



AMALGAMATED COUNCILS NOW A SEA OF RED INK

OVER \$162 MILLION DOLLARS LOST IN SHORTFALLS AND DEFICITS

A comprehensive financial analysis of amalgamated NSW metro and country councils has revealed nearly all are facing serious financial crises totalling tens of millions of dollars in operating deficits despite sharing \$375 million government grants that aided their mergers.

A promise during a media briefing in March 2016 by State Local Government Minister Paul Toole, supported by then Premier Mike Baird, that the merger of 44 NSW councils into a 20 mega council structure would deliver a \$2 billion saving, has been judged as a hollow promise and impossible to achieve. Save our Councils Coalition (SOCC) says that whatever party wins the State poll will inherit responsibility for fixing the financial situation, a difficult task imposed on the State by the Coalition's mismanagement.

In their 20-page analysis entitled "Council Amalgamations a Sea of Red Ink" SOCC indicates that the council amalgamation process was an unnecessary act and an "utter failure." It also states that reporting procedures, especially in the delivery of scrutinised financial reports used to judge a council's financial status, has made sourcing the data extremely difficult.

SOCC's President, Brian Halstead, says "public companies are expected to deliver scrutinised annual financial and corporate results especially in merger cases. It's very concerning that financial and management reporting on the impact of council mergers, and comparisons with the Government's financial proposals and prior pre-merger results, is well below business and community standards. Even worse is the Government putting forward financial proposals but hiding the KPMG data used to justify the mergers," Halstead said.

"The SOCC analysis shows that the combined study of metro council operating results will deliver a \$114 million shortfall below the government's \$103 million surplus. The regional and country study of 13 mega councils shows a combined deficit of \$48 million. With the \$375 million grants and amalgamated councils receiving \$15 or \$20 million each, merged councils have been trying to win community votes with news of how they are spending grant funds, even while councils' financial results are below what was promised.

Small councils also suffered when some lost millions of dollars in reserve funds when mega councils took over. Mega councils now appear to be delivering savings totalling a fraction of how much the Government spent to merge.

"Proposals were unrealistic and misleading. Forcibly merged communities should be given the right to have a referendum on demerging and if successful get their independent councils back," Halstead said.

Save Our Councils Coalition (SOCC): Brian Halstead President and Will Tuck Media.

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