

## FINANCES

There were many problems with the Municipal Act 1858 involving the power of the local government to enforce provisions and the inability of communities to pay for services. Consequently there was limited finance available for councils to undertake work and there was little power to proceed against ratepayers for arrears. Although there was reorganisation with the Municipal Act 1867 the problem of adequate finance remained.

The first council established a cash credit with the manager of the Armidale branch of the Australian Joint Stock Bank (A.J.S.) in January 1864. In February a finance committee was established; members were Aldermen Allingham, Fitzgerald and Moore. Tenders were also called for a municipal assessor. In March council accepted the tender of £50 by Lewis Markham for the position of assessor and unanimously appointed Ald. Moore as treasurer. Ald. Markham raised a number of issues concerning unimproved land in April. He was informed by the Town Clerk Thomas Lamb, that public property including 'churches, chapels, racecourse, school of arts, public schools, and such like'<sup>1</sup> were not to be assessed.

Initially there was a low valuation of municipal property and council set rates in May of one shilling in the £ to be collected half yearly. At the council meeting on 2 May 1864, the following expenses and income were tabled: Expenses: rent of chambers £25; town clerk's salary £50; rate collector £20; assessor £50; books, stationery, etc £69 13s 6d and cash due to the A.J.S. Bank £35 6s 6d- total £250. Income: assessment of property in the municipality £347 and government endowment £347. An amount of £444 was therefore available to be 'expended on roads'.

In October 1866 the manager of the A.J.S. Bank reminded council 'that its overdrawn account was £120 9s 1d' and wished 'to be informed of the intended limit, and likewise as to the proposed provisions for repayment'.<sup>2</sup> Concerned about unpaid rates in September 1867 it was moved that the mayor take legal proceedings against all defaulting ratepayers not residing within the municipality.

By March 1869 there was a long standing overdraft from the A.J.S. Bank being charged 9% on the daily balance and throughout 1870 to 1871, council was in some financial trouble. On 6 August 1870 council had to pay £385 to the bank. The bank manager W.J. Seeley sought legal guarantees from council regarding the debt and there were several motions in March 1871 to reduce expenditure in the municipality. The estimated income for 1871 to 1872 was: income £785 10s 6d and expenditure of £125.

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<sup>1</sup> *Armidale Express*, 16 April 1864, p.2.

<sup>2</sup> *Armidale Express*, 27 October 1866, p.2.

B. Naughten was mayor during the difficult financial years of 1870 and 1872. On his death the *Armidale Express*, 21 July 1876 wrote:

he was the first Mayor of the town who acted with thorough independence relative to a very delicate matter- the enforcement of payment of rates by all people whom the law could reach- thereby soon placing the Borough Council in a financial position very different from what it had been for a considerable time previously.

By the late 1873 concern arose over the manner in which the municipal books were kept. After days of inspection by the treasurer, the mayor and two of the finance members, Mayor Moore declared: 'The result is that we find the Borough Accounts have been kept in a most careless and disgraceful manner in fact it would be impossible to describe the state of affairs at present'.<sup>3</sup> In his defence, Ewins claimed he was overworked but he was suspended by Moore. Later that month, special auditors T. Lamb and H. Powell presented a report and found the 'books and papers were in utter confusion'. A deficit 'of about £23' was found and more than 250 amounts appeared without a receipt. He was requested to make good the amount owing.

The Colonial Secretary gave council permission in December 1873 to borrow £1000 for three years from the Armidale Building Society at 8%. The loan was accepted in the following January and paid off in April 1876.

In August 1878 treasury informed council that £235 15s 5d had been placed in the council account at the Commercial Bank. In reply to an application for a loan for the new town hall, the Colonial Secretary informed council in July 1879 that the government did not lend money to country municipalities. In August council was informed by the Colonial Secretary that permission was granted for borrowing £3000 for the building. By February 1881 the new Local Government Act before the government allowed municipalities to borrow from government probably at a lower rate.

In November 1882 the finance committee received an issue of £4000 worth of debentures at 6% at £100 each. Tenders were to be called in the *Sydney Morning Herald* and local papers. In December council accepted James E. Woodward's tender for the whole £4000.

The value of rates for 1882 were:

	Rates
Annual value of rateable property £17106	£769 14
6	
Capital value of unimproved property £12535	£31 7 7
Water rate	£151 17 6
Total for 1882	£952 19 7

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<sup>3</sup> Council minutes, 2 December 1873.

The development of Armidale as a result of the arrival of the railway was reflected in these rates because there was an increase of 50% on any previous year.

In September 1883, trouble arose over finances. The Commercial Banking Company's manager R. McDonald drew council's attention to the over drawing of £264 17s 9d and there were to be no more cheques drawn until satisfactory arrangements were made. The mayor and treasurer were instructed to make any necessary arrangements to procure funds including the changing of banks if necessary. A week later, the A.J.S. Bank took the account over and in October 1884 the manager expressed concern over the bank overdraft of £1338 12s 1d. Aldermen felt that an investigation should be made of terms from other banks. This investigation revealed: the Bank of N.S.W. would allow an overdraft of about £1500 without security; A.J.S. about £1800 and the City Bank £1900. Council resolved to move to the City Bank.

The *Armidale Express*, 27 March 1885 referred to the town's financial position 'which has of years grown to considerable debts.' At the time the estimated income for 1885 was income £1673 10s and expenditure £741 leaving a balance of £932 10s for paying interest on the overdraft at the bank and for improvements in the streets. The rates were still 1s in the £ based on nine tenths of the value of the property but in May council expressed concern over the amount of unpaid rates. By July 1886 council was paying 10% on its bank overdraft.

In August 1887 discussion took place over banks and the overdraft rate. The A.J.S. Bank was willing to reduce the overdraft from 10% to 9% and the City Bank offered the same conditions. The town clerk was directed to write to the City Bank asking for a reduction of interest to 8% in October and in reply, council was informed 8% was being charged from 30 June 1887.

As bailiff, it was the duty of F. Schaupp, inspector of nuisances under seal of council to collect rates in arrears in October 1888 whilst the mayor issued 'distress warrants for the large amounts due'.<sup>4</sup> The debt balance at the City Bank had risen to £2066 9s 1d by January 1889. In September the improvement committee tabled a long memorandum recognising that council was tied financially to the town hall but pointing out that a few thousand pounds was necessary to properly level and drain the city streets. Because no work of a permanent nature could be done until this was completed, the committee recommended that the levels of town be taken and plans prepared.

In October 1890 a special meeting of council accepted a loan from a Mr Harris for £1500 for ten years at 6%. In February 1891 council took steps to borrow no less than £3000 to repair the worst streets. Council took action in March 1891 to borrow £5000 and permission was granted by the Governor to borrow this amount

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<sup>4</sup> *Armidale Express*, 12 October 1888, p.4.

in May. This sum was to be devoted to streets. In July 1891 council's income was estimated at £2621; expenditure £2234 gasworks income £2900 and expenditure at £3715. A week later, the *Armidale Express*, 10 July announced council 'will soon have at its disposal the goodly sum of £5000, which will be expended in public works of a permanent character'. That November the debit balance was £2204 9s 3d.

