

A history of the affect of amalgamation on Phillip Island

Compiled by the Phillip Island Progress Association

Amalgamation of councils was presented to the Phillip Island community in 1994 by the Victorian State Government as an economic necessity, with advantages including a reduction in rates, achievable through economies of scale that would result through the merger.

With the state government informing councils early in 1994 that it intended to reduce the number of municipalities in Victoria from 210 to “about 100” the amalgamation debate dominated the community agenda on Phillip Island for the first half of that year.

Then Phillip Island Shire president John Matthews and many other high profile community leaders, including former councillor Anne Davie (who was so disillusioned that six years later she led the Phillip Island Stand Alone movement,) supported amalgamation, on the basis that it was inevitable that mergers would occur; that existing inefficiencies would be addressed; rates would be stabilised and reduced; the municipality would operate more cost effectively, and a wider community of interest would exist in many fields.

The Phillip Island Shire Council of the day supported local government reform, but it expressed concern that in the wide, sweeping reform agenda proposed, the value of the island to the state as a major tourist and environment icon could be lost.

The council expressed its deep concern that management and efficiency issues may dominate the debate to the detriment of strategic and visionary issues, and suggested the island required an overarching form of government, to properly manage its many and quite unique assets.

Supporters of amalgamation felt there was much to be gained by “big picture” planning and felt that the island should determine its own future by establishing a preferred position, as part of the amalgamation process.

Then Cr Phil Dixon was strenuously opposed to any merger, insisting Phillip Island would be better served by maintaining the existing boundary.

A public meeting attended by 200 people in August 1994 was held to ascertain the community view, prior to the Shire of Phillip Island making a decision on its preference.

Two options . . . stand alone; or amalgamate with Bass and Wonthaggi . . . were put to the meeting.

About 50% of those present wished to stand alone, 20% supported amalgamations, and 30% said they were undecided.

Debate raged thick and fast following the public meeting, with the council eventually deciding some weeks later that it would present two options to the Local Government Restructure Board, for consideration.

The first was that the present boundary remain unchanged.

The second was that a new regional municipality be formed to include Phillip Island and the Bass coastline, bounded by the railway line.

The new municipality would not include Kilcunda or Wonthaggi.

In each option, Cowes was touted to remain the centre of local government.

Public opinion initially appeared to favour stand alone.

But by late August, the mood for change had swung around.

Figures prepared by the Shire of Phillip Island indicated that a savings of \$1.5 million would be realised through amalgamation with Bass and Wonthaggi.

The figures were based on staff reductions of 15%, which equated to an annual rate reduction of \$100 per property on the island.

The reduction was to be achieved by a reduction in senior executive numbers; administration staff numbers; and the deployment of equipment over a larger area, which would eliminate doubling up on plant purchases.

Bigger is better, was the catchcry, on the basis that bigger provides for a greater capacity in the delivery of a wide range of council services.

Opponents of amalgamation pointed out that while the incentive of lower rates was attractive, it created a false sense of a merger being a smart move, as any reduction could be negated by user pays; and the savings would be achieved by the loss of municipal employment . . . that is, the jobs of community members . . . locally.

With fewer pay packets circulating, the resultant economic impact on the island community would be felt.

Differential farm rates set by the Phillip Island Shire had also recognised low economic viability and were set to encourage retention of broad acres valued by the community.

This system would be put at risk, it was argued.

At the conclusion of a six month discussion and consultation period, Phillip Island councillors voted to opt for amalgamation with Bass and Wonthaggi, to form a Bass Coast local government region.

The council vote was influenced by the fact that the only other alternative put to them appeared to be an amalgamation of eight municipalities to form one super South Gippsland region; and an indication from the Local Government Board that it was unwilling to see the island boundaries remain unchanged.

Once the decision was made, island councillors moved to initiate discussions with the other two councils, on the division of the municipal departments between the three shire offices.

Phillip Island councillors wanted tourism, engineering and economic development based at Cowes, with health and welfare delivered from Wonthaggi.

The restructure proceeded and became official in October 1994, when twenty four Gippsland municipalities were merged into six.

The decision was applauded by the Phillip Island Council and a number of community leaders.

It was received with bitter disappointment by then Cr Phil Dixon, who said she reflected the views of "every second person on Phillip Island."

The new municipality comprised the shires of Bass and Phillip Island, the Borough of Wonthaggi, and a small part of the Inverloch, Wattle Bank and Lance Creek districts.

Headquarters determined

On the issue of establishing a headquarters for the new Bass Coast Shire, Phillip Island councillors argued that the administrative centre of the new shire should be based at Cowes, because the island had the densest population, and highest number of ratepayers to be serviced.

