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Counting the cost: An analysis of the post-merger performance of the Clarence Valley Council in New South Wales

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ABSTRACT

The merged Clarence Valley Council (CVC) in northern New South Wales (NSW) was proclaimed in February 2004 as part of the broader forced municipal amalgamation program by the New South Wales (NSW) Government. Architects of the compulsory consolidation of numerous NSW councils in 2004, including the CVC, contended that larger merged councils would exhibit superior performance, especially in financial terms. In many respects, the CVC represented the 'jewel in the crown' of the 2003/04 NSW merger program given its iconic environmental circumstances. Unfortunately, comparatively little scholarly effort has been expended on examining the outcomes of compulsory council amalgamations of specific municipalities after considerable time has passed, in large part due to the thorny methodological difficulties involved. This paper seeks to remedy this gap in the empirical literature by developing a new methodological approach to the problem and using it to evaluate the financial performance of the CVC a decade after its forced merger as an illustrative case study.

1. Introduction

Compulsory council consolidation represents the most controversial and draconian kind of local government reform (Lago-Penas and Martinez-Vazquez, 2013). However, notwithstanding the division and rancour invariably surrounding forced amalgamation, all Australian state and territory governments have deployed municipal mergers as an instrument of local government reform, with the sole exception of Western Australia (Dollery et al., 2012). However, Australian local government policy makers are far from alone in their heavy reliance on forced amalgamation, with Belgium (De Peuter et al., 2011), Denmark (Hansen, 2015), Japan (Koike, 2010), New Zealand (Dollery, 2006) and many other countries also imposing compulsory consolidation on local authorities.

A common pattern evident in the use of municipal mergers evident almost everywhere is the marked reluctance of policy makers to examine *ex post* the outcomes of forced amalgamation against proclaimed *ex ante* expectations (Lago-Penas and Martinez-Vazquez, 2013). This is at least partly as a consequence of the fact that the *ex post* evaluation of a given municipal merger is fraught with methodological difficulties, especially when a significant period of time has passed since the forced amalgamation. This paper presents a new methodological approach to the problem of assessing the financial performance of a specific municipal merger a considerable time after the merger has occurred. It illustrates how this approach should be

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implemented by analysing the performance of the Clarence Valley Council (CVC) in northern New South Wales (NSW) which was controversially compulsorily consolidated in 2004.

The Clarence Valley Local Government Area (LGA) is located between the Richmond Valley, Coffs Harbour and Bellingen local authorities on the mid-north coast of NSW, some 600 km north of Sydney and about 325 km south of Brisbane. The CVC came into being on 25 February 2004 as a direct consequence of the forced amalgamation of the general-purpose Copmanhurst, Grafton, Maclean, and Pristine Waters local authorities, together with the North Coast Water. As at the 2011 census, the CVC had 49,665 local residents and a total area of 10,441 square km, with a population density of 4.76 persons per square km. The CVC provides municipal services to residents in more than forty settlements in the Clarence Valley (Tiley, 2010a, b, unpublished, 2015)

The remainder of the paper is divided into five main parts. Section two provides a synoptic account of the empirical literature in public administration on municipal mergers. The third section briefly describes the process through which the CVC came into being. The fourth section examines two of the common claims made regarding the benefits of amalgamation: (a) that mergers result in enhanced financial sustainability and (b) that mergers generate lower property taxes (known as 'rates' in Australia). The paper ends with a review of the public policy implications arising from the analysis.

2. The empirical analysis of municipal mergers

While a substantial empirical literature has examined on the impact of municipal mergers (for recent surveys, see for example, Baldersheim and Rose, 2010 and Lago-Penas and Martinez-Vazquez, 2013), most scholarly effort has focused on American local government (see, for instance, Leland and Thurmaier, 2006; Leland and Thurmaier, 2010; Faulk and Hicks, 2011; and Faulk and Grassmueck, 2012; for surveys of the empirical literature on US consolidation outcomes). Most American evidence indicates that municipal mergers have not met expectations, especially in terms of their economic and financial results. For example, Feiock (2004) found that mergers led to increased outlays, Leland and Thurmaier (2010) considered nine merged and comparable unmerged local authorities and established that efficiency gains were largely absent, and Martin and Schiff (2011) could find little evidence of enhanced post-amalgamation performance. A caveat should be added on the applicability of American empirical evidence to Australian local government. While similarities exist between the local government systems in the two countries, it should be noted that most American studies focus on city–county mergers not municipal mergers *per se*, with some exceptions, such as Gaffney and Marlowe (2014), unlike Australian mergers.

