MERGING BIG AND SMALL: A CAUTIONARY TALE FROM BARRABA

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ABSTRACT: Structural reform through compulsory municipal mergers has been a recurring theme in the history of Australian local government. However, the results of numerous episodes of council amalgamation, especially in rural and remote Australian communities, have largely been ignored by both the architects of structural reform programs and the broader scholarly community. The present paper seeks to remedy this neglect by examining the consequences of compulsory council consolidation through the lens of the ‘lived experience’ of the small rural community of Barraba, which was forced to merge with much larger Tamworth in 2004.

KEY WORDS: Australian local government, Barraba, compulsory consolidation, structural reform.

1. INTRODUCTION

All Australian state and territory local government systems, with the sole exception of Western Australia, have undergone compulsory council consolidation (Dollery et al., 2012). However, this is far from unique. Structural change through forced municipal mergers has been utilised by policy makers in numerous countries, including including Belgium, Canada, Denmark, Germany, Israel, Japan, Sweden and Switzerland (De Peuter et al., 2011; Dollery and Robotti, 2008; Koike, 2010; Sancton, 2000; Saarimaa and Tukiainen, 2015). A useful summary of contemporary empirical work on municipal mergers can be found in Blom-Hansen et al., (2016).

In remote, rural and regional Australia, where local councils are typically the mainstay of the local economy (Dollery et al., 2012), structural reform through municipal mergers has always been controversial. However, despite periodic episodes of forced amalgamation across Australia, the impact of mergers on small non-metropolitan local authorities has been
largely neglected, both by public policymakers and the academic community. In particular, the ‘lived experience’ of numerous small, rural communities, including Barraba in northern New South Wales (NSW), which have undergone compulsory council consolidation, has been disregarded. Whereas some scholars, like Alexander (2013), have focused on some of the broader problems faced by local communities, in-depth evaluation of resident’s views in affected local communities has largely been absent (Dollery, Goode and Grant, 2010; Drew et al., 2014; Lago-Penas and Martinez-Vazques, 2013).

A significant body of empirical literature has investigated the outcomes of compulsory council consolidation, both in Australia and elsewhere (see, for example, Special Edition of Local Government Studies (2010), 36(2); Special Editions of Public Finance and Management, (2013), 12(2), 13(3)). An important recent innovation in this literature has been a small but expanding body of empirical research on the effects of municipal mergers on a system-wide basis. For instance, in the Australian context Bell et al. (2016) compared the performance of consolidated and non-consolidated ‘general-purpose’ NSW councils amalgamated in 2004. Similarly, Drew et al. (2016) examined the impact of the 2008 mergers on scale economies across Queensland local government.

While system-wide analysis can identify statistical differences between merged and unmerged municipalities, it cannot illuminate the ‘lived experience’ of small local communities which have had forced amalgamation thrust upon them. Although some work has been undertaken along these lines, including Tiley (2011) in Australia, much remains to be done. In particular, to date no scholarly attempt has been made to ascertain and assess the views of local residents in small rural communities whose local council has been compulsorily consolidated without consultation. Given the growing body of empirical evidence that—in the Australian context at least—forced amalgamation has not improved the performance of merged entities (Bell et al., 2016), it is important to determine the views of ordinary people directly in order to assess whether they believe the imposed structural change has improved their local circumstances. In order to address this gap in the literature, the present paper examines the social and economic effects of the 2004 compulsory consolidation of the small, rural Barraba Shire Council into the much larger newly-established Tamworth Regional Council in NSW.

In 2003/04 the NSW Government’s forced municipal merger process decreased the number of local authorities from 172 to 152. It represented a policy reversal by the (then) Carr Government which had assured the public during its election campaign that there would be no forced mergers,
but nonetheless announced its program immediately after its March 2003 election victory. Minister for Local Government Tony Kelly instigated a review of local government boundaries which ultimately resulted in the forced amalgamation of mainly non-metropolitan councils, including the Peel Valley area of northern NSW which surrounds the regional city of Tamworth. In this paper we consider the impact of this merger on the residents of the small shire of Barraba which was compulsorily incorporated into the much larger Tamworth Regional Council.

