depreciation	45%	55%
Tourism & Economic Development	Economic	60%	40%
Visitors Information Centres	Economic	25%	75%
Financial Management	Financial	67%	33%
Procurement and Stores	Financial	67%	33%
Procurement and Stores	Financial	67%	33%
Executive Office	Governance	50%	50%
Civic Leadership	Governance	50%	50%
Governance and Business Systems	Governance	60%	40%
Customer Service	Governance	70%	30%
Communications and Engagement	Governance	60%	40%
Human Resources	Human Resource	65%	35%
Interest Income	Interest	67%	33%
Information Technology	IT	60%	40%
Operating Grants	Operating Grant Alloca	48%	52%
Financial Assistance Grant - General	Operating Grant Alloca	62%	38%
Financial Assistance Grant - Local roads	Operating Grant Alloca	47%	53%
Pensioner Rates Subsidy	Operating Grant Alloca	65%	35%
Regional Roads Block Grant - 900k, 250k capital	Operating Grant Alloca	50%	50%
Natural Disaster Declarations AGRN 1001 EPARW - Split	Operating Grant Emerg	67%	33%
Depreciation - Buildings	Property	66%	34%
Development and Building	Regulatory	67%	33%
Food Safety and Public Health	Regulatory	67%	33%
Depreciation - Sewer	Utility Sewer	52%	48%
Depreciation - Stormwater	Utility Stormwater	53%	47%
Depreciation - Waste	Utility Waste	75%	25%
Depreciation - Water	Utility Water	56%	44%
Section 7.12 Developer Contributions	Capital Contribution	50%	50%
Roads to Recovery Grant - Capital	Capital Grant Allocat	50%	50%
Infrastructure Renewal Scheme Subsidy	Capital Grant Competit	50%	50%

70. The Proposal identifies the following preliminary risks using the PESTLE framework:

Political	<ul style="list-style-type: none"> Minister revising terms or reversing decision to de-amalgamate LGBC modifies recommendations following hearing Community amplifies negative advocacy during transition phase or elections Low commitment to collaboration and sharing resources Low commitment to elevating rates, annual charges and pricing
Environmental	<ul style="list-style-type: none"> Focus of new councils on maintenance and renewal of infrastructure assets may limit spend on environment assets and programs to grant funding Natural disasters occur during demerger, disrupting transition Lack of cross border collaboration on catchment and weed control
Social-Staff	<ul style="list-style-type: none"> Services, facilities and service levels available for community are differentiated to some disadvantage between the new councils Disruption to CGRC service BAU Population and climate change profiles for the new councils may differ Turnover of staff during transition and implementation phases ELE provisions inadequate to fund turnover Requirement to retain same staff FTE and terms of employment - USU Salaries harmonised during merger, expected to continue Communication and management of change for community and staff Delays recruiting suitable GM and executive to form new council structures Loss of key staff and corporate knowledge, including retirements Difficulty recruiting fixed term specialist skills during demerger Difficulty recruiting permanent staff to new councils Services elevated and harmonised during merger, are expected to continue with demerger
Technological	<ul style="list-style-type: none"> Difficulty retaining technology resources and technical expertise Negotiations for bureau or hosted (shared) approach to ERP with Civica is problematic, with configuration time consuming and expanded licencing and administration expensive Asset management, project management, risk management, contract management and development maturity remains low for the new councils
Legal	<ul style="list-style-type: none"> Challenge to interpretation and application of s218CC and s620 LG Act is unsuccessful Termination, award or transfer of panels, contracts and liabilities between councils are complex and expensive Sharing resource or contracting services between new councils are complex and problematic
Economic-Financial	<ul style="list-style-type: none"> Minister resists funding of demerger costs CGRC required to fund one-off costs of demerger New councils funding of recurrent duplicate costs TCorp revises borrowing and investment risk ratings for new councils Gundagai general rates reduced through harmonisation, yet will require SRV New councils remain unsustainable beyond 10 year planning horizon

