

# State Government forced to give up KPMG merger documents to the NSW Land and Environment Court

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*Premier Mike Baird faces protesters against council amalgamations at Manly Beach. Picture: Braden Fastier.*

**THE STATE Government will be forced to hand over closely guarded documents relating to KPMG’s role in preparing and analysing council mergers.**

Lawyers representing several councils — including Mosman, North Sydney and Lane Cove — have questioned the independence of KPMG during proceedings in the NSW Land and Environment Court as they sought to obtain various documents including Cabinet files and departmental briefing notes.

KPMG issued a statement this morning refuting any suggestions they did not act independently during their analysis of council amalgamations and said they used assumptions from previously published reports.

“Further to yesterday’s court proceedings, KPMG strongly denies any issue of independence in its work for the NSW Government regarding council mergers,” a KPMG spokesman said.



*Premier Mike Baird and Local Government Minister Paul Toole during the announcement that 19 new councils would be created throughout the state. Picture: AAP Image/Stefanie Menezes.*

“KPMG has been involved in council merger processes in NSW and other jurisdictions. As a result of our expertise in this area we were engaged by the NSW Government, through robust and competitive processes, to assist in a number of aspects related to the council amalgamation process.

“In December 2015 the merger impacts and analysis report (prepared by KPMG) concluded that there is likely to be a net financial benefit following a merger of the councils under consideration.

“The analysis was prepared using assumptions, which were made publicly available, to estimate the potential financial impacts of the mergers proposed by government. KPMG had previously analysed merger options, predominantly based on options proposed through the Sansom review — the findings of this work were consistent with other independent findings including those of IPART.

[The result means Willoughby Council’s potential amalgamation partners could be embroiled in a protracted legal challenge.](#)

The barrister representing Mosman Council, Tim Robertson SC, said a central part of their case had always been establishing the “lack of independence of KPMG”.

“The public and the delegate were being misled by the State Government over the independence of KPMG,” Mr Robertson said in court.

“The documents that they have could prove the engagement (of KPMG) was not independent.

“KPMG was intimately involved in the formulation of proposals and the report had been done in order to do the government’s bidding.”

State Government barrister Neil Williams, SC, described the notice to produce as an “abuse” of the court process and urged Justice Timothy Moore to throw out the notice.

“They do not have a forensically specific ground for issuing a notice to produce,” Mr Williams said in court.

[Lawyers representing Mosman, North Sydney, Lane Cove, Hunters Hill and Strathfield councils](#), have requested to view documents which include contracts signed by the State Government with KPMG, proposals prepared by KPMG for the government and any notes relating to the KPMG report.



*The State Government’s proposed three-way merger between North Sydney, Willoughby and Mosman councils. Supplied.*

They also requested to view all files and notes presented to the Minister for Local Government as well as all cabinet files relating to KPMG and the mergers and all departmental briefing notes given or seen by the Minister.

Justice Moore agreed to accept the notice to produce but ruled the documents requested would be handed over to the court first.

The judge will then review the documents before deciding, in consultation with the respective legal teams, whether there is sufficient public interests grounds to justify withholding them from the council's legal team.

Mr Williams said it could take a week or up to a month for the government to produce the notes.

The hearing in the NSW LEC continues.

## **What is the report?**

- The KPMG report, prepared at a cost of \$400,000, has been used to support the Baird Government's amalgamation agenda

## **Why do the councils want the documents?**

- They say the documents will show the report was compromised and the independence of KPMG would be called into question.
- This would make the government's justification for merging councils invalid.

## **Comments**

### **Mike**

The guy in the blue suite & sunnies does not look like a protester.

### **Tony**

No surprise, from Local Councils, State Governments and all the way to the Federal Government, this is the corrupt standard that the Libs resort to..... Australians should be outraged at this appalling abuse of process!!!

### **Commonsense**

The issue here is that the government lied to us all by saying they had an independent consultant prepare the crucial report. If the KPMG Report shows [which it is likely to], that this is the case, Minister Paul O 'Toole will need to resign over this. You simply cannot have such clear intent to mislead the public by being dishonest! Who do they think they are!

<http://www.dailytelegraph.com.au/newslocal/north-shore/state-government-forced-to-give-up-kpmg-merger-documents-to-the-nsw-land-and-environment-court/news-story/4c4ccbd2a658f8ab648b8275531d2dc6#load-story-comments>