At a special meeting on 3 May 1892, action was taken by council to borrow £8000 by debentures on security of the town hall and annual revenue of council. The money was to be appropriated as follows: £5000 to pay off the City Bank overdraft; £2200 to pay off debentures falling due on the town hall on 1 January 1893 and £800 to pay off the cost of floating a loan. Aldermen determined that debentures at 10 years interest was not to exceed 6% but during that month there was much debate, heated at times over terms of the debentures. Permission was given by the Colonial Secretary to borrow £3000 in July.

As part of financial stringencies council moved in September 1892 that the city engineer's services be terminated and also that of Frank Schaupp as bailiff. In October the engineer was given two month's notice whilst Schaupp's wages were reduced to £1 per week. At a special meeting called in June 1893 to discuss the overdraft, Ald Wilson's offer to lend council £200 to meet the interest of the overdraft was accepted and in July a further special meeting was held to inquire into the workings and finance of council. At that stage, most of council's enterprises were losing money. A tabled report indicated: the new town hall made a loss of £310 2s; the old town hall a small profit of £5 10s; library and reading room loss of £190 10s 11d and the lighting rate made a loss of £38 15s 11d. There was only £253 10s 1d available for work in the borough. The town clerk's salary was set at £125 and he was to act as the gasworks clerk and live at the works. The salary of the inspector of nuisances was reduced from £75 to £50. In December day workers were discharged as council found contract work was cheaper.

By March 1894 council appeared to be in credit and in May the following estimates were presented: expenses- salaries £300; lighting street £550; lighting halls £150; loan interest £480; sanitary system expenses £260 and watering streets £115. Receipts included: rates £1534; lighting £511; rent of halls £200 and government endowment £375. The gasworks were expected to have probable expenses of £2652 and probable income £3060.<sup>5</sup> In August council was informed by the mayor that £940 was due for interest on 1 September. It was resolved that the joint and several guarantees given to the bank by the aldermen, for £400, be withdrawn by September 11'.<sup>6</sup> However council also took action to issue distress warrants to recover outstanding rates of £250 for 1893.

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<sup>5</sup> Council minutes, 1 May 1894.

<sup>6</sup> *Armidale Express*, 31 August 1894, p.2.

The special council meeting on 10 May 1895 considered estimates for that year. The sum of £3035 was need for the work of council and there was a general move to increase rates especially lighting. The general rate was raised to 1/1 in the £ especially to meet the Fire Brigade levy whilst the lighting rate was set at 5d in the £ for streets.

The finance committee presented an estimate of probable expenditure of £2131 0s 8d and a probable income of £2131 0s 8d for 1902 in April. Rates to be levied for properties were 1s in the £; a special rate of 4 1/2d in the £ for street lighting; a special rate for water of 1s in the £ and a special rate of 1/2d in the £ for maintenance of the fire brigade. The special rates were to be paid within seven days after the expiration of the thirty days required by law. The mayor was to take legal proceedings without a further order for non payment and at the same meeting council appointed John W. Gardener as bailiff. At that stage there was £900 arrears in rates and the mayor was empowered to take necessary steps to enforce payment.

In order to raise money council offered and the residents who applied for debentures for £5000 by August 1902 were: A. White £600; St. John's College £800; John Bliss £1000; Bishop Cooper £400; Alex Blair £500; S.J. Edwards £400; Manchester Unity of Oddfellows (Hillgrove) £300; Trustees for Mrs S.C. Wilson £900 and E.A. Radcliffe £100. The mayor was authorised to arrange a temporary loan with the manager of the City Bank for £3000 required on 1 September until all the debentures were taken up.

Concern was expressed in October 1902 because rates were not being collected. The finance committee was asked to investigate the matter. In December the mayor was authorised to issue distress warrants for rates in arrears and the bailiff was instructed to give three days notice before executing warrants. The inspector of nuisances was given one month's notice in January 1903 and applications were called to fill the position of inspector of nuisances; inspector of dairies; meter reader; rate collector and collector of gas accounts for a salary of £70 per year and 1 1/2 commission on rates and gas accounts collected. The assistant town clerk's salary was reduced to £100 as he was no longer a meter reader and rate collector. Thomas Mitchell was appointed in February with a bond supplied of £20.

In April 1903 the finance committee estimated the income from general, lighting, fire brigade rates, government grants and other sources for the year would be £2123 13s 6d. It appeared there was to be 'a deficit at the end of the year on all accounts except the sanitary account'.<sup>7</sup>

That July, a letter from the Municipal Association informed council 'only buildings used exclusively for public worship were exempt from municipal taxation'.<sup>8</sup> Council determined to inform the Armidale Church of England could

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<sup>7</sup> *Armidale Express*, 17 April 1903, p.4.

<sup>8</sup> *Armidale Express*, 17 July 1903, p.3.

not claim exemption for allotments 6 and 7 of section 36 and allotment 14 of section 9.

In February 1904 the mayor moved 'that the Council act as a committee to investigate and inquire into any proposal for the construction of revenue-producing works estimated to give a return of not less than 8% on the actual outlay'.<sup>9</sup> This was an attempt to create a sinking fund.

In April 1904 £453 4s 5d was available for expenditure but the wages which were being paid for day labour were £499 4s. Thus the works committee was asked to devise ways of reducing this expenditure. Twelve months later the annual estimate was £2187: salaries £160; lighting street lamps £442 and park lamps £18 and day labour £643. Income was derived from general rates £1300; special rate for lighting £539; special rate for the fire brigade £54 and sale of gas £2355. The gas showed a deficit of £62; the sanitary service a surplus of £44 and the water supply a deficit of £203 10s.

Council was in a difficult financial situation by April 1908. The finance committee reported the general account was overdrawn and recommended that only gas, water, sanitary accounts be paid. The committee also recommended the credit in gas and sanitary accounts be transferred to the general account after contractors were paid to reduce the overdraft. The inspector of nuisances was authorised to take legal proceedings to recover outstanding rates. An application was to be made to the minister to temporarily borrow £750 to meet ordinary expenses.<sup>10</sup> At the council meeting on 28 April the mayor reported on his efforts in meeting with local government officials to overcome financial difficulties.

A local Municipal Appeals Court to deal with church appeals was held in Armidale in October 1908. That month the magistrate Lawson adjourned the court and stated 'he had been especially requested ... to defer his decision until the decision pending in a certain Supreme Court was given'.<sup>11</sup> Similar action was taken in courts throughout the state. That December, the mayor reported to council that the Appeal Court had decided in favour of churches in appeals against rating of church properties. In line with the recent Act, J.A. Glass, hon secretary of the Presbyterian Church applied for and was granted a refund of £2 for rates paid on the old parsonage in February 1909.

