

Sunday, 30<sup>th</sup> August, 2015

ATTN: Essential Services Commission  
localgovernment@esc.vic.gov.au



**Submission on the Essential Services Commission 2015, *A Blueprint for Change, Local Government Rates Capping & Variation Framework Review — Draft Report***

I am very concerned on the effects of the proposed draft framework on the residents of Greater Dandenong, the most disadvantaged and multicultural community in Victoria.

Under our own Council's modeling (refer Greater Dandenong Council submission) based on the latest framework, **Greater Dandenong Council will need to cut \$45 million from our budget over the next 5 years.**

This is only slightly better than the \$50 million projection based on the information in the previous discussion paper. This slight improvement is based on waste charges being excluded from the proposed gap which was a welcome and sensible change as this cost is expected to increase well above CPI and Councils have no control over it. However other costs that are expected to increase well over CPI, like wages and building materials costs, which make up the most of our expenses, are still in the cap.

**The proposed framework has drastic consequences for Greater Dandenong given that we provide services for residents who generally can't afford services, facilities and opportunities provided by the private sector and hence rely on what Councils can provide.** So while that means rates higher than what would be offered under a rate cap, Councils providing these services and facilities actually save Greater Dandenong residents money.

Greater Dandenong Councillors are yet to decide how we will fund the \$45 million dollar cutbacks required over the next five years but in my view the following are likely to be considered as options:

1. Social inclusion and other programs directed to at our multicultural community
2. Funding to local community based welfare agencies and benevolent societies to address poverty and disadvantage
3. Services and programs supporting the aged and young families (eg family day care)
4. Our community grants programs to support activities by needy individuals, clubs and community groups
5. Funding for new or extended facilities to local sporting clubs
6. Funding for supporting local businesses (via possible significant cutbacks to our newly created Greater Dandenong Business Directorate)
7. Funding for community arts programs
8. Funding for sustainability programs being planned to help low income residents cut their energy use
9. Deferral or cancelling community infrastructure projects like the Keysborough South Community Hub, Dandenong Community Hub and Dandenong Oasis replacement
10. Cutbacks to maintenance of roads, drains and footpaths
11. Cutbacks to maintenance of existing community facilities whether they be neighbourhood houses, community centres, senior citizen centres, sporting facilities and sporting grounds

I am assuming here that services such as libraries, maternal and child health and immunization etc are sacrosanct but realistically everything we do will need to come under review to fund this very large funding gap.

Some of the services and infrastructure spending areas that I have mentioned as options for cutback are areas where we have made great progress in recent years in developing quality programs and services which will be wasted if rate capping is introduced.

Other areas identified as options for funding cuts are ones where the State Government have indicated that they want local government to take a greater role – **however without the base funding in our own budgets we will not have the capacity to either apply for or take advantage of new State or Federal funding in these areas.** For example without a core internal community development team more social inclusion funding from State Government can't be capitalized on. Similarly recently announced scholarships for sustainability team members in Councils can't be taken advantage of if we can't fund a sustainability team.

Although as a separate level of government electorally answerable to voters every four years I am philosophically adverse to rate capping, a more sustainable way to cap rates is to create a Local Government Cost Index that reflects the rate of inflation for the costs that local government experience, mainly salaries and building materials that usually rises by 0.5% - 1% more than CPI. That way the State Government's aim for a check on significant increases in spending by Councils can be achieved in a way that will cause much less detriment to the residents of Greater Dandenong.

Also a variation process that was not onerous and inflexible, which unfortunately the one proposed is, would enable Councils to seek to justify variations to fund the building of new community infrastructure – in our case the **desperately needed Keysborough South Community Hub, Dandenong Community Hub and Dandenong Oasis replacement.** I commend and support the idea of Councils needing to better and more effectively engage with their communities to determine rating levels and budget priorities but it must be done in a viable and for Councils financially sustainable way.

I hope that the final framework will be one that enhances the lives of Greater Dandenong residents not one that will cause their quality of life to deteriorate as this one will.

Yours faithfully,



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