

**Amalgamations** Call for clarity among 'confused' councils

# Doubt as merger plans remain 'a mess'

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State reporter

## Council spends \$9.4m on IT contracts, says no tender was needed

The Berejiklian government is refusing to explain how it will implement its remaining council merger policy, leaving at least one Sydney council assuming the government has quietly dropped plans for more forced mergers.

The prospect of the bungled council merger policy remaining unresolved for another year or more is unnerving government MPs, and leading to talks about how to fix the issue prior to the 2019 state election.

The Minister for Local Government, Vacluse MP Gabrielle Upton, has repeatedly affirmed the government is "committed to the remaining mergers", which have been delayed due to legal action.

But the minister has refused to explain how this will occur, leaving councils shrouded in uncertainty as they prepare for elections in September.

For Ku-ring-gai and Hornsby councils, the government's silence has created a vacuum of confusion more than two months after the NSW Court of Appeal rejected the forced amalgamation between the two councils as flawed. Ku-ring-gai mayor Jennifer Anderson said she had requested multiple meetings with Ms Upton seeking clarity over the government's intentions but had received no response.

The Inner West Council has defended its approach to procurement, after it emerged the amalgamated council would be spending \$9.4 million on IT systems without going to tender.

The likely cost of the Inner West Council's contracts with IT provider TechnologyOne emerged following legal efforts by the NSW Greens to secure the estimated contract price.

After the NSW government merged councils across Sydney last year, multiple merged councils decided to contract directly with TechnologyOne, a Brisbane-based IT supplier, in decisions that raised the ire of the firm's main competitor and drew questioning about probity.

The Inner West Council budgeted

\$5 million for technology systems resulting from the merger, but did not initially make the value of its deal with TechnologyOne public.

Greens MP David Shoebridge pursued the matter through the NSW Civil and Administrative Tribunal, and, prior to a hearing, the council said it would be contracting for \$9.4 million worth of services over five years with the firm.

Mr Shoebridge said it "beggared belief" an unelected administrator would commit to a \$9.4 million contract without testing the market.

The council, under the control of administrator Richard Pearson, said its estimate of \$5 million in IT costs remained accurate. Part of the

\$9.4 million contract with TechnologyOne included annual fees of \$1.6 million for software licensing and hardware which replaced existing IT costs incurred by the council.

"This decision is in the best financial and other interests of our residents," a council spokeswoman said.

TechnologyOne has recently been involved in a bitter contract dispute with Brisbane City Council over a \$60 million cost blow-out.

The firm's major competitor in supplying IT systems for councils, Civica International, has questioned why new councils formed as a result of mergers would not go to tender to test what options were available.

Jacob Saulwick

However, in a sign of deepening confusion and uncertainty, this protocol has been openly rejected by Ku-ring-gai council.

"Our position after the court judgment is that we are no longer under a merger proposal at this point in time," Cr Anderson said. "We are operating as business as usual."

For the government, the sensitivity of its relationship with local councils was evident during its announcement of a housing affordability package last Thursday.

The government chose not to implement a policy that would have stripped councillors of their ability to decide development applications, with Premier Gladys Berejiklian stressing she wanted to give power to local communities.

Planning Minister Anthony Roberts said councillors from individual wards would be given more power to develop local community and development plans.

But the changes have been criticised as further muddying the government's intention to streamline the planning system in favour of bigger picture planning than hyper-local decision-making.

"I think there is confusion coming out of the government at the moment on how to handle the planning system because of what's happening with council amalgamations," said Chris Johnson, of Urban Taskforce.

"There's been no word at all," Cr Anderson said.

In March, the court held that Ku-ring-gai Council had been denied procedural fairness by the government because it kept secret a KPMG report on which it based its amalgamations policy.

Ku-ring-gai and Hornsby council believe the court's verdict has left the government with no option but to re-start the merger process if it is to uphold its promise to implement the mergers.

Ms Upton declined an interview with Fairfax Media and her office refused to answer a series of writ-

ten questions, including whether the government would re-do any flawed mergers struck down by the courts. Instead, the government appears to be waiting for the final verdict of the High Court, which will hear Woollahra council's legal challenge to the proposed merger with Randwick and Waverley later this year.

"There are a series of matters before the courts which is why the government is not considering one merger in isolation," a spokesman for Ms Upton said.

However, with the Woollahra case unlikely to be heard until

September or October, and a judgment expected to take several months, the government is facing the prospect of beginning another year with the situation unresolved. The policy of forced mergers was announced over a year ago, in May 2016. "It's certainly a mess," Hornsby mayor Steve Russell said. "I'm not confident about anything at the moment."

Cr Russell said Hornsby shire had been left with "one leg on either side of the amalgamation fence" with caretaker mode provisions preventing the council from making major financial decisions.