In 1994, Phillip Island had more ratepayers (10,6210) then the Borough of Wonthaggi and the Shire of Bass combined (8,618)

Phillip Island expenditure (\$11,302,000) exceeded the combined annual expenditure of Bass (\$6,053,000) and Wonthaggi (\$4,381.000).

Of the island's expenditure \$4,535,000 was spent on capital works.

This 1994 figure well exceeded the combined total of capital works of \$1,152,000 in the Shire of Bass and \$524,000 in the Borough of Wonthaggi.

Phillip Island carried out 6565 weekly home garbage services, compared to a combined Wonthaggi/Bass total of 5705.

Development on Phillip Island outstripped the other areas combined by a huge margin.

For the month of October 1994, (when amalgamations were announced) the Borough of Wonthaggi approved just four building permits compared to Phillip Island's 32.

A comparison of staff numbers also supported Phillip Island's claim to be declared the administrative centre of the new shire.

Phillip Island at the end of 1994 had a staff of 137, comprising 88 full time and 43 part time or casual employees.

The Shire of Bass employed 42 full time and 39 part time staff; and Wonthaggi 33 full time and 46 part time staff.

The island case to establish the new Bass Coast shire headquarters on Phillip Island was ignored/dismissed, by Local Government Minister Roger Hallam. With Wonthaggi named as the administrative centre of the new shire by the government.

Phillip Island recognised the huge economic loss it would suffer through the relocation of its staff to Wonthaggi.

Councillors from each of the municipalities were dismissed; replaced by three unelected commissioners appointed by the state government to run the new shire.

In early 1995, the Bass Shire's municipal offices at Archies Creek were closed by the commissioners.

Furniture and equipment from Phillip Island's municipal offices at the Cowes Cultural Centre was taken across to Wonthaggi by the truckload.

By March, just four months on, the municipal offices at Cowes had been reduced to a Customer Service Centre with two staff.

All enquiries relating to engineering, building, planning, health, rates, contracting and community services were dealt with in the Bass Coast Shire municipal offices in Wonthaggi.

In April 1995, five months into amalgamations, Bass Coast commissioners announced their intention to sell off 80 acres of land at the corner of the Phillip Island/Nobbies Road for \$280,000.

The announcement caused a furore on the island.

The land had been purchased by the Shire of Phillip Island two years earlier, to cater for future needs.

Plans considered were a green field site for a new hospital, and relocation of the island's recreational and sporting facilities.

Commissioners said the land had to be sold because "holding costs are high."

The Commissioners announced at the same time that they would purchase the former State Bank building in Wonthaggi for \$156,000.

Olive Justice Place (a block of land in Chapel St Cowes) was purchased by them later in the year for \$230,000

Expressions of interest were then called for the sale of the old San Remo hall site, and the old Phillip Island Shire hall site in Thompson Avenue.

When taken to task by concerned ratepayers back in those early days of amalgamation, over the sale of local assets, the Chief Commissioner stated that while former councils acquired property in the past for what they saw at the time to be the future needs of their municipalities "those shires no longer exist and we must now assess the needs of all of the people of the shire."

The Rhyll tip was sold to DSE for \$31,000.

(This decision was to have extreme ramifications)

While the Bass Coast Shire was given notice to vacate by DSE (on conservation grounds) extensions of time were given over the next 15 year period; but successive BCS councils failed to find a replacement site in that time.

DSE finally ordered closure of the tip in 2013 with Phillip Islanders forced to travel to Grantville or Wonthaggi to dispose of waste for a six month period, until a limited service with reduced opening hours opened in Dunsmore Road.

In July, 1995, a mass meeting of the council's Australian Services Union (ASU) members was called.

Criticism by union leaders representing council staff stated that creation of a major service centre at Wonthaggi had left Phillip Island with very little; that service to Phillip Island was being substantially downgraded; that staff morale was at an all time low; and that the exodus of staff on packages had cut services to the island to the bone.

An ASU representative at the meeting strongly criticised the fact that the four most senior staff on Phillip Island had been overlooked at management level "and would play no part in the restructured council," while senior staff from the former Wonthaggi and Bass municipalities were employed.

He said that local knowledge was vital in any new administration, but this had been let go at many levels, with a negative affect.

The union representative claimed management was top heavy; and in fact contrary to the pledges made about the benefits of amalgamation, heavier than before the restructure.

Of the 40 full time staff employed internally at Cowes at the time of amalgamation, just six months later, only ten remained.

Eight of these ten now worked over in Wonthaggi.

Of the island's 48 depot (outdoor) staff, 12 had departed.

