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Amalgamation of Clarence Valley Councils, 1998-2004

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Abstract: Between 1997 and 2004, first voluntary and then later forced amalgamation occurred in respect of the five general purpose councils and two specific purpose county councils in the Clarence Valley region of northern NSW. This paper describes the historic evolution of the Clarence Valley Council, which replaced all existing councils in February 2004. The 1998-2000 voluntary structural reform process was a wasted 'one-off' opportunity to secure a better local government structure for the Clarence Valley. In 2003-04, the State Government engineered a forced merger of the six local government entities in the Clarence Valley and forever changed the structure and nature of local government in the Clarence Valley Local Government Area. However, the resulting single entity has achieved significant early success.

Keywords: Amalgamation; local government, structural reform, Clarence Valley Council

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1 Introduction

This paper considers the voluntary and imposed structural reform processes which occurred in the Clarence Valley from 1997 to 2000 and 2003 to 2004 respectively. A brief summary is provided of earlier Clarence Valley mergers and the dealings in the 1970s with the New South Wales Local Government Boundaries Commission (LGBC). The resolutions and officers' reports of the former Clarence Valley councils provide important data for the Paper.

During 1997, the seven local government councils in the Clarence Valley commenced discussion and negotiation in respect of what was known as the voluntary amalgamation process. In 2000, this process resulted in the merger of two rural Shire councils into a single rural shire entity, but left alone the remaining five Clarence Valley local government entities. The later 2003-04 process was a State government driven, imposed amalgamation which, in February 2004, resulted in the Proclamation of Clarence Valley Council to replace four former general-purpose councils and two specific-purpose county councils.

Clarence Valley Council was the council entity which was the ultimate outcome of each of the voluntary and imposed processes in the Clarence Valley. The Paper provides background and history to the emergence of Clarence Valley Council in 2004 as an introduction to a case study investigation, which concerns the economic impacts and outcomes of amalgamation and the local democratic impacts for local communities.

The paper attempts to demonstrate that, in the late 1990s, Clarence Valley councils were largely unable and unwilling to cooperatively reduce the number of local government entities when the opportunity was presented. For example Grafton City Council strongly supported a single entity for the Clarence Valley. Maclean Shire Council favoured one Upper River and one Lower River council. Other councils had varying positions. During the voluntary process Ulmarra Shire Council and Nymboida Shire Council agreed to merge. Under the

applicable voluntary reform 'rules' at the time (Woods, 1999a, p.1-2), such merger effectively nullified any prospect of other more sustainable outcomes, given the requirement for agreement by each council the subject of a merger proposal.

Immediately after the 2003 State election, the re-elected Carr Government initiated a determined, short time-frame, council merger process in targeted local government areas of New South Wales. It effectively forced the creation of a single local government entity in Clarence Valley, despite strong, vocal protest and community opposition, especially from Lower Clarence residents. Common local level themes of, for example, 'turf protection', unwillingness to genuinely negotiate with other councils, lack of appropriate scale community consultation, and an open hostility towards the State Government, will be highlighted.

The paper is divided into six main parts. Part 2 describes local government merger activity in the Clarence Valley before commencement of the late 1990s voluntary amalgamation process. Part 3 considers the voluntary reform process between 1997 and 2000. Part 4 covers the imposed structural reform process of 2003-04. Part 5 outlines the period of the new Clarence Valley Council under administration until the first Clarence Valley Council election. Part 6 deals with some of the challenges and successes of the first elected Clarence Valley Council. Part 7 provides brief concluding remarks.

2 Clarence Valley Before 1997-2000 Voluntary Process

Grafton was proclaimed a municipality on 20th July 1859. South Grafton was excised from Grafton and proclaimed a separate municipality on 6th November 1896 (Kass, 2009, p.63, 162). On 7th March 1906, Copmanhurst Shire, as well as Orara and Harwood Shires were formed, making Copmanhurst Shire Council the longest existing shire council in Clarence Valley (Kass, 2009, p.195). Nymboida Shire Council had been in existence for 87 years, since its formation in August 1913 (Colreavy, 2000, p.3).

Three council amalgamations occurred in the Clarence Valley during 1957. Grafton and South Grafton municipalities merged to form Grafton City Council; Ulmarra Municipality, Orara Shire and part of the Dorrigo Shire merged to form Ulmarra Shire Council; and Maclean Municipality and Harwood Shire formed Maclean Shire Council (Local Government Boundaries Commission, 1978, p.13-14) (Kass, 2009, p.251-2). Thereafter there continued until 2000, five general purpose councils; Grafton City Council, Maclean Shire Council, Ulmarra Shire Council, Copmanhurst Shire Council and Nymboida Shire Council. In addition, there were Lower Clarence County Council and Clarence River County Council, which were special purpose entities with responsibility for water supply and flood mitigation respectively. There was also a Clarence Valley membership of a Richmond Valley-based Weeds County Council.

During the 1970s, the Committee of Inquiry into Local Government Areas and Administration, known as the Barnett Committee, placed under review local government boundaries in the Clarence Valley. Successive Local Government Ministers, Cutler (twice in 1974) and Jensen (1976 and 1977) requested the Local Government Boundaries Commission to:

[e]xamine existing local government areas and to assess if they were adequate and suitable to provide for future growth and good planning and that they were able to secure proper, economical and efficient local government now and in the future (Local Government Boundaries Commission, 1978, p.6).

As part of the Barnett Committee process, the LGBC met with Clarence Valley councils in October 1974 to discuss references by Local Government Minister Cutler. As a consequence, the LGBC undertook financial surveys of five separate possible unions of the councils, including a proposal for one council for the entire Clarence Valley and another to merge Ulmarra and Nymboida Councils. In 1975, and again in 1977, the councils had further discussions with Councillor Yabsley of the LGBC. Thereafter the Clarence Valley Local Government Committee, which represented all councils, amended the possible merger proposals by including a 'no alteration of areas' option (Local Government Boundaries Commission, 1978, p.11-12).

The LGBC then decided to undertake a financial and engineering survey for division of (a) the five general purpose councils into two new entities or (b) the union of all five councils into a single entity. The June 1978 LGBC Report stated that “considerable savings in the level of local government rating could result from union of areas’ (Local Government Boundaries Commission, 1978, p.13). The LGBC noted that a merger of all five councils could save 12.24% in rates and reduce staff numbers by 20, for a Clarence Valley population at that time of 32,109 persons, whereas a union of Maclean and Ulmarra Councils would have provided rates savings of only 2.15% (Local Government Boundaries Commission, 1978, p.15).

The LGBC Chairperson Alderman Ferris met with Maclean Council in November 1978 concerning the Clarence Valley merger proposals and was informed that “ Council sees no merit in the proposed boundary changes and trusts that the Commission will pay heed to the desires of Council and the people of this area” (Bryant, 1997, p.3). The LGBC did not make merger recommendations to the State Government at that time. There was no further impetus for council amalgamation in the Clarence Valley for another two decades.

3 Voluntary Clarence Valley Reform, 1997-2000

3.1 Introduction

The Mayors, County Chairpersons and General Managers of the five general purpose and two specific purpose councils in Clarence Valley had for many years met regularly as the Clarence Valley Local Government Committee (CVLGC). The Committee Chairperson and Executive Officer positions were annually rotated between the seven councils. The CVLGC considered matters of mutual interest and concern affecting the member councils beyond their own boundaries and jurisdictions.

