

## **HOW TWO BECAME ONE: THE CREATION OF THE ARMIDALE REGIONAL COUNCIL**

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**ABSTRACT:** After the New South Wales (NSW) *Fit for the Future* municipal amalgamation determination in May 2016, local authorities targeted for forced merger had elected officials replaced with a state-government appointed Administrator, tenured until the next mandated local government election in September 2017. As both an officially appointed political representative and professional administrator, the role of the Administrator in post-merger councils is controversial. In this paper we examine the forced amalgamation of the Armidale Dumaresq Council (ADC) and the Guyra Shire Council (GSC) into Armidale Regional Council (ARC) through the eyes of its Administrator Dr Ian Tiley. This study provides a case study into the functions and responsibilities of the Administrator role and how it shaped the ARC merger process. While a substantial literature has considered the NSW *Fit for the Future* amalgamation program, to date no scholars have specifically examined the challenges confronting Administrators *per se*. This paper thus seeks to address this gap in the literature by way of a case study of the ARC Administrator.

**KEY WORDS:** Administrators; Armidale Regional Council; forced mergers; local government.

### **1. INTRODUCTION**

The allure of more cost-effective and efficient local government has long drawn public policymakers to structural reform through compulsory council consolidation (Grant and Drew, 2017). As an enduring policy of every Australian state and territory government, except Western Australia (Vince, 1997; Grant and Drew, 2017), proponents of structural reform believe that, compared to smaller municipal entities, a larger

administrative unit is better equipped to capture economies of scale and enhance strategic capacity (Lago-Penas and Martinez-Vasquez, 2013). However, despite the ubiquity of structural reform through forced local government amalgamation, there is no empirical basis for these claims in the literature (see for instance, Bell *et. al.*, 2016; Drew *et. al.*, 2015). Nevertheless, in the Australian milieu forced amalgamation has remained a primary tool in the push toward cost-effective local government.

The most recent round of structural reform in Australian local government lay in the New South Wales (NSW) Government's *Fit for the Future* policy program. Developed over 2011/2016 years, the *Fit for the Future* policy culminated in the forced merger of numerous NSW councils and the creation of 20 newly-merged councils throughout the state. Each merged council had its elected representatives and general managers replaced by a government-appointed Administrator for a sixteen-month transition period (NSW Government, 2016a). *Fit for the Future* proved itself to controversial as it was executed by a National/Liberal coalition government which had campaigned on a 'no forced amalgamation' election platform.

The Australian experience of structural reform in the local government landscape has been echoed in numerous other countries. These include Switzerland (Steiner, 2003), Scandinavia (Blom-Hansen *et. al.*, 2016), New Zealand (Boston *et. al.*, 1996), Canada (Rosenfeld and Reese, 2003) and Ireland (Callanan *et. al.*, 2016). The rationale for council consolidation almost invariably rests on the belief that a larger administrative unit is better, cheaper and more efficient (Dollery *et. al.*, 2012).

The *Fit for the Future* local government reform process began in Dubbo, NSW in 2011 as 'Destination 2036' and later transformed into *Fit for the Future*. As the reform process gathered pace, scholarly criticism was swift. Claims with regard to economies of scale were examined and found baseless by Fahey *et. al.* (2016) and Drew *et. al.* (2015). The notion that financial sustainability of the NSW councils would improve as a result of amalgamation was refuted by both Abelson and Joyeux (2015) as well as Drew and Dollery (2014; 2015). In addition, Bell *et. al.* (2016) found no difference in the performance of merged and unmerged councils following the 2004 forced amalgamation program. Moreover, Abelson (2016) could find no evidence that there is an optimal size for local government. Furthermore, the cost savings claimed to flow from mergers in *Fit for the Future* were examined by Dollery and Drew (2017) and found to be misleading. Moreover, the four-year policy process was adjudged inconsistent by Drew and Grant (2017).