The remainder of the paper is divided into six main parts. Section 2 provides a brief summary of the international and Australian empirical literature regarding municipal mergers. Section 3 briefly examines the origins of the Barraba Shire Council and the subsequent process of merging into the new Tamworth Regional Council. Section 4 presents empirical evidence of the economic and social impact of the merger on the Barraba community. Section 5 employs various socio-economic descriptive statistics to compare Barraba pre- and post-merger. Section 5 presents findings of a questionnaire survey of the residents of Barraba undertaken specifically to solicit their views. Section 6 concludes the paper with some brief remarks on its broader implications.

2. EMPIRICAL ANALYSIS OF MUNICIPAL MERGERS

A detailed survey of the empirical literature on Australian municipal mergers has been conducted by Dollery et al. (2012). They identified two main empirical approaches which have been employed. Firstly, econometric modelling has been used to examine the impact of local government performance post-amalgamation using state-wide datasets to compare merged with unmerged councils. Bell et al. (2016), Drew and Dollery (2014, 2014a, 2014b), Drew et al. (2012, 2014, 2015, 2016) and Marques et al. (2014) fall under this line of inquiry.

Secondly, descriptive case studies have been published, including work by Australian scholars, which has not generally used quantitative or survey techniques. For example, the Australian Centre for Excellence in Local Government’s (ACELG) (2011) Consolidation in Local Government, evaluated a large number of amalgamated councils in all Australian local government systems. However, samples were not stratified by council type. More rigorous methodology has been subsequently employed by a variety of scholars, including De Souza et al. (2015), Drew and Dollery (2015) and Tiley (2015).

The present paper follows this line of inquiry. In essence, this paper seeks to augment the existing case studies of Australian amalgamation by
considering the ‘lived experience’ of a local community in a small rural centre which has undergone forced amalgamation with a much larger urban centre.

3. BARRABA SHIRE COUNCIL AMALGAMATION

**Genesis of Barraba Shire Council**

Alan Cunningham settled Barraba in 1827 and by the mid-1840s the first shop was established. The provenance of Barraba is woven into the history of mining in NSW (Belshaw, 1950: 29, 30). This is because asbestos, copper and a variety of other mineral deposits abound in the area. Barraba flourished during the 1850s due to the gold rushes and auxiliary services, such as schools and banks, serviced the burgeoning population. By 1892 copper deposits were discovered and mined until 1966. Barraba was established as a municipality in 1906 and later as a shire in 1953 (Smith, 1988).

Asbestos mining had been a major industry in Barraba, employing a large number of people. Substantial deposits of white asbestos, known as Chrysotile, were located at Woodsreef, around 15 kilometres from the town centre. Employing around 200 people directly in the mine, and a further 2000 people in auxiliary services in the town (Smith, 1988: 48), Woodsreef Mine allowed Barraba to flourish. However, by 1983 the Chrysotile Corporation was facing financial difficulties due to the declining popularity of asbestos in manufacturing and building. The mine closed in 1983.

By 2004, two decades after the closure of Woodsreef, ex-Mayor of Barraba Shirley Close called upon the NSW Government to fund the mine remediation process to ensure that the newly-formed Tamworth Regional Council would not have to fund it. In 2008, the Tamworth Regional Council persuaded the NSW Government to initiate several remediation processes. In 2015 the mill house was demolished and the site securely fenced.

**2004 Amalgamation Program and Barraba Merger**

After the announcement of the NSW Government’s forced amalgamation program, Minister for Local Government Kelly initiated a review of local government boundaries in NSW. In July 2004, Minister Kelly declared that NSW local authorities must submit proposals by the
31st August 2003, outlining reform options suitable for their respective communities (Bell et al., 2016).