Successive Grafton City Councils, in discussions with the Local Government Boundaries Commission from the 1970s onwards, had expressed the desire that there be a single local government entity to serve the entire Clarence Valley. In August 1996, Grafton Council wrote to CVLGC again seeking amalgamation of all councils into a single entity. CVLGC responded that it opposed amalgamation of councils in the Clarence Valley and would complete a study to highlight the reasons for the Committee's opposition (Bryant, 1999a, p.1).

3.2 Commencement of Voluntary Structural Reform

By early 1997, after the New South Wales Local Government and Shires Association released a discussion document encouraging councils to consider voluntary structural reform (Local Government and Shires Association of NSW, 1998), the CVLGC had not progressed to support opposition to amalgamation. However, after Local Government Minister Page delivered an address at the 27th May 1997 Shires Association of New South Wales Conference, advocating "the need for greater co-operation and resource sharing between councils" and suggesting that there could be amalgamations "where they make sense and where the councils involved and the communities they represent agree that it should happen" (Bryant, 1997, 2-3), the CVLGC called a meeting in July 1997 to consider the matter of structural reform of Clarence Valley councils.

It was not until May 1998 that the CVLGC produced for discussion a Draft Issues Paper, which included a preliminary brief for three stages of consulting services and a timeframe for completion by 31 March 1999. The Issues Paper (Clarence Valley Local Government Committee, 1998, p.2) described the objectives of the study as:

[t]o identify the advantages and disadvantages of structural reform of each of the Clarence Valley councils; opportunities for resource sharing; and any other alternative framework for local government that will provide benefits for the majority of the ratepayers of each local government area.

3.3 Structural Reform Study

The seven councils endorsed the Issues Paper and agreed to enter into a Memorandum of Understanding to support a Structural Reform Study at least until completion of Stages One and Two. In October 1998, after receiving confirmation of government funding for the Study (Copmanhurst Shire Council, 1998, p.2), the CVLGC called consultancy tenders, received submissions from 19 firms of interested consultants, and appointed Mr John Mant of Phillips Fox Consultants to facilitate the Structural Reform Study (Mant, 1998b, p.1-15).

In November 1998, the consultant conducted a 'first-step' workshop for councillors and senior staff of the councils, under the leadership of the CVLGC, to consider the consultants' First Stage Report under the Structural Reform Study. The participants identified the main issues for the future of the Clarence Valley, proposed a range of structural options, agreed there was a need to make better use of available local government resources, acknowledged that the Valley had to be able to address Valley-wide matters better, and have a stronger voice in dealings with State and Federal governments (Mant, 1998a, p.3). The meeting endorsed the First Stage Report and agreed to proceed to the second stage of the consultancy for wider consultation and analysis.

However, on 4th February 1999, the CVLGC informed member councils that a submission had been received from Ulmarra Shire Council indicating non-agreement to progressing to Stage Two of the Study, as in its view the Stage One document was incomplete. Supporting documentation and factual information of advantages and disadvantages of 'no change', resource sharing and amalgamation needed to be provided (Clarence Valley Local Government Committee, 1999d, p.1-17). As Mayor of Maclean Shire Council, and a participant in the Study process, it was by this time apparent that at least some participant councils were not fully committed to the Structural Reform Study and had concerns about preserving their own positions and the entity they represented.

The Ulmarra Shire Council submission resulted in a further councillor and senior staff workshop being held with the consultant on 16th February 1999 where a range of concerns was expressed. The consultant agreed to amend the Stage One Report to accommodate the concerns (Copmanhurst Shire Council, 1999c, p.2). On 18th March, the CVLGC decided to progress to Stage Two of the Structural Reform Study. As part of a more detailed analysis and consultation process, Stage Two was to include workshops with staff and councillors, community representative public meetings, newsletters and information evenings (Copmanhurst Shire Council, 1999c, p.2). The consultant's brief for Stage Two detailed such lesser matters as, for example, how consultation material was to be resourced, how workshops were to be arranged, and how workshops were to be recorded (Mant, 1999b, p.37), which disclosed some lack of trust and confidence in the study process, by at least some participating councils.

In May 1999, the consultant produced an analysis of selected economic and financial indicators as a basis for comparison of the four general purpose councils (Mant, 1999a, p.1-2). Councils were profiled on two parameters of population and local government area administered, where in the consultants view data from each council was comparable across most variables. The consultant acknowledged that most of the data had been sourced from the Department of Local Government through its annual report *Comparative Information on New South Wales Local Government Councils* (Mant, 1999a, p.1-5). There were wide variations in the data produced, for example, in per capita expenditure, where the lowest was Grafton City Council at \$914 and Nymboida Shire Council the highest at \$3,110 per capita. Employee costs at Grafton City Council and Maclean Shire Council were more than double the other councils. Average residential rates varied between a high of \$617 at Grafton City Council to a low of \$266 at Nymboida Shire Council (Mant, 1999a, p.6-15). The consultant did not offer conclusions or make recommendations regarding the selected indicators. The Clarence Valley Local Government Committee only received and noted the analysis.

3.4 Deferral of September 1999 Council Elections

The momentum for voluntary structural reform accelerated when the Minister for Local Government, Hon Harry Woods advised councils on 4th June 1999 that he would change legislation to defer scheduled September 1999 elections where councils, before a 30th June deadline, brought forward joint proposals, from two or more councils, to pursue amalgamation. Where one council sought to amalgamate, but had no amalgamation partner, it was required to forward its amalgamation proposal by 23rd July 1999 (Woods, 1999a, p.1-2). The enabling Legislative Order was assented to by the Minister on 28th July 1999 (Woods, 1999b, p.1-3).

In respect of the Clarence Valley Structural Reform Study, a number of staff working groups was established to address structure options for amalgamation, options for a new council organisation, matters concerning representation, and options for ensuring equity in rating and expenditure relativities. Reports were received from each working group (Baldwin, Wilson, & Dwyer, 1999, p.1-6). At a 24th June 1999 workshop, the CVLGC also considered a Community Discussion Paper prepared by consultant Mant (Clarence Valley Local Government Committee, 1999a, p.3-4). The Discussion Paper was to assist in providing information and guidance to communities regarding the nature and objectives of the Structural Reform Study, explain the various reform options, and present the case for the need of reform (Mant, 1999c, p.2-8). The participating councils agreed that the key questions canvassed with the community would be:

What are the main things that you expect from your local government?

What are the positives and negatives with the three structural change options?

To assist the process of reform, about what issues would you expect the State Government to do something (Mant, 1999c, p.9)?

At this workshop the Mayor of Ulmarra Shire Council read a petition from staff of that council, which raised concerns associated with structural reform investigations (Clarence Valley Local Government Committee, 1999b, p.7). The

General Manager of Ulmarra council had called a staff workshop meeting on 20th January 1999 after receiving 11 letters of concern from Ulmarra staff members (Duggan, 1999, p.3-13). The letters were not considered by the CVLGC for almost six months. However, this provided further evidence of the lack of real commitment to the study process by at least Ulmarra council, which later that year, was to negotiate a separate merger proposal with Nymboida Shire Council.