Another 13 were let go the following year.

It was announced in September by Commissioners that overall, staff numbers had been reduced from 200 to 150.

The vast majority of those job losses were from Phillip Island.

A vote of no confidence

At the 1995 mass meeting called by the ASU, a unanimous vote of no confidence in the Bass Coast Commissioners was passed by shire employees.

Industrial action was threatened.

At the time of amalgamation, Phillip Island's debt level was \$1.3 million ;Wonthaggi's \$1.8 million, and Bass owed a total of \$2.7 million.

Rumblings about whether Phillip Island was subsidising the other two areas in the amalgamated shire began to be heard after the Bass Coast Shire's first budget was brought down.

The 1995/96 budget showed that the new council would raise \$1.3 million through the sale of Phillip Island Shire assets, and through long term lease agreements with the island shire's two caravan parks.

(Once a solid source of revenue for the shire, the caravan parks were (and remain) leased out to private enterprise)

The figure of \$1.3 million was made up of:

- \$642,000. Long term lease of island caravan parks
- \$280,000. Sale of 80 acres (CA79) of council land
- \$255,000. Sale of the old Cowes hall site in Thompson Avenue
- \$31,000. The sale of the Rhyll tip to DSE.

In the first year of amalgamation, a 20% rate reduction was announced by commissioners as part of the shire budget.

The reduction in real terms was not uniform across the shire.

Rates for Phillip Island's 110 farmers increased by a dramatic 22%.

The reduction for an average Phillip Island ratepayer was closer to 10% than the 20% heralded elsewhere, because property valuations on the island were higher.

Rates were capped by the government that first year, however, to ensure that no ratepayer paid more than a 10% increase, or enjoyed more than a 40% decrease, on the last rate bill.

Loss of services

The Chief Commissioner's proclamation when the 1995/96 budget was delivered, that savings had been delivered with no loss of services, was scoffed at publicly.

It was simply not correct.

Garbage services were drastically cut back to commercial operators, without notice, and without provision for a replacement service.

Of particular concern was the now unkempt appearance of Phillip Island, which had formerly been very well maintained.

With shire depot staff numbers in Cowes reduced to just eight, general maintenance suffered severely, and it showed.

Phillip Islanders ringing the Bass Coast Council in Wonthaggi were still up for the cost of a long distance call, 11 months after being told this situation would be remedied.

The new BCS council refused to honour an annual commitment of \$5,000 to Cowes Primary by the Phillip Island Shire, to keep the school pool open after hours for community use, and refused to continue to support other valued local programs.

Legal proceedings

Legal proceedings by the former Phillip Island CEO against the Bass Coast Shire were issued in the Supreme Court for wrongful dismissal.

The Island's CEO had two and a half years of a five year contract to serve, at the time of amalgamation..

Griffiths Point Lodge (hostel for the aged) at San Remo was sold by the Bass Coast Shire in June 1996, eliciting an angry reaction from the many San Remo residents who had worked hard to establish it.

In June 1996, the delivery of Maternal and Child Health Care Services by BCS was put out to tender.

Responsibility for the operation of kindergarten services was next to go, in July 1996.

Insult was added to injury when that decision was announced, before the kindergarten committees had lodged the submissions they had been requested to submit by a due date.

New auditorium

On a positive note, the Bass Coast Shire announced a \$500,000 revamp of the Phillip Island Shire offices into an auditorium and community centre, after a state government grant was secured for about half of that amount.

Two years after amalgamation, the former Phillip Island CEO wrote publicly of the unbearable pressures that had been placed on Phillip Island Shire staff and their families, as the downsizing of services on the island took place.

He wrote of the suspension of democracy, the punishment of free speech if staff spoke out, and the quest for self preservation in what were very dark years.

And of the immense social and emotional cost for those caught up in those times.

At the end of two years, the economy of Phillip Island had suffered from the transfer of municipal staff from Cowes to Wonthaggi.

In addition to the loss of staff and jobs, and the money they had spent in the local community, the purchase of materials, stores, vehicles and fuel, plant and equipment from Phillip Island businesses ceased, to the point that it was almost non-existent.

Phillip Island did not ask for special treatment. . . just equity; and this was clearly not being delivered.

New council elected

Democracy returned to the Bass Coast Shire two years and three months after amalgamation, in March 1997, with the election of seven councillors to the Bass Coast Shire.

But shortly after, in June, island ratepayers were shocked to see 142 lots of council equipment on Phillip Island, including a new street cleaner, graders, tractors, back hoes, lawn mowers, utilities, tanks, cleaners . . . and the list went on, advertised for sale from the Cowes depot.

