

20 July 2015

**IPART
Fit for the Future
Re: City of Sydney**

Dear Sirs,

I write concerning the proposed Amalgamation of the Council of the City of Sydney with other local councils.

I and the organisations I represent are completely opposed to this proposed amalgamation. Our organisations are part of the Korean Community of Sydney. Our Community has worked closely with the SCC for many years.

- We have collaborated on the organisation, staging and participation of scores of cultural Events.
- We have worked with Council to establish Korea Town in the CBD.
- We have collaborated on many Civic projects such as the Clean Sydney Program.

Our organisations also work with many other Councils in NSW.

Some of our Community Leaders are Councillors.

And we have additional experience in working with other Councils in most States of Australia.

As well as Local Government organisations in South Korea.

We believe we have an excellent understanding of how Councils work.

And we are certain that Amalgamations of healthy, dynamic and financially capable councils such as SCC do NOT benefit from Amalgamation.

Rather the reverse is the case.

There is no question that Amalgamation is initially an enormously costly process for the Councils involved. Administrative savings may result over time, but they can take years to implement. And they are often offset by other costs which increase, and are not taken into account.

Each Council has different and unique requirements, and integrating completely different policies, systems, organisational structure, processes and cultures results in inevitable compromises in quality, content, efficiency and timeliness of delivery.

Initial disruption is enormous as resources get redirected to 'harmonising' processes. This may last for years, if not decades. Many issues are never resolved, leading to festering problems – unresolved conflicts, resentment, failure or abandonment of programs and projects.

We understand there may be a case for amalgamation of some councils – for example financially weak councils where demographic shifts have rendered their independent status unviable. But the opposite is true for successful and financially viable councils. They can only lose from amalgamation. So the process needs to be fine-tuned and adopted on a case-by-case basis for appropriate councils and regions – not as a shotgun application.

Amalgamation of Local Government organisation is not a new concept. Indeed it has been tried in dozens of countries all over the world for more than two decades. Many of these have turned into unmitigated disasters. Wholesale de-mergers have occurred at enormous cost to the communities involved. Many have not recovered from the amalgamation trauma. Thousands of others continue to operate in a state of virtual limbo.

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We have ample evidence of the failure of forced amalgamations in Australia – Queensland's ill-conceived program in the early part of the new Century stands as a classic failure and a warning to all who follow not to go down this path. Whole communities have become completely dysfunctional.

South Australia has not fared much better.

And there is plenty of evidence of the problems encountered in many other global communities.

These are all warning signs that cannot be ignored.

Universal, blanket, or forced Council amalgamations will cost more than they save, will cost many years to implement, will disrupt their administrations and communities, will risk financial ruin, and will often lead to an even more costly de-merger.

On the other hand, we have beacon examples of successful Council de-mergers, where the breakup of large, cumbersome or inefficient (or unfinancial) Councils has resulted in benefits for both – Pittwater and Warringah being a case in point.

Councils have already taken significant steps to achieve economies of scale through collaborative administrative programs – a good example are the programs incorporated in the Regional Organisation of Councils (ROCs) where issues such as group procurement, data exchange, and project implementations are well established and effective.

Councils could no doubt benefit from the positive outcomes of further collaborative activities – not by blunt-instrument implementations such as forced amalgamations.

We trust Ipart will be able to differentiate the needs of different council areas and recommend accordingly, so as not to provide disruption and dysfunction in healthy and vibrant councils such as the Council of the City of Sydney.

I am available for further consultation or comment at any convenient time.

In the meantime, I attach a summary of our research of failed Council Amalgamations for your reference.

Yours faithfully,

Mr Robin Luck

Principal, Australian community, The Australia-Korea Politics and Business Forum Inc.
Event Co-Ordinator, The Korean Society of Sydney.

A SUMMARY OF FORCED AMALGAMATIONS OF LOCAL GOVERNMENT INSTRUMENTALITIES (Councils) PREPARED IN COLLABORATION WITH THE KOREAN COMMUNITIES OF NSW.

The Queensland 'Experiment' – A high-cost disaster

Queensland's across-the-board LGRC Council amalgamation plan (Beattie Government, 2007) stands as a classic case history of LG amalgamation failure. Originally intended as a means of shoring up financially weak small councils affected by population shifts in rural areas, instead it was applied uniformly across the State. Only Brisbane City Council was specifically exempted – on the basis that it was financially viable as the largest local government area in Australia.

Sunshine Coast – Case History

A review of the Sunshine Coast region of Southern Queensland will show that Councils which had remained independent financially sound and had strong community support, were forced to amalgamate in 2007/8 under the Local Government Reform Commission of Queensland.

Just 7 years later the regions voted overwhelmingly to de-amalgamate.

Most independent observers of Local Government regard this (amalgamation) as one of the most dangerous and damaging experiments ever conducted in Local Government. The direct cost to the communities of getting in and out of the amalgamation process was around \$120 million – an administrative loss/cost that would otherwise have been invested in the community. While the damage to the Local Communities affected is more difficult to quantify, it is more likely to have run into the billions.