3,5 Clarence Valley Councils Voluntary Structural Reform Options

Each council consulted, to varying degrees, with their communities during July and August 1999. Grafton Council maintained its long-held stance of desiring a single Valley entity. In Copmanhurst Shire the majority of residents expressed the view that a single council for the Valley would be their preferred option (Copmanhurst Shire Council, 1999b, p.2.3-2.4). Nymboida Shire arranged a community survey, to which there were only 146 respondents, 78.1 per cent of whom favoured a merger of Ulmarra Shire Council and Nymboida Shire Council areas (Nymboida Shire Council, 1999d). Maclean Shire Council conducted public workshop sessions, which were each facilitated by consultant Mant (Bryant, 1999c, p.1). Thereafter Maclean council determined that its preferred options for structural reform were, in order of preference (a) Two councils for the Valley, (b) Maclean Shire stand alone or (c) One council for the Valley (Bryant, 1999c, p.1-2).

3.6 Minister Requests Full Proposals

The Minister for Local government increased pressure on Clarence Valley councils when, on 23rd August 1999 he requested all councils to submit full proposals for voluntary amalgamation by 29th October 1999, so that they could be referred to the LGBC to envisage public hearings in February 2000 (Bryant, 1999b, p.1). Further explanation of the timetable and what constituted a

proposal was conveyed to councils on 23rd September 1999 (Department of Local Government, 1999b, p.1-2).

3.7 Stage 3 Structural Reform Study

On 6th September the CVLGC decided to investigate a wide range of proposals as part of Stage 3 of the Structural Reform Study process to include:

Two councils comprising one Clarence Valley Council and one water authority,

Four councils comprising one coastal council, one hinterland council, one water authority and one flood authority

One council comprising Clarence Valley Council

Four councils comprising one council from Ulmarra Shire, Nymboida Shire and South Grafton, another from Grafton City and Copmanhurst Shire, one from the Maclean Shire, and a water authority

Three councils comprising one coastal, one hinterland and one water authority

Retain existing councils established units

A 'do nothing' option" (Clarence Valley Local Government Committee, 1999c).

As Mayor of Maclean Shire Council during this period, I was aware of the desire of Maclean Council to undertake appropriate studies, at its own cost, so that it would be better able to inform and advise its constituency on appropriate structural reform, and also to assist the council in arriving at a well considered and evidence-based position. Maclean Council was the only Clarence Valley local government entity to undertake a detailed investigation. The council was able to refer to and utilise the data from four externally undertaken studies and reports.

The Centre for Local Government, University of Technology Sydney, provided Maclean Shire Council a report (1999, p.2), dated 11th October 1999, concerning the financial aspects of structural reform. The report stated that:

Council could sustain its role as a stand-alone entity into the future, but only with a regime of tightly controlled cost containment, and with the issue of debt instruments firmly matched to loan repayment serviceability funded from revenue streams and generated efficiency savings.

In addition, in October 1999, Spencer Steer Chartered Accountants, provided a report which examined the financial implications for Maclean Shire ratepayers of proposed local government reform in the Clarence Valley (Spencer Steer Chartered Accountants, 1999). Maclean Council was advised that the cash position at Copmanhurst Council was serious and if merged, it would require financial support from the other merging councils. Grafton City Council had a similar problem to that of Copmanhurst Shire Council having used \$1.722 million of internal reserves to fund current operating costs and needed to recover the shortfall. Deteriorating road networks in several council areas and insufficient resources to maintain them was also highlighted, as was the matter of the lower-rated rural councils of Copmanhurst and Nymboida, potentially being subsidised by the urban areas. The report summarised that it was unlikely that mergers of councils would adversely impact upon Maclean Shire ratepayers (Spencer Steer Chartered Accountants, 1999, p.1-2).

During November 1999, the Department of Local Government provided Maclean Shire Council with a report on its financial position, which concluded that “overall the Council’s current financial position is considered to be adequate, however there are a number of key concerns which make the Council’s current position vulnerable” (Gibbs, 1999, p.7). One concern was that Council had over-restricted its available cash reserves by \$345,000 and had to rely upon overdraft facility to meet the shortfall. Another matter was the Council’s acknowledgement that substantial amounts needed to be expended in order to bring infrastructure to a satisfactory standard (Gibbs, 1999, p.7).

The fourth report obtained by Maclean Shire Council concerned an extensive community consultation and social research initiative. The primary goal of the project undertaken by the council was to gain community involvement in the problem-solving and decision-making process to assist the Council in determining a firm position on amalgamation (Annie Barkyl & Associates, 1999, p.2). A total of 163 residents participated in four workshops with a further 920 contacts established through a telephone survey. Participants expressed a range of aspirations for the future of the area, which were grouped under (a) social and community, (b) physical and environmental, and (c) economic (Annie Barkyl & Associates, 1999, p.19). A total of 26 primary matters were identified, but the report did not provide a community view in respect of the amalgamation debate or proposals.

3.8 Ulmarra-Nymboida Merger Proposal

Although all councils had supported the 6th September CVLGC decision to investigate various options, during September and October 1999 the voluntary structural reform process effectively disintegrated as did the Structural Reform Study. At this time Ulmarra and Nymboida councils separately negotiated and agreed upon a proposal to merge the two councils and submitted the proposal to the Local Government Minister by the 29th October deadline. Given the Minister's requirement that all parties to a merger proposal were required to agree to such proposal and as no other larger merger proposals were now negotiable because of the time deadline, the Ulmarra-Nymboida proposal effectively obviated any other outcome.

Grafton City Council was steadfast in its support for one council for the Valley. On 23rd August 1999, it resolved to approach the other six councils requesting that they agree to submission of a proposal to the Minister "for the amalgamation of all Clarence Valley Councils into one local government authority within the Clarence Valley (Grafton City Council, 1999b, p.4). When the Council learnt of the Ulmarra-Nymboida proposal it again resolved to advise the other councils of its preferred option of one Valley council (Grafton City

Council, 1999d, p.4) and resolved on 25th October 1999 to withdraw its membership from the CVLGC (Grafton City Council, 1999c, p.3). On 13th December it resolved that the council accept “that despite its best endeavours, the prospect of establishing one Clarence Valley Council in the immediate future is no longer a reality” (Grafton City Council, 1999a, p.4).

Copmanhurst Council, after becoming aware of the Ulmarra-Nymboida merger proposal resolved, on 1st November 1999, to confer with Grafton City Council and Maclean Shire Council with a view to submitting a joint proposal supporting one Valley council but including an option for a two council outcome. Copmanhurst council also minuted that the Structural Reform Study breakdown had deprived chances of a better outcome for the community, and that some councils and elected representatives had taken a very localised view and had failed to grasp broader benefits of structural reform (Copmanhurst Shire Council, 1999a).