While a substantial literature has considered the financial aspects of *Fit for the Future*, little attention has been given to the post-amalgamation merger process. What were the practical challenges posed by consolidating two or more individual councils into a single merged municipality? How did the NSW Government assist with the merger process and what did it expect? This paper thus seeks to address these and other questions not considered in the literature through a case study of the merger process in the new Armidale Regional Council (ARC). We examine the challenges faced by the government-appointed Administrator in merging the former Armidale Dumaresq Council and Guyra Shire Council into the ARC.

The paper is divided into four main parts. Section two provides a synoptic review of the international and Australian literature on the process of municipal mergers. Section three describes the *Fit for the Future* policy process and the establishment of the ARC. Section four presents a case study of the formation of the ARC from the vantage point of the ARC Administrator Dr Ian Tiley. The paper concludes with a brief discussion of its public policy implications in section five.

## **2. SCHOLARLY PERSPECTIVES ON MUNICIPAL MERGERS**

There is an embryonic international empirical literature on the process of local government formation through amalgamation. The challenges posed in consolidating two or more councils into one institution have been considered disruptive (Andrews and Boyne, 2012), detrimental to the workplace and its environment (Dollery and Robotti, 2008) with a greatly increased workload for staff (Vojnovic, 2000). Table 1 summarises the major studies dealing with municipal merger transition processes.

The merger transition process in Canadian local government has been extensively studied. As outlined in Table 1, differences in political leadership and management techniques are apparent and dependent upon both the location and context of the merger (i.e. whether the merger was forced or voluntary). Vojnovic's (1998; 2000) studies of five Canadian mergers focused on the financial and taxation aspects of the transition process, whilst McKay's (2004) case study of Sandwell Township concentrates on securing an equitable harmonisation of services within the newly-amalgamated institution.

**Table 1.** Analysis of Empirical Literature on Municipal Merger Processes.

| <b>Author</b>              | <b>Year</b> | <b>Title</b>  | <b>Country</b> | <b>Comments</b>  |
|----------------------------|-------------|---|----------------|--|
| <b>Halligan</b>            | 1983        | <i>Commissioners in Australian local government.</i>  | Australia      | <ul style="list-style-type: none"> <li>• Each state in Australia has provision within its <i>Local Government Act</i> for the state government to appoint an Administrator (sometimes referred to as a Commissioner) in certain circumstances.</li> <li>• The Administrator is directly appointed by the state government to advance its agenda in local government and is an historical anomaly due to the Australian reticence to have local government and state government's need to have a representative at the local level.</li> </ul>  |
| <b>Newnham and Winston</b> | 1997        | <i>The role of councillors in a changing local government arena.</i>  | Australia      | <ul style="list-style-type: none"> <li>• The use of Administrators in certain circumstances, especially in the Victorian mergers of the 1990s, is a notable feature of Australian local government. Administrators are able to make faster decisions and achieve the state government's agenda by providing focused leadership and a fresh vision for a council.</li> </ul>  |
| <b>Vince</b>               | 1997        | <i>Amalgamations</i>  | Australia,     | <ul style="list-style-type: none"> <li>• The Victorian mergers of the mid-1990s were badly planned and executed. Some of the problems included a loss of key staff, problems with service harmonisation, asset duplication, loss of faith in council by its local community and a lack of strategic direction. All of these issues were compounded when a merger was rushed and imposed upon a council without extensive consultation with key stakeholders.</li> </ul>  |
| <b>Marshall</b>            | 1998        | <i>Reforming Australian local government: efficiency, consolidation- and the question of governance.</i>      | Australia      | <ul style="list-style-type: none"> <li>• The role of the Administrator in the post-merger transition process may alleviate friction and discontent between councillors and senior staff thus paving the way for a fresh start for a newly consolidated council.</li> </ul>   |
| <b>Vojnovic</b>            | 1998        | <i>Municipal consolidation in the 1990s: an analysis of British Columbia, New Brunswick, and Nova Scotia.</i> | Canada         | <ul style="list-style-type: none"> <li>• One voluntary and two forced amalgamation transitions analysed, with an emphasis on financial, administrative and political restructuring post-merger.</li> <li>• Property rates increased in all three jurisdictions because service level agreements were harmonised across the merged municipality.</li> <li>• All three councils were involved in the merger process in the period between announcement and commencement of the amalgamation.</li> <li>• The cost of the merger was largely borne by the council—provincial government contributed little financial assistance.</li> <li>• Forced council consolidations have the most problems with the transition process, particularly due to lingering resentments, lack of attention to planning details such as back office functions and cultural difference.</li> </ul> |

Source: the Authors.