71. These preliminary risks have then been rated with a view to them being managed as part of the Phases 2 and 3:

Type		Risk	Risk Rating		
			Likelihood	Consequence	Rating
Political	1	Minister revising terms or reversing decision to de-amalgamate	possible	major	significant
	2	LGBC modifies recommendations following hearing	possible	major	significant
	3	Community amplifies negative advocacy during transition phase or elections	possible	minor	moderate
	4	Low commitment to collaboration and sharing resources	likely	major	significant
	5	Appropriate candidates not attracted to stand for election to new councils; or less candidates to form	possible	minor	moderate
	6	Low commitment to elevating rates, annual charges and pricing	possible	major	significant
Environmental	7	Focus of new councils on maintenance and renewal of infrastructure assets may limit spend on environment assets and programs to grant funding	certain	minor	moderate
	8	Natural disasters occur during demerger, disrupting transition	unlikely	moderate	moderate
	9	Lack of cross border collaboration on catchment and weed control	unlikely	minor	minor
Social-Staff	10	Services, facilities and service levels available for community are differentiated to some disadvantage between the new councils	possible	moderate	moderate
	11	Disruption to CGRC service BAU	unlikely	minor	minor
	12	Population and climate change profiles for the new councils may differ	unlikely	minor	minor
	13	Turnover of staff during transition and implementation phases	certain	major	extreme
	14	ELE provisions inadequate to fund turnover	rare	negligible	minor
	15	Requirement to retain same staff FTE and terms of employment and location	certain	minor	moderate
	16	Salaries harmonised during merger, expected to continue	certain	minor	moderate
	17	Communication and management of change for community and staff	certain	minor	moderate
	18	Delays recruiting suitable GM and executive to form new council structures	likely	major	significant
	19	Loss of key staff and corporate knowledge	likely	major	significant
	20	Difficulty recruiting fixed term specialist skills during demerger	certain	major	extreme
	21	Difficulty recruiting permanent staff to new councils	certain	major	extreme

Technological	22	Difficulty retaining technology resources and technical expertise	possible	major	moderate
	23	Negotiations for bureau or hosted (shared) approach to ERP with Civica is problematic, with configuration time consuming and expanded	likely	major	significant
	24	Asset management, project management, risk management, contract management and development maturity remains low for the new	likely	major	significant
Legal	25	Challenge to interpretation and application of s218CC and s620 LG Act is unsuccessful	possible	major	moderate
	26	Termination, award or transfer of panels, contracts and liabilities between councils are complex and expensive	possible	major	moderate
	27	Sharing resource or contracting services between new councils are complex and problematic	possible	moderate	moderate
	28	Private members bill modifies demerger pathway and costs	possible	major	moderate
Economic-Financial	29	Minister resists funding of demerger	certain	major	extreme
	30	CGRC required to fund one-off costs on demerger	certain	major	extreme
	31	CGRC limits or neglects proposed demerger tasks	possible	moderate	moderate
	32	New councils funding of recurrent support and services duplicates costs	certain	moderate	significant
	33	Gundagai general rates reduced through harmonisation, yet will require SRV	certain	major	extreme
	34	TCorp revises borrowing and investment risk ratings for new councils	possible	moderate	moderate
	35	New councils remain unsustainable beyond 10 year planning horizon	possible	major	significant

72. The Proposal considers “minor” and “moderate” risks to be acceptable. “Significant” and “extreme” risks will be subject to a management and escalation protocol as part of Phases 2 and 3 of the demerger process.

73. The Proposal also considers where there is genuine opportunity for collaboration between the two new councils and that would be subject to service agreements that would be formulated by the TPMO in anticipation of the proclamation of the two new council areas. These are substantial and will be essential to the ongoing success of the new councils:

Shared Services - demerger service agreements	Shared Services - other options: new councils
development assessment-building certification	strategic land use planning (LEP, DCP, planning/rezone proposals)
environmental health	spatial mapping (GIS) administration
youth inclusion office	development contribution administration
street cleansing	heavy plant
customer call centre and out of hours	State/regional roads maintenance
(CES) engagement for community strategic plans	noxious weed, pest and catchment control
grants coordination	cemetery administration
WHS, timesheet and payroll process	civic-special events coordination
recruitment process	media-community liaison
cadet-trainee (rotation) program	integrated computer platforms (IaaS and SaaS) hosted by Civica
ARIC, conduct review, compliance reporting and legal panels	web and content management
internal audit and risk management drafting	rating and utility reading, billing and recovery
project management office and contract administration	procurement coordination (panels, tenders, evaluation, probity)
integrated computer platforms and applications (IaaS and SaaS)	records archive
Shared Facilities	asset management plans, designs and renewal schedules
emergency services centre	scheduling MMS, condition assessment, revaluation of assets
commercial waste	
waste - landfill and transfer station	
fleet management and workshop	

