

## Premier's next step on forcing council mergers

**P**remier Mike Baird and Local Government Minister Paul Toole wrote to mayors ahead of the deadline last week for councils to submit their preferences for merging with neighbours. "Following your council's response," Mr Baird and Mr Toole said, "the government will take the next step in local council reform."

The words "next step" remain vexed both for councils and Mr Baird.

The government has pledged to make the next step known by year's end, but with parliamentary sittings finished for 2015, the big calls are likely to be made out of the public glare over the holiday season.

The Independent Pricing and Regulatory Tribunal found last month that only about 50 of the state's 152 councils were fit for the future – albeit on the government's less than objective criteria. The government gave councils who had resisted mergers a month to put forward proposals for amalgamation. Even with \$15 million on offer to help the transition and potential efficiency benefits, just 22 of Sydney's 40 councils have suggested a plan of action. While nobody expected all councils to agree on merging, the result is less than the government might have wanted or expected. The Greens say 75 per cent of Sydney councils

have rejected merging, although some have realised it's better to state a preference than leave it to chance. The question is whether the success in getting at least some councils to amalgamate voluntarily should encourage Mr Baird to leave it at that. The sooner the public knows, the better for the councils and even the government.

As long as the decision on the next step is delayed, the damage to the process of amalgamations will grow as public protests gather pace. What's more, the vacuum is creating unintended consequences. Even in Mr Baird's northern beaches Liberal domain, Warringah Council – which wants to create one mega-council by merging with Manly and Pittwater – is spending big on advertisements to try to stop the government from accepting an alternative proposal. While Manly and Pittwater would rather not merge at all, a proposal being touted is to split Warringah and give one part each to Manly and Pittwater. That's something Warringah claims will hurt all ratepayers.

The usual Liberal heartland of Woollahra in Sydney's eastern suburbs is also revolt-

ing. As the *Sun-Herald* reported, one in six residents signed a petition against merging with neighbouring councils.

Whereas Mr Baird managed to convince the masses that electricity privatisation would bolster transport in the state, he is yet to win over even his own supporters on council mergers. The government even changed the rules by which IPART judged what made councils fit for the future or not. Moving those goalposts has eroded confidence in the reform process. That's unfortunate because many councils could reach critical mass and gain efficiencies by combining, without loss of local voice. Now the crucial next step.

At one extreme the government could accept some voluntary merger preferences from councils and leave the rest alone. At the other extreme it could force all councils which failed the IPART tests to merge.

That's a risky, unpalatable option if the government chooses to force mergers by passing legislation. Winning over the Shooters Party and Fred Nile of the Christian Democratic Party in the Upper House

will be costly. Given both have strongly opposed forced mergers, the price of obtaining their crucial vote would be too high. While amalgamations are potentially beneficial for many councils, for some such as the City of Sydney they are not.

Alternatively, the government could retain compulsion but allow the Boundaries Commission to decide on amalgamations, informed by IPART, the council's preferences and further public hearings.

The *Herald's* strong preference is for the government to refer all merger proposals to a stronger, more independent Boundaries Commission for prioritisation and determination. That way the politics is removed and certainty more likely, although for Mr Baird the extra delay could prove difficult given council elections due next year.

For those councils which have refused to propose mergers or even discuss them, the Boundaries Commission also has a role.

Once the government places all council mergers within the commission's remit, there is an extra incentive for councils to be proactive and offer a preferred solution rather than leave it to chance. What's more, through public hearings and an analysis of options, the commission could make the case for or against the disputed mergers, which may sway those who retain doubts.

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