The council clerk declared in February 1909 that the estimated expenditure for council was £8970 1s 4d whilst the estimated revenue included: rates £1724 16s 4d; arrear rates £470; credit balance (City Bank) £410; sale of water to the railway £250 and sale of meters and agreements.<sup>12</sup> Two years later, council in

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<sup>9</sup> *Armidale Express*, 26 February 1904, p.4.

<sup>10</sup> *Armidale Express*, 17 April 1908, p.3.

<sup>11</sup> *Armidale Express*, 20 October 1908, p.4.

<sup>12</sup> *Armidale Express*, 26 February 1909, p.4.

considering a rate increase discussed the government requirement for a sinking fund. At that stage, council maintained a fund of £250 but expressed concern when Ald Kearney informed council that 'a sinking fund of £750'<sup>13</sup> was now required by the government. Council was experiencing difficulties in repaying instalments caused by water payments. Difficulties of finance continued and the *Armidale Express*, 26 March 1915 referred to 'the apparent tale of municipal extravagance' and criticised the move by council to borrow a £1000 temporary loan to bide it over the new rate interim.

The Local Government Department informed council in November 1919 that executive approval had been granted to the council borrowing £15 000 for loan repayment purposes. Following the World War, there was a steady increase of population from 5407 in 1921 to 6794 in 1933. Returning soldiers expected improved services for their families and this meant that council would need to seek loans to provide those services. By the end of the decade, the Teacher's College was under construction and this led to a building revival in the city. The Mayor's annual report in 1929 'disclosed that approximately £100,000 had been expended in private buildings, excluding the extensive operations of the Department of Education'.<sup>14</sup>

The steady growth of Armidale during the war years was reflected in council's financial returns from 1912 to 1922:

	Income (all funds)	Expenditure (all funds)
1912	£10,913	£9,977
1920	£16,658	£16,036
1921	£20,620	£20,292
1922	£20,510	£19,500

By 1922 council had credit balances of: 'general £60; sanitary £396; gas £951; trust £90; water £165; town hall loan £38 and gasworks loan £109'.<sup>15</sup>

One of the issues that has always confronted council has been the amount of land occupied by churches and schools and the question of the payment of rates. In April 1927 the Local Government Association sought council's opinion concerning exemption from taxation of property used for religious or educational purposes. A detailed report was prepared for the association. The loss of revenue would be £287 18s 4d and this amounted 'to 1-24th of the total rate revenue affected at present'.<sup>16</sup> Consequently the executive was asked to do all in its power to have the rating exemption clause amended by Parliament.

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<sup>13</sup> *Armidale Express*, 3 March 1911, p.10.

<sup>14</sup> *Armidale Express*, 18 December 1929, p.8.

<sup>15</sup> *Armidale Chronicle*, 10 February 1922, p.7.

<sup>16</sup> *Armidale Chronicle*, 11 May 1927, p.6.

Ald. R.N. Hickson proposed a motion in August 1927 reinforcing council's stand on rate exemptions for 'inclusion in the business paper for the Local Government Conference'.<sup>17</sup> He felt that a strong protest should be made against the exemption of churches and schools from the payment of rates. The Local Government Amending Act of 1928 provided a definition of church lands and schools for rating exemptions.

In November 1929 information was received from the Local Government Association concerning the recent decision of the Privy Council arising out of the rating of a convent by Willoughby Council. The court determined rates collected after 21 March 1927 were to be returned to the convent and 'the Privy Council had refused the Council leave to appeal against the decision of the High Court'.<sup>18</sup> With this decision, council agreed to return rates to the Coadjutor Bishop of Armidale Dr R.C. Coleman and the Reverend Mother Superior of the Ursuline Convent.

Council sought permission from the Department of Local Government for approval of a renewal loan of £9000 to repay the balance of the renewal loan raised under the Local government Act 1926. In November 1929 the department advised council it would be necessary to raise two separate loans in respect of the general and gasworks respectively.

The main impact of the depression on local government was upon their finances. Some councils fixed 'a lower rate which was maintained or varied slightly over several depression years in an endeavour to stabilize general rate revenue'.<sup>19</sup> Armidale maintained the one six penny rate whilst others, such as Canterbury and North Sydney made small annual variations. Because there was a general downturn in economic conditions in communities, land values fell and councils applied to governments for increased grants. In August 1930 council applied for a grant from the Unemployment Relief Council of £2500 for the carrying out of certain works within the municipality; works including Butler Street drainage and improvements to the Dumaresq Creek area and municipal parks. The Armidale Chamber of Commerce called for a reduction of rates to reduce overhead expenses in November. The *Armidale Express*, 12 November 1930 supported the stand but commented 'if the Council can possibly agree to the request ... without unduly penalising men and women in these times of stress, then we believe it should grant the request'. By December, council expected a book deficit of £1100 because of considerable sums spent on parking and caravan areas and the stone crushing plant.

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<sup>17</sup> *Armidale Express*, 31 August 1927, p.3.

<sup>18</sup> *Armidale Express*, 6 November 1929, p.6.

<sup>19</sup> F.A. Larcombe, *The Advancement of Local Government in New South Wales 1906 to the Present. A History of Local Government in New South Wales: Volume 3*, Sydney University Press in association with the Local Government Association of New South Wales, Brisbane, 1978, p.368-369.

The Rating Exemption Act 1931 had a dramatic impact on Armidale because of the number of church and state schools, churches and public buildings. The Local Government Act 1906 had not fully exempted all state properties but the 1931 Act did and freed all church and school lands from rates. The Rating Exemption Act meant that 'principal Crown properties affected by the exemption would be railway lands, State forests, land occupied by public schools, Government Savings Bank, Fire Brigades Board, court houses and gaols'.<sup>20</sup> The new act also stipulated that private and church schools could not be charged for the supply of water. Council was now confronted by the loss of £1000 for public buildings and £1000 for loss of water.

Council did receive some relief for its financial situation. The Commonwealth Bank took over the bank premises and managers' residence of the Government Savings Bank of N.S.W. on 15 December 1931. Commonwealth property was not liable for the payment of rates and taxes but the bank voluntarily paid accounts rendered by the council for the sanitary and garbage service. In March 1932, council was given power by the government to impose charges for water supplied to government buildings exempt from rating in March 1932.

In March 1932 the town clerk informed council that unpaid rates now totalled £7356 and he expected a small deficit of £443. But the auditor's report for 1932 revealed 'revenue for 1932 was £27,606/3/2 and the expenditure £27,080/19/6 leaving a surplus of £525/3/8'.<sup>21</sup>

Council advised the State Unemployment Relief Council in August 1932 that it wished to proceed with the work of sewerage and intended to apply for a grant of £50 000 being half the estimated cost of construction. Council was agreeable to borrow the balance. It was government aid which helped councils keep their rates at a reasonable minimum and thus enable councils to transfer funds to liquidate debts. However Armidale was still faced by accumulated debt as shown in the period from 1932 to 1933: 31 December 1931 £8114 6s 11d; 31 December 1932 £9758 6s 7d and 31 December 1933 £11 128 13s 9d. Consequently auditors Messrs Forsyth and Co 'expressed dissatisfaction with the accumulation of amounts due to the council by sundry debtors'.<sup>22</sup> The company claimed that the function of collecting debts had not been sufficiently exercised.