The advertisement was not placed in the newspaper which circulated on Phillip Island.

It was placed in Wonthaggi's Sentinel Times.

Items, such as a relatively new street cleaner purchased by the old council were sold because it was no longer needed . . . as street cleaning on Phillip Island was reduced from daily in summer to rarely, with that service stopped in April.

(Two million visitors dropping rubbish and ice-cream was not a consideration)

The new BCS refused to water the Cowes beachfront lawns in summer, resulting in unsightly dead grass on the iconic Cowes Esplanade beaches.

Rubbish along the island's roads was no longer picked up. That service also ceased in April of that year..

The remaining 15 roads and nine parks and garden employees left in the entire Bass Coast Shire, who had the monumental task of maintaining the entire area stated (on the condition of anonymity) that the items being sold were vital to their work.

That asset sale of Phillip Island Shire equipment raised a further \$600,000, which was absorbed into shire revenue.

Meals on Wheels staff working at the Senior Citizens Clubrooms in Cowes were made redundant in June.

The meals service was handed to Wonthaggi Hospital.

The Warley Hospital CEO objected at the time that the Cowes hospital was not given an opportunity to tender to provide the service locally.

Bingo banned

Bingo was banned next, under a Bass Coast Shire decree that the (Phillip Island) bus could no longer be used to take the frail elderly Evergreen members up to the RSL to play this game; and that the group was not to attend any place where there were gambling activities.

BCS interference incensed the community, with carers stating that cheap lunches at the RSL were a highlight for the often lonely elderly people in their care, and many enjoyed the game of Bingo, which had a maximum outlay of \$2.

Discontent reaches breaking point

With the island's assets being sold off, services steadily diminishing, and discontent growing annually, a public meeting was finally called, six years on in 2001.

Purpose of the meeting was to protest at the declining level of municipal service and the rising shire rates that had been the hallmark following council amalgamations.

And to demand change.

Leading the charge were community leaders who had embraced amalgamation initially, and had wanted to see it work, but who were now thoroughly disillusioned.

In unprecedented scenes, 800 people turned out to this meeting, and another 150 apologies were read out.

In a resounding judgement, passed at the meeting, on six years of local government by the amalgamated Bass Coast Shire, a vote of no confidence in the council administration was passed.

A resolution, that the Minister for Local Government be asked to review the municipal boundaries of the Bass Coast Shire, with a view to re-establishing the Shire of Phillip Island, was also resoundingly carried.

A committee, named Phillip Island Stand Alone, was established on the night to carry out the meeting's wishes.

It was led by Anne Davie, who spoke of an arm's length bureaucracy, exclusion, inaction by council, and participation in community life being hindered by the bureaucracy.

She spoke of a lack of communication between the council and the people; a system which had become increasingly remote and aloof from the people; a system that brooked no interference; and an administration which refused to listen to those whom it was established to serve.

Others spoke of the decline in services which had in a very short space of time adversely affected the island's physical appearance and social structures.

The new shire was described as a huge bureaucracy, remote from the community, and bogged down in overpowering, unproductive, corporate management structures that devoured most of the annual rate revenue.

There was concern over the fact that councillors decided just 4% of planning applications, with their planning powers largely delegated to the bureaucracy.

However, in spite of the strong show of people power, councillors of the day refused the Municipal Review committee's request to commit to a preliminary independent review of the Bass Coast Shire.

That decision was reported back to an October 2001 public meeting that recorded 360 apologies, and was attended by 600 people.

However, a commitment was later elicited from the State Government that if the request came from the Bass Coast Council, the government would agree to conduct a municipal review, as requested by Phillip Island.

Pro municipal review candidates contested all seats across the shire at the next election, defeating all sitting councillors opposed to a review.

In accordance with the commitment given by the state government, the new council unanimously supported a motion at their first meeting to request the Minister for Local Government to conduct a municipal review of the Bass Coast Shire.

But in a blow to the Stand Alone committee and its supporters, the then state government, led by Premier Steve Bracks, reneged on its promise.

Although the request to government had the unanimous support of the new council, the State Government went back on its word.

Phillip Island StandAlone Today (2012)

The 1994 promise of economies of scale and rate reductions, through amalgamation, failed to eventuate, after the initial rate cut.

Successive annual rate increases from 2002/03 were 12.5%; 12.5%; 9.5%, 7.5%, 4.25%; 7.9%; 7.9%; 7.9%; 6.5%; 6.9%; and 6.4% up until 2012.

Bass Coast Shire staff numbers increased from an initial 150 after the first year of amalgamations, to 310 full time equivalent positions, or 420 employees in 2012.