Chapter 7 - Public Submissions

74. The twenty public submissions received in response to the Proposal were each in favour of the demerger of Cootamundra-Gundagai Regional Council. Submissions received in relation to the First Demerger Request and the Second Demerger Request (of which there were 1399) were also overwhelmingly in favour of demerger.
75. A consistent and dominant theme of the submissions was the high degree of frustration felt by community members about the number and length of the processes that have been undertaken so far in relation to the proposed demerger. This sentiment was also clearly expressed in the often impassioned oral submissions made during the hearings of the Inquiry.
76. In addition to complaints regarding the process for demerger, the public submissions contained the following consistent themes which bear upon the practical issues put forward in favour of demerger:
- (a) the lack of common community between the former Cootamundra and Gundagai local government areas;
 - (b) the increasingly antagonistic and territorial behaviours between members of the two communities both within the CGRC and in the communities at large;
 - (c) the lack of financial efficiencies that have been able to be achieved due to the distance between the two primary townships;
 - (d) the loss of ownership of decisions of the CGRC by the part of the community directly affected by those decisions;
 - (e) disengagement of Council staff and the community generally because of the above matters.

77. It is evident from the submissions that there is substantial disjointedness between the Cootamundra and Gundagai communities. This includes the economic drivers and traditions of the communities with the Gundagai community being focussed on the Murrumbidgee River and the Hume Highway while Cootamundra is a railway town. There is also no overlap between sporting competitions - a key focal point for many (if not most) rural communities – or other cultural events (for example, the communities still have separate show days).
78. There is anecdotal evidence of mistrust between council employees that reside in the respective former local government areas, and this mistrust appears to have spilled over to non-council interactions and to businesses within the respective areas. This sense of mistrust seems to have only grown as each community has competed for funding for events or community projects and where a decision has been taken that ‘the other’ community would obtain that funding. This has left the other community frustrated and feeling ‘short-changed’.
79. The submission from Mayor Abb McAlister regrettably describes the sentiment that has grown between the two communities since the merger as a “*terrible hatred*”. It is evident from the public submissions, particularly the ardent oral submission of Mayor McAlister, that this has had a profound and adverse effect on the mental health of staff, councillors and community members.
80. While there are certainly strong feelings against the merger of the former Cootamundra and Gundagai local government areas expressed in the submissions, that sentiment does not appear to be founded on dissatisfaction with the concept of merger generally. Members of the communities of both the former Gundagai and Cootamundra councils, had they been required to amalgamate, appear to have been prepared to merge – just not with each other. Had Gundagai been merged with Tumut Shire and Cootamundra with Harden Shire, the feelings within the communities regarding their merger may well have been different. This issue appears to have materially influenced the apparent lack of ownership that the communities feel over the CGRC.
81. Another strong theme of the public submissions is the view that any increase in services that was expected to follow the merger of the two council areas, particularly after the rates of many landowners increased following the harmonisation process, does not appear to have materialised. The particular complaints appear to depend on which community the submitter resides in and the degree to which their rates changed post-merger.
82. A number of the public submissions acknowledge that a likely outcome of the demerging of CGRC would be a change (an increase) in rates payable by rate payers. Without exception, the submitters accept that they would rather pay additional rates

if their community was represented in accordance with the previous local government boundaries.

83. There was one submission in particular that was critical of the accuracy of the Proposal. This was submitted by the Mayor of CGRC, Abb McAlister. Mayor McAlister submits that a number of assumptions made in the Proposal cause the Proposal to under-estimate the likely financial viability of the new councils, especially the proposed Gundagai council. In particular, Mayor McAlister identifies the following:

- (a) the proposed split of swimming pool costs does not reflect the nature of the asset (with Cootamundra's pool being much more substantial than the pool in Gundagai);
- (b) costs associated with the new councillors should not be assumed to be the same when the number of councillors proposed in the new councils are not equal;
- (c) the degree of additional staffing (estimated to be up to 10 staff) is inflated;
- (d) the costs savings that would arise from capturing currently unproductive staff time used for travel as well as vehicle maintenance and fuel is not reflected in the Proposal;
- (e) prospective income streams from future proposals within the proposed Gundagai local government area are not captured.

Chapter 8 - Commissioners' Consideration of the Proposal

84. The pathway to demerger adopted by CGRC in this instance is to seek the dissolution of the CGRC local government area and the declaration of two new areas, albeit that those two areas will have the same boundaries as the former Cootamundra and Gundagai local government areas.

85. As noted above in Chapter 5, a public inquiry is required prior the dissolution of a council area and a report from the Boundaries Commission is required prior to the declaration of new council areas.

86. In this case, the Minister has, quite properly, referred, via the Terms of Reference, both the dissolution of the CGRC local government area and the declaration of the new areas for public inquiry. The declaration of the new areas has also been referred to the Boundaries Commission for reporting as required.

