

District Northern Times

Revealed: Secret report at heart of councils' case

MERGER

SHOWDOWN

COUNCILS challenging the State Government's merger proposals in the Supreme Court want to use the contents of until-now secret documents to support their case. The Government's lawyers insist the documents are "embarrassing" and should not be revealed.

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Court told evidence on merger 'embarrassing'

Lawyer for councils argues that the role of KPMG was critically important

Steven Deare

"EMBARRASSING" documents about the case for amalgamating NSW councils could form the centrepiece of Hunters Hill's litigation against the NSW Government.

Lawyers for a number of Sydney councils suing the Government over its forced amalgamations outlined the documents yesterday in early hearings of the case in the Supreme Court.

Senior counsel Tim Robertson, representing the councils, said he had received KPMG documents which he wanted to intro-

duce to proceedings. The Government hired the auditing firm to assess the financial impact of its proposed mergers.

The Government said the KPMG report showed many proposals were feasible, although it has not released the report.

Mr Robertson said most important to the case would be a KPMG document from November 1 last year – "a proposal most pertinent to the mergers".

This was a letter in which KPMG proposed to deliver the business case for the mergers to a Department of Local Government officer.

However, lawyers for the Government told Justice Timothy Moore they would object to the documents being used.

They said the material was embarrassing and Mr Robertson's team needed to make a specific allegation.

KPMG drafted the merger proposal, then amended it subsequent to publication, Mr Robertson said.

"Effectively what the Government did was outsource this to KPMG, hence the importance of KPMG's role," he said.

He cited Minister for Local Government Paul Toole referring to KPMG as

independent in public announcements.

Lawyers for Mosman, North Sydney, Hunters Hill and Lane Cove were part of the hearing as they have common arguments.

However, the court is expected to consider each case separately.

Some Sydney councils, such as Woolhara, have already had their case against the Government's mergers heard and await a decision.

Hunters Hill invited Ryde Council to join its legal proceedings. Ryde councillors voted not to do so, but instructed its lawyers to main-

tain a watching brief. The Government earlier this month announced 19 merged councils. It said it would proceed with a further 12 mergers, including that of Hunters Hill, Lane Cove and Ryde, pending the outcome of the challenges.

The decision followed the Independent Pricing and Regulatory Tribunal assessing councils' financial positions, reports from the government-appointed delegates to held public hearings and other consultation.

The hearing continues today (Wednesday) at 10am at the Supreme Court at Queens Square, Sydney.