Economic considerations were the chief justification advanced by the NSW Government for local government consolidation. Minister Kelly (Department of Local Government, 2003: 1, 2) informed councils *inter alia* 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”. Minister Kelly subsequently noted that numerous councils spent far more than they received in income.

As part of the review of NSW local government boundaries, Minister Kelly initiated a state-wide ‘regional review’ process in October 2003, to examine options for structural reform through municipal mergers. Independent Facilitators were appointed to consult widely with the requisite affected communities. After consultation, Facilitators offered options for local government reform for consideration by the Boundaries Commission (Department of Local Government Annual report 2003-2004: 74). Chris Vardon was appointed Facilitator for the Tamworth Region.

**Proposal for the Creation of the Peel Regional Council**—submitted by Chris Vardon in December 2003—recommended a single local authority for the entire Peel Valley Region, encompassing the Tamworth City Council, Manilla Shire Council, part of the Parry Shire Council, part of the Nundle Shire Council and the southern part of the Barraba Shire Council. The northern portion of Barraba would be merged into the Gywdir Regional Council.

Community concerns over representation—expressed in community consultation—indicated some members of the community felt they were being coerced into amalgamation and that the well-being of their community would be compromised (Vardon, 2003: 3). Despite the ‘open and transparent’ community consultations, Vardon’s report was unequivocal: amalgamation of all Peel Valley councils into a single local government area was recommended. The rationale for the merger was to increase revenue by incorporating a larger rate and capital base whilst reducing the cost of council operations (Vardon, 2003: 19). Concerns regarding representation were dismissed on the basis that the ratio of elected representatives to population were not dissimilar to other councils (Vardon, 2003: 25, 31-32). Vardon (2003: 32) also claimed that community resistance was informed by “prejudice and parochial concerns rather than the vision of what a reformed local government system can deliver”. The outcome was draconian. The Barraba Shire Council was dissolved on the 17th March 2004 and the Tamworth Regional Council was
proclaimed on the same day (Department of Local Government Annual Report, 2003-2004: 75).

**Post-Merger Developments**

Former Mayor of Tamworth J.M Treloar was appointed as Administrator of the new council on the 17th March 2004 and Wayne Collins was employed as Acting General Manager by the Department of Local Government (Tamworth Regional Council Inaugural Report 2004-2005: 5). The new local government area covered an area of 9,578 square kilometres, with 1,338 kilometres of sealed and 1,965 kilometres of unsealed roads. The seat of local government situated in Tamworth. Glenn Inglis was appointed General Manager in 2004.

Elections for representation on the new council were held on the 25th September 2004. Eight of the nine councillors elected had previously represented their former council areas (Tamworth Regional Council Inaugural Report 2004-2005: 5). Shirley Close, the Mayor of Barraba prior to amalgamation, was elected as a councillor on the newly formed Tamworth Regional Council.

**4. SUBSEQUENT DEVELOPMENTS AFFECTING BARRABA**

Several salient characteristics about Barraba may be inferred from Table 1. Barraba has a small population which has contracted since 2001 and the median age of Barraba residents has increased. Unemployment in Barraba is high and much larger than the Australian average; in 2001 Barraba’s unemployment rate of 15.3 per cent was almost double that of the Australian average of 7.4 per cent (ABS, 2001a; 2001b) and still remained high in 2011 with the Australian average unemployment rate of 5.6 per cent (ABS, 2011b).

Barraba’s weekly median household income is comparatively low. In 2011, Barraba had joined the 23.7 per cent of Australian households which had a weekly median income of less than $600 per week (ABS, 2011a).
Table 1. Socio-Economic Differences, Barraba Urban Centre and Locale, 2001 to 2011.

