

PROPOSED SYDNEY LOCAL GOVERNMENT AMALGAMATIONS

The current move towards amalgamation of Local Government is based on the theory that larger bureaucracies will be more efficient and provide greater public benefit than at present. I have been unable to find any evidence to support this. To the contrary, the facts indicate that the opposite is true. I am sure you are aware that in 2012 the OECD conducted a public survey as to public confidence in government in some 34-member states. The result showed that the most decentralized government; Switzerland with 76% satisfaction topped the poll. Australia finished with 40%. Swiss government is based on the principle that decision-making should go to the lowest level and bureaucracies are as small as possible. There are roughly ten times as many councils as Australia pro rata.

Proponents of amalgamation largely claim it will produce lower rates. However an examination of similar NSW councils shows that rate levels are generally higher for councils of populations above 150,000 than those of 50-75,000.

Local Council	Average Residential Rate	Average Commercial Rates	Population 2007
1. North Sydney	\$ 454	\$2,603	62,842
2. Waverly	\$ 678	\$4,042	65,108
3. Marrickville	\$ 715	\$4,854	76,284
4. Willoughby	\$ 756	\$5,040	68,387
5. Leichhardt	\$1,021	\$5,996	51,855
1. Bankstown	\$848	5,008	179,657
2. Liverpool	\$881	5,425	172,935
3. The Hills	\$898	1,774	168,026
4. Warringah	\$988	3,304	140,917
5. Sutherland	\$992	2,803	213,917

Source: Comparative Information NSW Local Government Councils 2009-2010 Report

North Sydney Council's unusually low residential and commercial rates simply reflect that Council's successful rates reduction program in the 1980s, since preserved by rate pegging. The latter, which is unique to NSW, has kept down rates, compared to other states, but has protected ratepayers from their own councils and frozen comparative rates to 1977 levels. In doing so it has created apathy and allowed the institutions to become self-serving to varying degrees.

Victoria carried out major amalgamations in the 1990s reducing the number of councils to 79 compared to 155 in NSW. However, the Independent Pricing & Regulatory Tribunal analysis of Local Government Revenue and Expenditure in Australia shows that prior to rate pegging in 1976/77 NSW rates were \$233/capita while Victorian rates were \$202/capita. In 2006/7 NSW rates were \$413 and \$493 in Victoria.

What is certain is that amalgamation of councils does not necessarily mean lower rates nor does it address any of the current problems of local government but will make many of the problems worse and introduce new ones.

What is also certain is that amalgamation of councils will bring massive transitional disruption costs. The 15 proposed new councils in Sydney will inevitably build new chambers costing some \$100 million or so each. Councillors will be full-time on at least \$200,000/annum, including perks. General Managers will be on around \$600,000. Middle management will luxuriate on salaries of \$150,000 to \$500,000. All councils will be dominated by one of the two major parties and individual residents will have virtually no access to decision makers.

Where councils are dominated by the same political party as the State Government they will be a rubber stamp for developers. If they are dominated by the opposition party they will spend their time and residents' money fighting the State Government. Amalgamation will mean the disbanding of many thousands of people who at present take pride in their local areas and provide voluntary services. Few volunteer for State and Federal government. Local staff knowledge of their areas will dissipate and many local facilities will fall into disrepair or be sold off. The ratepayers of existing efficient councils will, in many cases, be severely penalized.

It would appear that the main proponents of amalgamations are:

1. Developers who just want a quick decision from the party secretary following a donation.
2. Executives of the bigger councils looking for the huge salary increase following amalgamation and the greater distance from residents.
3. The major political parties and the creation of a vast increase of jobs for the boys and girls as both councillors and staff – a major extension of the “cradle to grave” existence for the political class.

I believe genuine local government reform requires much greater control by residents and direct involvement in all decision that affect them and full public scrutiny of all expenditure, tendering procedures and sub contracting, and no closed meetings of any sort.