

Council mergers: NSW government defends KPMG independence

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COUNCIL MERGERS ANNOUNCED

The Baird government has created 19 new councils across Sydney and NSW.

The state government has defended the independence of the consulting firm whose sums were the basis for its controversial push to slash Sydney councils.

Accounting and consulting giant KPMG, whose figures have been used to justify the government's controversial merger policies, donated about \$100,000 to the NSW Liberal Party shortly before the elections that brought the Coalition to power in 2011.

The firm was also paid about \$870,000 to audit Liberal Party accounts in 2015.

"How can you claim KPMG's report on your forced council mergers is independent," asked the opposition spokesman on Planning and Infrastructure, Michael Daley, in question time in the NSW Parliament on Thursday.

The attack comes a day after the Land and Environment Court demanded the government produce documents relating to KPMG's modelling, which has been central to making the case for the government's council merger policies.

That resulted from a legal challenge to the merger of Strathfield Council and two others in the inner west, which revealed KPMG had been working on merger proposals before the government announced it was proceeding with the policy.



Mike Baird: "Maligning an organisation that has a proud reputation for independence."
Photo: Janie Barrett

"The lack of independence of KPMG has always been a central part of our case," said the lawyer for Strathfield Council, Tim Robertson.

But Premier Mike Baird said on Thursday that the opposition was "desperate" and "maligning an organisation that has a proud reputation for independence".

Labor spent about \$200,000 to have its accounts audited in 2015, according to electoral commission filings. That audit was provided by the firm HLB Mann Judd.

KPMG issued a statement this week strongly denying there was any issue of independence in its work.

A spokesman said the company was chosen "because of its expertise in this area" and "through robust and competitive processes".

The accounting giant has previously donated large sums to Labor, when it, too, was in government, spending about \$200,000 between 2004 and 2007, records show.

KPMG's analysis has been central to the government's case for why the state's councils should be merged from about 150 to about 110.

Modelling by the firm found the policy would net about \$2 billion in total financial benefits in coming decades.

In sometimes quizzical moments, the state government has insisted that the report supporting those conclusions has been released.

However, subsequent freedom of information requests have revealed the government is refusing to disclose much of the information on which the calculations are based.

<http://www.smh.com.au/nsw/council-mergers-nsw-government-defends-kpmg-independence-20160602-gpa50w.html>