**Table 1 (Continued).** Analysis of Empirical Literature on Municipal Merger Processes.

| <b>Author</b>                       | <b>Year</b> | <b>Title</b>  | <b>Country</b>  | <b>Comments</b>  |
|-------------------------------------|-------------|---|-----------------|--|
| <b>Vojnovic</b>                     | 2000        | <i>The Transitional Impacts of Municipal Consolidations.</i>  | Canada          | <ul style="list-style-type: none"> <li>• Case study of 5 recently amalgamated Canadian councils focused on the changes in expenditure and taxation.</li> <li>• The transition period toward an amalgamated local government entity is more difficult for a council forcibly consolidated with a government-appointed transition committee at the helm.</li> </ul>  |
| <b>Pocock, Sexton and Wilson</b>    | 2001        | <i>Doing More with Less</i>   | South Australia | <ul style="list-style-type: none"> <li>• During and after an amalgamation it is essential to implement new organisation structures and objective goals for a smooth transition period. Expert leadership is crucial to allow for a seamless integration of the merged councils.</li> </ul>   |
| <b>Graham, Maslove and Phillips</b> | 2001        | <i>Learning from experience? Ottawa as a cautionary tale of reforming urban government.</i>               | Ottawa, Canada  | <ul style="list-style-type: none"> <li>• During the one-year transition period a Government appointed Transition Board was responsible for implementing merger processes and change. Lessons from this highlighted the increasing costs of the amalgamation, a one-year transition period is not sufficient time to implement all changes. Industrial relations require sensitive handling. Community and stakeholders need to be fully engaged in the transition process as far as practicable.</li> </ul>                                |
| <b>Steiner</b>                      | 2003        | <i>The causes, spread and effects of intermunicipal cooperation and municipal mergers in Switzerland.</i> | Switzerland     | <ul style="list-style-type: none"> <li>• Municipal Mayors play an important role in the merger process.</li> <li>• Some discussions over mergers may last between three to six years before the implementation of a new local authority—particularly to allow the maturation of certain projects.</li> <li>• Most voluntary mergers improve the efficiency and financial aspects of the council; however, forcibly amalgamated councils do not always attain these goals due to opposition to the implementation of the merger.</li> </ul> |
| <b>Rosenfeld and Reese</b>          | 2003        | <i>The Anatomy of an Amalgamation: The Case of Ottawa.</i>  | Canada          | <ul style="list-style-type: none"> <li>• Focused case study of the merger transition process of the City of Gloucester and its forced amalgamation into the Ottawa ‘Megacity’.</li> <li>• The Ottawa Transition Board (OTB) appointed by the provincial government for 12 months. Comprised of 7 members, the OTB was charged with a variety of tasks to establish a new council structure, for example, a new organisational structure for the merged council, budget and tax recommendations.</li> </ul>                                 |

Source: the Authors.

