

EXPERT REPORTS INTO NSW FORCED COUNCIL AMALGAMATIONS 2010-2018

1. Expert Research into council mergers 2010-17

a) Dollery B, Goode S and Grant B (2010), 'Structural Reform of Local Govt' *University of NSW Press*. "Many small rural councils play an important role in providing essential services and a sense of place and belonging."

b) Dollery B, Grant B and Kortt M (2012), 'Councils in Cooperation' *Federation Press, Sydney*. "Shared service models are likely to be more helpful than forced amalgamations."

c) Drew J and Dollery B (2014), 'The Impact of Metropolitan Amalgamation in Sydney' *Public Money and Management* 34(4). "Proposed amalgamations will not improve financial sustainability."

d) Peter Abelson and Roselyne Joyeaux, 'New Development: Smoke and Mirrors' (2015) *Public Money & Management* 35(4). "Larger councils will not improve financial capacity in NSW."

e) Peter Abelson, 'The Optimal Size of Local Government' (2016) *Agenda* 23(1). "Larger administrative units do not produce cost savings" and "local services preferences are better served by smaller councils."

f) Bell B, Drew J and Dollery B (2016) 'Learning from Experience in NSW?' *Economic Papers* 35. "Merged councils did not perform any better than unmerged councils."

g) Fahey G, Drew J and Dollery B, 'Merger Myths: A Functional analysis of Scale Economies in NSW Local Government,' (2016) *Public Finance and Management* 16(4). "Economies of scale are unlikely to be achieved through amalgamation."

h) Dollery B and Drew J, 'Hired Guns: Local Government Mergers in NSW and the KPMG Modelling Report' (2017) 27 (82) *Australian Accounting Review*. "An analyses of the KPMG financial modelling methodology report reveals that the report is awash with calculation errors and erroneous conjecture."

See article by Professor Brian Dollery on the released KPMG methodology report [SMH 25 Jan 2016](#) "The report is replete with grammatical errors, inconsistencies with previous KPMG reports, incompatibility with official reports, errors of logic, gross oversimplifications and mistakes in selection of appropriate data." Note the NSW Government never released the full KPMG report concerning 'analysis' and 'impacts' – a report that contains the details of how it arrived at its final figures for alleged benefits and costs of mergers.

Additional article by Dollery, 'Do mergers make for better councils?' [The Conversation 31 March 2016](#). "Biggest is not best," "amalgamated municipalities often perform worse than their unmerged counterparts" and "our findings underline the foolishness of making public policy in an 'evidence-free' manner."

The NSW Government over strong community objection went ahead on [12 May 2016](#) and forced many local councils across the State to merge. A number of councils took court action against the Government alleging that the process was seriously flawed and were successful in the Court of Appeal. On [27 July 2017](#) the Government backed down in relation to those councils, but not as to those already merged.

2. NSW Parliamentary Inquiry into Local Government 29 October 2015

Unanimous recommendations from the Inquiry – “That the NSW Government commit to a policy of no forced amalgamations of local councils, except in circumstances where it can be established that a council is severely financially unsustainable to the point of bankruptcy or unable to maintain an acceptable level of service provision (see R 11),” and “That the NSW Government make Joint Organisations for regional cooperation available to all councils in NSW (see R 16).” [Parliamentary Report](#).

3. A Study into the process of NSW forced amalgamations November 2017

‘Council amalgamations in NSW: A study in how not to tackle hard policy [AUSPUBLAW 13/11/2017](#)’. “Policy development and delivery are integral to how government is perceived by the public, including the level of trust placed in it.” “The government’s defeats in the Court of Appeal indicate that it didn’t conform properly to administrative process in its pursuit of forced amalgamations.”

4. Per Capita Evidence Based Policy Project – 20 Case Studies September 2018

Independent research carried out for the Institute of Public Affairs and Per Capita found that one of the worst policy developments of 20 significant government policies across Australia was ‘NSW Government local council amalgamations 2012-17’ - with a score of 2.5/10.