A dispute arose between the Unemployment Relief Council and council concerning a £1500 unemployment grant in June 1932.. The Relief Council insisted that the grant be expended on the Dumaresq Creek but the aldermen believed the scheme impracticable and a waste of public money. Following a meeting between Mayor Watson, the Deputy-Mayor Curtis and the Relief Council in Sydney the body withdrew the stipulation 'and agreed to the alternative

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<sup>20</sup> *Armidale Express*, 16 December 1931, p.6.

<sup>21</sup> *Armidale Express*, 11 August 1933, p.7.

<sup>22</sup> *Armidale Express*, 8 August 1934, p.3.

proposal'.<sup>23</sup> This meant that £750 could be devoted to the forming of footpaths and £600 to the construction of a museum; the latter sum to be a subsidised loan. The museum loan was finalised in March 1933.

In the February 1933 estimates, council budgeted for a deficit. The *Armidale Express*, 8 February 1933 approved of the actions and stated one of the 'courageous decisions ... is to wipe off ... the balance of £4191 (approximately) on the £6000 debt incurred by the installation of new retorts at the gasworks in 1928'. This meant that council could now use income from the gas rate loan and earn profits from the undertaking. The mayor's annual report indicated that rates and values were reduced by 25% and there was a loss of £3000 from exemptions from schools, churches and Crown properties. But council had not dismissed or rationed any of the permanent employees.

The Local Government (Further Amendment) Act 1935 gave further impetus especially to small councils by paying award wages to workers in order to construct water, sewerage, drainage and road works. In April 1935 D.H. Drummond acknowledged council's acceptance of the Premier's loan of '£33 000 at 31/2% to complete the Armidale sewerage installation'.<sup>24</sup> That September the auditor's report from W.S. Forsyth showed that £11 000 was outstanding in debt. Two weeks later acting on advice from the finance committee, council notified the public that legal proceedings were to be adopted to recover the moneys due.

The Minister for Works and Local Government met with the City Council and Dumaresq Shire in Armidale on Friday 22 November 1935. The government was not prepared to make any money available for sewerage works unless council gave 'a guarantee that a qualified engineer' was 'entrusted with the supervision of works'.<sup>25</sup> Provided council agreed to fund its debts from private sources, the Minister offered 'to wipe off £19,000 from the water supply debt of the municipality'.<sup>26</sup> Council rejected the proposal although the minister urged reconsideration.

Engineer E.R. Gallop visited Armidale in July 1937 and advised council the Local Government Department would consider the following subsidised works: 'improvement of reserves, tourist roads and resorts, developmental roads and aerial landing grounds'.<sup>27</sup>

In the report for the year ended 31 December 1937, auditors W.S. Forysth and Co. revealed the growth of council assets over the past ten years. The assets (excluding trust monies) were: 31 December 1927 £71 248 2s; 31 December 1932

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<sup>23</sup> *Armidale Express*, 22 June 1932, p.4.

<sup>24</sup> *Armidale Express*, 1 May 1935, p.7.

<sup>25</sup> *Armidale Express*, 25 November 1935, p.4.

<sup>26</sup> *Ibid.*

<sup>27</sup> *Armidale Express*, 31 July 1937, p.3.

£159 418 4s 1d and 31 December 1937 £243 353 1s 8d. Combined with trust monies of £7159 os 9d the council was now 'administering assets valued at more than a quarter of a million pounds' but the report also stressed 'there is a definite weakness in regard to book debts'.<sup>28</sup>

In February 1938 council announced a £12 500 scheme on kerbing and guttering work in the principal part of the town and also accepted a £2500 grant. At the same time, council announced estimates for 1938. 'They provided for an increase of 13/4d in the general rate, and a reduction of 1d in the sewerage loan rate'.<sup>29</sup> Thus a deficit of £1119 was anticipated. Two weeks later, the town clerk revealed 'that the council's present indebtedness amounts to £194,795'.<sup>30</sup> Later that month, the town clerk also revealed that ratepayers and occupiers owed council a total of £8 10s 9d in rates and other charges.

The auditor drew attention in July 1938 to the book debts which had not 'materially altered'. The report led to a series of recommendations concerning the outstanding debts with the finance committee given 'discretionary power to take whatever action it thinks proper and necessary in each particular case'.<sup>31</sup> But bitterness arose amongst the aldermen as they considered a proposal to raise a loan for kerbing and guttering. A month later the finance committee informed council that the over-draft of £755 in the general fund was the lowest for a considerable time'. The annual report dated 31 December 1938 and published in the *Armidale Express*, 5 July 1939 showed that council assets were £256 913 11s 7d with liabilities of £198 514 18s 9d.

Council announced in February 1939 an ambitious spending program for that year and 1940. On 24 April council advertised its proposed special loans in the *Armidale Express*: £4000 for concrete kerb and gutter works; £4500 for drainage, concrete kerb and gutter works and £2000 for purchase of land for aerodrome purposes. Within one month from that date, 25% of ratepayers, that is 1148 residents could demand that a poll be taken on each proposed loan. By June council's indebtedness for fixed loans was £63 239 12s 8d. Following advice received from the Local Government Association and the resignation of E.S. Spooner as Minister for Works and Local Government, council sought 'an assurance that the money promised it for urgent work during the administration of the former premier (Mr B.S.B. Stevens)<sup>32</sup> was still available. Council called an urgent meeting in September with the Minister for Education, D.H. Drummond. The A.M.P. Society accepted council's proposal in October for a renewal loan for £3020 in the general fund and £1009 in the gas trading fund.

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<sup>28</sup> *Armidale Express*, 22 June 1938, p.8.

<sup>29</sup> *Armidale Express*, 16 February 1938, p.3.

<sup>30</sup> *Armidale Express*, 2 March 1938, p.3.

<sup>31</sup> *Armidale Express*, 6 July 1938, p.2.

<sup>32</sup> *Armidale Express*, 16 August 1939, p.7.

In November 1939 the Department of Works and Local government informed council that the loans had been approved. The Commonwealth Bank was involved in the loan. The State Superannuation Board was also prepared to consider an application for a further loan of from £10 000 to £15 000 for water augmentation and filtration apart from the present loan of £51 200. Thus during 1939, council 'negotiated original, renewal and repayment loans for £183,958' and 'received grants of £28,000 from the State Government'.<sup>33</sup>

In February 1940, council called a special meeting to discuss the £10 950 outstanding rates and fees due to council and £220 0s 2d overdue in the electricity fund. That month council budgeted for a deficit of £746 in the general fund and reduced the total of rates from 161/2d to 15d. The *Armidale Express*, 28 February approved of the financial plan and commented, 'in fixing the rates for 1940 the Armidale City Council has given evidence of a desire to meet the demands of the times'. Council received the agreement from the Department of Works and Local Government concerning the grant of £5500 towards the cost of establishing an aerodrome and undertaking the kerb, gutter and drainage works programmes in March. In October the Minister for Works and Local government, Mr Martin advised council arrangements had been made for the payment of an amount towards the £14,000 works programme.