These pessimistic findings are reflective of empirical work on municipal mergers in other countries. For example, researchers considered council mergers in France, Germany, Italy and Spain and they all concluded that council consolidation had not achieved its intended outcomes (Dollery and Robotti, 2008). Similarly, in Canadian local government, Reese (2004) found that personnel remuneration levels increased after amalgamation, with a net increase in overall council expenditure and Vojnovic (2000) established that aggregate outlays increased in three of the five local council mergers he examined. Finally, in a Special Edition of *Local Government Studies* on European amalgamation, contributors drew similar conclusions on mergers in Eastern Europe, Denmark, Germany, Greece, Macedonia, Belgium and the Netherlands.

An emergent empirical literature on municipal mergers in Australia has examined the consequences of amalgamation on council performance (see, for instance, Dollery et al., 2012 for a survey of Australian empirical work). With few exceptions, the Australian literature is pessimistic of municipal mergers as a method of enhancing local government performance. Australian empirical studies fall into two broad strands. In the first place, until recently, most investigators focused solely on the descriptive analysis of case studies, such as the Australian Centre for Excellence in Local Government (ACELG) (2011) *Consolidation in Local Government* report. However, with some exceptions, like Drew and Dollery (2015a), De Souza et al. (2015) and Tiley (2015), given the rudimentary character of much of this work and its lack of quantitative sophistication, it did not offer useful insights into the impact of forced amalgamation.

Secondly, a new strand of the Australian literature has concentrated on econometric analysis using state-wide datasets to empirically investigate the impact of mergers on municipal performance. Work of this kind includes Bell et al. (2016) and Drew and Dollery (2014a, b, 2016), Drew et al. (2012, 2016a, b, c), as well as Marques et al. (2015).

The present paper seeks to contribute to the former strand of the Australian empirical literature by applying quantitative analysis to the CVC to empirically investigate the outcomes of the 2004 CVC forced merger. In particular, the analysis focuses on the financial performance of the CVC a decade after its amalgamation.

3. The 2003/04 New South Wales compulsory council consolidation program

The 2003/04 NSW forced amalgamation program reduced the number of local government entities in NSW from 172 to 152. It was initiated by a sudden and unexpected policy reversal by the (then) Carr Government of its longstanding policy of voluntary local government amalgamation in the immediate aftermath of the March 2003 NSW election campaign. As a consequence, the (then) NSW Minister for Local Government Tony Kelly set in motion a broad-ranging review of local government boundaries in NSW, including those in the Clarence Valley.

The rationale offered by the NSW Government for municipal mergers in NSW rested primarily on fiscal considerations. For instance, in a letter to all NSW councils, Minister Kelly (2003: 1, 2) observed that 'expenditure on asset maintenance is not keeping pace with the rate of deterioration' and the 'gap between the estimated cost of essential maintenance of infrastructure and the current expenditure is $205 million', adding that in 2001/02 '116 councils spent more than they earned in income'. The Minister requested specific proposals for reform from local authorities by the end of August 2003. While he stressed that municipal mergers represented only 'one option', he went on to ominously observe that 'there is nothing to suggest that existing arrangements for the structure, areas and number of councils are ideal'.

In response to the Minister's call for reform proposals three of the four general-purpose councils in the Clarence Valley – Copmanhurst Shire Council, Maclean Shire Council and Pristine Waters Shire Council – expressed opposition to council consolidation and indicated strongly that they wished to remain as independent entities. By contrast, the much larger Grafton City Council supported the establishment of a single local authority for the Clarence Valley (Tiley, 2010b).

As part of the review of NSW municipal boundaries, in October 2003 Minister Kelly instigated state-wide 'regional reviews' to examine options for structural reform through council consolidation. For the Clarence Valley, Minister Kelly appointed David Simmons – a former Commonwealth Minister for Local Government in the Keating Government – to act as a 'facilitator' for a Regional Review into the Structure of Local Government in the Clarence Area. As part of his brief, Simmons held ten public meetings in November 2003 across the Clarence Valley by way of community consultation.