<table>
<thead>
<tr>
<th>Socio-Economic Indicator</th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1 208</td>
<td>1 161</td>
<td>1 150</td>
</tr>
<tr>
<td>Median Age</td>
<td>47</td>
<td>54</td>
<td>55</td>
</tr>
<tr>
<td>Percentage of Unemployed</td>
<td>15.3%</td>
<td>12.9%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Weekly Median Household Income</td>
<td>$400-499</td>
<td>$498</td>
<td>$563</td>
</tr>
<tr>
<td>Percentage of homes owned outright</td>
<td>55.4%</td>
<td>54.2%</td>
<td>51.4%</td>
</tr>
<tr>
<td>Percentage of single person households</td>
<td>33.5%</td>
<td>34.4%</td>
<td>41.6%</td>
</tr>
</tbody>
</table>


The differences between Barraba and Tamworth are shown in Table 2. Firstly, Tamworth has a much larger population than Barraba: in 2001 it was 27 times higher and by 2011 it was nearly 32 times greater. Tamworth’s median age is much lower, with residents roughly 11 to 12 years younger than Barraba residents. The average weekly median household income in Tamworth is around two-thirds higher than Barraba (ABS, 2011b; 2011c).

Table 2. Socio-Economic Comparison, Barraba and Tamworth Urban Centre and Locale, 2001/2011.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1 208</td>
<td>32 543</td>
<td>1 161</td>
<td>33 475</td>
<td>1 150</td>
<td>36 131</td>
</tr>
<tr>
<td>Median Age</td>
<td>47</td>
<td>35</td>
<td>54</td>
<td>36</td>
<td>55</td>
<td>37</td>
</tr>
<tr>
<td>Percentage of Unemployed</td>
<td>15.3%</td>
<td>9.3%</td>
<td>12.9%</td>
<td>7.8%</td>
<td>7.8%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Weekly Median Household Income</td>
<td>$400-499</td>
<td>$815</td>
<td>$498</td>
<td>$809</td>
<td>$563</td>
<td>$962</td>
</tr>
<tr>
<td>Percentage of homes owned outright</td>
<td>55.4%</td>
<td>38.5%</td>
<td>54.2%</td>
<td>32.9%</td>
<td>51.4%</td>
<td>30.7%</td>
</tr>
<tr>
<td>Percentage of single person households</td>
<td>33.5%</td>
<td>26.7%</td>
<td>34.4%</td>
<td>27.5%</td>
<td>41.6%</td>
<td>28.9%</td>
</tr>
</tbody>
</table>

The differences between the two communities give rise to difficult questions of how to equitably deliver services and functions acceptable to each community that are also economically efficient (Dollery and Crase, 2004; Dollery et al., 2006; Aulich et al., 2014). Indeed, as we shall see, the resultant outcome has not met widespread approval in Barraba.

Table 3 shows a decline in employment by Council since the merger. Over the ten-year period shown, nearly 15 less people have been employed by the Tamworth Regional Council in Barraba due to economic rationalisation.

Table 3. Council Equivalent Fulltime (EFT), Barraba Pre and Post-Merger.

<table>
<thead>
<tr>
<th>Year</th>
<th>Barraba EFT Council Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>36.05</td>
</tr>
<tr>
<td>2010</td>
<td>30.5</td>
</tr>
<tr>
<td>2014/15</td>
<td>21.96</td>
</tr>
</tbody>
</table>

Source: Tamworth Regional Council Return of Regular Staff Numbers for the period ended 30 June 2010; Karen Litchfield, Manager of Governance, Tamworth Regional Council.

5. LOCAL PERSPECTIVES ON BARRABA MERGER

Methodology

To collect data regarding the consequences of the 2004 structural reform program upon the Barraba community, a 13 question survey instrument was developed. Questions for the survey were developed in light of the literature which had highlighted aspects of amalgamation which required further investigation of the ‘lived experience’ of a small rural community who has undergone structural reform through the forced amalgamation (Ethics approval regarding the administration of the questionnaire was granted by the Ethics Committee of the University of New England.). The questionnaire included questions on the impact of amalgamation on council services and functions; the effects of municipal merger on employment, business and economic opportunities in the community; the need for the amalgamation; and a variety of questions to elicit attitudes and opinions about local government boundaries in the region. Several of the questions within the survey were measured on a 10-point Likert scale, with
1=No, 5=Acceptable or Unchanged, 10=Yes. Other questions were answered with a dichotomous Yes/No value.