In February 1941 council budgeted for a for a £2818 deficit budget but in August 'the auditors reported that the total revenue for all funds was £62,237/3/6 and the expenditure was £61,272/14/1'.<sup>34</sup> The surplus of £964 9s 5d compared with the 1940 surplus of £4433 4s 2d. At the end of 1941, the arrears of rates in the municipality totalled £9203 but to May 1942 only £1286 had been collected.

Council's plans received a further setback when the minister advised council in June 1943 that the program of £14 000 'of town improvements and aerodrome works, for which the Government grant of £5500 was approved, could not be completed because of manpower shortage'.<sup>35</sup>

The council rates determined in February 1944 were a combined general rate £9653; water rate £6200; sewerage rate £4480 showing a total revenue of £24 708. The total income for 1944 was £61 774 and for 1945, £67 000.

At the suggestion of the town planning and beautification committee, council took action to levy 1/4d in the £ on the unimproved capital value for city beautification in February 1945. In March council supported Leichardt Municipal Council's move 'in urging the amendment of the Local Government Act so that all government properties would be rateable'.<sup>36</sup> Two weeks later,

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<sup>33</sup> *Armidale Express*, 3 January 1940, p.4.

<sup>34</sup> *Armidale Express*, 27 August 1941, p.8.

<sup>35</sup> *Armidale Express*, 30 June 1943, p.6.

<sup>36</sup> *Armidale Express*, 7 March 1945, p.8.

D.H. Drummond, MLA promised to prepare supporting data to the Minister for Local Government but doubted 'if the Government would consent to amend the measure'.<sup>37</sup>

In October 1945 council took action to apply to the Department of Local Government for loans totalling £45 000. The proposal included: kerbing and guttering £8000; electricity extensions £15 000; abattoirs £12 000; footways £4000; saleyards £3000 and aerodrome £3000. The auditor's report for the year ended 31 December 1945 showed an income of £61 774 2s and expenditure £65 548 1s 9d.

During World War Two valuation of the city area was not undertaken. A valuer's report completed at the end of the war in December 1945 showed there was an increase in the u.c.v. of £4804, of £7600 in the i.c.v. and £126 in the a.a.v.

Because only part of the money raised by the special rate for city improvement and beautification was spent during 1945, the estimates for 1946 were increased by an amount equal to the unspent figure. By May 1946, council had applied for loans estimated to cost £35 000. These proposed works included: the building of an abattoirs £12 000; kerbing and guttering £10 000; Town Hall £5000; concrete footpaths £5500 and the aerodrome £3000. In June council decided to approach the government to outline what financial assistance it proposes to give in regard to: the estimated extra cost (£71 200 to £96 000) of the Gara water augmentation scheme; to sewerage extensions to South Armidale and the university college as well as electricity extensions. Council decided to seek early approval for raising loans totalling £38 500 in November. The A.M.P. was prepared to fund completion of the Gara water supply works £30 000; concrete footpaths £5500; gas works £2000 and the aerodrome £1100. The Minister for Local Government J.J. Cahill approved the application in December.

In February 1947 council fixed the combined general, aerodrome, town hall, parks improvement and footpaths loan rate at 10 $\frac{1}{2}$ d in the £ on the unimproved capital value of all rateable land. This was an increase of 1d on the previous year. In an attempt to obtain overdue rates, council took action in April to apply to the Public Trustee to have lands on which £1366 3s 8d was owing 'vested in the council and then sold by auction'<sup>38</sup> under section 603a of the Local Government Act. Council announced its intention to borrow £2000 for expenditure on its £10 000 kerb and gutter programme in February 1948. Staff limitations meant that council would not be able to spend more than £2000. At the same time council announced rates for 1948 would be the same as for 1947. That April announced its intention to also seek £1000 for expenditure on footways and £2500 for the gas works extensions.

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<sup>37</sup> *Armidale Express*, 21 March 1945, p.8.

<sup>38</sup> *Armidale Express*, 16 April 1947, p.13.

The 1947 auditor's annual report revealed that council's 'income increased from £76,960/14/7 in 1946 to £88,981/18/ in 1947, an increase of £12,021/3/5, but expenditure in 1947 amounted to £89,659/19/7, or £14,115/1/11 more than in 1946'.<sup>39</sup>

In January 1949 a combined rate of 1s in the £ was fixed; an increase of 11/2 over last year. The general fund estimates showed a deficit of £6315 for 1949. An expenditure of £20 000 loan money over four years for concrete footpaths, kerbing and guttering was proposed by council in July and permission was sought to borrow the money in August. That November council announced its intention to borrow £5000 to carry out works on kerbing, guttering and footpath construction. The total rates levied for the year to December was £30 269 11s 11d.

Council's income of £75 601 for 1950 was £8041 more than for 1949. In January 1951 council announced its revenue from rating this year is estimated at £40 597, as compared with £33 120 last year. By July 1951, more than one-third of Armidale was non-rateable and council moved that: 'State and Federal members be requested to bring before Parliament the whole question of rating exemptions granted to Crown, church, school and other properties with the object of having the present laws altered'.<sup>40</sup> Davis Hughes, MLA was prepared to present council's case but whilst he felt government should pay rates, he believed that churches should be exempt. Although the Commonwealth and Rural Banks were exempt from council rates, they nevertheless made an annual contribution to council equivalent to the council rates by 1951.

That November council sought £72 000 loan money. The proposed borrowings were: gasworks extension £12 000; town hall improvements £45 000; street cleaning plant £5000 and water supply extensions. Council received £34 000 for the gasworks, water supply, footpaths and saleyard extensions. In order to find funds for an increasing number of works, council increased the rates for 1952. Both borrowing and rating limits were abolished by the Local Government Further Amendment Act 1951

The valuation of the city by the Valuer-General showed the increases for the period from 1952 to 1953:

	1952	1953
U.C.V.	£690 398	£1 084 713
I.C.V.	£3 740 744	£6 415 888
Annual value	£284 583	£359 041

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<sup>39</sup> *Armidale Express*, 1 September 1948, p.3.

<sup>40</sup> *Armidale Express*, 18 July 1951, p.3.