Nymboida Shire Council (and the same could be argued in respect of Ulmarra Shire Council) demonstrated considerable inconsistency and positional changes concerning the Structural Reform Study process, which was demonstrated by several resolutions of that council. On 10th June 1999, the council agreed to pursue a process of public consultation to consider an amalgamation of all five general purpose councils (Nymboida Shire Council, 1999a). However, on 18th August, it resolved to request inclusion in Stage 3 of the Structural Reform Study, a proposal for amalgamation of Ulmarra and Nymboida Shire Councils and another to amalgamate those two councils with South Grafton (Nymboida Shire Council, 1999c, p.20). Then at its 15th September 1999 meeting, Nymboida Council resolved to adopt Stage 2 of the Structural Reform Study, accept the Stage 3 brief and support continuation of the Study to Stage 3 (Nymboida Shire Council, 1999b, p.27). A month later, on 20th October 1999, the council determined to negotiate with Ulmarra Council with a view to developing a joint merger proposal (Nymboida Shire Council, 1999f, p.11-12) and, if Ulmarra Council was agreeable, to submit the proposal to the Minister for Local Government (Nymboida Shire Council, 1999e, p.8-10). The two councils commenced regular meetings as a Joint Merger Committee on 28th October

1999 for the purpose of planning the transition to a single entity (Nymboida Ulmarra Councils' Joint Merger Committee, 1999-2000).

The Ulmarra-Nymboida merger proposal, dated 10th November 1999, was developed by the General Managers of the two councils. The merger document was agreed to by each council in a matter of a few days. The proposal argued that the merger would allow more efficient and effective use of the combined resources but did not demonstrate how this would be achieved. It cited seven other advantages and three disadvantages of the proposal but failed to quantify or prove the purported advantages (Duggan & Colreavy, 1999, p.5-6). A full page executive summary of the proposal was advertised on 20th November 1999 (Duggan & Colreavy, 1999, p.35).

The Joint Merger Committee of Ulmarra and Nymboida councils comprised elected representatives and staff from each council then, from February 2000, membership comprised all councillors from both councils. Scrutiny of the minutes of Joint Merger Committee meetings over the period October 1999 to June 2000 revealed considerable disagreement. Dissenting notices of motion and rescission motions were regularly debated (Nymboida Ulmarra Councils' Joint Merger Committee, 1999-2000). For example, at commencement of the first meeting of the Joint Merger Committee, one Nymboida councillor asked why his council had changed its direction and position in regard to supporting a single Clarence Valley Council. The councillor then left the meeting just 13 minutes after its commencement.

There was considerable argument over, for example, which council's Code of Meeting Practice should be used, how the 'Yes' and 'No' cases for the merger proposal should be presented to the community, and the composition of a new organisational structure (Nymboida Ulmarra Councils' Joint Merger Committee, 1999-2000). Given that the Committee was comprised of nine Ulmarra councillors, but only six Nymboida councillors, it was predictable that the Chairperson of the Joint Merger Committee and the Merger Manager were from Ulmarra Shire Council and most contentious matters were resolved in favour of Ulmarra interests.

3.9 Local Government Boundaries Commission Inquiry

After receipt of the Ulmarra-Nymboida merger proposal, the Minister announced that Grafton, Copmanhurst and Maclean Councils would go to individual elections on 25th March 2000 (Department of Local Government, 1999a, p.1). The Minister referred the proposal to the LGBC to examine and report thereon, as required under the *Local Government Act 1993*.

There were 37 written submissions to the LGBC Inquiry which was conducted in February 2000. This included submissions in opposition to the merger from Grafton City, Copmanhurst Shire, Maclean Shire and Lower Clarence County Council (Local Government Boundaries Commission, 2000, p.23).

The Maclean Shire submission presented arguments under what it termed 'perceptual, functional and political dimensions' (Bryant, 2000, p.6-7). The council argued, inter alia, that there was no clear sense of belonging between the Ulmarra and Nymboida existing areas and the proposed new area; that the very large, sparsely-populated hinterland areas had little affinity to coastal villages; that the population of the new area would only be 10,700 persons or well below what could be considered necessary to establish a 'balanced community'; there was no rational basis such as geography or river catchment for the proposed new boundaries; and the shape and size of the proposed entity represented a negative in relation to efficient delivery of services (Bryant, 2000, p.7).

The LGBC Report, dated 31st March 2000 (2000, p.21), made three recommendations. These were:

1. That the Minister consider the report and if in agreement with the proposal, commence the final steps of the merger.
2. That the initial constitution should provide for an undivided council with the Mayor elected from amongst the 9 councillors.
3. That the Minister commission an inquiry into the structure of local government in the Clarence Valley.

3.10 Proclamation of Pristine Waters Council

The Minister notified amalgamation of the two councils in the Government Gazette on 26th May 2000 and named the new local government area Pristine Waters Council ("Local Government Act 1993 - Proclamation - Special Supplement," 2000, p.4481-4). Recommendation three of the LGBC was not acted upon. However, just three years later, the State Government enforced a major review which would change the structure of local government in the Clarence Valley from this time forward.

4 Imposed Clarence Valley Reform, 2003-2004

4.1 Introduction

Earlier Working Paper 03-2010 considered *inter alia* the events and process which occurred in NSW in 2003-04 and led to the imposed amalgamation of some local government entities, reducing the number of councils from 172 to 152 by mid-2004. The Clarence Valley councils and community reaction to the State government impetus and pressure for structural reform, and the events leading to a single Clarence Valley local government entity, are now considered.

As a consequence of the largely futile and unsuccessful voluntary structural reform process of 1999-2000, the only outcome was a merger of Ulmarra and Nymboida Shire Councils - two relatively small, financially stressed rural councils in close proximity to the City of Grafton - and the formation of Pristine Waters Council. In mid-2003 there remained in the Clarence Valley the general purpose councils of Grafton City Council, Maclean Shire Council, Copmanhurst Shire Council, and the recently created Pristine Waters Council, together with Lower Clarence County Council (water supply), Clarence River County Council (flood mitigation) and membership of the Richmond Valley-based weeds authority.

The Councils spanned an area of approximately 10,500 square kilometres, comprising over 50 per cent of the land mass of the Northern Rivers Region, and contained a population approaching 50,000 persons (Clarence Valley Council, 2004, p.1). The Clarence Valley locality is referred to as a 'lifestyle region' and is part of the North Coast of New South Wales coastal belt of retirement and tourist developments (National Economics/Australian Local Government Association, 2008, p.A.59).

4.2 State Government Pressure for Structural Reform

When Premier Carr totally reversed the pre-election position of his government, the matter of structural reform and council amalgamation again emerged immediately after the March 2003 State election when Premier Carr and Local Government Minister Kelly addressed a number of Conferences between May and July 2003. They referred specifically to the Government's reform agenda for local government (Preston, 2003, p.12). The outcome was immediate re-ignition of the structural reform debate in the Clarence Valley.

On 3rd July, Minister Kelly (Kelly, 2003c, p.1-2) wrote to New South Wales councils raising concerns that

[e]xpenditure on asset maintenance is not keeping pace with the rate of deterioration. The gap between the estimated cost of essential maintenance of infrastructure and the current expenditure is \$205 million. In 2001-02, 116 councils spent more than they earned in income.

The Minister (Kelly, 2003c, p.1), in requesting reform proposals from councils by 31st August 2003, also stated that

[s]tructural reform is one option. It is time to examine the position of councils to help them to maximise the effective and efficient delivery of local government services and facilities to local communities. There is nothing to suggest that existing arrangements for the structure, areas and number of councils are ideal.

