



Draft Proposal on Setting an Efficiency Factor for Inclusion in the Rate Cap Formula - Submission

16/02/2018

From: Pyrenees Shire Council
To: Essential Services Commission

Andrew,

As per our discussion yesterday could you please accept this email as a submission to the "Draft Proposal on Setting an Efficiency Factor for Inclusion in the Rate Cap Formula".

Councils are a very diverse group of organisations, therefore finding one methodology that is relatively applicable to every Council is a very difficult task.

The preferred option is a high-level methodology that is quite simple and cost-effective to calculate and it is an approach that produces a broad-brush approximation of the efficiency increase relevant to the Local Government sector.

To create a Local Government specific model that produces a much more accurate estimation of efficiency improvements would require an incredibly complex methodology. Collecting and validating the large number of data elements for such a model would be very costly and time consuming for each of the 79 Councils.

Even if it was possible to create a very accurate efficiency measurement tool for each Council, then the sector efficiency measure would still need to be some sort of average of 79 specific (and potentially quite variable) results.

The chosen methodology is certainly not perfect but it does meet the requirements of the Legislation, and does so with minimal impact on Councils individually and collectively.

Evan King | Director Corporate and Community Services

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