The final report produced by Simmons (2003) *Proposal: A New Local Government Area for the Clarence*, which was presented to Minister Kelly, proposed a single local authority for the entire Clarence Valley. Simmons (2003: 3) recommended 'an amalgamation of existing local government areas in order to better align the region with the natural catchment of the Clarence River' which represented 'the region's distinctive geographic feature' and formed 'a significant economic, environmental and social asset for the entire valley'. *A New Local Government Area for the Clarence* (2003: 3) contended that a merger of all councils encapsulated 'a holistic approach to structural reform' and recommended a popularly elected Mayor, nine councillors (to replace the existing 33 representatives), and a municipal structure to assume all the functions of the previous general purpose councils and the two county councils.

Minister Kelly referred *A New Local Government Area for the Clarence* to the NSW Local Government Boundaries Commission (LGBC) for its consideration. This was formally announced on 5th January 2004 and written submissions invited (Department of Local Government NSW, 2004:7). Submissions were received from all affected local authorities whose formal positions diverged more than previously (Tiley, 2010b: 24, 26). In a commissioned report on *A New Local Government Area for the Clarence*, Dollery (2004: 13) observed that 'there is no scientifically established relationship between size and efficiency in local government', with 'the premise that "bigger is better" underlying the *A New Local Government Area for the Clarence*' displaying a 'gross ignorance of the Australian and international literature on municipal service delivery'. Dollery (2004: 13) noted further that the Simmons Report did not 'even provide any detailed estimates of the impact of a forced merger on the basis of social indicators such as demographic variables'.

Notwithstanding the mixed reaction to the Simmons Report, in its report entitled *Examination of a boundary alteration and amalgamation proposal for a new Clarence Valley Local Government Area*, the LGBC (2004) nevertheless recommended that the proposed merger of all Clarence Valley local government entities proceed. In addition, the LGBC (2004: 57) argued that the recommended municipal merger had several 'significant benefits'. These included the unsubstantiated claim that 'the proposed new council has the financial capacity to continue to maintain its assets and provide adequate, efficient and effective services in the medium to long term'.

The NSW Government accepted the recommendations of the LGBC and on 25 February 2004 the newly amalgamated CVC was proclaimed. Minister Kelly expressed confidence in the future of the CVC and claimed that some $5.2 million would be saved in the first year of operation of the CVC, of which $3.714 million would flow from the sale of council land, $1.522 million from the sale of surplus plant and equipment, $323,000 from savings on political representation and $358,000 from fewer general managers Tiley (2010b: 28).

Notwithstanding these and other optimistic expectations for the financial wellbeing of the CVC, it was not long before concerns mounted over the financial performance of the CVC (Tiley, unpublished). These concerns culminated in a Treasury Corporation of New South Wales (TCorp) investigation of the fiscal circumstances of the CVC. In its *Clarence Valley Council Financial Assessment and Benchmarking Report*, Tcorp (2012: 5) found that the CVC had significant financial problems, including the fact that 'operating deficits excluding capital grants and contributions are forecast for the 10 year forecast period', as well as an 'unsustainable' infrastructure backlog which had to be addressed. In other words, the forced amalgamation of the CVC had not resolved the financial problems in Clarence Valley local government as its proponents had earlier forecast.

4. Empirical technique and results

Two principal strands of inquiry are pursued in the analysis of CVC's post-merger performance which respond to the two claims made by the NSW Government regarding the benefits of municipal amalgamation. In the first instance, the paper compares the financial sustainability of CVC against a group of relevant peers using the Office Local Government (2015) time series financial ratio data and the IPART (2015) *Fit for the Future* assessments. IPART (2015) was engaged by the NSW Government to assess the fitness of councils according to seven financial metrics and a judgement on adequacy of 'scale and capacity'. The IPART assessments have been used by the NSW Government to promote voluntary amalgamations for councils which were deemed 'not fit' and the Premier and Local Government Minister had refused to rule out forced amalgamation for councils deemed 'not fit'. The second task is to investigate whether amalgamation really has led to lower rates and annual fees as per the Office of Local Government claims (General Purpose Standing Committee, 2015b: 271).

To investigate the financial sustainability of CVC it is instructive to compare the performance of the merged council against a group of relevant peers. Existing OLG classifications were not used given the extant evidence that it relies heavily on

Table 1
Financial sustainability ratios and IPART 'Fitness' assessments for CVC and comparable peers, 2014.

