

Ref. Objection to CCC Lease

18/4/2022

The CEO
South Gippsland Shire Council
Shire Office
Leongatha 3953

Dear CEO,

Re: Objection to Lease – Leongatha Early Learning Centre

I note that Council is proposing to lease this facility at a token rent of just \$104 per annum. I wish to raise my objection to the proposed monetary value of the lease. I raise this lease issue as it would be detrimental to the ongoing viability of the “for profit” provider of similar services. The end result would be the rendering of that business as not viable and hence the loss of such services in the Shire. This would be counter-productive of the Council desire to provide additional early childhood services in Leongatha.

This proposed rate is not at a market rate. The outcome will be that the new service will be able to offer services at a much-reduced rate which will see clients flock to this facility. A substantial loss of trade which will see staff being made redundant and possibly for the “for profit” service to close as it would not be able to make rent payments.

In 2012 the Victorian Government introduced a Competitive Neutrality Policy. Whilst the Council was able to offer a nominal rent in regard the original Centre in Simmons Crt, there was no competing private facility. However, now that there is a competing centre in Brown St, Council must have regard to it in setting a rent. Council needs to set a rent which is comparable to rents in the market place. There is no reason why Council should not charge a market rent.

Not for Profit groups such as “Good Start Childcare” currently provide services in plenty of rented facilities. They pay a market rent. At present that rent lies anywhere between \$1500.00 to \$3500.00 per place per annum. That would suggest a rental of perhaps \$180,000.00 would be expected for such a new Leongatha facility. Why would Council forego such an income stream? Council still has a need to provide more similar facilities at the likes of Nyora so could well use that income to provide for a new centre.

If Council do not apply a market rental, then it would seem they are in breach of Government policy and would be exposed if the “For Profit” operator suffered a major financial impact and hence took legal action against Council. I urge Council to re-think their approach.

Regards

Lindsay Love