87. The Terms of Reference and the operation of section 218 of the Act, which requires a proposal to be considered by the Boundaries Commission, on one view, anticipates that the proposal will be complete with a view to a proclamation being able to be

made following the report of an inquiry and/or the Boundaries Commission. Notwithstanding this, it is the view of the Commissioners that Chapter 9 of the Act does not preclude a “*proposal*” under section 218 of the Act being completed in stages (or “phases”), as suggested by the Proposal being considered by the Inquiry in this case.

88. It is clear when the Proposal is read as a whole that the precise terms of a demerger (which is effected by a proclamation dissolving the CGRC local government area and declaring the new areas according to the former local government area boundaries of Cootamundra and Gundagai) can only be finalised upon the completion of Phases 2 and 3 proposed under the DTP. This is because the proclamation will need to be sufficiently detailed to not only identify the new boundaries and number of councillors for the new councils but to vest assets, rights and liabilities, to transfer staff, create transitional arrangements, make appointments, etc. in accordance with section 213 of the Act so as to allow the new councils to function from day one of their existence and for the dissolution of the CGRC local government area to be effective. This is a much more complicated task than that required to merge councils.
89. Accordingly, at this stage, the Commissioners of this Inquiry cannot make a final recommendation to the Minister in relation to the proposed demerger of the CGRC. This is because the Proposal being considered is currently incomplete. The Proposal is as detailed as might reasonably be expected given the time, staff and resources necessary to provide a comprehensive outline of the logistics necessary to dissolve the existing CGRC local government area and to establish the new Cootamundra and Gundagai council areas.
90. Properly construed, the Proposal the subject of this Inquiry anticipates ‘in principle’ approval of a demerger from the Minister before completing Phase 2 under the Proposal and formulating the terms of the proclamation as anticipated in Phase 3.
91. In the Commissioners’ view, and depending on the outcome of the report of the Boundaries Commission required under section 218 of the Act, there is no impediment to the Minister giving ‘in principle’ approval for CGRC to proceed to Phase 2 before requesting this Public Inquiry and the Boundaries Commission to complete a final review of the updated proposal and, assuming the Minister is satisfied in relation to the dissolution of the existing area and proclaiming of new areas, making a formal recommendation to the Governor to make the necessary proclamations under sections 204 and 212 of the Act.
92. Accordingly, the Commissioners offer this Interim Report to provide the Minister with its recommendation that the ‘in principle’ approval ought to be given to CGRC to pursue Phases 2 and 3 under the Proposal, subject to the Minister being satisfied with CGRC’s arrangements for the funding of Phases 2 and 3 under the Proposal – be that via State funding or otherwise. This caveat is an important one given it is

acknowledged by CGRC that it cannot afford the estimated \$3M in costs necessary to fund the implementation of the Proposal.

93. Importantly, for the reasons that follow, based on the projections contained in the Proposal, and having regard to the Inquiry's Terms of Reference, the Commissioners are of the view that there is *potential* for:

- (a) a sustainable financial path for the ongoing operation of the two new councils;
- (b) strong and effective leadership in a manner consistent with the principles of sections 8A, 8B and 8C of the Act; and
- (c) effective management of responsibilities relating to long term financial planning, public land management and provision of services.

94. On this basis, in principle, the Commissioners are of the view that the area of CGRC should be dissolved pursuant to section 212 of the Act once an effective proclamation for the creation of the new council areas can be crafted following completion of Phases 2 and 3 in the Proposal.

95. The mechanics of the proposed new councils are the simplest element of the proclamations that will be necessary to give them effect. The proposed boundaries (the former Cootamundra and Gundagai area boundaries) and rate and method of elected representation (7 councillors in Cootamundra and 5 councillors in Gundagai) are uncontroversial, able to be readily identified at this point of time and have a sound and rational basis. As noted above, it is the logistics of establishing the two entities, the transfer of staff, the recruitment of additional staff, the establishment of shared service arrangements and the transfer of cash and assets that are challenging and that are deferred in the Proposal to Phases 2 and 3.

96. Based on the projections contained in Phase 1 of the Proposal, there is *potential* for two sustainable councils to result. While it is likely that the new Cootamundra council will be more financially successful than the new Gundagai council, there is, in the Commissioners' view, sufficient warrant from the analysis completed so far to anticipate that Gundagai will nonetheless be a viable local council by approximately FY31.

