



**DANDENONG**  
neighbourhood HOUSE

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14 May, 2015

Local Government  
Rates Capping and Variation Framework Review  
Essential Services Commission  
Level 37, 2 Lonsdale Street  
Melbourne VIC 3000

**Response by Dandenong Neighbourhood House Re: Consultation Paper on Local Government Rates Capping**

The Dandenong Neighbourhood House is a not for profit community organisation which provides a wide variety of educational and community programs. Dandenong Neighbourhood House is a lively neighbourhood house that has a passion for what we do. The House's focus is to provide community members with lifelong learning and skills development, personal empowerment and growth targeted to meet the needs of the changing and diverse local community

We are located in the heart of the City of Greater Dandenong the House is easy to access and the staff are happy to make time to spend with everyone who walks through the door. We have a strong commitment to community development, and direct service provision in this area and therefore have access to many partners and relevant/up-to-date information on local needs

Greater Dandenong is the most culturally diverse municipality in Victoria, and the second most diverse in Australia, with residents from over 154 different birthplaces, 60% of its population born overseas, and 64% from nations where English is not the main spoken language. This alone makes services delivery more challenging and costly; whether by Council or elements of the non-profit sector such as ourselves.

It is also the most disadvantaged municipality in Victoria where a significant number of residents have high needs and therefore require greater assistance from state and local governments as well as the non-profit sector. Of the different suburbs within Greater Dandenong, Dandenong is the most disadvantaged. Dandenong unemployment has recently increased significantly due to the decline of low skilled jobs in the manufacturing sector hitting 20.8%.

Annually we receive operational funding support from the Greater Dandenong Council to operate our service as well as a range of grants that we can apply for to assist us to deliver programs to our cultural diverse community. Each year we are seeing higher demands on our organisation with most clients being the very disadvantaged within our community.

**Issues with the Rate Capping Proposal**

1. The programs we deliver to our community are focussed on the most disadvantaged people in Greater Dandenong; unemployed, low income earners, asylum seekers and refugees, (of which there are currently 2700 asylum seekers in Greater Dandenong) people with a disability, Department of Justice Correctional Community Services clients and people suffering from mental health issues. On average we see a total of 486 learners on a weekly basis.
2. With continued Council support we have been able to increase participants by 50% to 486 per week and programs by 75% to 25,000 Student Contact Hours. The support from the Community Development Team at Council has assisted us to make contact with some hard to reach communities and get them engaged and building community networks, reducing their social isolation and building social cohesion. With the degree of disadvantage in Greater Dandenong

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*"Connecting our Community"*

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and the degree of social isolation continuing to expand our programs is not just desirable – which it would be for any neighbourhood house – but necessary to meet the needs of the community.

3. Being a disadvantaged community increasing our funds by charging greater fees – as may be possible by a neighbourhood house in a more affluent area – is not viable. Fundraising from the community is not viable for the same reason. While sponsorship from business is possible; the level of disadvantage in Greater Dandenong is so high that the corporate sponsorship dollar is already stretched. This is what makes continued Council funding so vital.
4. Recently the Council made the decision for us to use a Council owned property at the corner of Stuart St and King St as we have outgrown our current venue and need additional space. The new property will enable us to further increase our delivery of programs to meet the demands of the community – however with the introduction of rate capping it would be likely the Council would have to increase the peppercorn rent we currently have on both buildings.
5. A long term goal of Council has been the development of the Dandenong Community Hub will be more than likely deferred indefinitely or cancelled if rate capping comes in. This would replace buildings that are up to 50 years old.
6. The introduction of rate capping will potentially affect the operational funds that we receive from Council. It is a concern that the Community Partnerships Funding program may see a reduction instead of the yearly CPI increase. Also the Community Partnerships have recently been moved to 3 year agreements giving us stability and certainty in Council funding and the ability for us to make longer term plans to better serve the Greater Dandenong community. Under rate capping if the Council is able to provide us some funding then it is likely to be on a year by year basis making us hesitant to expand our services. The House has run on a strict budget with staff always looking at ways to save money to enable us to deliver the training programs to our clients. The trainers are supported by administration staff any reduction would have adverse effects on all staff and possible loss of jobs and a reduction in the service delivery of our programs.
7. The financial support given by the City of Greater Dandenong would be at risk even under a Local Government Cost Index (LGCI) rate cap. The Council's recent policy of averaging a 5-6% rate rise each year not only has allowed it to continue to invest in new community infrastructure across the municipality but to support new initiatives like activities for Refugees and Asylum Seekers (under its new Council led multiple agency Refugee and Asylum Seekers Action Plan 2014-17), the Food Alliance Network, a new Greater Dandenong Volunteer Resource Centre and many others which all support our diverse local community. If a LGCI cap was introduced the risk would be that Council may look to cut grants to the community sector to fund new capital works rather than go to the Essential Services Commission trying to get a variation.

In short, we ask that if rate capping is introduced that the Essential Services Commission design a framework that takes into account the additional costs of Councils such as Greater Dandenong that are in culturally diverse and socio-economically disadvantaged areas as a decline in Greater Dandenong Council rate revenue would not only impact Council services but also that of the small-medium community sector organisations that it financially assists such as the Dandenong Neighbourhood House.

Yours faithfully



***pp Dandenong Neighbourhood Board of Management***