The face-to-face survey was conducted in Barraba in February 2017. Several community groups had been contacted before the survey. One group confirmed it would participate in the survey. Over 30 people were approached in the main street of Barraba. Participation was limited to Barraba residents aged 18 years or over. Overall, 23 questionnaires were completed. Men and women were evenly represented in the number of respondents. Due to the challenges posed in securing local participation, a convenience sample was used, whereby opinion presented may differ from that held by the broader community. The convenience sample used provides insights into local opinion regarding the effects of compulsory council consolidation and also provides a prima facie case for a more comprehensive survey to be conducted in the Barraba area.

Results

As shown in Table 4, these questions were measured by respondents indicating their opinion via a 10-point Likert scale. Several noteworthy aspects exist. Council services and functions had not improved in the wake of the 2004 municipal merger according to survey participants. In addition, respondents were emphatic that Tamworth had benefited far more than Barraba from the 2004 council consolidation. This highlights problems of division within a community after amalgamation and the impression that another community has benefited far more (Alexander, 2013; Dollery et al., 2010). The competition for council resources between communities, where one may be economically dominant, could possibly exacerbate this (Dollery, Goode, and Grant, 2010). With a mean score of 2.08 for Question 3, Barraba respondents did not believe that its best interests were well represented by councillors.

The overall impact on Barraba’s economy has been severe. As shown in Table 4, respondents have seen economic growth decline greatly since the 2004 merger. For rural towns, the local council is the mainstay of the overall local economy (Dollery et al., 2012). This is because it is often the largest employer and the dominant regulatory influence in the community.

Analogous to the decline in economic performance in Barraba, respondents understood that employment opportunities in the town were worse post-merger. State and Commonwealth services, such as government agencies and health care provision, had fared slightly better, yet were considered to be of an unacceptable level by survey participants. Business activity in Barraba had also greatly declined in the aftermath of
the 2004 merger. As shown in Table 4, respondents felt that the reduction in business, as evidenced by shop and bank closures, was substantial.

Table 4. Barraba Survey and Results.

<table>
<thead>
<tr>
<th>Question</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min.</th>
<th>Max.</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Do you feel that Barraba’s merger into the Tamworth Regional Council has improved council services and functions in the Barraba area?</td>
<td>2.4</td>
<td>16.5</td>
<td>1</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>2. Do you feel that local government amalgamations have benefited Tamworth more than Barraba?</td>
<td>8.8</td>
<td>17.5</td>
<td>2</td>
<td>10</td>
<td>23</td>
</tr>
<tr>
<td>3. Do you feel that Barraba’s best interests are well represented by Councillors on the Tamworth Regional Council?</td>
<td>2.08</td>
<td>16.5</td>
<td>1</td>
<td>5</td>
<td>23</td>
</tr>
<tr>
<td>4. In your opinion, what has been the impact on Barraba’s economy since the 2004 merger with Tamworth?</td>
<td>2.7</td>
<td>16.5</td>
<td>1</td>
<td>6</td>
<td>22</td>
</tr>
<tr>
<td>5. In your opinion, what has been the impact on Barraba’s employment opportunities since the 2004 amalgamation with Tamworth?</td>
<td>2.5</td>
<td>16.5</td>
<td>1</td>
<td>5</td>
<td>23</td>
</tr>
<tr>
<td>6. Do you feel that the 2004 amalgamation has had an impact upon State and Commonwealth Services in Barraba? E.g. schools, health care provision, government agencies etc.</td>
<td>3.2</td>
<td>16.5</td>
<td>1</td>
<td>10</td>
<td>21</td>
</tr>
<tr>
<td>7. What do you feel has been the impact of the 2004 merger on business in Barraba? E.g. shops, bank closures etc.</td>
<td>2.7</td>
<td>16.5</td>
<td>1</td>
<td>10</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: the Authors.