Council	Operating performance ratio	Unrestricted current ratio	Debt service ratio	Cash expense cover ratio
Clarence valley council	**−14.46**	**4.03**	**1.8**	**9.4**
Albury	2.46	2.56	4.9	8.5
Cessnock	−1.69	2.74	7.7	6.7
Eurobodalla	−0.3	2.85	1.7	10.6
Great Lakes	−3.52	3.27	2.0	8.8
Greater Taree	−25.15	1.22	1.9	9.1
Hawkesbury	−11.53	3.95	5.8	9.0
Shellharbour	−13.96	2.91	10.1	11.2
Tamworth	4.03	2.87	3.4	13.6
Wagga Wagga	−11.74	2.44	2.4	6.8
Wingecarribee	−7.57	3.27	3.8	13.0
Cohort Average	−7.58	2.92	4.14	9.7
TCorp Benchmark	> −4%	> 1.5x	> 2.0	> 3.0 months
Council	**Asset renewal**	**Infrastructure backlog**	**Asset maintenance**	**IPART assessment**
Clarence valley council	**67**	**19**	**90**	**Not Fit**
Albury	81	4	130	Fit
Cessnock	118	2	99	Fit
Eurobodalla	48	8	58	Fit
Great Lakes	119	6	100	Fit
Greater Taree	73	28	42	Not Fit
Hawkesbury	75	13	55	Not Fit
Shellharbour	30	11	56	Not Fit
Tamworth	93	2	99	Fit
Wagga Wagga	88	8	59	Fit
Wingecarribee	65	6	95	Fit
Cohort Average	77.91	9.73	80.27	
TCorp Benchmark	> 100	< 0.02	> 100	

subjective assessments of degree of urbanity as well as population thresholds: it thus provides a distorted picture of relevant peers (Drew Dollery, 2014). Instead, a cluster analysis was conducted using the average linkage methodology which has been shown to produce dendrograms with clear number of clusters (Milligan, 1980). Average linkage cluster analysis groups similar councils together on the basis of the average Euclidian distance of candidate councils to all peers (Drew and Dollery, 2015b). Similarity was assessed according to the number of ratable properties, population density and length of sealed and unsealed roads. This is broadly consistent with the methodology used by Drew and Dollery (2015b) in their pioneering study on the use of cluster analysis for categorizing Australian councils. To provide additional confidence a cluster analysis was run using variations on the classification variables along with alternative methods (including Ward's method and median linkage). Table 1 lists the ten peers selected through the use of cluster analysis. All but one of the councils (Hawkesbury) was from OLG Category 4, although it should be noted that there are 31 Category 4 councils and that the cluster analysis has thus identified a small subset of the most similar councils from this category.

4.1. CVC and financial sustainability

The OLG (2015) provides a consistent time series report of seven of the financial ratios developed by the Treasury Corporation of NSW (Tcorp) (2013) to measure the financial sustainability of NSW local Governments for the period 2012–2014. Table 2 provides the definitions employed for each ratio and the Tcorp (2013) benchmarks. It should be noted that the OLG has subsequently altered some of these benchmarks for the purposes of its *Fit for the Future* reform program thus preventing before and after comparisons (such as Reingewertz, 2012). The financial sustainability ratios have been reproduced for each of the eleven councils in the CVC cluster, along with the IPART 'fitness' assessments. CVC fails to meet the benchmark for five out of the seven financial ratios (Operating Performance, Debt Service, Asset Renewal, Infrastructure Backlog and Asset Maintenance ratios). CVC also performs more poorly than the cohort average in five out of the seven ratios (Operating Performance, Debt Service, Cash Expense, Asset Renewal and Infrastructure Backlog ratios). In addition, CVC was deemed by IPART to be 'not fit' along with three of the other ten councils making up the cohort under study. It is thus clear that there is no basis for concluding that the merger forming the CVC has led to it achieving adequate financial sustainability outcomes relative to its peers[1] .

4.2. CVC and rates and annual fees

Australian local government has four main sources of revenue: rates or property taxes; fees and charges for specific services, such as building inspection services; intergovernmental grants, especially from the federal government; and

[1] Indeed just 7 out of the 26 merged entities arising from the 2000 to 2004 NSW amalgamations were deemed by IPART to be 'fit for the future'. It is thus somewhat surprising that both IPART and the NSW Government continue to urge 'unfit' councils to merge in order to improve financial sustainability.

