

14 February 2018

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

Dear Dr Ben-David,

**Re: Submission to setting a Local Government efficiency factor - draft proposal**

Thank you for invitation to comment on the 'Setting a local government efficiency factor' draft proposal.

Manningham does not agree with the concept that an efficiency factor is required as an incentive to operate more efficiently.

Manningham, like all other Victorian councils, has experienced reduced funding and cost shifts from other levels of government and has introduced new or expanded services to meet increasing community expectations and a growing population base.

The imposition of an efficiency factor will further exacerbate council's reduced ability to raise revenue to provide critical infrastructure and meet ongoing service delivery levels for our community.

I would like to draw your attention to the following considerations regarding the proposed introduction of an efficiency factor:

- The introduction of the rate cap itself is a form of forced productivity improvement.
- An efficiency factor ignores the diversity of the local government sector and will adversely affect those councils that are already more efficient in delivering services and infrastructure.
- Local Government is already subject to enforced productivity gains from constraints on grant funding from other levels of government. This is especially evident in many service delivery grants being increased at CPI (or less) when the real cost of delivering these services increases beyond CPI.
- Our community has not asked Council to reduce rates further beyond the existing rate cap, especially if this at the detriment of service levels.
- The long standing rate cap in New South Wales has led to significant negative consequences regarding service provision and in particular to a degradation in the condition of roads, drains and other infrastructure assets. The introduction of an efficiency factor will further decrease what are already scarce resources to maintain, refurbish and replace assets at the optimum time.



- Over time, the imposition of an efficiency factor in Victoria will most likely lead to a diminution of service levels which will disadvantage our community.

If you would further information please do not hesitate to contact me on 9840 9212 or email [kevin.ayre@manningham.vic.gov.au](mailto:kevin.ayre@manningham.vic.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Ayre', written in a cursive style.

Kevin Ayre  
**Group Manager Financial Services**