**Table 1 (Continued).** Analysis of Empirical Literature on Municipal Merger Processes.

| <b>Author</b>            | <b>Year</b> | <b>Title</b>   | <b>Country</b> | <b>Comments</b>   |
|--------------------------|-------------|--|----------------|---|
| <b>McKay</b>             | 2004        | <i>Reforming Municipal Services after amalgamation: the Challenge of Efficiency.</i>   | Canada         | <ul style="list-style-type: none"> <li>• Case study of the integration of municipal waste services in Sandwell Township, post-merger.</li> <li>• The high volume of necessary administrative and organisational details inherent in the post-merger council results in centralised government decision making are of limited value.</li> </ul>  |
| <b>Mévellec</b>          | 2009        | <i>Working the Political Field in Stormy Weather: A Mayor's Role in the Quebec Municipal Mergers.</i>                          | Canada         | <ul style="list-style-type: none"> <li>• The amalgamation implementation strategy of the City of Saguenay analysed with a specific focus on the role of the various municipal Mayor's.</li> <li>• Each Mayor of the various municipalities prepared an amalgamation proposal as the notion of consolidation was mooted by the Minister of State for Municipal Affairs.</li> <li>• Once a proposal had been chosen by a government-appointed representative, a three-person arbitration committee was formed for one year. Mayors became a conduit for their community representing its interests to the Provincial Government.</li> <li>• Once the merger had been implemented, the Arbitration Committee became the Transition Committee who were responsible for creating executive organisational chart in addition to forecasting the initial budget.</li> <li>• The merged council was responsible for integrating all employees into the new administrative structure.</li> </ul> |
| <b>Andrews and Boyne</b> | 2012        | <i>Structural Change and Public Service Performance: The Impact of the Reorganisation Process in English Local Government.</i> | England        | <ul style="list-style-type: none"> <li>• In order to ascertain if council expenditure rose as councils prepare for structural change, the performance of a cohort of English councils were examined during the transition period between the announcement and commencement of the restructure.</li> <li>• Restructuring creates additional expenditure for councils as it prepares for the creation of the new entity whilst continuing to operate the existing council whilst quality service provision declines.</li> </ul>   |

Source: the Authors.

**Table 1 (Continued).** Analysis of Empirical Literature on Municipal Merger Processes.

| <b>Author</b>                      | <b>Year</b> | <b>Title</b>   | <b>Country</b> | <b>Comments</b>   |
|------------------------------------|-------------|--|----------------|---|
| <b>Tate</b>                        | 2013        | <i>Consultant Report: Assessing processes and outcomes of the 2004 Local Government boundary changes in NSW.</i> | NSW, Australia | <ul style="list-style-type: none"> <li>• Out of the five council case studies examined, not all councils had clarified structures, service obligations or system strategies in place to ensure a ‘fresh start’ after amalgamation.</li> <li>• NSW Government did not assist enough with the implementation or planning of the amalgamations, thus, councils were not clear about what was expected nor about how to implement change. This created confusion and uncertainty which hindered the newly merged councils progress.</li> </ul>  |
| <b>Aulich, Sansom and McKinlay</b> | 2014        | <i>A Fresh Look at Municipal Consolidation in Australia.</i>   | Australia      | <ul style="list-style-type: none"> <li>• Transition costs of amalgamation much higher than policy makers will acknowledge and are seldom written into the amalgamation budget.</li> <li>• State government’s need to be a better leader in the amalgamation transition process—study found that inadequate consultation with affected stakeholders reduces the effectiveness of amalgamation by aggravating uncertainty and disruption inherent in significant change.</li> <li>• Amalgamation requires sound political leadership and effective management to be arranged by state government to both manage change and create a sound basis for the ongoing operation of the newly merged council.</li> </ul> |

Source: the Authors.

Political leadership in the post-merger transition process, particularly through the agency of the mayor has been examined by Mévellec (2000) and Rosenfeld and Reese (2004) in the Canadian context. Steiner (2003) considered mergers in Switzerland. In the Australian milieu, the role of the Administrator has previously been examined. Halligan (1983) has considered the role of the Administrator, often referred to as a Commissioner in Victoria or Tasmania. Newnham and Winston (1997) and Marshall (1998) have also explored the political role of the Administrator in Australian local government, particularly in regard to the Victorian amalgamations of the mid-1990s. The ‘top-down’ approach to council restructuring in Victoria, combined with local resistance, ensured that the Victorian Government required a leader who provided focused leadership, was able to make decisions quickly and with little interference.

This extant literature has various limitations. In particular, the challenges posed in conjoining two or more councils of different cultures, habits, workflows, management styles and technology have been unexplored, particularly in the Australian context. Thus, these unexplored aspects of the Australian municipal merger and its transition processes form the basis of this paper. We consider the role of Administrator Ian Tiley in merging the Guyra Shire and Armidale Dumaresq Councils into the ARC.