Table 2
Definitions and benchmarks of Tcorp (2013) financial sustainability ratios.
Source: Drew and Dollery, 2014a

Variable	Definition	Benchmark
Dependent		
Operating ratio	(operating revenue[a] −operating expenses)/operating revenue[a]	>−4%
Unrestricted current ratio	current assets less restrictions/current liabilities less specific purpose liabilities	>1.5x
Infrastructure backlog ratio	estimated cost to bring assets to a satisfactory condition/total infrastructure assets	<0.02
Debt service cover ratio	EBITDA/(principal repayments + borrowing costs)	>2.0
Cash Expense ratio	(current cash and equivalents / (total expenses - depreciation - interest costs)) x 12	>3.0 months
Asset renewal ratio	Asset renewals/depreciation of building and infrastructure assets	>1.0
Asset maintenance ratio	actual asset maintenance/required asset maintenance	>1.0

Note that EBITA = Earnings Before Interest Taxation Depreciation and Amortization.
[a] revenue excludes capital grants and contributions.

developer charges for infrastructure in new property projects. Data on annual fees and charges was obtained for constituent councils for the last full financial year prior to amalgamation (2002/03). A comparison was then made between the pre-amalgamation imposts and post-amalgamation annual fees and charges for CVC. In 2002/03 the nominal combined rates and annual charges of the constituent councils was $25,262,932.9 (DLG, 2003). In 2013/14 the nominal rates and annual charges for CVC was $48,013,000 (Clarence Valley Council, 2014). The compound growth rate for constituent councils in 2002/03 through to Clarence Valley Council in 2013/14 was thus 6.011% p.a. The compound growth rate for NSW over the same period was just 5.497% (DLG, 2003; OLG, 2015). It should be noted that over this same period the growth in population for CVC (0.124% p.a. compounded) was far lower than the overall NSW compounded population growth rate (0.97% p.a.) (ABS, 2015). This means that the higher growth in quantum of rates and annual charges for CVC cannot be explained by higher than average growth in number of assessments. Unfortunately data on the number of assessments in 2002/03 is not available. In fact, due to relatively low population growth in the region the change in total rate and annual charge revenue probably understate the impact on individual ratepayers.

One of the problems with municipal amalgamation is that it is likely to create 'winners' and 'losers'. Because every council in NSW has different local government taxation rates, the merger of one council necessarily means that some residents must experience an increase in rates, whilst others may have rates decreased (sometimes referred to as 'rate harmonization'). In general, this cannot be ascribed to 'wage harmonization' – as is sometimes the case in other countries – since in NSW wage levels for all occupations in local government, except managerial positions, are set at a statewide levels and not for individual local authorities. Table 3 illustrates the significant differences in rates levied by the constituent councils. For instance, the average business rate in 2002/03 for Grafton was $3,111.11 whereas the average business rate at Pristine Waters was just $436.36. Business owners at Pristine Waters were thus likely to be 'losers' whilst their counterparts at Grafton potential 'winners'. The last row of Table 3 presents the average rate levels for the residential, farm and business assessments for CVC in 2013/14. In order to compare the various rate levels CVC 2013/14 values were deflated down to 2002/03 levels using the Australian Bureau of Statistics' (2014) National Consumer Price Index (CPI). Comparing the figures in parentheses for CVC (in 2002/03 terms) with constituent councils, it can be seen that residential ratepayers in Copmanhurst and Pristine Waters would have been dismayed after rate harmonization was completed. By contrast, farm ratepayers in Grafton and Maclean, along with business ratepayers in Grafton, may have been relatively content with the final outcome arising from the amalgamations. There have thus definitely been 'winners' and 'losers'. This exercise illustrates the complex ramifications arising from multiple council amalgamations and the need for residents to be (a) fully informed of the pecuniary implications arising from amalgamation and (b) provided with a voice (preferably by referendum) regarding the decision to merge.

In sum, on the basis of OLG data it is incorrect to claim that the amalgamation of CVC resulted in universally lower rates and annual charges. Moreover, it is worth noting that the Tcorp (2012, p. 19) financial sustainability assessment, which rated CVC as 'weak' with a 'negative outlook', observed that CVC 'could face sustainability issues in the future unless a SRV [Special Rate Variation] is granted, additional revenue sources found, services are cut, or expenses are able to be reduced'. CVC applied for a SRV of 37% over 5 years in November 2015 as a consequence of successive large operating deficits ($25.104 m in 2012, $30.018 m in 2013 and $16.152 m in 2014)[2] . It is thus entirely possible that the rates of the merged CVC will rise substantially in the future.