Early in the 1950s, council set out on an extensive borrowing program. In February 1952 council determined to adopt tentative borrowing for 1952/1953 of £60 000. The program included: cement footpath program £5000; town hall repairs £25 000; new road plant £3000; street lighting extensions £3500; gas works mains £5000; water supply £15 000; sewerage extensions £5000. The loans raised in 1953 included: a loan for the War Memorial Library £6000; water supply extension £5000; plant £3500; sewerage £5000 and saleyards £2000 whilst concessions granted to Old Age and Invalid Pensioners, totalled £300. Council budgeted for an increase of £58 000 with a rate increase of 16% in February 1954. Included in the year's program was construction of the Gara Dam, improvements to the town hall, extension of high pressure gas mains and £14 000 for other general works. Some difficulty was encountered in raising a £25 000 loan and in February the State Superannuation Board advised council it was unable to provide the funds.<sup>41</sup> Town clerk W.H. Quin made personal representations in Sydney on 16 February 1954 to money lending authorities on loans. In his report to council, he stated: an authority was prepared to make available £10 000 in April of a proposed £15 000 loan for water supply improvements; a request was made for £1500 for gas extensions to be increased to £5000 but no funds were available for a loan of £10 000 for town hall improvements. The auditor W.S. Forsyth commented adversely in July on the general fund which 'had deteriorated to the extent of £9184 in three years'.<sup>42</sup>

In March 1955 council informed the Local Government Department it proposed to borrow £137 200 for the financial year 1955-56. The loan involved: plant loan £10 000; Beardy Street property purchases £15 700; Dumaresq main £15 000; sewerage extensions £5000; Beardy Street construction £20 000; water supply extension £8 000 and gasworks £60 000.

Whilst council was undertaking an extensive loan's program, the rate collection demonstrated problems. A special report in May 1955 revealed to council 'that rate arrears for 1954 amounted ... to £9,189/9/3, one-eighth of the total rate levy for the year'.<sup>43</sup> The auditors, W.S. Forsyth and Company expressed concern about the extremely weak 'liquid position of the General Fund'<sup>44</sup> for the year ending 31 December 1955. The net deficiency of this fund was £8796 which made the total deficiency £12 068 and the bank overdraft £23 123, £522 more than the statutory limit.

The newly formed Armidale and Disytrict Rarepayer's Association expressed its concern 'at the decision to consider the 1956 estimates in private'<sup>45</sup> in January 1956. That month, council decided to levy a rate of 13/4d in the £ to raise just

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<sup>41</sup> *Armidale Express*, 10 February 1954, p.8.

<sup>42</sup> *Armidale Express*, 30 July 1954, p.7.

<sup>43</sup> *Armidale Express*, 18 May 1955, p.4.

<sup>44</sup> *Armidale Express*, 14 November 1956, p.4.

<sup>45</sup> *Armidale Express*, 6 January 1956, p.6.

over £70,000 of the £180,000 council expected to spend in 1956. Despite the move by the Local Government Association to increase charges for water and sewerage on churches, schools, crown land and religious bodies council refused to support this move. At that time, residents of the municipality owed £11 000 on rates and services.

By 1956 the Local Government and Shires Association expressed concern about the financial situation facing councils. 'Irrked by the indifference of the state government, the Association, in 1956, decided to proceed with an investigation at its own expense'.<sup>46</sup> A former state treasurer and premier Bertram Stevens was commissioned to prepare a financial survey. The government ignored the Stephens Report which confirmed to the Association that the main source of revenue for council was rates and 'government grants had a negligible influence in council budgets and were far from a substantial stake in the local financial structure'.<sup>47</sup>

In January 1957 council enclosed a letter of explanation to ratepayers justifying the increase by rates of 50%. 'Against the advice of the Mayor and other senior Aldermen, Armidale City Council ... sent to the Minister for Local Government a list of loan requirements'<sup>48</sup> for 1957 amounting to £269 150. Council also decided to send a deputation to meet with the minister to discuss loan allocations. A large audience attended the Armidale City Council held on Monday 17 February 1958 to hear the debate on rating. The 195/8d in the £ was lower than in 1957 but 'because of the revaluation of the city it' demanded '£9525 more from the ratepayers'.<sup>49</sup> That June council adopted the principle of asking for loans totalling £180,700 for the 1958/59 financial year.

In March 1959 council announced the combined rates for 1959 at 185/8d in the £. This was 'an overall reduction of 1/2d in the £ over the rates demanded'<sup>50</sup> for 1958. In October council protested against the refusal of the State Government to allow council to borrow money. Council sought permission to borrow £96 200 but the Department of Local Government cut the sum by £40 000.

The extent of the development of Armidale in both income from rates and the number of ratepayers from 1955 to 1962 is reflected in the following figures:

Year	Income from Rates £	Ratepayers
1955	64 804	2433
1956	70 667	2476
1957	100 059	2523

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<sup>46</sup> Larcombe, Vol. 3, p.372.

<sup>47</sup> Ibid.

<sup>48</sup> *Armidale Express*, 6 March 1957, p.8.

<sup>49</sup> *Armidale Express*, 19 February 1958, p.1.

<sup>50</sup> *Armidale Express*, 4 March 1959, p.8.

1858	109 897	2523
1959	108 697	2612
1960	128 149	2660
1961	139 274	2850
1962	147 974	3272

The Minister for Local Government promised council was 'to get the full amount of loan money required to complete the 1959/1960 programme with the fulfilment of the promise of approval of the outstanding \$40,000'<sup>51</sup> wanted to borrow. That May the position was confirmed with loans of £28 000 from the Bank of NSW and £12 000 from the Commonwealth Bank. But in August council found that it had been given permission to raise only about half the amount of money it had sought.

Much of the increased expenditure for 1960 was in the repayment of principal and interest of loans taken up in 1959. In February 1960 council announced rates were to increase by 15% and in July 1961 council was informed by the Valuer-General's Department valuations were to increase by 33%. By June 1961 council had not been able to find lenders willing to advance the whole of the £119 373 for the councils 1961-62 loan programme. Council took action in July for the mayor and town clerk to meet the Minister for Local Government to discuss the loan program to ensure that staff were not laid off. That September council called for possible economies in the city engineer's department in view of the council's financial position.

The original loan allocation by council for 1962 was £64 000 but in February a windfall allocation arising from the special meeting of the Loan Council was announced'.<sup>52</sup> Council was authorised to raise loans for approved purposes up to £100 000. Thus council estimated a program of works and equipment to cost £88 000 and loans totalling £95 000. In April council was informed that it was to receive a grant of £3100 from the Commonwealth for the relief of unemployment. In his annual report that year, Mayor Carey 'gave a warning about staff increases and increased costs'.<sup>53</sup> At that stage, council employed a staff of 116; sixty seven employed by the general fund; twenty two employed by the water supply fund and seventeen by the sewerage fund. Council had raised a total of £160 000 during the year in loan monies and was now committed to £84 000 a year in repayments.

Council announced a steep rise in city rates in February 1963; one sixth more than in 1962. The *Armidale Express*, 27 February 1963 announced the increase was designed 'to maintain existing assets, make essential additions to the city's amenities and to cut back the £18,000 deficit incurred last year'. The Local

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<sup>51</sup> *Armidale Express*, 23 March 1960, p.8.