### **3. PROCESS OF ESTABLISHING THE ARMIDALE REGIONAL COUNCIL**

#### *NSW Fit for the Future Program*

Immediately after its successful 2011 election to government, the National/Liberal coalition claimed the local government sector was in dire need of reform (Page, 2015). A conference entitled ‘Destination 2036’ was held in August, 2011 where the (then) Minister of Local Government Don Page outlined his vision of local government reform to council representatives. One consequence of the conference was the establishment of an Independent Review Panel (ILGRP).

The ILGRP was established early 2012. Consisting of three members, the ILGRP was charged with identifying various options for reform of the NSW local government sector. After consultation and research, the Panel produced three reports. In essence, the ILGRP’s reports (2012; 2013a; 2013b) held that the current local government system in NSW was not working satisfactorily. The amalgamation of smaller councils was claimed by the ILGRP as the best way to improve municipal performance.



As part of the *Fit for the Future* process, the NSW Treasury Corporation (TCorp) was requested to provide the ILGRP with a financial assessment of NSW's 152 councils. TCorp's (2013a) report established its view that the local government sector was not financially sustainable, particularly because the majority of councils were unable to raise adequate funding for local infrastructure.

The Panel recommended the amalgamation of numerous NSW councils, in addition to its recommendation to strengthen the NSW Boundaries Commission. Council consolidation was recommended by The Panel, primarily, because "NSW simply cannot afford 152 councils" as there were "too few resources" available (ILGRP, 2013a, p. 72). The Panel also asserted that larger councils made better decisions, were more responsive to rapid socioeconomic changes and more cost efficient.

The NSW Government formally adopted the *Fit for the Future* policy and the recommendations made by ILGRP in September 2014. All councils were then evaluated against a set of five criteria set by the Independent Pricing and Regulatory Tribunal (IPART) in July 2015. IPART's (2015) final report showed that the majority of councils in NSW were 'unfit' for the future due to a lack of 'scale' and 'capacity'.

KPMG were engaged by the NSW Government to calculate the financial advantages of the potential merger program. KPMG's (2015) first report was limited to a 'cabinet-in-confidence' circulation, but underpinned the entire merger process. Public pressure to release the original KPMG report saw the NSW Government release a synopsis of the original whilst KPMG released a precis of its financial methodology (KPMG, 2016). KPMG's financial assumptions underwrote the entire *Fit for the Future* policy.

KPMG's (2015) report presented savings of over \$2 billion over a 20-year post-merger period, if the potential mergers were undertaken. Despite protestations that KPMG's (2015) calculations were inaccurate (Dollery and Drew, 2017), given its incorrect use of council categories, the omission of service harmonisation costs and incorrect staff employment awards, the NSW Government nonetheless announced its plans to forcibly merge a number of councils on 19 December 2015. Five months later on 12 May 2016, 19 newly-merged councils were proclaimed.

### ***Creation of the Armidale Regional Council***

Situated in the Northern NSW Tablelands, Armidale was settled in the mid-1830s and quickly became a major regional city centred on education and primary production. Local government began with the incorporation

of the Armidale Municipal Council (AMC) in 1885. Boundary disputes with its neighbours were a recurring theme as were financial problems.

Prior to the *Fit for the Future*, proposals to merge Armidale with its neighbours had been mooted. In particular, the Barnett Committee in 1974 had advised the amalgamation of Armidale with four of its neighbours (Barnett, 1974). In 2004 and 2010 the (then) Armidale Dumaresq Council (ADC) had been marked for consolidation due to its financial problems and its “dysfunctional nature” (Kibble, 2010, p. 28).

TCorp (2013b) rated the ADC’s Financial Sustainability Rating (FSR) as “moderate” with a “neutral” future outlook, similar to other councils of the same type. However, even though the ADC had made some efforts at financial reform, such as sharing back office administration with the Guyra Shire Council (GSC), it had a large \$15.6 million infrastructure backlog which TCorp (2013b, p. 10, 33, 8) felt may not be addressed even if the ADC introduced “tight operational controls to ensure sustainability”.

