



14 May 2015

Essential Services Commission  
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## Submission re: Consultation Paper on Local Government Rates Capping

### Background:

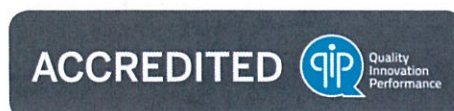
Springvale Community Aid and Advice Bureau Inc (SCAAB) is a not-for-profit community based organisation established in 1971 to address the social isolation and lack of cohesion in our community. Its objective was to establish a range of community services that would unify the people of Springvale; making residents feel more secure and welcome new residents to our community.

Throughout our development, SCAAB has maintained the comprehensive involvement of local people in all aspects of its work. Trained volunteers undertake much of the information and individual advocacy work at SCAAB, while its paid staff follow through with the more complex concerns raised by local residents. Local Government (formerly City of Springvale and post amalgamation the City of Greater Dandenong) have been integral to the provision of our quality services that have grown to over \$4.5million of funded service delivery annually from 3 levels of Government and philanthropic funding.

We deliver a range of services targeted to assist disadvantaged clients ranging from Emergency Relief, Financial Counselling, a full suite of Settlement Services for new migrants and refugees settling in our municipality and a range of essential Youth Services from our Noble Park venue ranging from homelessness support, employment assistance and settlement.

Our mission is to provide information, connection and support services as a gateway into the broader community service system for people in the City of Greater Dandenong and surrounds.

Like our sister organisation Dandenong CAB, we also provide information, referral, advocacy, emergency relief, casework, counselling, budget support and a microfinance program the No Interest Loans (NILS). Our volunteers are essential to the provision of quality services and require support and training.



We also need to have ongoing recruitment to ensure replacement of those who move on to work, further study or retire.

Currently Council supports us by providing 3-year grants. Council's support enables us to leverage these funds to obtain other funding, namely from the State and Federal Government, philanthropic and corporate sponsors. This enables our community, one of the most disadvantaged on the SEIFA scale, to access a broader range of services that address and reduce poverty and disadvantage.

Council also provides us with premises which they maintain.

We share the concerns outlined by Dandenong Community Advisory Bureau that:

1. Without the support of our local Council over 12,000 people per year would not be able to receive assistance from us. Other community agencies in our municipality would also be forced to close their doors if Council funding was not available.
2. Councils are not just about rates, rubbish and roads. Particularly in disadvantaged areas such as the City of Greater Dandenong, they support local agencies to provide much needed services not provided by other levels of government.
3. In areas with high proportions of people born overseas and many new refugees and asylum seekers, Councils also have additional costs for interpreting and translation and capacity building. Our Council is committed to a harmonious and inclusive community and has been very successful over the years promoting and achieving this. This would not have occurred without additional expenditure which would not be possible if rate capping, particularly at CPI levels is introduced. If rate capping is to be introduced, we would recommend that another indices be used, such as the LGCI, with possible additions for our suggestions in (4) and (6) below.
4. Equal Remuneration Order (ERO) costs: although the Federal and State governments have committed to include funding for these costs for services they directly fund, local government can only provide this to organisations they fund if they are able to raise the revenue to do so. The rates of these ERO increases are far more than CPI, approximately 4% per annum.
5. We understand that over 5 years the impact of rate capping would lead to \$50 million being cut out of the revenue base of Greater Dandenong Council. This is because CPI rises are up to 2% less than the cost of local government services which is based on increases in wages and construction costs largely



out of their control. Losing such an amount would mean Council would need to start cutting back non-core services and not replacing community infrastructure. At worst case it could be back to roads, rates and rubbish. This would have a serious negative impact on our community, particularly in relation to multicultural harmony and social inclusiveness. If these important aspects of our community deteriorate, the costs for State Government will increase in such areas as crime and mental health costs.

6. We are also concerned that the process for Councils to apply for variations is not too onerous, particularly with the community engagement aspects. Although the City of Greater Dandenong has well developed and inclusive community consultation and engagement mechanisms in place, these also are costly, especially when they cater for such a diverse population. We would recommend that if rate capping is introduced that the ESC consider: weighting for things like disadvantage and cultural diversity so that Councils faced with such challenges have higher caps automatically without the need to incur extra expenses in requesting variations.

In addition we believe that rate capping at the Local Government Cost Index (reflecting the inflation rate of Council services which is based largely on wages and construction costs that rise faster than a typical basket of goods) rather than CPI would be an improvement but unless Point 6 (above) is implemented then renovating or replacing community infrastructure would still be in doubt as while cost of services rises at around 4% (compared to CPI averaging around 2.5%). This is of particular concern to us given that our building is now over 30 years old. Council funds new programs and services plus renovating or replacing community infrastructure. This has been achieved by raising rates between 4% and 6% in recent years. Not having the flexibility to easily go beyond 4% may mean a political battle between the desire for new/replaced infrastructure and funding for services provided by community agencies and groups.

Thank you for considering our submission and should you wish to contact me I am available on 9549 5212.

Yours sincerely,



Anna Hall  
Chief Executive Officer