97. Perhaps most importantly, in the observation of the Commissioners, the only way that the financial fortunes of CGRC will be improved is by its demerger. This is because it is evident that there is a fundamental impediment to CGRC's success and that is the community's overwhelming and consistent rejection of it. The Commissioners are optimistic that if CGRC were to be dissolved and the Cootamundra and Gundagai local government areas established, it is likely that the local communities would work very hard (including making necessary sacrifices) to ensure their council's success.

98. The Commissioners are able to recommend in principle support for the Proposal, however, there are a number of aspects of it that will require clarification if Phases 2 and 3 are to be pursued. These matters are:

- (a) The Proposal anticipates that an election for new councillors will occur prior to the proclamation of the new council areas. There is no power under the Act to facilitate such an election. Rather, an election can only occur following the proclamation of the new areas. It is possible that councillors may be able to be appointed to the new councils pursuant to section 257 of the Act if the Governor were minded, in the ultimate proclamation, to declare that the new councils were 'non-functioning' due to a lack of quorum. The new councils would, of course, be non-functioning due to a lack of quorum given their newness. It is expected that there may be some resistance to this course given that section 257 of the Act is typically used only when a council is failing rather than it simply being new. However, on a plain reading of the provision in its context, there does not appear to be any impediment to councillors being appointed in this manner. Further, the Act does not otherwise provide any guidance as to how a new council is to function once proclaimed but prior to an election being able to be held. It is recommended that Phases 2 and 3, if they are to be pursued, consider which, if any, of the existing councillors ought to be appointed to which of the new councils.
- (b) The Proposal anticipates the recruitment of two 'General Managers-elect' prior to the proclamation of the new local government areas. While the intent of this element of the Proposal is evident (to have General Managers for each new council ready to be appointed as part of the proclamation), the description is not appropriate. First, General Managers are not elected. Secondly, the role of a general manager is regulated by Chapter 11, Part 2 of the Act. It would be preferable to have two 'Transition Managers' appointed by CGRC as part of the TPMO with a view to each Transition Manager being tasked to negotiate, on behalf of one or other of the proposed new councils, the distribution of cash, assets, rights and liabilities, shared services, the vesting of existing contracts and staff. This would be undertaken with a view to the proclamation creating the new councils to be able to then appoint the respective Transition Managers to the role of General Managers of each council and to give effect to those distribution arrangements reached during transition.
- (c) The Proposal anticipates that CGRC will continue to exist post the proclamation of the new council areas so that a final audit and winding up may occur. Such an outcome is legally impermissible as an area of land may only be located within one local government area. Accordingly, if Phases 2 and 3 are pursued by CGRC, it will be necessary for all matters relating to the winding up of CGRC, including any result of a full audit of all assets and liabilities, to be

addressed in the proclamation and any assets, rights, and liabilities to be apportioned to the new councils. The proclamation will occur after Phases 2 and 3 are complete. It is the instrument that will legally dissolve CGRC and create the two new councils.

Chapter 10 - Recommendations

99. For the reasons outlined above, the Commissioners recommend, as a result of the Public Inquiry so far, that the Minister give CGRC in principle support to the dissolution of the CGRC local government area and the creation of two new areas aligned with the areas of the former Cootamundra and Gundagai councils. This recommendation is subject to the Minister being satisfied with CGRC's arrangements for the funding of Phases 2 and 3 under the Proposal being secured – via State government funding or otherwise. If that funding is secured, GCRC may then establish the TPMO to undertake Phases 2 and 3 under the Proposal. Once those phases are complete, the Proclamation can then be made addressing all matters necessary for the winding of CGRC and creation of the new councils.
100. It is further recommended that CGRC be given a timeline for completion of the tasks envisaged in Phase 2 and Phase 3 of the Proposal. Based on the time estimations provided in the Proposal, it is recommended that Phases 2 and 3 (including the drafting of a proposed proclamation) be completed by 31 May 2026, with a view to the proclamation (and the 'demerge') taking effect by 1 July 2026. As part of that proclamation, local council elections should be proposed to take place in September 2026 for a two-year term so as to align the subsequent election with the regular local government election cycle (the next regular election being due in 2028).



COOTAMUNDRA GUNDAGAI REGIONAL COUNCIL PUBLIC INQUIRY

INFORMATION PAPER ON THE CONDUCT OF THE INQUIRY

CONTACT WITH THE INQUIRY

All contact with the Inquiry should be by the following means:

- Email to Cootamundra.gundagai@olg.nsw.gov.au
- Post to Office of the Commissioner, Cootamundra Gundagai Regional Council
Public Inquiry Locked Bag 3015 NOWRA NSW 2541
- Telephone at (02) 4428 4100

The Minister for Local Government pursuant to powers available to him under section 438U of the *Local Government Act 1993* (the Act) has appointed four Commissioners to undertake a public inquiry into Cootamundra Gundagai Regional Council.

