

Attachment 1

Item No: C0222(1) Item 2
Subject: MAYORAL MINUTE:DEMERGER SURVEY
From: Councillor Darcy Byrne

MOTION:

That Council:

- 1. Commences the preparation of a business case for demerger and notifies the NSW Government of the commencement of the development of a business case for demerger; and**
 - 2. Notes the concerns expressed by Council officers through the resolution of the Joint Consultative Committee about the impact of demerger on morale and productivity within the organisation and commits to engaging with Council staff and their representatives throughout the development of the business case.**
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Background

At the Election on 4 December a non-binding poll was held regarding the potential demerger of the Inner West Council. Citizens were asked the following:

“In May 2016, Ashfield, Leichhardt and Marrickville councils were amalgamated into one local government area by the State Government. Do you support the Inner West local government area being de-amalgamated, so as to restore the former local government areas of Ashfield, Leichhardt and Marrickville?”

The results of the poll were 62.49% in favour of a demerger.

Following the Mayor election, Mayor Byrne wrote to the Local Government Minister notifying her of the results of the poll and informing her that Council will prepare a business case for demerger and submit it to the Government. A copy of the letter is attached.

The poll was non-binding on the NSW Government and Council will need to follow the process for demerger that is set out in the Local Government Act and detailed below.

Section 218CC of the Local Government Act 1993 provides a guideline as to how to de-amalgamate in a statutory sense.

The section relevantly says:

- 1. A new Council (one that has been the subject of an amalgamation within 10 years) can submit a written business case to de-amalgamate to the Minister of Local Government (the proposal);*
- 2. The proposal must set out whether the de-amalgamation is to reconstitute the former Council areas or different areas;*
- 3. The proposal must have reasons (generally business reasons) in support of the proposal;*
- 4. The Minister must within 28 days after the business case has been submitted concerning the proposal refer it to the Boundaries Commission with a direction that it conduct an inquiry and report on the proposal;*

5. *The Boundaries Commission is currently made up of 4 members – a nomination from the Minister, Grant Glesson of the OLG and two Councillors appointed from a panel;*
6. *The Boundaries Commission may in its report back to the Minister recommend one of three things – the de-amalgamation proposal is either supported, rejected or a different de-amalgamation proposal should be supported;*
7. *The Minister upon receipt of the Boundaries Commission Report must publicly release that report (within 48 hours);*
8. *The Minister must within 28 days after the report is provided, make a written response to the new Council setting out whether or not the Minister supports the proposal or a different amalgamation proposal recommended by the Boundaries Commission with written reasons for the decision and if the Minister supports the de-amalgamation the anticipated timeframe on giving effect to the proposal; and*
9. *If it gets that far, the Minister must ensure that the cost of any de-amalgamation of the new Council resulting from the business case is fully funded by the Government.*

At an Extraordinary Council Meeting on 24 May 2021, Council resolved to prepare a cost-benefit report regarding demerger.

As a result of this resolution, Council Officers engaged a qualified, experienced, and independent firm, *Morrison Low*, to identify the benefits and costs of a potential demerger of the Inner West Council into its former councils of Ashfield Council, Leichhardt Council and Marrickville Council.

Morrison Low have performed numerous engagements concerning amalgamations, transition planning and deamalgamation in Australia and New Zealand, including having prepared the business case for the former Leichhardt, Ashfield and Marrickville Councils to stand alone and not be forcibly merged in 2016.

Following the Council's decision to hold a poll on demerger the following resolution was passed by the Joint Consultative Committee

The Inner West Council Consultative Committee notes with concern the motion discussed at the extraordinary meeting on Monday 24/5/2021 for Council to investigate the de-amalgamation of the Inner West Council.

The Inner West Consultative Committee has worked hard through the last 5 years since amalgamation to constructively deal with huge changes brought about by the amalgamation of the former council areas, systems and staff .

Staff are suffering from change fatigue associated with the many changes over the last 5 years associated with the amalgamation including changes to the leadership team and introduction of new systems and processes and have worked closely to create the significant cultural change and cohesiveness required to ensure that the community is serviced. Any proposed changes or consultation in relation to any de-amalgamation or consultation should also include the views of staff through either formal or informal consultation or through the staff survey.

The Consultative Committee forms a sub-committee to deal with the issues arising from the resolution for the report and the plebiscite to be undertaken on the election day .

That the consultative committee write to the unions to express the concerns of the consultative committee and staff. Support be offered to all staff and clear communication to staff.

Officer's Comments:

Staff have no comment.

ATTACHMENTS

1. Letter to Wendy Tuckerman dated 5 January 2021



5 January 2022

Ms Wendy Tuckerman
Minister
NSW Office of Local Government
GPO Box 5341
SYDNEY NSW 2001

By post and email: olg@olg.nsw.gov.au

Dear Ms Tuckerman,

Congratulations on your appointment as the Minister for Local Government.

It is very good for the Local Government sector to have someone of your experience and expertise in a position of leadership.

I write to you in relation to the demerger poll which took place in conjunction with the recent Inner West Council Election on 4 December 2021.

Inner West Citizens were asked the following:

"In May 2016, Ashfield, Leichhardt and Marrickville councils were amalgamated into one local government area by the State Government.

Do you support the Inner West local government area being de-amalgamated, so as to restore the former local government areas of Ashfield, Leichhardt and Marrickville?"

The results of the poll were 62.49% in favour of a demerger.

Earlier in 2021 Inner West Council commissioned *Morrison Low* to undertake a high-level cost benefit assessment of the demerger. This report was completed in July 2021. Please find **enclosed** a copy of the report for your information.

Inner West Council will now prepare a full business case for the demerger and submit this to the NSW Government in due course.

I would appreciate the opportunity to meet with you to discuss the demerger as well as to initiate a constructive relationship between the Council and you as the new Minister. It would be great if we could arrange this meeting at your earliest convenience.

Please contact my executive assistant Denise Watson to arrange a suitable time on 9335 2157 or by email denise.watson@innerwest.nsw.gov.au.

I look forward to meeting with you.

Yours sincerely,

Darcy Byrne
Inner West Mayor

Encl.

Copy to: Brett Whitworth – Group Deputy Secretary, Planning Delivery and Local Government