

KPMG council merger analysis flawed, report a foregone conclusion says Woollahra

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FORCED COUNCIL AMALGAMATIONS ANNOUNCED

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

Woollahra Council has accused the Baird government of failing to conduct a proper inquiry into the merger of Waverley, Woollahra and Randwick earlier this year because the delegate, Rob Lang, simply adopted the government's modelling on the potential savings without testing it.

In what could be a landmark case on the Baird government's plans to reduce the number of councils in NSW, the Land and Environment Court heard Dr Lang had concluded in his report on the three way merger that the financial benefit from the three way merger over the next 20 years would be between \$149 million and \$235 million in today's dollars.

The delegates' reports into each of the 35 council merger proposals are now with the government but have not been made available to councils except as part of the legal challenges. The report by KPMG, which is said to quantify the benefits of each merger has also not been made public causing great anger.

Many councils believe the Baird government is simply going through the motions, and that regardless of submissions or evidence, the government will move to merge councils, possibly as soon as May.



Premier's delegates under fire: Mike Baird. Photo: Alex Ellinghausen

Woollahra Council told the court it had hired a forensic accountant, Jeff Hall, to test the figures. The lower figure is the savings from the KPMG report with the addition of \$25 million that the government has pledged toward the merger. The higher figure comes from a report commissioned by Randwick Council.

Counsel for Woollahra, Dr Chris Birch SC said Mr Hall's evidence would be that it was impossible to verify the calculations on the information in the public domain.

The figure of \$124 million in savings was based on a reduction in back office staff of 7.4 per cent each year, he said. "Now Waverley Council provides the lifesavers at Bondi Beach. No-one is suggesting that there are plans to reduce by 7.4 per cent the lifesavers on Bondi Beach," he said.

But this report just makes the assumption that 7.4 per cent of back office staff can go without affecting frontline staff. There is nothing that gives a clue as to how this 7.4 per cent was arrived at."

"If he [Dr Lang] was conducting an examination the least he would have done is tested these figures and included that in his report," he said.

Woollahra has also criticised the conduct of public meeting, held at Rose Bay on February 27 and chaired by Dr Lang as failing to constitute "an inquiry" as required.

Dr Birch presented numerous affidavits from residents who said Dr Lang had allowed only three minutes per person for oral submissions and that when asked questions about the KPMG report figures on savings he had repeatedly replied, "I am just here to listen, not answer questions".

Ku-ring-gai council has already begun legal action and several other councils have voted to go to court.

The case continues Thursday.

<http://www.smh.com.au/nsw/kpmg-council-merger-analysis-flawed-report-a-foregone-conclusion-says-woollahra-20160420-gob3h5.html>