Importantly, instead of creating social and economic cohesion as promised, it divided the communities and actually set some of the communities at war with each other

https://en.wikipedia.org/wiki/Sunshine_Coast_Region

State-wide Chaos

On 9 March 2013, citizens of the former shires of Douglas, Livingstone, Mareeba and Noosa voted in de-amalgamation referendums. In all four cases, a majority voted in favour of de-amalgamation. As a result, the Queensland Government enacted the *Local Government (De-amalgamation Implementation) Regulation 2013* on 11 April 2013 to implement the de-amalgamations, which separated:

- the [Shire of Douglas](#) from the [Cairns Region](#)
- the [Shire of Livingstone](#) from the [Rockhampton Region](#)
- the [Shire of Mareeba](#) from the [Tablelands Region](#)
- the [Shire of Noosa](#) from the [Sunshine Coast Region](#)

However 19 councils/shires applied but 15 had their applications rejected - mainly because they could not afford the high cost of the de-amalgamation. This was a prohibitive cost which many believed was deliberately forced on the applicant councils to render the amalgamation difficult if not impossible. It should be noted that dozens of other Councils which wanted to de-amalgamate did not even apply as they could not meet the financial criteria.

A model for continuing chaos in a region which has aspired to, but failed to achieve de-amalgamation is the Fraser Coast. Allegations of criminal collusion, corruption and cronyism have haunted the 'Hervey Bay Super Council' since its inception. Areas outside the central Hervey Bay Council zone have had massive budget cuts, while there is no evidence that Hervey Bay itself has prospered – in fact the contrary. The Maryborough district communities remain committed to de-amalgamation and have petitioned the State Government to act urgently to prevent the wholesale collapse of communities.

Note: See the attached breakout on Fraser Coast situation, 2015.

(Google/Wikipedia links supplied in the council lists above).

The Global Trend – 'Trendy' concepts lead to Social Chaos

In New Zealand, the forced amalgamation of councils continues to be a contentious and contested issue. Just one year after the forced 1989 amalgamation of Councils in the Auckland Region, Waiheke voted to de-amalgamate and the majority vote in the community supports de-amalgamation to this day. The situation was reflected in Councils all across New Zealand, resulting in a Royal Commission to investigate the situation.

Thousands of submissions were received and the Commission found a partial resolution of the issues by strengthening the Community Boards of the regional councils to ensure stronger representation of the Regions on the Central Council. The elections for the Local Boards are now held synonymously with the Central Council in some areas. However many problems remain and for most affected communities, de-amalgamation remains the preferred option.

World-wide Trends

Local Government amalgamation programs swept across the planet in mainly western communities from the 1990s. The concept was allegedly based on the idea that big, strong councils could help small, financially weak councils and council administration costs could be reduced by combining administrations. However many believed this was no more than a cynical plot to weaken councils at the expense of the next highest tier of Government (State in the case of Australia).

Scores of countries experimented with various models which were almost universally based on whole-of-country amalgamation, rather than dealing selectively with problematic areas. The outcomes generally divided communities, opened the door for preferential treatment, manipulation and corruption of the new 'super-councils' and did little to resolve the original problems. The process was enormously expensive and even more costly to undo – an option that became inevitable in many communities where the concept simply did not work at all.

Perhaps the most glaring example of Council amalgamation failure can be found in Quebec, Canada. Scores of councils were forcibly amalgamated under state-instituted so-called Local Government reform plans in 2002 and within a year, the system was collapsing.

A simple change in Federal Government was sufficient to reverse many of the amalgamations (32 municipalities) although the re-amalgamation compromise resulted in a bizarre division of administrative roles in order to try to appease the demands of both sides of the political spectrum. The situation remains in chaos for dozens of councils and many consider it close to collapsing. The financial cost of the amalgamations/de-mergers has been estimated in the billions. No significant efficiency improvements were ever demonstrated, many planned public projects were abandoned and communities were divided.

8500 signatures on council de-amalgamation petition

16th Apr 2015 5:00 AM



A PETITION to de-amalgamate the Fraser Coast Regional Council by having Maryborough, Woocoo and Tiaro to form its own council, leaving Hervey Bay on its own, has been handed to State member for Maryborough Bruce Saunders.

The petition has been signed by more than 8500 people who believe not enough is being done for the region outside Hervey Bay.

Mr. Saunders said the petition represented an important aspect of democracy, allowing people to be heard.

But he felt that the cost of de-amalgamating the Fraser Coast Regional Council might prove prohibitive, saying it could reach up to \$25 million.

Clifford Thomas, who presented the petition, questioned the suggested \$25 million price tag of de-amalgamating, saying it had cost the Noosa Shire Council \$2.62 million to do so.

He said trying to work out the cost of de-amalgamation would be irrelevant until a Transition Committee put a figure on it.

Mr. Thomas said Maryborough, Tiaro and Woocoo residents were concerned about having to pay for projects centric to Hervey Bay, including the Hervey Bay CBD renewal, Nikenbah sports precinct and a function centre.

But Fraser Coast Mayor Gerard O'Connell said it was Maryborough and the outlying areas that were benefiting from amalgamation as, thanks to greater economies of scale, it meant bigger projects and more work could be carried out in areas across the Fraser Coast.

<http://www.frasercoastchronicle.com.au/news/8500-sign-petition-to-form-separate-council/2608606/>