The ILGRP recommended amalgamation for the ADC. In both its second and final reports, the ILGRP believed that if the ADC were to merge with one or all of its neighbours, the Uralla Shire Council (USC), Guyra Shire Council (GSC) and the Walcha Shire Council (WSC), the amalgamation would “bring considerable benefits” (ILGRP, 2013b, p. 9), much like the results from the Tamworth Regional Council which was merged in 2004. The ADC submitted a Council Improvement Proposal (ADC, 2015) to IPART as part of the evaluation schedule. In October 2015 IPART found the ADC ‘unfit’ since it did not satisfy IPART’s criteria.

The forced amalgamation of the ADC and the GSC was announced on 16 December 2016.

### ***Merger Proposal***

The NSW Government’s (2016b) *Merger Proposal: Armidale Dumaresq Council Guyra Shire Council* was publicly released in January 2016. The rationale for the merger of the two councils was that it would bring together two communities, which had similar expectations for services, facilities and infrastructure. A “stronger” council would also prove a better advocate for the region, particularly when seeking funding from higher tiers of government, with additional capabilities for strategic planning (NSW Government, 2016b, p. 3, 6).

The pecuniary advantages of the merger were listed; \$21 million would be saved post-merger, the region’s \$39 Million infrastructure backlog would be addressed and a larger regional council would provide better representation (NSW Government, 2016b, p. 16, 3). The potential savings

for a new council would be a result of streamlining senior management roles, redeployment of back office staff and associated administrative functions, efficiencies from increased purchasing power and reduced expenditure on councillors.

Other goals for the region were specified and tied into NSW Planning and Environment aims; supporting and diversifying existing primary production, housing, community health issues and investing in regional infrastructure such as education and health were given (NSW Government, 2016b, 6, 4, 9) as benefits of the merger. Rural roads and the development of the Armidale airport precinct were listed as a priority for the newly-merged council.

### ***Public Consultation***

Public consultation in Armidale, Guyra, Walcha and Uralla was conducted by Greg Wright, Delegate to the NSW Local Government Boundaries Commission. Wright's report, released after the February 2016 public consultations, supported the merger of the ADC and the GSC despite the fact both councils were deemed financially unsound (Wright, 2016, p. 37) and that the ILGRP had stated the futility of merging two or more indebted councils (ILGRP, 2013, p. 73). Indeed, Wright's (2016, p. 37) view was that it was "highly unlikely that a combined entity would fare any better" than what had existed previously. Furthermore, any possible savings potential resultant from an amalgamation would be, in Wright's (2016, p. 15, 37) view, implausible on account of KPMG's financial assumptions.

Notwithstanding these reservations by Wright (2016, p. 23), as well as negative public perceptions of the ADC and its merger with the GSC, the forced amalgamation of the two councils was proclaimed on 12 May 2016. Elected representatives and general managers of both councils were relieved of their positions. The transition period of sixteen months began under Administrator Ian Tiley and the newly-merged Armidale Regional Council (ARC) was granted a one-off payment of \$15 million to facilitate the transition.

## **4. ARMIDALE REGIONAL COUNCIL UNDER ITS ADMINISTRATOR**

In order to gain insight into the processes and challenges posed in the consolidation of two or more councils, a semi-structured interview was

conducted with Dr Ian Tiley, who agreed to participate and be named in this study. Appointed Administrator of the newly-merged ARC on 12 May 2016, we asked Dr Tiley what the role of Administrator discharged, what were the main challenges of the role, what—if any—were the NSW Office of Local Government’s Terms of Reference for an Administrator and what did he consider were his greatest achievements during his tenure as Administrator.

### ***Role of an Administrator?***

The role of Administrator was about inaugurating a ‘fresh start’ for the newly-amalgamated ARC by providing unchallenged, ‘guided’ leadership that would ensure that the ARC was indeed ‘Fit for the Future’. This was through long-term planning and goal-setting for the ARC which provided clarified objectives of the new ARC, in a multitude of areas, which in turn motivated staff and gained the community’s trust by reducing the uncertainty of change associated with a forced amalgamation. This was tackled initially by promptly dismissing all of the former ADC’s advisory committees, thereby removing a ‘belligerent element’ that had ‘hindered progress’.