No contact is to be made with any of the Commissioners directly. All media requests should be directed cootamundra.gundagai@olg.nsw.gov.au

COMMISSIONERS

On 17 June 2024 the Minister for Local Government, the Hon. Ron Hoenig MP appointed Commissioners to undertake the Inquiry.

On the same date, the Minister also referred a proposal under section 215 of the Local Government Act 1993 to de-amalgamate Cootamundra Gundagai Regional Council to the Local Government Boundaries Commission.

The Commissioners for the purpose of this Public Inquiry are not sitting as the NSW Local Government Boundaries Commission. The Public Inquiry is a separate referral dealing with the specific terms of reference set out below.

The consideration of the section 215 proposal by the Boundaries Commission will be dealt with subsequent to this Public Inquiry, and any report from this Public Inquiry will be used to inform the examination of the Boundaries Commission.

Further information about the Boundaries Commission process can be found at www.olg.nsw.gov.au/lgbc.

TERMS OF REFERENCE

The terms of reference for the Public Inquiry are:

To inquire and report to the Minister for Local Government with respect to the Cootamundra-Gundagai Regional Council (Council) proposed Implementation Plan (comprising a Detailed Transition Plan, Task Schedule and Financial Sustainability Plan) as lodged by Council as a formal proposal on 21 March 2024 to create two new Councils from the existing Council including advising whether:

- 1. if the governing bodies of the new Councils were to implement the proposed Implementation Plan, would this create the potential for:*
 - a sustainable financial path for the ongoing operation of the two councils*
 - strong and effective leadership in a manner consistent with the guiding principles set out in sections 8A, 8B and 8C of the Act*
 - effective management of responsibilities relating to long term financial planning, public land management and provision of services*
- 2. the area of Cootamundra-Gundagai Regional Council should be dissolved pursuant to s212 of the Act to enable a proposal to create two new councils to be implemented*
- 3. any other matter that warrants mention, particularly those that may impact on the effective administration of the future Councils' functions and*

responsibilities or the community's confidence in the Council being able to do so.

The Commissioners may make recommendations as the Commissioners see fit having regard to the outcomes of the Inquiry, including whether all civic offices at Cootamundra-Gundagai Regional Council should be declared vacant.

The council's implementation plan can be accessed at:
<https://www.olg.nsw.gov.au/public-inquiries/Cootamundra-Gundagai>

TIMEFRAME FOR PUBLIC INQUIRY AND REPORT

The Act does not specify timeframes for the completion of any aspect of the inquiry or the delivery of a final report to the Minister.

GATHERING OF INFORMATION FOR PUBLIC INQUIRY WRITTEN SUBMISSIONS

The Commissioners wish to encourage persons who would like to make submissions on matters within the terms of reference of the Inquiry to do so in writing.

Submissions should be sent to Cootamundra.gundagai@olg.nsw.gov.au or Office of the Commissioner, Cootamundra Gundagai Regional Council Public Inquiry, Locked Bag 3015, Nowra NSW 2541.

Date for receipt

The Public Inquiry will, by public notices published on the Office of Local Government website and Council's website call for written submissions to the Inquiry to be forwarded to the Office of the Commissioner by **30 September 2024**.

The Chair of the Public Inquiry may accept late submissions and/or call for further written submissions.

No written acknowledgement of submissions will be provided.

Anonymous submissions

It is implicit in the Notice of Public Inquiry, and the call for submissions, that persons making written submissions should identify themselves. However, if this has not been done, there would appear to be no reason why, merely because of this, the Commissioner could not take any material in such a submission into account for the purposes of the Inquiry. It cannot, however, be tested by further inquiry and may carry less weight than other submissions.

Requests for anonymity

If, in making written submissions to the Inquiry, the person making the submission requests that their name be suppressed or otherwise protected from publication or disclosure, the Chair of the Public Inquiry may, in appropriate circumstances, agree to the request.

Any person making a submission that wishes the Commissioners to consider a request that his or her name be suppressed or otherwise be protected from publication or disclosure must set out (either in correspondence accompanying the submission, or in body the submission itself) that such a request is made and briefly identify the basis for it.

Public availability and inspection of written submissions

It is not intended to make submissions publicly available at this time.