Demonstrating his intention to require local government structural reform, the Minister advised that after 31st August he would contact those councils which did not respond to his call for structural reform by asking them why they believed they should not participate. He indicated that there would be a focus on those councils where a 'doughnut' situation existed (a town council surrounded by one or more larger Shires); where a council was financially stressed (30 councils on a financial watch list); where a council population was less than 5,000 (43 councils); or where the council income was less than \$10 million (47 councils) (Bryant, 2003d, p.1). For councils participating in the process, council elections were to be deferred from due date of September 2003 to 27th March 2004 (Bryant, 2003a, p.1).

4.3 Council Responses to Minister's Request for Structural Reform

The four general purpose councils responded differently to the Minister's request. On 18th July, Maclean Shire Council advised the Minister that it would not participate in the structural reform process as requested, and that its intention was to 'stand alone'(Bryant, 2003e, p.1). The Council argued, inter alia, that it was financially sustainable, enjoyed a strong community of interest and growing economic base, and was innovative and progressive (Bryant, 2003c, p.2).

In October 2003, to underline its stance, Maclean Shire Council received and considered a report from its General Manager concerning the financial position of council. The report (Bryant, 2003b, p.1, 15) contained a financial overview, projected financial position, matters facing the council, rating and revenue structures, population projections and infrastructure condition assessments, and concluded with the General Manager's declaration that:

[h]e would affirm the UTS Stage 1 comment that Maclean Shire Council was sustainable in the longer term, and add that the changes which have taken place in Maclean Shire since 1999 have strengthened the sustainable position.

Macleean Shire Council and its community were more vigorous than any other council or locality in its opposition to the prospect of a single local government entity for the Clarence Valley. The Council, for example, conducted a telephone survey, a residents' questionnaire concerning local government reform (Macleean Shire Council, 2003, p.1-3), and sponsored full-page advertisements under the bold headings such as "If You Want Your Council to Survive – Act Now!" (Gulaptis, 2003a, p.9), and "Our Say on Amalgamation – NO WAY!" (Gulaptis, 2003c, p.9) On 29th October the Macleean Shire Council Mayor (Gulaptis, 2003b, p.1-2) corresponded with all persons on the local electoral roll, urging their support in opposing the merger proposal and for them to engage and 'have their voice heard'.

On 16th July 2003, Pristine Waters Council resolved to support a boundary adjustment that would add South Grafton to its area but also resolved that it was committed to structural reform of local government in the Clarence Valley (Pristine Waters Shire Council, 2003). Subsequently, on 22nd January 2004 Pristine Waters Council resolved that it was totally opposed to any amalgamation involving Pristine Waters Council (Pristine Waters Shire Council, 2004b, p.1).

In June 2003, Copmanhurst Shire Council resolved to approach its community seeking their views and assistance in developing options and direction for the Shire (Copmanhurst Shire Council, 2003b, p.169). On 20th August (2003c, p.50) that council resolved to

[r]ecognise that the community has consistently expressed the view that the council should remain as is. If forced to amalgamate the preferred option is for one valley council.

Copmanhurst Shire Council (Cowan, 2003) then prepared and lodged with the LGBC, an amalgamation proposal to merge all the Clarence Valley councils into a single entity. The proposal was based upon two principles:

[F]irstly that the role the State Government has played in forcing reform reflects the responsibility that the government has to the broader community and the proposed amalgamation will generate long-term benefits for residents and the State Government alike. Secondly Copmanhurst Shire Council has consulted extensively with its community, who have expressed the view consistently that that they are happy with the current local government arrangements, but recognising the role of the Government, have equally consistently indicated a preference for the amalgamation embodied in this proposal.

Grafton City Council maintained its stance and promotion of a single local government entity for the Clarence Valley (Grafton City Council, 2003a, p.4), and declined to meet with other councils to discuss possible structural reform options (Grafton City Council, 2003d, p.3). Grafton City Council (2003e, p.3) expressed the view that:

[w]here there can be clearly identified advantages as an outcome of council amalgamations, that the State Government be urged to implement such changes, acknowledging the overall benefits that will accrue to the communities concerned.

By 15th December 2003, Grafton City Council (Grafton City Council, 2003b) resolved to adopt the General Manager's report, which stated:

It is most unfortunate that this issue has become so emotive and as a result has divided the communities of the Lower River and Upper River and possibly has created barriers that may take some significant time to remove. Nevertheless it is hoped that all of the councils of the Clarence Valley and their communities will accept the decision of the State Government, and will subsequently all work together to the advantage of the Clarence Valley.

4.4 Regional Review Process

In his 3rd July 2003 letter to Councils, Local Government Minister Kelly also foreshadowed the likelihood of what he termed 'Regional Reviews' for the purpose of examining options, for groups of councils considering structural

reform, and as a means of assisting the process (Kelly, 2003c, p.2). In late October 2003, the Minister announced appointment of Hon David Simmons OAM, a former Federal Member for Calare and Minister for Local Government in the Keating Government from 1991-93 (Simmons, 2003, p.3), to act as facilitator for a *Regional Review into the Structure of Local Government in the Clarence Area*, and advised a schedule of ten public meetings across the Clarence Valley between 17th and 27th November 2003, for a community consultative process (Kelly, 2003a, p.1-2).

The three public meetings scheduled for the Lower River, at which I was present, were very well attended. Before the meeting at Maclean, there was a public rally and street march to the town hall, attended by approximately 800 persons. The Maclean Shire Council submission to the Regional Review (Bryant, 2003f, p.3, 8, 13, 15, 21, 24) reiterated the council's firm position and argued, inter alia, that Maclean Shire Council did not fit any of the Minister's criteria for reform; was in a sound financial position; had a strong internal community of interest significantly different to that of neighbouring councils; had a diverse external community of interest with no definitive linkage to any one regional centre; was innovative and progressive; was delivering quality client-focused outcomes to the community at a level generally higher than provided by neighbouring councils; had a well developed and planned strategy for the future; and

We are significantly different in every possible way to councils and communities in the Upper Valley. This Council delivers an effective, efficient, democratic form of local government, responsive and respectful of the unique needs of this community and our economic base. We stand alone.

When addressing its single local government entity proposal at the November 2003 Clarence Regional Review, Copmanhurst Shire Council (2003a, p.69) requested that the facilitator include in his report to the Minister, advice that the Copmanhurst proposal

[E]nvisages a consultative and inclusive council operating from the existing local government footprint, based on an open electorate and

popularly elected Mayor. The State Government is asked to provide the new council with the support needed to overcome implementation and establishment costs.

At a special council meeting on 20th January 2004 Copmanhurst Shire Council requested the Minister to defer local government elections to December 2004 for those councils affected by the Regional Review, whilst the LGBC process occurred (Copmanhurst Shire Council, 2004, p.6).

The Regional Review Report, prepared by the Facilitator Simmons for Minister Kelly, recommended a new single local government area for the Clarence. The Report (Simmons, 2003, p.3) acknowledged the division of views regarding the single entity proposal when he summarised:

The optimum proposal recommends an amalgamation of existing local government areas in order to better align the region with the natural catchment of the Clarence River; the region's distinctive geographic feature, and a significant economic, environmental and social asset for the entire valley. The proposal reflects a holistic approach to structural reform. Rather than continuing with a somewhat introspective approach inherent in the stated positions of three councils who have not embraced the opportunity such reform has to offer, the recommendation acknowledges the other three councils accept that there is a viable and positive future for local government through the creation of a single local government authority for the Clarence.

