

# Council amalgamations: Baird government ordered to reveal KPMG's role in mergers

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## **FORCED COUNCIL AMALGAMATIONS ANNOUNCED**

NSW Premier Mike Baird announces details surrounding the state's local government amalgamations.

- Government push for mergers suffers setback
- NSW councils set to merge
- Nationals and federal Libs oppose mergers
- \$15 million council grant program

**In a potentially explosive development for the Baird government, the Land and Environment Court has ordered it to provide documents about the role KPMG played in implementing the council amalgamation agenda.**

Strathfield Council and others are alleging a serious misrepresentation by the Baird government after discovering that KPMG has been involved in devising the merger proposals as early as July 2015 – before the government announced it was proceeding with forced amalgamations – yet it was deemed the independent arbiter of the financial benefits of the mergers.



Premier Mike Baird's government has been ordered by the Land and Environment Court to reveal KPMG's role in council mergers. *Photo: Daniel Munoz*

A document seen by *The Sydney Morning Herald* entitled "Options Analysis: Local Reform" and marked cabinet-in-confidence was dated July 8, 2015.

"OLG [Office of Local Government] has commissioned KPMG to support development of a robust evidence base to support the NSW government's Fit for the Future agenda," the document says.

This was well before the government announced the results of the Fit for the Future review by the Independent Pricing and Regulatory Tribunal, which assessed the health of councils to either stand alone or merge. It was also before the government announced its plans to force mergers.

In a press release issued on the day the government announced its preferred mergers in January 2016, Premier Mike Baird and the Minister for Local Government Paul Toole described the role of KPMG, which calculated the savings of each merger, as "independent".

Counsel for Strathfield Tim Robertson, SC, said documents delivered on Sunday revealed KPMG had been "intimately involved in the formulation of proposals and the report had been done in order to do the government's bidding".

"The lack of independence of KPMG has always been a central part of our case," he said.

The latest developments are politically damaging and could see the council mergers cases string out for months.

Far from KPMG providing an "independent" review of the government's financial claims, it's now clear that it was KPMG that came up with those alleged savings in the first place, Greens MP David Shoebridge said. "There was no independent review from KPMG, they were marking their own homework."

On Monday, the government offered to settle the case with Strathfield after conceding there was a legal flaw in the delegate's report recommending merger with Burwood and Canada Bay. Mr Toole described it as "a legal technicality".

But when Mr Toole then indicated he would simply reissue the report with the problem fixed, Mr Robertson said the council had decided to "bat on" because there were far more serious allegations about the government's merger process.

On Wednesday he began his case saying the relatively brief public hearings were inadequate because they cut across the implied right of political free speech in the constitution.

Mr Baird said he was committed to seeing the mergers through.

"From our point of view it's not perfect, and I don't think anyone could say that the process has been perfect, but what is the intent and the intent is to do the right thing by ratepayers across this state, so we will continue to do that."

Later in question time he claimed that "all the outputs" of the KPMG report were public.

However, councils disagree and Ku-ring-gai Council is in court seeking the full KPMG report and associated documents.

While legally the government can probably remedy any flaws in the process by holding fresh public inquiries, evidence that it had acted to achieve a foregone conclusion and misled communities would make this difficult.

<http://www.smh.com.au/nsw/council-amalgamations-baird-government-ordered-to-reveal-kpmgs-role-in-mergers-20160601-gp8rh2.html>