



DANDENONG COMMUNITY ADVISORY BUREAU INC.

Reducing Poverty and Disadvantage

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

Background:

Dandenong Community Advisory Bureau (DCAB) is a not-for-profit community based organisation that has provided information and support to the Dandenong community since it began in 1969. Our Mission is to *empower people to become independent, effective and connected community members by providing information, support and advocacy, and acting as a link into the wider community.*

We do this by providing a range of services including information, referral, advocacy, emergency relief, casework, counselling, budget support and a range of microfinance programs including No Interest Loans (NILS), low interest StepUP loans and an AddsUP savings program.

Apart from case work and StepUP loans, our services are provided by our 35-40 trained volunteers. We would not be able to provide such services without them.

For services to run efficiently, effectively and be of good quality, volunteers 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 due to ill-health.

Currently Council supports us by providing 3 year grants. This has enabled us to leverage these funds to obtain other funding, namely from the Federal Government for emergency relief and case work as well as from Good Shepherd Microfinance and NAB for NILS and StepUP loans. 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. The only funding we receive from the State Government is from the Department of Justice Court Fund which is approximately \$5-8,000 per year.

Council also provides us with premises which they maintain.

Concerns we have with proposed rate capping:

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.

Yours sincerely,



Ms Jinny McGrath
Manager