



**MAYOR OF CITY OF RYDE COUNCIL, COUNCILLOR JEROME LAXALE
ADDRESS TO THE PUBLIC INQUIRY – NSW GOVERNMENT MERGER PROPOSAL FOR THE
CITY OF RYDE, HUNTER'S HILL AND LANE COVE COUNCILS
TUESDAY 2 FEBRUARY 2016**

I'd like to start by acknowledging the traditional owners of the land, and paying respect to elders both past and present.

To the Delegate from the Office of the Local Government, Dr Robert Lang, to the residents of our local community, fellow Councillors and staff, Thank you for the opportunity to address you on such an important issue.

I am here speaking on behalf of the City of Ryde, and I'm here with Gail Connolly - General Manager, as endorsed by resolution of Council on 26 January 2016.

I must begin by sharing a story with you Dr Lang... The last time I was in this building, was just over 9 years ago. I was here for my wedding reception and I've got to say, I was in a much better mood then, than I am in now.

I'd also like to note for the record that on that night, my wife and I, two individuals became one **with consent** – as opposed to the forced arrangement being discussed tonight.

- **State Government pushes ahead despite the community's opposition**

It will come as no surprise Dr Lang, that I start by saying I am disappointed that the NSW Government has continued to push ahead with forced amalgamations. This unjustified and unnecessary proposal is at odds with 81% of citizens in Ryde who are opposed to the Premier's plans.

Furthermore, this proposal is based on questionable evidence presented by the State that the community would experience benefits of a merger or even an improved financial position as a result.

Benefits quoted are overstated, and bordering on being deliberately false.

It concerns me that the NSW Government has summed up over 100 years of history, our financial positions, and the "benefits" on merging three councils in just 18 pages.



On our preliminary review of this Merger Proposal, there are serious concerns over the data presented being outdated and not showing the true financial position of our City.

In one example, the Merger Proposal's statement on Ryde's financials claims a deficit of -\$5 million in 2024/2025.

Yet, Council's Long Term Financial Plan projects almost the exact opposite. Our independently audited figures show a **surplus** of nearly the same amount annually for the same period.

In short, the government shows a deficit; and our audited figures show a surplus.

To add insult to injury the State Government is asking Councils to respond to this Merger Proposal based on flawed KPMG Financial Modelling that was only just released, in part, a little over a week ago.

We have called upon the NSW Government to release the full report to assess how these figures were calculated, but this has fallen on deaf ears. Dr Lang, for us to properly and fairly assess the Government's proposal, we must have a copy of that report.

- **Respect the community of all councils to stand alone**

In stark comparison to the Government's Merger Proposal, I wish to acknowledge the research and extensive consultation all three Councils have done in our communities. Unlike the Premier and unlike our local members Mr Dominello and Mr Roberts, we do not only seek the opinion of our residents, but we actual value what they have to say.

This is a conversation we have held with our communities for 4 years and we have heard the same answer each time.

Our residents clearly have pride in their history and unique identity, have confidence in our Council's financial performance and have a strong desire to be in control of their future. This is clearly demonstrated by the overwhelming majority of the community who want their Council to 'stand alone' and oppose forced mergers.

And yet, the NSW Government continues to disregard our voice, or the reputable evidence that states the Government's argument for amalgamation just doesn't stack up.



It is shameful that the NSW Premier with the unqualified support of local MPs, is pushing through with a plan that has next to no support in our community.

- **True cost of amalgamation**

Independent expert advice from the Director of the Centre for Local Government at the University of New England, Professor Brian Dollery, confirmed that forced council amalgamations will not deliver cost-savings or other efficiencies to ratepayers and businesses in our area.

In fact, Professor Dollery found that forced mergers are “not only very expensive but have seldom achieved their proclaimed outcomes,” using the failure of council mergers in Queensland as an example.

Data from the 2008 Queensland experience of compulsory amalgamation shows that the average cost of a council merger was about \$8.1 million (in current value) after only the first two years.

This has to be paid for by ratepayers of merged Council areas and comes at the price of either higher rates, fees and charges, or fewer services.

Professor Percy Allan has stated in his advice on Shared Services that there is no compelling evidence that centralising all local Council activities in a single mega-Council produces cost efficiencies. Hence, the most efficient path for Local Government is to share those activities that benefit from size while keeping in-house those activities done best on a small scale.

- **Our position JRA to meet Local Government Reform**

We do not accept that forced mergers are appropriate, but the Cities of Ryde, Hunters Hill and Lane Cove have also agreed that doing nothing is not an option.

It is for this reason that we three Councils proposed a Joint Regional Authority (JRA) as an alternative to the Government's merger proposal.



The process undertaken by the three Councils in the lead up to our Submission to the State Government's *Fit for the Future* program included the community's clear rejection of any forced amalgamation and significant support for the formation of a JRA.

Our submission outlined the robust community engagement process that was undertaken and the details of the extensive research and assessment process, demonstrating that the JRA proposal is an alternative to amalgamation and one that meets the State Government's scale and capacity criteria.

The JRA meets all of the State Government's objectives for local government reform, whilst crucially retaining local identity and communities of interest.

If given the opportunity, Dr Lang, we can immediately get a better, more efficient and financially beneficial result through co-operation rather than through any disruptive process of forced amalgamation.

- **Proven ability to cooperate with our neighbours across boundaries**

The existence of this Joint Organisation proposal is evidence of cooperation and strategic planning that can occur between neighbours without the disruption to progress and costly outcome that a merger would bring against the will of its people.