<sup>52</sup> *Armidale Express*, 30 May 1962, p.3.

<sup>53</sup> *Armidale Express*, 28 November 1962, p.7.

Government Department informed council in August 1963 approval had been given for an £8000 loan to spend £4500 on the balance it owes on a grader and £3500 on a truck. The town clerk advised council in December that deficits totalled £27 513 in three council funds. The estimated income for 1964 from rates, loans and gasworks trading was £620 082.

In a University of New England's Extension Department series held at the university in October the Town Clerk, R.A. Browne and the Mayor Ald. L.S. Piddington demonstrated the growth of Armidale and its special problems. They said that Armidale's rates had doubled in nine years; rates income had risen from £62 252 in 1954 to £180 171 in 1963 whilst unimproved capital value had risen from £943 088 to £2 096 902 in 1963. About 17% unimproved capital could not be rated and non-rateable land covered about 40% of the city's area.<sup>54</sup>

The rating limits imposed by the 1906 Act were unreal by the end of World War 11 because of inflation. The Local Government Further Amendment Act December 1952 abolished both borrowing and rating limits and inflation confronted every council and shire in New South Wales. 'By 1965 the aggregate general rate levied by all Councils which had risen to £109,816,000 was 418.2 and 1,907.9% above those of 1955 and 1954 respectively'.<sup>55</sup>

In reviewing council's financial position at the end of 1963, the auditors found 'that the total current liabilities of council exceed the total liquid assets to the extent of £15 032, which is a matter which should give Council some concern'.<sup>56</sup> Despite this report, council announced its intention in February 1964 to raise almost £100 000 in loans. The loans were to include: £28 000 for a reservoir in North Armidale; £12 000 for new cattle saleyards; £10 600 for sewerage treatment works maintenance to stop pollution of Dumaresq Creek, east of Armidale. In June council received approval of loans to the value of £34 000 for the North Armidale reservoir £28 000 and water mains extension £6000.

If re-elected the Askin Liberal Government promised an inquiry would be made into rates, valuations and local government finances in N.S.W. Once the 1965 election result was declared, a Royal Commission of Enquiry into Rating Valuation and Local Government Finance was established with Justice R. Else-Mitchell chairman. The Commission issued its report in June 1967 and 'made recommendations for improved financial bases, including new sources of revenue'.<sup>57</sup> By its terms of reference, the Commission was required to inquire into seven aspects of local government financing. The Commission made seventy-two recommendations but because the recommendations were considered

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<sup>54</sup> *Armidale Express*, 2 October 1963, p.1.

<sup>55</sup> Larcombe, Vol. 3, p.373.

<sup>56</sup> *Armidale Express*, 26 August 1964, p.4.

<sup>57</sup> F.A. *Change and Challenge. A History of the Municipality of Canterbury, N.S.W.*, Canterbury Municipal Council, Canterbury, 1979, p.233.

too radical only only two recommendations were accepted. A poll tax and rating of church lands, private schools, public hospitals and charities was advocated by the Commission but rejected by government. It would have helped Armidale's financial situation and 'nothing having been done to arrest the rate spiral, the untenable situation remained to plague councils'.<sup>58</sup>

Council's finance committee recommended a rate rise of almost 2d. in the £ in February 1965. A £13 000 loan was granted to council in February 1965 for a gas workshop and mains, cattle saleyards and tourist building. That month council also provisionally placed an amount of £10 000 on the loan list for creek desiltation in the 1966 financial year. To give relief to pensioners, the finance committee recommended that pensioner's rates reduction be doubled in January 1966. In February, council announced its intention to apply for loans totalling \$781 512 (\$500 000 more than its limit in the past few years). A week later council pruned \$68 712 from its suggested loan programme and agreed to consider further cuts. In March action was taken by council to arrange a meeting with the Minister for Local Government, P.H. Morton when he came to Armidale to open extensions to the gasworks. At the meeting the minister invited applications by council for another unemployment relief grant of \$2000. By that September, council 'had raised \$500 000 of its total program of \$668 000'.<sup>59</sup> That December council announced rates will rise by about 3%; gas charges by 7% and there would be a rise in the garbage collection fee.

The loan program for 1967-68 totalling \$664 000 was provisionally approved in January 1967. Items included: Malpas Dam \$300 000; sewerage treatment works extension \$110 000; road construction, kerbing and guttering \$97 000; new bridge in Niagara Street \$12 000; Council's depot \$20 000; office extensions \$11 000; sewerage mains \$12 000; \$20 000 for reconstruction of Marsh Streets between Newtown and Kirkwood Streets and water mains \$11 000. Council fixed its 1967/68 loan program at £814 000; the largest in council's history. However in August 1967, council expressed dissatisfaction with its allocation of loan money. 'The amount allocated by the Department of Local Government' was '£650 000- £164 000 less than Council had asked for'.<sup>60</sup>

Concerned about the financial situation, council called for a list of all unrated church land to determine if any of it should be rated in May 1967. That October, aldermen expressed concern at the large deficit of \$32,080.68.<sup>61</sup> Loans were still seen as an important part of council's financial planning and in 1966/7, loans to the value of £525 000 were raised whilst loans to the value of £650 000 were raised in 1967/8.

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<sup>58</sup> Larcombe, Vol. 3, pp.378-379.

<sup>59</sup> *Armidale Express*, 7 September 1966, p.8.

<sup>60</sup> *Armidale Express*, 16 August 1967, p.8.

<sup>61</sup> *Armidale Express*, 11 October 1967, p.1.

At the same time, the value of land was increasing as shown in the period from from November 1961 to August 1967:

Nature of Value	New Valuations	
	November 1961	August 1967
	\$	\$
Unimproved	4 961 518	87 986 063
Improved	31 387 010	40 919 305
Assessed Annual	2 052 118	3 275 773

In May 1969 council announced its intention 'to spend \$89,000 in the current year's loan program, and next year no less than \$1,080,700'.<sup>62</sup> However the Department of Local Government cut council's loan program for 1969 from \$1 063 000 to \$800 000 in September; consequently a number of projects were dropped and nine were reduced. The largest reduction was the Malpas Dam pipeline expenditure cut from \$600 000 to \$150 000. Other works eliminated included the: Niagara Street Bridge \$8000; library expansion \$15 000; conveniences \$3000; amenities block \$7000; creek channel improvements \$17 000 and office equipment \$9000.

In 1970-1971 council intended to spend: \$100 000 on an incinerator to assist in garbage disposal; \$80 000 for a crematorium and cemetery; \$230 000 for an olympic baths in two stages and \$300 000 for a civic centre in two stages. In July 1970 Council announced its intention to borrow \$600 000 but in September, the Local Government Association cut back council's 'loan program by more than 20% to \$500,000 ... on the understanding that next year the program would be limited to \$300,000'.<sup>63</sup>

Council elected a four man committee in February 1970 to prepare a ten year plan for the city. Proposed by Ald. R.F. Chappel, it was designed to create a ten borrowing program taking into account the city's needs, estimates of population and rates income. The *Armidale Express*, 10 July 1970 demonstrated the financial crisis confronting the district councils and shires. At that stage, council had appointed a sub-committee to examine council's financial problems. In the report Mayor J.W. Failes also stated that it was necessary to increase rates by 10% 'to allow council to keep pace with development of the city'.