Questions in Table 5 were of a dichotomous Yes/No nature. An overwhelming majority of survey participants believed that the council amalgamations were unnecessary. As shown in Question 9, survey participants felt that the 2004 municipal mergers had not positively benefited Barraba.

Respondents felt that the dynamics of the local economy had negative social effects on Barraba, with the well-being of the community and quality of life falling. Furthermore, equity through employment opportunities and participation in political and economic decision-making had been reduced.
Respondents noted a loss of ‘sense of community’, which may be associated with the contracting population, either through migration for employment opportunities or a better quality of life.

It would appear from survey responses, summarised in Table 5 on the economic and social impacts of the merger, that economic growth in Barraba has not been supported at a local level. Moreover, the Tamworth Regional Council was not perceived as a positive contributor to the local community. Respondents felt that the retention and expansion of local businesses was essential to successful local economic development, as well as ensuring the future prosperity of the Barraba community.

Table 5. Barraba Survey Results.

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. In your opinion, were the council amalgamations of 2004 necessary?</td>
<td>21.7%</td>
<td>78.2%</td>
<td>23</td>
</tr>
<tr>
<td>9. Has the council amalgamation of Barraba into the Tamworth Regional Council had a positive effect upon Barraba?</td>
<td>8.6%</td>
<td>91.3%</td>
<td>23</td>
</tr>
<tr>
<td>10. Should Barraba’s local government boundaries be changed back to the 2004 pre-amalgamation local government boundaries?</td>
<td>78.2%</td>
<td>21.7%</td>
<td>23</td>
</tr>
<tr>
<td>11. Do you support Barraba’s de-amalgamation from the Tamworth Regional Council?</td>
<td>73.9%</td>
<td>26%</td>
<td>23</td>
</tr>
<tr>
<td>12. In your opinion, has the amalgamation of Barraba with Tamworth had a positive effect on property prices?</td>
<td>18.1%</td>
<td>81.8%</td>
<td>23</td>
</tr>
<tr>
<td>13. Do you feel that the sense of ‘community’ in Barraba has changed since the 2004 amalgamation?</td>
<td>52.1%</td>
<td>47.8%</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: the Authors.

6. CONCLUDING REMARKS

In the light of both the socio-economic data, as well as our survey results, it is clear that the economic and social impact of the 2004 amalgamation program has been negative for Barraba. The closure of the Barraba Shire Council, with the subsequent loss of local employment opportunities and reduced expenditure in local businesses, has created economic stagnation. In addition, the social impact of forced amalgamation has created a community which is comparatively disadvantaged compared to the Tamworth region. The loss of local leadership, together with the lack of
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avenues for participation by Barraba residents, has seen widespread disillusionment with local government in the Barraba community.

The Tamworth Regional Council has not become a significant contributor to the Barraba community in terms of economic development and promotion of the town. For example, the 2017 agricultural show in Barraba was sponsored by the Gwydir Shire Council—and not the Tamworth Regional Council—surely testimony to disinterest.

Our case study suggests that effective local government is essential to the economic and social success of any small local community in a regional area. This requires that the council in question be involved with the local community and allow local leadership to guide the process of involvement. Our conclusion falls in line with the findings of the only major state-wide empirical analysis of the 2004 NSW amalgamation program (Bell et al., 2016). They found that, in their sample of all ‘general purpose’ local authorities in NSW, merged councils did not perform any better than their unmerged peers over the period 2004 to 2014.

However, given the fact that we have considered a single case study council, together with the limited response rate to our questionnaire survey, future research in the area should focus on more case studies and, if possible, try to secure a higher response rate to any survey of local residents.
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