Subject to the restrictions noted later, parties making written submissions to the Inquiry should assume that they may become available for inspection for the purpose of inviting public comment by those parties who may be affected by them.

Commissioner's rights in respect of documents produced

The Chair of the Public Inquiry or his delegate and assistants may inspect (and copy or take extracts from) any documents produced to the Inquiry and keep them for such reasonable period as the Commissioner thinks fit.

Submissions from Council staff

Council staff have no additional privileges or protections over and above other persons generally in respect of any submissions they may choose to make.

Submissions from Councillors

The position is the same as for Council staff.

Appointment of assistants

The Public Inquiry may engage persons to assist in carrying out any inquiry or investigation that may need to be made as part of the Inquiry. For example, the Chair of the Public Inquiry may, in writing, authorise any person engaged by him to assist in the conduct of the Inquiry to inspect and report to him upon any documents or other things, such as submissions, relevant to the subject matter of the Inquiry.

THE HEARING

Public hearings

In addition to the receipt of written submissions to the Inquiry, the Inquiry will include a public hearing. Details of the venue and times of public hearing(s) will be announced in due course, and will be advertised by public notice in the same manner as the call for written submissions.

However, it should be noted that public hearings will be conducted with expedition and the Public Inquiry is not obliged to automatically give a right of appearance to all those wishing to appear before the Commissioners at the public hearing.

For the purpose of informing the inquiry about the implementation plan it is proposed to formally open the inquiry on 30 August 2024 and to hear from the author of the implementation plan. To suit the convenience of the author that opening will occur in Sydney at Sydney Masonic Centre 66 Goulburn Street Sydney in accordance with the public notice which the inquiry has published with this information paper. The proceedings will be webcast.

After that the inquiry will adjourn to consider the author's evidence with a view to holding further hearings in the Cootamundra-Gundagai Regional Council LGA on dates to be set to which members of the public will be invited to attend. For more information see below "Persons wanting to make oral submissions".

Form of public hearing

The Chair of the Public Inquiry may regulate or determine the procedures to apply to the conduct of the Inquiry, subject only to any contrary provisions in section 438U of the *Local Government Act 1993* and the applicable parts of the *Royal Commissions Act 1923*. The Chair of the Public inquiry therefore proposes to avoid undue formality in the public hearing(s). There is no requirement or expectation that persons giving evidence will be legally represented. See, however, under the heading "Legal representation", below. The Commissioners intend to give all who appear before them at the Public Inquiry a fair hearing. This more reflects the nature of an Inquiry as compared to adversarial proceedings.

The Public Inquiry will publish a Practice Direction that applies to the conduct of the Inquiry.

Persons making written submissions

As noted above, it is desirable that interested parties lodge written submissions with the Office of the Commissioner, even if the submissions are intended to be supported by an oral submission or evidence at the public hearings. The Notice of Public Inquiry invites persons making written submissions to be lodged with the Office of the Commissioner by 30 September 2024, to also indicate at the same time whether they wish to appear in person to make oral submissions. This is for the purpose of assisting the Public Inquiry to identify the likely number of persons who wish to give oral evidence at the hearing, and to thereby assist the orderly functioning of the public hearing phase of the Inquiry by having sufficient hearing days and other arrangements and facilities in place in time for the commencement of the hearings. A failure to give notice alone will not, however, mean

that such a person would on that account alone be denied the opportunity to appear at the public hearings.

Persons wishing to make oral submissions

As noted above, the Chair of the Public Inquiry wishes to encourage those persons who wish to make a submission to the Inquiry to do so in writing. It is, on the other hand, not necessary for persons who wish to appear at the public hearings to make advance written submissions to gain a right of appearance and hearing, but, those persons contemplating making oral submissions only should be aware that the Chair of the Public Inquiry is not obliged to automatically give a right of appearance to all those wishing to appear before him at the public hearing. The Chair of the Public Inquiry will hear submissions from those wishing to give oral evidence only, provided that they can show to the satisfaction of the Chair of the Public Inquiry that they are substantially and directly interested in the subject matter of the Inquiry, or that their conduct in relation to any such matter has been challenged to their detriment.

Such persons are also asked to provide a written request to the Chair of the Public Inquiry by the closing date of written submissions of their desire to give oral evidence at a public hearing and the matters that they would seek to address. A failure to give such notice alone will not, however, mean that such a person would on that account alone be denied the opportunity to appear at a public hearing.

Voluntary attendance at the public hearings

Persons having information relevant to the terms of the Inquiry are encouraged to come forward voluntarily.

