



FRIENDS OF  
KU-RING-GAI  
ENVIRONMENT INC.

Local Government Review Panel  
c/- Locked Bag 3015  
NOWRA NSW 2541

27 June 2013

Dear Panel members,

**Re: FUTURE DIRECTIONS - LOCAL GOVERNMENT REVIEW**

Friends of Ku-ring-gai Environment Inc. (FOKE) has been involved in community issues in the Ku-ring-gai Local Government Area since 1994. In that time, we have worked both with our local government and against it, in accordance to our Charter.

Ku-ring-gai has unique built and natural heritage issues, which is why a community group such as ours has been able to thrive for more than two decades. The community of this area have made a deliberate choice to embrace Ku-ring-gai's abundant natural resources such as rare species of flora and fauna, and our world renowned heritage built environment which form the flavour of our streetscapes and suburbs. Some of the best examples of early 20<sup>th</sup> century Australian architecture can be seen in Ku-ring-gai.

FOKE, reflecting its membership concerns and those of the wider community, is therefore strongly opposed to any State Government promotion of council amalgamation as a solution to various structural problems that currently exist in the local government sector. A watering down of community identity and widening of community issues (or worse, a lack of community consultation at all) will see the particular characteristics of Ku-ring-gai's issues potentially disregarded as they are not the same for our adjoining Councils.

**THE CASE FOR AMALGAMATION NOT ADEQUATE**

We all agree that strong, viable local government is essential in delivering an appropriate standard of living and level of service that Australians expect. Weak local government helps nobody. According to a 2006 study, up to 40% of Australian councils are under financial strain. However, the Panel has not adequately explained how amalgamation will fix these issues, and it needs to do so as the evidence is mounting that amalgamations do not necessarily achieve financial strength in and of themselves.

For community groups such as ours, which exist across the State and represent grassroots community concerns, the Panel particularly needs to address the ramifications for getting the community voice heard in an amalgamated council.

## **THE CHALLENGES IF AMALGAMATION GOES AHEAD IN NSW**

While a small number of councils may wish to entertain amalgamation, most councils (reflecting community concern) do not. There is little doubt that any mergers in the northern Sydney region will be greeted with community backlash and anger as they were in Victoria. Most Sydney and NSW local councils have existed long enough to forge their own identities as communities and they will not react positively if their right to govern themselves is withdrawn.

This is certainly the case on the North Shore of Sydney, where housing development has proceeded at break-neck speed over the last decade due to State Government direct intervention over our locally elected councils. FOKE believes very strongly that council amalgamation on the North Shore will jeopardise our distinct communities and encourage community fracture, disharmony and cynicism.

The idea that the NSW State Government can ‘sell’ amalgamations through the promise of costs savings, efficiencies and improved services to ratepayers is null and void due to the well-publicised experiences in Victoria and Queensland. As a result of their unpopularity in some areas of Queensland, four councils there are currently de-amalgamating or already have de-amalgamated. There is no doubt that if the idea goes further, then these case studies will be closely scrutinised by the media, the community and councils. <sup>1</sup>

In a similar vein, although the NSW Government has stated that there will be no forced amalgamations, it has been often noted in the press and in the blogosphere that Jeff Kennett promised the same thing coming into office in 1993. However, he quickly changed his approach and the people of NSW seem to have heeded the warning, as evidenced by the fact that Strathfield Council has already commissioned a \$50,000 campaign against amalgamation as though it were a forced initiative. Clearly, the community and local government sector are cynical about State government promises, which is not only a legacy of the previous government but is also something we have seen in the short life of the O’Farrell government. Even if the NSW Government says amalgamations will be voluntary, the simple fact is that few believe it. <sup>2</sup>

## **‘LOCAL’ GOVERNMENT MUST REFLECT THE COMMUNITY**

Local governments have traditionally focussed on a narrow range of community services. Larger responsibilities are held by the NSW State Government. It has not been adequately shown that these services will improve under an amalgamated system.

Instead, the Victorian example shows very clearly that we should expect enforced removal of elected Councillors who will be replaced by appointed Commissioners, who cannot be held accountable to the electorate.

Furthermore, the new council boundaries may not make any historical or cultural sense to the local community, meaning that councils will find it a huge challenge to make any decisions based on community views - or take community concerns or heritage and environmental values in their decision making. The result will inevitably be an *ad hoc* approach to council business and the destruction of our local communities and their heritage and environment. Maintaining identity and

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<sup>1</sup> Media Statement, Minister for Local Government, Community Recovery and Resilience The Hon David Crisafulli, Queensland Government, April 12, 2013

<sup>2</sup> NSW mobilising to fight amalgamation push, The Fifth Estate, 14 May 2013

<sup>3</sup> Kennett’s Blitz A Decade On, The Age newspaper, April 25, 2004

legacy will not and cannot be the focus of ‘super-councils’ and will therefore be in danger in an area of cultural significance like Ku-ring-gai.

## **FINANCIAL REALITIES**

FOKE acknowledges that some NSW local government areas are grappling with significant financial issues.