To pre-empt a question you may be asking yourself Dr Lang – well if we can co-operate, then why shouldn't we amalgamate?

Well let me answer that question for you:

- The cost of implementing the NSW Government's proposed amalgamation for our Councils is estimated at \$80 million over three years.
- The Amalgamation proponents assume all services will produce economies of scale. Empirical evidence and research into previous amalgamations has proven that many forecasted savings through amalgamations have not been achieved.



- 92% of our communities supported the JRA as their first or second preference with the second choice to stand alone. This demonstrates a very clear mandate from our communities on these issues.
- The level of local representation residents will have under the proposed new mega councils is cause for concern. Currently, on average every 5,800 residents in Ryde, Hunter's Hill and Lane Cove Councils have access to one Councillor. Under the merged entity, this ratio increases to one Councillor for every 13,700 residents – representing a significant reduction of representation to the community.
- The JRA provides the opportunity for each Council to maintain its local identity, local representation and continue to deliver services best delivered at the local level. This is something that an amalgamated entity WILL NOT BE ABLE TO ACHIEVE.

These reasons are why our Councils have, after assessing all issues and options, agreed to support a Joint Regional Authority. Our proposal is consistent with the Independent Panels' report and recommendation no. 43 to initiate Joint Organisations as an interim measure pending future action on mergers.

And most importantly, we believe that the Joint Regional Authority is a viable reform alternative to forced amalgamations.

- **The NSW Upper House Parliamentary Inquiry recommendations**

Furthermore, following a call for a Parliamentary Inquiry into Local Government held in August 2015, the findings and recommendations presented in its final report vindicate our proposal for a JRA

Recommendations 16 and 17 of the report stated: *“that the NSW Government make Joint Organisations available to all Councils in New South Wales”* and,

“That the NSW Government work with local government on a statutory model for Joint Organisations based on the Hunters Hill, Ryde and Lane Cove Council model as a cooperative and consensus model for local council reform in Metropolitan Sydney”.

This report absolutely vindicates the strong position we have held from its inception, that the City of Ryde, Hunter's Hill and Lane Cove Councils' proposal of a JRA is a superior alternative to the NSW Government's Merger proposals.

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- Council Resolution

It is my duty as Mayor to report to you a resolution of Council from an extraordinary meeting held on 27 January 2016.

At this meeting we reaffirmed our opposition to forced mergers, stated our preference to stand alone, and followed by our preference to be allowed to form a Joint Regional Authority with Lane Cove and Hunters Hill.

Interestingly, we also found out what I believe to be the will of the Premier and local MPs, and that is for this merger process to result in a newly formed council dominated by one political party.

To enable this, a number of Councillors proposed a model of 5 wards with 3 councillors in each ward.

I believe that this model of wards would result in a situation where one political party would rule the new council. A system of 5 wards and 3 councillors in each ward would mean a quota of 25% would be required to secure election.

A quota so high would result in a Council that has zero representation from independent Councillors. This system would only benefit larger parties.

Any level of Government is only as good as its opposition. And a Council without a mix of major parties and independents; that is, a council dominated by one party, would be a terrible outcome for ratepayers across the City of Ryde.

Fortunately, a majority of councillors at this meeting voted against this proposal. The majority voted for a system of 3 wards, with 5 councillors in each ward.

We were of the opinion that 3 wards would result in an electoral system which would provide more realistic opportunities of independent councillors being elected.

This would primarily be achieved by a ward of 5 councillors having a much lower quota of around 16% - as opposed to 25%.

Naturally, some Councillors didn't take too kindly to this majority decision, and will no doubt seek to put forward an alternative view to you through other means.



Dr Lang, I am of the view that if the Premier and Messrs Dominello and Roberts are going to trash our combined histories with a stroke of a pen, then they should at least give our communities the benefit of a fair, balanced and representative council. A system of 3 wards and 5 councillors would help achieve this.

And I repeat of course, that our firm preference is for each council to stand-alone. It is our democratic right for each of our council's to remain.

- Will the NSW Government finally listen?

Dr Lang, it is time for Premier Mike Baird, Minister Paul Toole and our so called Local MPs to stop steamrolling our community and drop their plans to forcibly amalgamate our cities.

The merger proposal that you have been tasked to assess is fundamentally flawed.

It seems that the Premier has channelled author Mary Shelley and is seeking to create a Monster Council to rule over local communities. **This Merger Proposal is Mike Baird's Frankenstein – a monster not of our creation...**

This Frankenstein proposal makes incorrect assumptions and it overlooks the long held opinion of those who really matter – the people of Hunters Hill, Lane Cove and the City of Ryde.

Dr Lang, I truly hope that you study the evidence to be presented in our submission refuting the financial benefits of the proposal and not ignore the recommendations by the Parliamentary Inquiry as the Premier, Mr Dominello and Mr Roberts have done.

We SIMPLY cannot let the future of local government be decided by a Premier and Local MPs who are singing from the same song sheet as big developers.

If you think about the big public reforms of our lifetime: Medicare, the introduction of the GST, and most recently the decision to sell our states' electricity assets – these reforms were all passed through public processes that required majority public support.

Dr Lang, you should only recommend that our cities merge if it can be demonstrated that this proposal has majority public support. And if you don't believe our survey figures, then please, conduct your own independently of us, as you have the ability to do as delegate of the Office of Local Government.



Dr Lang, in your recommendation I truly hope that you give the highest weighting possible to the views of our citizens.

We have a voice, and it is about time that we be heard.

Thank you.