Whereas some of the role of providing ‘guided leadership’ involved removing the ‘belligerent’ element that that plagued the former ADC and hindered its progress, ‘guided leadership’ was also about helping the community articulate its preferences and help institute these preferences. Administrator Tiley practiced an ‘open door’ policy to both the community and the media to help communicate with the region.

There was a duality in the role since the Administrator—at least in the case of the ARC—replaced nine elected representatives and two general managers. To successfully inaugurate this process, Administrator Tiley had to be ‘transparent in the decision-making process’ and communicate with both local residents and the NSW Government, such as the Office of Local Government and the Department of Premier and Cabinet, to ensure obligations and preferences were met through his policies and administrative directives.

Administrator Tiley stressed that the appointment of an Administrator to a newly-merged council increased the new councils’ capacity for a fresh start and good governance. It clearly outlined the parameters that the new council would be operating under.

The role of an Administrator was described by (then) Premier Mike Baird as to “get out there and make things happen in the community”. Administrators had to take immediate action to initiate the newly-merged

council's 'fresh start', put council 'rehabilitation' into motion and communicate with the council's constituents in order that policy preferences were fully articulated at the end of the Administrator's tenure, prior to the first council elections in September 2017.

### ***Main Challenges***

Prior to its amalgamation, the ADC had a reputation for 'infighting and conflict' amongst its councillors. The ADC was 'dysfunctional'—a sentiment shared by Kibble (2010) and former Armidale Dumaresq Council Mayor Herman Beyerdorf in 2014 (see ABC, 2014) and noted by Wright (2016) during public consultations—and the 'infighting' negated constructive policy implementation by the ADC. For example, the ADC had earlier decided to construct a new domestic waste facility in 2012. Funding had been secured by the ADC, but planning had not commenced by 2016! Administrator Tiley thus realised change for the ARC was imperative if the ARC was to regain the respect of its constituent community.

The infrastructure backlog of the two former councils of the ARC was substantial. While estimates differed, Administrator Tiley felt \$27 million was accurate. It was thus a major challenge to focus on both decreasing the existing infrastructure backlog whilst simultaneously planning for a more viable ARC future within the requisite period.

The increased political and strategic capacities of an Administrator enabled Dr Tiley to work through the ARC's infrastructure backlog without it incurring additional financial imposts. The \$15 million transition grant from the NSW Government, supplemented by additional funds from the NSW Government and the Australian Government, culminated in many older timber bridges replaced, road improvements, money-saving solar panels installed in all ARC buildings and a main street upgrade for Guyra.

The budgetary plight of both the ADC and the GSC that the ARC inherited required a great deal of political 'networking' with the NSW Government and the Commonwealth Government to achieve any kind of resolution. Administrator Tiley felt that this was a prime example of a larger council being able to implement 'strategic capacity' through the development of intergovernmental relationships and ensuring that higher tiers of government were more responsive to the local region's requirements.

The management structure of the former ADC was ‘too heavy and expensive’ to merge unchanged into the ARC. It was—in Dr Tiley’s view—‘patriarchal’ and relied on ‘patronage’. It was thus ‘removed’. Moreover, ‘qualified women’ were encouraged to advance their careers.

Establishing, promoting and encouraging economic growth in the region was a major challenge for Administrator Tiley. He had to establish processes that would minimise the uncertainties for both industry and producers. Given the established horticulture in the region—tomatoes and berries—required water, Dr Tiley initiated the planning of a water pipeline from Armidale to Guyra that would enable industry to develop further in addition to increasing water security in Guyra. In tandem with the proposed regional water security, the expansion of the Armidale Airport was initiated to boost regional development. In his view, the major advantage of this approach to regional economic planning was that he was in close proximity “to the action” and could easily identify “what resources existed and what were required”.

Former councillors of the ADC were publicly vocal about these developments. Indeed, to Administrator Tiley, their various attempts to influence the community on the wisdom of the amalgamation transition process proved most vexatious.

### ***NSW Government’s Terms of Reference***

Administrator Tiley observed that a plan of action for the ARC amalgamation was prepared in light of the 2016 Proclamation. Several elements are noteworthy. Firstly, it required the harmonisation of each constituent councils’ codes, plans, strategies, policies and organisational structure—as best as practicably possible—to reflect a composite of each merged council. Secondly, the new council was required to create a Strategic Plan by 1 August 2016, finalised and audited financial reports for both the ADC and GSC by 31 December 2016 and the first ARC annual report by 30 June 2017.