The Report recommended a popularly elected Mayor (not adopted), a reduction in number of councillors from 33 to nine (adopted), and that the newly constituted council assume the functions of the two county councils (adopted) (Kelly, 2003b, p.2).

4.5 Single Valley Council Proposal to Local Government Boundaries Commission

Just 22 days after conduct of the final Clarence Valley public meeting, the Minister announced that the outcome of the Clarence Regional Review had

been referred to the LGBC (Kelly, 2003b, p.1) for investigation and that the report of Mr Simmons had recommended:

[t]he creation of a new local government area (LGA) for the Clarence region incorporating the areas of Grafton City and Maclean Shire, the majority of the areas of Pristine Waters and Copmanhurst Shire and part of the area of Richmond Valley. The proposal entails transferring a sparsely populated area of Copmanhurst Shire to the Richmond Valley LGA and part of the area of Pristine Waters including the coastal villages of Red Rock and Corindi Beach to the Coffs Harbour LGA.

Notice that the Minister had referred the proposal to the LGBC was advertised locally on 5th January 2004 (Department of Local Government NSW, 2004, p.7). Written submissions to the proposal were invited and were required to be lodged with the LGBC by 27th January 2004.

4.6 Councils Divergence on Single Valley Council Proposal

As the Regional Review Report indicated, the six local government entities were equally split regarding the proposal, with Grafton City Council, Copmanhurst Shire Council and Lower Clarence County Council in support of a single entity and Maclean and Pristine Waters Shires and Clarence River County Council in opposition.

At a special council meeting on 19th January, all seven attending Grafton City Council members spoke in favour of a single entity. The Council resolved to lodge a submission supporting the proposal to the LGBC and decided to seek the support of all Clarence Valley councils to an application to the Minister for Local Government to defer the 27th March 2004 council elections 'in order to allow the structural reform process to be completed without undue haste' (Smith, 2004, p.2).

As the council that lodged the single entity proposal, Copmanhurst Shire Council spoke in support thereof at the LGBC hearing. Clarence River County

Council advised the Commission that its preference was to stand alone (Dinham, 2004, p.4). At its 22nd January 2004 meeting, Pristine Waters Council resolved that its submission to the LGBC be amended to state that the council was 'totally opposed to any amalgamation of Pristine Waters Council' (Pristine Waters Shire Council, 2004c, p.2). Pristine Waters Council demonstrated confusion in that its subsequent submission (Pristine Waters Shire Council, 2004a, p.10) to the LGBC concluded with the statement:

Pristine Waters Council offers this submission on the basis of its experience in amalgamation and on the wishes of its community. The proposal to form a new Clarence Valley Council is one that, whilst not a preferred option, is supported in principle by Council.

Macleans Shire Council was vigorous in its opposition to the proposal. At a meeting on 14th January 2004, it considered its submission to the LGBC and its case to stand alone. The council determined that, in its submission, it would criticise the Regional Review Report on the basis of perceived lack of objective argument to support Report conclusions; prejudice against Macleans Shire Council at attendances at council meetings and also its residents, given the apparent dismissing of submissions received from the public; extensive use of rhetoric to indicate a philosophical position of support for "bigger is better" without specific justification; a pre-determined position of support of amalgamation of Clarence Valley councils into one entity; and lack of quantification of benefits and disadvantages of amalgamation (Bryant, 2004a, p.1). Macleans Shire also resolved (a) to support a valley-wide referendum on the merger proposal and (b) to engage the Centre for Local Government at University of New England to provide comment on the Regional Review Report.

The Centre for Local Government Report (Dollery, 2004, p.13) stressed that:

[t]here is no scientifically established relationship between size and efficiency in local government. The premise that 'bigger is better' underlying the *Proposal for a New Local Government Area for the Clarence* simply represents a gross ignorance of the Australian and international literature on municipal service delivery. The *Proposal* does not even provide any detailed estimates of the impact of a forced merger on the basis of social indicators such as demographic

variables ---- and 'communities of interest'. This paucity of analysis renders the *Proposal* unsatisfactory as the foundation for drastic structural reform. Much more detailed and systemic analysis is surely required before radical change can be implemented.

The Maclean Shire Council submission to the LGBC (Maclean Shire Council, 2004) comprised 55 pages, highlighting 24 primary arguments as to why the Council should not be amalgamated, with a further 216 pages of attachments, that provided evidence to support its stand-alone position. The submission (Maclean Shire Council, 2004, p.6) underlined:

Amalgamation is not an all purpose solution. Bigger is not always better in New South Wales local government. A simple amalgam of four councils into one larger bureaucracy is not reform, but rather a further entrenchment of an existing structure without demonstrated financial or service level improvements or benefits. The Proposal provides no justification, financial, social or environmental for the creation of a single valley council. The Proposal clearly does not represent the optimum outcome for a reform of local government in this area.

In his presentation to the 16th February 2004 LGBC Hearings, Maclean Shire Council Mayor Gulaptis (Bryant, 2004b, p.1) observed that for the year ended 30th June 2003:

Pristine Waters Council reported a deficit of \$1.201 million
Copmanhurst Shire Council reported a deficit of \$1.029 million
Grafton City Council reported a deficit of \$66,000
Maclean Shire Council reported a surplus of \$3.285 million.

The General Manager of Maclean Shire Council, appearing before the LGBC, underlined that of the 774 residents who attended public meetings in 2003 concerning the merger proposal, 90 per cent were from Maclean Shire, whilst of the 420 submissions received during the Regional Review process, the vast majority were received from residents of Maclean Shire. Those submissions overwhelmingly rejected the concept of a single valley council (Bryant, 2004b, p.5).

The LGBC Report (2004, p.57) on the merger proposal, recommended to the Minister for Local Government that the proposal should proceed to implementation, and suggested a number of significant benefits:

1. The proposal represents a significant step in a wider local government reform process articulated by the New South Wales Government Local Government Reform Program. It is likely to achieve meaningful reform.
2. The proposal should mean 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.
3. The proposal should enable the residents to maintain the lifestyle of their choice, and
4. The proposal should enable the proposed new council to meet its obligations under the Charter outlined in section 8 of the *Local Government Act 1993*.

4.7 Proclamation of Clarence Valley Council – 25th February 2004

On 25th February 2004, the 33 elected representatives of the Clarence Valley general purpose and county councils received facsimile letters from Minister for Local Government Kelly (2004b, p.1) advising that, from that day they ceased to be elected representatives, and that:

[a] proclamation for a new local government area in the region was approved by the Governor in Council at its meeting on 25 February 2004 and the new area is constituted on and from that date.

The Government Gazette of 25th February detailed the land included in the new Clarence Valley Local Government Area, small sections of northern land to be transferred to and from Richmond Valley Council, and transfer to the adjoining Coffs Harbour Council of the southern coastal villages of Red Rock and Corindi. The Proclamation formalised the new entity and, inter alia, nominated 5th March 2005 as the date of the first Clarence Valley Council election; appointed an Administrator for the intervening period; appointed an Acting General Manager;

determined the number of councillors as nine with no ward structure, the Mayor to be elected by the Councillors; dissolved the Lower Clarence County Council and Clarence River County Council; provided additional employee protection; transferred assets, rights and liabilities; and listed a number of matters to be determined by the Minister ("Special Supplement Government Gazette of the State of New South Wales," 2004, p.809-821).