Compulsory attendance at the public hearings and compulsory production of relevant documents to the Inquiry

In case of need, the Chair of the Public Inquiry may summons any person to attend the Inquiry at a time and place named in the summons, to give evidence and to produce any documents or other things in the person's custody or control.

Legal representation

While the Public Inquiry wishes to avoid undue formality in the proceedings (see under the heading "Form of public hearings", above), the Chair of the Public Inquiry recognises that some parties may be directly affected by the Inquiry. Therefore, any request by persons appearing or proposing to appear at the public hearings that they be legally represented (i.e., that their legal representatives be allowed to be present at and make submissions to the Commissioner at the hearing) will be considered in that light. This may be allowed for example, where persons are substantially and/or directly interested in the subject matter of the Inquiry, or where a person's conduct in relation to any such matter has been challenged to the person's detriment.

The Chair of the Public Inquiry has no power to make orders providing financial assistance to persons appearing or wishing to appear at the hearing to meet the cost and expense of legal representation.

Any person requesting permission to be represented by a legal practitioner at the public hearings is asked to make that request in their written submission. A further opportunity to request permission to be represented by a legal practitioner at the public hearings will be given at the time that the dates of those public hearings are announced. A failure to make such a request prior to the public hearings alone will not, however, mean that a person would not be permitted to be represented by a legal practitioner at the public hearings.

Further information about legal representation is available in the Practice Direction published on the inquiry website.

Witness expenses

Likewise, the Chair of the Public Inquiry has no power to make orders providing financial assistance or for the payment of allowances to any witness summoned to appear or voluntarily appearing at the public hearings. This applies also, for example, to travelling and accommodation expenses.

Private hearings

The Commissioners have been appointed to conduct a public inquiry in this matter. On the other hand, in appropriate and/or exceptional circumstances, the Chair of the Public Inquiry may exercise his discretion to hear oral submissions from a person wishing to make such submissions in private hearing. An alternative to appearing at a public hearing is to make a written submission. If any private hearing is conducted, members of the public, including the media, will not be permitted to attend.

Restriction on public availability and inspection of written submissions

The Chair of the Public Inquiry may exercise discretion, in appropriate circumstances, to publicise and make publicly available written submissions that are made to the Inquiry for the purpose of inviting public comment by interested parties to assist the Commissioners. This may involve weighing the likely public benefit gained from this against any likely damage to the reputation of individual persons that might flow from such publication. The overriding concern of the Public Inquiry is to encourage persons who have information relevant to the terms of reference of the Inquiry to come forward and give that information to the Inquiry in the knowledge that they will not suffer recriminations or other liability from or at the hands of third parties as a result.

It is not intended to make submissions publicly available at this time.

Sworn evidence

Persons making oral submissions to the Inquiry at the public hearings will be required to give sworn evidence. Witnesses will be required to take an oath or affirmation, which will carry with it the same consequences as an oath. No exceptions from the swearing of an oath or the making of an affirmation can or will be given.

Continued attendance

Every witness who has been summoned to attend the Inquiry must appear on the day required, and thereafter until the Chair of the Public Inquiry excuses the witness from further attendance.

Cross examination of witnesses

Persons who have been given a right of appearance by the Chair of the Public Inquiry, and any barrister or solicitor which the Commissioner authorises to represent them, may, with the leave of the Commissioner, cross examine any witness on any matter which the Chair of the Public Inquiry deems relevant to the Inquiry.

REPORT OF COMMISSIONERS' FINDINGS

At the conclusion of the Inquiry, the Commissioners will make a written report to the Minister for Local Government and may make recommendations to the Minister, including whether the area should be dissolved pursuant to s212 of the Act and/or on any other matter as the Commissioners sees fit, including whether all civic offices in relation to the Council should be declared vacant.

The Minister will lay the report before both Houses of the NSW Parliament. If neither House is sitting, the report is presented to the Clerks of both Houses.

The Chair of the Public Inquiry may also, in appropriate circumstances, pass on information or evidence or material given to the Inquiry to any law enforcement agency, such as the Director of Public Prosecutions, the Commissioner of Police, or the Independent Commission Against Corruption if the information or material relates or may relate to a breach of the law.

FURTHER ASSISTANCE

Persons requiring further assistance in relation to the Inquiry may contact the Officer Assisting the Inquiry on 4428 4100.

Further information can also be found on the Office of Local Government's website at: <https://www.olg.nsw.gov.au/public-inquiries/Cootamundra-Gundagai>