

D17-298815

10 October 2017

Dr Ron Ben-David
Chairperson
Essential Services Commission
Level 37, 2 Lonsdale Street
MELBOURNE VIC 3000

Via email: localgovernment@esc.vic.gov.au

Dear Dr Ben-David

SUBMISSION TO PRODUCTIVITY STUDY: VICTORIAN LOCAL GOVERNMENT

Thank you for the opportunity to provide feedback on the 'measuring productivity' Consultation paper. I would also like to acknowledge the great work of the ESC's staff in supporting the local government sector constructively apply the Fair Go Rates System through its guidance and engagement with Council staff.

Monash City Council does not agree with the notion that Councils need an 'incentive to operate more efficiently' or that the sole purpose of efficiency is to lower property rates. Local government has experienced decades of cost shifting and reduced funding from State and Commonwealth Governments whilst introducing new, and enhancing existing, services to meet increasing and changing community expectations. Efficiency has been a necessity to resource relevant local government services. The ability to continue to improve services will be diminished if efficiency gains are simply directed to lower rates.

Further, a universal efficiency model ignores the uneven impact of a further reduction in rate revenue on local government. Monash City Council has prided itself in maintaining low property rates and is recognised as the lowest rating Council in Victoria. Drawing upon the Local Government Performance Reporting Framework data for 2015/16, Monash City Council records the lowest expenditure per capita and manages the lowest value of infrastructure per capita in Victoria. At the metropolitan average (excluding interface Councils) Monash would have an additional \$76 million in annual expenditure and own a further \$566 million in infrastructure.

An efficiency factor, on top of rate capping, will disproportionately penalise the Monash community for its ongoing efficiency and low property rates.

Whilst applying a simple efficiency factor to local government property rates may appear popular, it ignores the diversity of the local government sector. Municipalities vary widely in the services, and service levels, they provide, the extent to which they are able to draw upon non-rate revenue and importantly their legacy of managing the level of property rates. The imposition of a universal efficiency factor across the local government sector will least impact Councils with high rate levels, and high expenditure, whilst hitting low expenditure and rating Councils the most.

If you would like to discuss Council's submission further please contact Danny Wain, Chief Financial Officer on 9518 3508 or danny.wain@monash.vic.gov.au

Yours sincerely

A handwritten signature in blue ink, appearing to read 'A. Diamond'.

ANDI DIAMOND
Chief Executive Officer