

Media Release

Labor's De-amalgamation Bill passes Parliament

Thursday, 9 May 2024

The NSW Labor Government has today given councils and their communities the power to make decisions about their future with the Local Government Amendment (De-amalgamations) Bill 2024 passing both Houses of Parliament.

The new legislation provides certainty to councils that have been left in limbo due to legal flaws within the Local Government Act.

Under the Government's new laws, councils seeking to demerge must work in close consultation with their community to ensure local democracy is enshrined throughout the entire process.

The new pathway will require councils to develop a robust business case for de-amalgamation with community input so that residents are adequately informed of potential implications upfront.

The business case should consider the impacts of de-amalgamation including financial ramifications, long-term strategic plans, and the capacity of new councils to deliver services.

The Minister will then refer the business case to the Local Government Boundaries Commission for independent review and assessment.

If the Minister is satisfied by the Boundaries Commission's recommendation a proposal is sound, a compulsory referendum may then be held to give the community the final say on whether they wish to de-amalgamate.

The majority of the community must support this vote for the demerger to proceed.

The new legislation will also apply to any council that has been amalgamated, removing a provision that placed a 10-year period for councils to enact demerger proceedings.

It also provides for a mechanism for the Government to contribute to funding the costs of demergers incurred by councils.

Following its passage through both Houses of Parliament the Bill will soon be signed into law by the NSW Governor.

Quotes attributable to Minister for Local Government Ron Hoenig:

"Today the NSW Labor Government has put an end to a disappointing chapter in local government history.

"Councils and communities across the state have suffered for too long without a clear mechanism to undo the amalgamations that were forced upon them.

"This Bill rightly puts those decisions that directly affect communities back into their hands.

"It provides a legal pathway to achieve de-amalgamation whilst mandating robust engagement with the community throughout the entire process.

"This is to ensure communities understand the consequences and can make an informed decision about their future.

“Whether that is to proceed down the path of de-amalgamation, or to get on with the job of providing for their community, this Bill delivers much-needed certainty.”

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