The research specifically found that “the NSW Government did not make a public interest argument for the policy prior to announcing the forced council mergers, did not consider alternative approaches and implementation choices, did not publicly reveal a detailed cost-benefit analysis, failed to meet proper administrative processes, did not consult adequately and did not seek to pass appropriate legislation.”

[Summary report](#) re ‘NSW council amalgamations’ policy and [Full Report](#) of the 20 case studies.

5. Studies into forced mergers of two NSW rural councils – Wallace and Dollery 2018

Andrea Wallace and Professor Brian Dollery carried out two separate studies in 2018 into the social and economic impacts of the forced amalgamation of two small rural shires with two regional centres.

a) Wallace A and Dollery B (2018), [‘Merging big and small: A cautionary tale from Barraba’](#) *Australasian Journal of Regional Studies*, Vol 24 No. 1. In 2004 the small rural shire of Barraba was forcibly merged with the much larger urban centre of Tamworth. The research

studied the 'lived experience' of the small rural community and examined the social and economic effects of the merger after 14 years.

The results include, "Council services and functions have not improved", "Barraba's best interests are not being well represented by councillors", "the overall impact on the economy has been severe", "the community has seen economic growth decline greatly", "employment opportunities in the town are worse", "business activity has greatly declined", "amalgamation was unnecessary and has not benefited Barraba", "there have been negative social effects and the well-being of the community and quality of life has fallen" and "participation in political and economic decision-making has been reduced".

The researchers state: "Our case study suggests that effective local government is essential to the economic and social success of any small local community in a regional area. It is clear that the economic and social impact of the 2004 amalgamation has been negative for Barraba."

b) Wallace A and Dollery B (2018), '[Local Voices on forced mergers](#): The case of Guyra Shire' *International Journal of Rural Law and Policy*. In May 2016 the small rural Guyra Shire was forcibly amalgamated with the much larger Armidale Dumaresq Council. This research studied the views and experiences of community members from the former Guyra Shire a little over a year after the merger.

Results include, "Our democratic right to choose to remain separate was neglected and ignored", "the unique needs of Guyra as a rural community are not being met or acknowledged", "Guyra's problems are different in both kind and degree to Armidale's", "there is a loss of 'local voice' and 'local choice'," "a rurally based council understands what a rural community requires", "the gradual decline of local business could result in the loss of government services", "volunteer numbers are in decline", "a larger council leads to a loss of political transparency and accountability, with less political choice and reduced representation."

The researchers state: "Expectations of the future consequences of the forced merger for the Guyra community were overwhelmingly negative. It was almost universally anticipated that the Guyra community's economic and social wellbeing would be diminished." "These responses align with much of the existing academic literature including the Barraba study."

6. Save Our Councils Coalition Conclusions

The above research, studies and the inquiry strongly support SOCC's view that the forced council mergers inflicted upon local communities across NSW by the Government in May 2016 were the result of a fundamentally flawed policy and process, and were grossly undemocratic.

The results of the latest studies and the expert reports are consistent with the 'lived experience' of many local communities forced to merge, in both the country and in the city.

Many of these communities want to [#DemergeNow](#). They never wanted to merge in the first place. The economic case to merge was never there, and no other case was really made. The Government had no mandate to forcibly merge communities, and never sought one.

There has been a serious negative impact from the mergers on many communities, including socially and economically. The NSW Liberal/National Party Government refused to listen and treated communities with little respect, and as a result has lost the trust of the people and is suffering the consequences of its actions. There have been massive swings against both the Liberals and Nationals in recent by-elections such as Orange, Wagga, Manly and North Shore. Many communities can hardly wait for the next State election in March 2019.

SOCC has adopted a '[Five Point Plan to Demerge](#)' to assist local communities in their battle to get their councils back. It requires a petition of 10% of enrolled voters in the former council area, a binding referendum, a majority of those voting to be in favour, funding by Government and appropriate legislation. It is supported by all political parties, except the Liberal/National coalition. It will require a change of government to be implemented.

Save Our Councils Coalition (SOCC)

27 November 2018