In June 1971 it was revealed 'land owned by Armidale churches, including church schools had an unimproved capital value of more than \$500,000'.<sup>64</sup> Commonwealth and State government land excluding schools, teacher's college and residences accounted for nearly \$200,000. Council decided to investigate claims by churches and other groups for rate exemptions.

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<sup>62</sup> *Armidale Express*, 7 May 1969, p.7.

<sup>63</sup> *Armidale Express*, 21 September 1970, p.1.

<sup>64</sup> *Armidale Express*, 2 June 1971, p.17.

In August the Country Party Member for Armidale and Minister for Public Works, Davis Hughes announced that rates for pensioners were to be reduced by one half from 1 January 1972 and the government was to reimburse council for the amount involved. Prior to that date, it was up to council's discretion to grant such a rebate.

The 1971/1972 proposed borrowing program included: civic centre \$250 000 (stage one); olympic pool \$129 000 (stage one); roads reconstruction \$130 000; bridge reconstruction \$130 000; bridge reconstruction \$40 000; plant \$15 000; caravan park improvements \$38 000; public conveniences \$3000; saleyard improvements \$5000; land for cemetery expansion \$7 000; drainage \$20 000; footpath construction \$10 000; inner lane parking \$30 000; water mains extensions \$40 000 and sewerage mains works \$15 000. But in a dramatic move to prune its loan allocation, the finance committee reduced the original program of \$924 500 to \$431 000 in January 1972. That December council decided to increase its combined rate levy by 10.4%.

The Local Government Association advocated a direct share of state and federal tax pools as the fairest way out of its financial dilemma in 1971. The newly elected Whitlam Labor Government in Canberra was committed 'to make the third tier ... a genuine partner in the system and to give (it) adequate access to the nation's finances'.<sup>65</sup> Under the Grants Commission 1973, two programs were developed:

(a) Untied grants to councils: general purpose and specific purpose programs (sixteen of these) including Aboriginal employee housing, senior citizens centres, sewerage, sporting, recreational and tourist, children's services, environmental and conservation projects etc

(b) Unemployment Schemes: Regional Employment Development (RED) Scheme. Some 72% of the funds were granted to local government for wide range of works.

BUT these were made through State agencies as there was no provision in the Australian Constitution for direct federal payments to local government authorities.

The Federal Labor Government wanted to have local representatives placed on the Loan Council with voting powers but the state premiers refused to accept the plan in October 1973. Thus a referendum on the issue was held in May 1974. Whitlam in advocating a 'YES' vote said there would be new deal for local government but 'NO' vote advocates raised the centralist bogey of a socialist government tightening its grip on local government. The N.S.W. Askin Government of the day fought vigorously for a 'No' vote but the state electors

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<sup>65</sup> Larcombe, Vol. 3, p.381.

agreed with direct federal funding and financial aid to councils. But the proposal was defeated overall.

In order to overcome its financial difficulties, council announced a rate increase of 16%, the largest in several years in December 1973. The rate rise resulted from higher salary and capital costs. Under the Local Government Grants Commission, council received \$41 000 in November 1974. This compared with the previous \$38 000 allocation.<sup>66</sup> A month later in December, council announced a further rate increase of 24% for 1975. A critical aspect was to avoid unemployment at a time when council had started unemployment relief programs. The federal government introduced the Regional Employment Development (R.E.D.) Scheme and by December, a \$148 820 grant had been used for construction of a nature trail and amenities block at Dumaresq Dam, the rural life museum at Hillgrove and stone pitching wall along Dumaresq Creek. In the town clerk's annual report he said 'grants received by the council during the year had been unprecedented and placed some strain on administrative and technical resources'.<sup>67</sup> Grants included: Central Park \$39 500; Dumaresq Dam \$10 300; Dumaresq Creek \$83 520; Hillgrove Museum \$15 500; Civic Park \$35 000; Sewerage backlog \$27 000; Unemployment Relief scheme \$31 000; Aboriginal Affairs scheme \$10 500 and RED scheme \$235 000.

Following the dramatic dismissal of the Whitlam government on 11 November 1975, Malcolm Fraser came to power at the next election as head of the Liberal and Country Party coalition. Fraser's new federalism in 1975 promised a definite fixed proportion of taxes for local government and after forty years of approaches to Canberra, the third tier of government was to get a fixed proportion of taxes. But the expected and minimum requirement expectation of a 2% cut to 1.6% or \$140 million instead of \$176 million and the 'life was not meant to be easy' philosophy descended on local government. Thus economic deterioration and 'razor gang' slashings make local government finances more dependent on traditional rating.

Council again increased rates by 20.4% for 1976. Expecting wages and salary increases between 23% to 31%, council budgeted for a \$43 279 surplus in January. The town clerk in his budget report commented 'the whole fabric can only be maintained if the anticipated grant is forthcoming from the Federal Government'.<sup>68</sup> The State Government authorities approved a \$10.3 million water and sewerage fund but in March 1976 council was informed 'the council will have to wait seven years before it gets any money to start on stage one, costing \$3,168,000'.<sup>69</sup> However in May the Commonwealth Bank offered

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<sup>66</sup> *Armidale Express*, 13 November 1974, p.1.

<sup>67</sup> *Armidale Express*, 12 December 1975, p.5.

<sup>68</sup> *Armidale Express*, 2 January 1976, p.2.

<sup>69</sup> *Armidale Express*, 8 March 1976, p.3.

council loans totalling \$365 000. Much of the money was to be used for augmentation of the trunk mains for the sewerage scheme.

The extent of inflation was demonstrated by the unimproved capital value of land in Armidale which increased from \$25.5 million in 1973 to \$55 million in 1976.

The 1984 council's annual report indicated that despite the 8% restrictions placed on council by the State Government council had still been able to maintain the level of services and facilities. During the year the following funds were allocated: \$1.4 million for roadworks, kerbing, guttering and drainage; \$5.7 million over the next three years for water and sewerage augmentation and funds were allocated for construction of the Civic Administration building.

The N.S.W. Grant's commission visited Armidale on 7 February 1985. The Deputy Mayor, Ald. David Timbs saw the visit as an opportunity 'for councils to gain a fair share of the income tax collected by the Commonwealth'.<sup>70</sup> He called on the Northern Tableland councils to present detailed submissions concerning their respective situation.

The issue of finances has dominated council's history since its creation. Local government is still dependent on loans, grants, charges and rates and each Northern Tableland council is now faced by declining population and the issue of amalgamation.

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<sup>70</sup> *Armidale Express*, 6 February 1985, p.6.