Administrator Tiley was obliged to appoint a Local Government Representation Advisory Committee which consisted of several former councillors of the ADC. This in itself was a cause of many problems due to the ire of some of the ex-councillors. Administrators were kept on a ‘tight rein’, given that most had not acquired a great deal of experience in local government management which Dr Tiley had accrued. Support from the Department of Premier and Cabinet’s Local Government Reform Unit included fortnightly teleconferences, group meetings in Sydney and general advice on how to achieve change.

The Government's Terms of Reference were germane enough to affect change and create a 'fresh start for the new ARC', but were flexible enough to shape change and its wider effects. However, in the case of the former ADC, the Terms of Reference could have been better, particularly as the sixteen-month transition period was not long enough to both solve the problems of the former ADC and strategically plan for a fresh start and sound future.

### ***Main Achievements as Administrator***

Dr Tiley noted that the 'rehousing' of the Armidale Library had long been an ongoing and acrimonious community debate since 2001. In essence, it was held that the Library had outgrown its premises, and the only solution proffered by the Civic Advisory Committee was to spend more than \$15 million on a building he likened to the 'Taj Mahal'. Administrator Tiley felt that the most practical least-cost solution to the problem was to purchase and refit a former commercial property in Armidale. This would not require any borrowing and would provide "a far superior library than what had existed in the past".

The expansion of the existing Armidale Airport was considered by Dr Tiley as his "pinnacle achievement" as an Administrator, most notably because it involved developing intergovernmental relationships to secure considerable amounts of funding. The extension of the airport would stimulate economic development in the region. Moreover, it did not represent a substantial financial impost on ARC ratepayers.

Administrator Tiley's achievements during his tenure were viewed by the Armidale Regional community as both positive and constructive. In the first post-merger council elections, Dr Tiley was the highest polling candidate (Armidale Express, 2017).

## **5. CONCLUSION**

This paper has sought to address a gap in the Australian literature on forced local government amalgamation by examining the challenges posed in the creation of a new council from two compulsorily merged municipalities through the perceptual lens of its former Administrator Ian Tiley. Several salient features emerge from the analysis.

Firstly, the full financial cost of the forced merger of the ADC and the GSC is not yet determined. Indeed, the 'true' financial cost of the amalgamation will be difficult to quantify, particularly as the transition

grant of \$15 million was spent in part reducing the existing infrastructure backlog. Moreover, there are intrinsic difficulties in data collection following any merger, further complicating the computation of the costs involved. Following Administrator Tiley's comments, it may be safely assumed that the true ongoing financial impost of the amalgamation will be borne out by the ARC for several more years. In sum, the anticipated cost savings attendant upon the merger will not translate into reduced property rates for ratepayers or cheaper council service provision.

The problems facing the former ADC were substantial. These problems, combined with recalcitrant ex-councillors and a demoralised local constituency, made achieving change and a 'fresh start' problematic, especially in the truncated sixteen-month time frame given to Administrators to implement new strategic direction for newly merged councils.

Our study of the challenges posed in creating a new council concur with the studies conducted by Halligan (1983), Newnham and Winston (1997), and Marshall (1998), in that a newly merged council requires a leader who is able to make decisions quickly and with little interference; but it also highlights how crucial it is that an Administrator is able to gauge the requirements and zeitgeist of the community in order to avoid a 'top down' approach to local government administration.

While our paper has shed light on the problems confronting Administrators in establishing new local government entities, the generality of our findings is obviously limited by the fact that we considered only the circumstances and views of a single Administrator. Given the preliminary nature of our paper, further research could profitably develop a survey instrument to secure the views of all or at least most Administrators involved in the NSW *Fit for the Future* forced amalgamation program. In addition, future work in the area could profitably include case studies drawn from metropolitan municipal mergers to ascertain if there are any observed differences for Administrators obliged to merge metropolitan councils.



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