5. Public policy implications

It may well be that the architects municipal mergers, such as the CVC, are hesitant to conduct *ex post* analysis of council amalgamations for fear that the results may not accord with promises made prior to mergers. However, it is equally plausible

2 The figures cited are nett of capital grants, as per the OLG accounting standard. Operating deficits, including capital grants are $11.489 m, $21.528 m and $2.820 m respectively.

Table 3
Average residential, farm and business rates (CVC deflated to 2002/03 terms in parenthesis).

Council	Average residential	Average farm	Average business
Copmanhurst 2002/03	$365.09	$888.50	$451.22
Grafton 2002/03	$662.37	$1300.97	$3111.11
Maclean 2002/03	$563.09	$1340.58	$973.73
Pristine Waters 2002/03	$346.64	$730.85	$436.36
Clarence Valley Council (CVC) 2013/14	$843.63 ($626.15)	$1207.87 ($896.49)	$2215.63 ($1644.46)

that accurate analysis might be difficult where new entities are composed from parts of former councils (as was the case for the majority of the NSW mergers which took place during the period 2000 to 2004). In addition, it is not unreasonable to expect that a number of years may have to pass before reliable judgements can be made regarding the outcomes of municipal mergers.

This paper has presented an empirically robust method for determining whether municipal amalgamation spawned in superior financial performance as well as lower rates and annual charges. The key to a robust *ex post* analysis of municipal merger sustainability outcomes is a method for identifying close peers for comparative purposes. This paper has shown that cluster analysis can be used for these purposes. While not without shortcomings, we contend that the approach followed in this paper is superior to difference-in-difference analysis because the latter compares councils with different environmental constraints. It is also important to compare the changes in annual rates and charges following mergers. The sum of constituent council rates and charges was used as the base year and we calculated compound growth up to the most recent year of financial data. By comparing the compound growth rate calculated with the growth in rates and charges for the entire state over the same period, sound conclusions may be drawn regarding the impact of mergers on militating against rate increases and fee rises. The analysis was further refined by presenting data on the average rates for the constituent councils and comparing this with deflated average rate data for the CVC.

The analysis has demonstrated that the financial sustainability of the CVC ten years after amalgamation is considerably worse than the group of close peers selected according to cluster analysis. It should be noted further that the CVC – in common with the majority of councils previously merged – has been deemed by IPART to be ‘not fit’. This is not to suggest that amalgamation is never successful. Indeed, it seems that where municipal mergers are voluntary rather than compulsory, successful amalgamations can occur (see, for instance, Dollery et al., 2012). Nor is it obvious that the CVC case is *sui generis*: numerous other NSW mergers in 2004 involved groups of councils with substantial pre-existing infrastructure backlogs.

The empirical evidence presented in this paper does not support the claims by the NSW Government that councils should merge in order to be ‘fit for the future’. Moreover, the paper found that the compound average rate and annual fee charges at the CVC were considerably larger than the NSW compound average over the same eleven year period. In addition, the paper provided average rate data for the constituent councils and compared this with deflated average rate data for the CVC. In so doing, it demonstrated that the amalgamation resulted in different ‘winners’ and ‘losers’ in the various rate categories over the four constituent councils. The empirical evidence thus does not support the claim that amalgamation puts downward pressure on municipal rates and annual fees. This finding serves to underline the need for evidence-based policymaking in local government, especially when structural reform involving the dissolution of existing local authorities is the chief policy tool. It also suggests that public policymakers should pay more attention to the preferences of local residents before embarking on drastic forced mergers. Given that local government simultaneously embodies both local democracy and delivers local services, its democratic ‘voice’ should surely inform its service provision.

In sum, this paper outlines simple yet robust methods for assessing the outcomes from municipal mergers. It thus represents a useful template for *ex post* merger assessments in the future which could be adapted to any jurisdiction. Given the pressure exerted by post-GFC fiscal austerity – including a renewed interest in municipal mergers – it is important that robust *ex post* merger analyses of this type are conducted in order that policy makers might have an adequate evidential foundation for future local government reform programs.

Future empirical research in the area of the assessment of the outcomes of municipal mergers could usefully apply the empirical methodology presented in this paper to council consolidations which have occurred in other Australian local government systems as well as council amalgamations in other countries. This will serve to illustrate whether or not the approach employed in this paper can indeed be fruitfully used across different local government systems.

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