On the day of the Proclamation of Clarence Valley Council, Minister Kelly stated that it was estimated that there would be savings of up to \$5.2 million in the first year of the new council, \$3.714 million of which would be realised from the sale of freehold land owned by the former Pristine Waters and Copmanhurst Shire Councils; sale of surplus plant and equipment valued at \$1.522 million; savings on Mayors and Councillors costs amounting to \$323,000, General Manager savings of \$358,000 and other expenses of \$877,000 (Bancroft, 2004, p.1).

During a 19th March 2004 address to Local Government Managers Australia, NSW Division, as a postscript to the Clarence Valley merger, Minister Kelly stated that "The savings here will be \$5 million one-off with \$1.5 million annually. All these reforms were done with close community consultation" (Kelly, 2004a, p.2-3). The projected savings were at best, only partially achieved..

The demise of the six former councils and establishment of a single entity for the constituents of the Clarence Valley was possibly best summarised by the Editor of the Grafton 'Daily Examiner' Newspaper on 26th February (Ellem, 2004, p.6), when he opined:

In an official context, modern history has been made; the complexion of local government has forever changed with Grafton City, Maclean Shire, Pristine Waters and Copmanhurst Shire Councils consigned to the past. The Carr Government clearly frogmarched Maclean and Pristine into the merger against their will, so it is understandable that bitterness will linger over the fairly cynical process Labor adopted. But the time for political posturing or threats of civil disobedience is over because both courses of action are futile. The deed is done. Change can be brutal, yet in this case, there has been an inevitability about it.

5 Clarence Valley Council under Administration, 2004-05

On dissolution of the six Clarence Valley local government entities and Proclamation of Clarence Valley Council, the Minister for Local Government appointed as Administrator, Mr Neil Payne, who had been the Mayor of the former Copmanhurst Shire Council. The Administrator was effectively the Clarence Valley Council for thirteen months, until first Clarence Valley Council elections in March 2005. He was required, in good faith over this period, to make difficult decisions to ensure that the new Council functioned as effectively as possible. For the first few months after the Proclamation the administrator adopted a 'business as usual' approach, with councils continuing to operate independently of each other.

The Minister appointed Acting General Manager Mr Ken Boyle for the period that the Clarence Valley Council was under administration and until the elected council appointed a General Manager in August 2005. The General Manager and senior Directors and Managers, of whom there were eight, were required to present reports for the Administrator's consideration at council meetings. Crucial decisions affecting the future of the Council and the Clarence Valley were made, without the usual democratic council majority vote, decision-making process. The professional officers acted in good faith, but the hiatus of virtually no local democracy or elected council was a 'bitter pill' for many constituents, especially those who had strenuously opposed formation of the single entity. Council meetings were usually of short duration, sometimes less than one hour, with usually no questions, debate or discussion on officers' recommendations. In this period, without an elected council, the senior management team possessed greater than normal influence in regard to early Clarence Valley Council decisions.

From my position and perspective as first Mayor of Clarence Valley Council from March 2005, it was evident that, whilst acknowledging the difficulties that the Administrator would have faced, some of his early determinations during the period of administration created difficult matters that the elected council had to

eventually resolve. Examples included establishment of senior management positions and retention of all the previous General Managers and most other senior staff from the former councils, securing effective council 'start-up', and establishment of council's logo and brand. The Administrator had minimal experience, for example, with large-scale coastal development matters and generally he accepted officer recommendations thereon. Some such decisions, especially in respect of development approvals which, may not have been taken, or would have been more closely evaluated, had there been an elected council. The thirteen month period of administration embedded some key foundations for the new council that subsequently proved to be unsustainable, inappropriate or inadequate for the single entity.

6 First Elected Clarence Valley Council and its Challenges

Immediately after the period of administration and upon the election of the inaugural Clarence Valley Council, the acting General Manager reported to a 6th April 2005 councillor workshop (Boyle, 2005, p.1) that, as a consequence of the amalgamation, identified costs and savings included one-off recurrent costs of \$1,800,000; ongoing recurrent costs of \$593,000; one-off capital savings of \$363,000; and ongoing recurrent savings of \$1,501,000.

As Mayor, in August 2008 I presented, to the final monthly meeting of the first Clarence Valley Council, a Mayoral Minute (Tiley, 2008, p.1-6) regarding some of the highlights, challenges, major matters addressed, and key decisions taken during the first council term of the amalgamated entity.

From March to June 2005, the major focus of the new Council was to establish a Management Plan and Budget for the financial year 2005-06. At that time Council established a single property rates system based on differential rating, and designed to maintain approximate parity in rating with rates collected by the five former general purpose councils. This was a challenging task given that Council had been provided with new land valuations for the entire local

government area and only had a matter of three months to set fair and appropriate rates by the legal deadline of 30th June 2005.

At the same time, Council consolidated the Water and Sewerage funds of the former councils and established single water and sewerage rates across the council area. This provided significant monies to assist Council in proceeding with its several high priority sewerage infrastructure programs and it's Regional Water Supply Scheme.

The Clarence Valley Council Proclamation included the requirement to maintain the pre-existing staff levels by prohibiting redundancies for three years. The Proclamation also guaranteed an ongoing presence in the communities where the headquarters buildings and works depots were located. To keep faith with the provisions of the Proclamation and to meet the various communities' needs, Clarence Valley Council agreed to maintain a significant presence in both Grafton and Maclean urban areas.

Early provision of modern telecommunications hardware between the major offices and work sites was essential, given there was no reliable data communications infrastructure between Grafton and Maclean localities. Council made an early commitment to invest in data communications technology, a comprehensive financial package, and computer hardware and software for a single financial package and records management system. A number of management systems of the former councils, at various stages of their estimated effective life cycles, were disbanded. A new suite of systems was purchased including electronic records management. Such changes represented considerable establishment costs for the organisation.

The new Council endorsed an organisation structure establishment, commenced by the Administrator, which employed most of the existing senior staff, provided a Directorate for an expanded role in community and cultural services provision and a new Economic Development Unit. After two years of this new structure Council determined that the high numbers of managers could not be sustained. A new senior-level structure was introduced from July 2007

comprising a General Manager and two generalist Deputy General Managers in lieu of the previous General Manager, four Directors and three Executive Managers. Later in 2007, the middle management structure was refined, with numbers of managers reduced from over 30 to 16, as part of an ongoing review of the Council's organisational structure and as a method of adapting to the Council's evolving and changing circumstances.

Council administration offices were located in approximately ten major and also some smaller buildings, excluding libraries and community centres. There were also at least nine works depots. A report by the General Manager to Council on its accommodation requirements indicated the need for substantial resources, resulting in deferral of any move towards centralised facilities. Council recognised that rationalisation of buildings presented a substantial financial challenge, but provided limited community benefits. Council adopted a policy of exiting leased office premises and relocating to Council buildings, as commercial lease terms expired. It also decided to notify various tenants of Council buildings that leases would not be renewed, in order to accommodate Council staff located in leased premises that council intended to exit. Council agreed that rationalisation of assets should occur gradually, and utilise other asset sales as one means of provision of the required resources.