We understand the Ku-ring-gai Council is one of the more financially sound councils in NSW.

However, in FOKE’s view, the Panel has not adequately shown to NSW communities that council amalgamations will improve fiscal responsibility and reduce such debt.

The NSW State government has, over some years, made it very difficult for local government to raise appropriate levels of revenue to cover their costs (some of which the State government itself is responsible for raising, such as landfill levies). The Panel recommends allowing councils some level of independence to raise further revenue, but this will make amalgamation unnecessary from a financial perspective.

Furthermore, ‘super councils’ will continue to face the same financial challenges as smaller ones without the flexibility of a smaller organisation to respond to changing circumstances such as economic downturns or business closures. Indeed, amalgamations will enforce redundancies leading to fracture and hardship within communities.

The 2006 PricewaterhouseCoopers *National Financial Sustainability Study of Local Government* outlined that structural reform would not be a ‘magic bullet’ that would resolve debt problems in Australian local councils. Indeed, the PWC study found that local government around Australia continued to experience financial problems – regardless of whether they were in a State or Territory that had undertaken amalgamation or not.

In fact, the study found that local infrastructure across the country was in such a degraded condition that only the injection of *billions* of dollars — “far beyond the financial capacity of local government in all states and certainly light years away from savings attendant upon forced mergers in even the most optimistic” — could solve the situation.

This key study demonstrates that amalgamation as structural reform did not and cannot result in improvements in infrastructure or financial Utopia to any significant degree. Amalgamation simply does not replace the need for astute financial management and cost control.

For infrastructure backlog to be eased, major funding has to be injected from higher tiers of government that have more control over their purse strings. In other words, cold hard cash and a high degree of financial competence is required in Australian local government, not structural change necessarily. The case for it is still to be made.

A selling point for amalgamated councils the world over has always been increased innovation, productivity and competitiveness. This has not been shown to have improved significantly in Australian States where councils have merged, and is another way of saying that the government is philosophically in support of councils engaging in an increased amount of compulsory competitive tendering, encouraging change in work practices and union membership opportunities of those that work in or for the local government sector.

None of these things led to an improvement in costs, service or accountability.

FOKE Inc. is strongly opposed to politicians and lobby groups using the institution of local government for their own ideological stoush between left and right wing of this country. The community have seen compulsory competitive tendering in a range of sectors and privatisation and have not seen any savings to show for it.

Smaller councils already overcome obstacles of economies of scale by banding together in ‘Regional Authorities’ for the purpose of competitive tendering for those services that lend themselves to it, thereby removing any efficiency handicaps inherent in small councils and/or rural and regional councils. An ANU Report found this a successful model - that small local councils can still reap cost advantages by either outsourcing to private firms, or banding together with other regional councils to gain cost advantages.

” In other words” said the ANU Report, “council size need bear no relationship to scale economies”.<sup>4</sup>

FOKE Inc. believes very strongly that councils can improve their financial positions while retaining a local identity. They should be encouraged to investigate their current processes, work with other councils where appropriate, improve the measurement of success of council initiatives and more closely work with local communities to ensure that their services are appropriate and cost effective for that community.

Furthermore, the Centre for Local Government at the University of New England Working Paper also found that there is no evidence that compulsory competitive tendering will bring about cost savings or efficiencies.<sup>5</sup> In fact this study went as far as to say “[there] is no empirical evidence to support the rosy view the Commission holds of amalgamation as a means of improving the effectiveness of local councils.”

## **CONCLUDING COMMENTS**

The long term viability of local government is extremely important to all Australians.

Ku-ring-gai has a unique local identity. Our community know the value of a local voice in delivering a strong sense of place which in turn improves our standard of living, quality of local services and strong sense of responsibility to maintain what we have. Amalgamation would not improve this and would only serve to dismantle it.

The Panel has not yet made the case for amalgamation in NSW, given issues that have arisen in other jurisdictions and the alternatives currently available to local government to improve their financial viability.

Finally we note that in Sydney, most large councils have clear majorities of members of the two major political parties. The parties have more resources to stage and fund election campaigns than community independents and thus it is easier for such majorities to occur and make it easier for state governments to ensure that local councils adopt their policies. We believe local government should represent the local community and be a “grass roots organisation” free from influence or

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<sup>4</sup> No Lessons Learned: A Critique of the Queensland Local Government Reform Commission Final Report, Brian Dollery, Chong Mun Ho, James Alin

<sup>5</sup> Working Paper Series March 2010. *Historical Evolution of Local Government Amalgamation in Victoria, Tasmania and South Australia* by Ian Tiley and Brian Dollery

pressure from state government and major political parties. Local government in our view should remain “local” for the people, by the people.

Yours sincerely

Kathy Cowley  
PRESIDENT

Deborah Mobberley  
VICE PRESIDENT

cc Minister for Local Government, The Hon Don Page MP  
cc The Premier, The Hon Barry O’Farrell MP, Member for Ku-ring-gai  
cc The Hon. Jonathan O’Dea MP Member for Davidson  
cc Mayor of Ku-ring-gai and Councillors