A key early goal of the new Council was to establish a cohesive, single corporate culture recognising that this was a critical factor to the effectiveness and success of the amalgamated entity. Challenges in this regard included the wide physical spread of locations of the workforce across the local government area. Negotiations commenced early in the life of Council towards a complex process of achieving a single workforce enterprise agreement, in lieu of a plethora of employment awards and other existing agreements and arrangements; consolidation of human resources management protocols; a new salary system, and a single set of work practices and methods.

A challenging early requirement of the new Council was selection of a General Manager. Council determined to advertise widely to secure the best possible person to fill the vital role and appointed an experienced General Manager of

long standing, Mr Stuart McPherson, on a five-year performance based contract.

Courageous and visionary decisions taken by the former councils eased the challenges of the amalgamation. They included development of a single regional waste facility; a single Clarence Valley Settlement Strategy, to guide development of the six separate Local Environment Plans that pre-existed the amalgamation; an integrated water supply system, and a whole-of-Valley approach to flood mitigation.

The largest and most significant infrastructure project for the first council term was completion of the Regional Water Supply Scheme and Shannon Creek water supply dam construction. This vital project, to provide a safe, secure water supply for the Coffs Harbour and Clarence communities, with State Government, Coffs Harbour City Council and Clarence Valley Council as partners, had been planned since the early 1990s, cost approximately \$177 million and was completed in mid-2009.

Clarence Valley Council was created as an undivided area, with 43 towns or villages but without division into wards. Councillors were required to represent all areas. Losses of local representative democracy, with only nine elected councillors in lieu of the pre-amalgamation thirty-three elected representatives, required the council to focus on steps it could take to provide alternative local democracy initiatives.

Sound and extensive strategic planning was a core focus of Clarence Valley Council, which enabled securing of significant and valuable strategic planning outcomes. A central planning initiative was the Sustainability Plan, also known as the Sustainability Initiative or Framework. The Plan reflected Council's commitment to long-term environmental sustainability. It was a high level strategic framework, established a new corporate philosophy and became the driver for all actions and policy development of the council. A key component of the Plan was the 'planning-web', which was based on five key elements of ecology, economy, society and culture, human habitat and governance. All

officer reports to Council were required to address the key elements so that the 'thread' of sustainability permeated every organisational decision.

Council developed and adopted a Clarence Valley Economic Development Strategy, an action-oriented framework to build on the competitive advantages of the Clarence Valley. In two years after adoption in 2006, more than 80 per cent of the agreed actions in the Plan had been either completed or commenced. An Industrial Lands Strategy to position the Clarence Valley as an economic hub was achieved. After completing an Industrial Lands Audit, the Strategy identified 126 hectares of future industrial zones across the Valley.

Other key strategic planning achievements in the first term of the amalgamated council included a Social Plan; Cultural Plan; Crime Prevention Plan; Affordable Housing Strategy; Integrated Water Cycle Management Plan; Regional Water Supply Plan, and the Clarence Valley Capital Sewerage Program.

Council developed a comprehensive Draft Local Environmental Plan (LEP), based on a State Government mandated template, and prepared to reduce the number of LEP's applying in the Clarence Valley from six to one. The Draft, with linkages to the NSW State Government State Plan and the Mid North Coast Regional Strategy, substantially reduced the large number of land-use zones under the six former LEP's. The Draft LEP comprises 24 zones, in six classifications. Each classification has a Development Control Plan (DCP), which reduces the number of DCP's from 72 to six, and provides greater clarity and certainty to developers and community.

A key over-arching strategic planning project completed in 2008 was the Community- Based Corporate Strategic Plan, entitled 'Valley Vision 2020', a central aim of which was to collate and connect the various planning strategies developed since amalgamation. The Plan was also intended to provide guidance for the Clarence Valley Council corporate entity and to council staff.

Council received several notable awards in its early years. In October 2007, the council obtained a high commendation in the A R Bluett Memorial Award for

best performing New South Wales Council during 2006/07. In December 2007, Council secured the NSW Local Government and Shires Association of NSW peak annual State Award for Environmental Excellence for its Sustainability Plan. In late 2006 Council secured two of seventeen open category National Awards for Excellence in Local Government, for (a) the Regional Water Supply Scheme and (b) the new Information Technology System.

Council's Auditor confirmed that as at 30th June 2007 Clarence Valley Council was in a sound financial position, with adequate financial ratios in all categories and a healthy working capital position. Council determined that it would maintain a working capital amount of between four and six million dollars. At 30th June 2008 the amount stood at \$6.3 million dollars. During June 2008, a financial review of Clarence Valley Council was conducted by the Department of Local Government. On 23rd December 2008, the Department advised that a number of financial pressures faced council as a consequence of its financial position as at 30th June 2007 (Payne, 2008, p.1). After reviewing the Council's 2007-08 financial statements, the Department acknowledged that the financial position had improved and suggested other enhancement measures including a strategic Asset Management Plan, use of additional financial performance indicators, and development of a long-term strategic financial plan (Payne, 2008). Council committed to implementation of such measures.

My August 2008 Valedictory Mayoral Minute provides an overview of some of the key challenges, decisions and initiatives of the first Clarence Valley Council, the term of which concluded in September 2008. Many challenges face the new Council in the future, probably the most significant of which will be how to retain long-term financial sustainability.

7 Conclusions on Clarence Valley Local Government Reform

If, hypothetically, local government was to be now commenced in the Clarence Valley, it is clear that a structure with seven separate entities would not be seriously contemplated. However, that is the local government structure which existed in the Clarence Valley prior to July 2000. A six council structure would

probably have remained indefinitely, had not the state government forced the 2003-04 mergers to commence a single entity, and given the resistance to local government structural change which pervaded much of the Clarence Valley.

There can be little doubt that, during the currency of the 1999-2000 voluntary structural reform process, the councils of the Clarence Valley effectively wasted a 'one-off' opportunity to secure a better local government structure for the citizens they represented. The only outcome of the merging of two small, lowly rated, struggling shire councils, was a result in part, of the State Government stipulation that councils which were party to a merger proposal, were required to signify agreement to such proposal.

The voluntary process was characterised by lack of agreement between the councils, lack of adherence to their agreed Memorandum of Understanding, excessive focus by some councils on localised priorities and agendas, as well as a conservative outlook and antipathy to change in some quarters. There was evidence of high levels of parochialism and self-interest among some councils, as well as considerable public apathy in some local government areas.

Whilst vision for better outcomes was articulated by some councils and councillors, the Ulmarra-Nymboida 'manoeuvre' thwarted any prospect of a one or two Valley council structure out of the voluntary structural reform process.

At that time, a 'middle-ground' option of one coastal and one hinterland council enjoyed support among some community leaders and in the Lower Clarence community, although not in Grafton City Council area. The option may have enjoyed significant community support. However, the Mayor of Maclean Shire Council failed to listen to those supporting the two councils option, or to accept that compromise, and continued to encourage Maclean council's constituents to strongly oppose the single entity proposal.

Establishment by two Clarence Valley councils of sound connections, a close working relationship, effective resource sharing and cooperative sharing of service provision, could have been more beneficial for service recipients and

community. A single council could have been a natural outcome over time of such a structural reform.

This was not to be. In a period of eight months in 2003-04, the State Government engineered a forced merger of the six local government entities in the Clarence Valley and forever changed the structure and nature of local government in the Clarence Valley Local Government Area.

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