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13 October 2017

Mr Andrew Chow  
Director Local Government  
Local Government Division  
Essential Services Commission  
Level 37 / 2 Lonsdale Street  
**MELBOURNE VIC 3000**

Dear Mr Chow

**Submission to Productivity Study: Victorian Local Government – efficiency factor**

Thank you for the opportunity to provide a submission on the options regarding the inclusion of an efficiency factor in the rate capping framework for the calculation of the rate capping.

As per our previous submission of May 2015 the rate capping framework which includes the efficiency factor does not adequately recognise the significant challenges faced by the City of Port Phillip and poses a significant risk to its financial and service delivery sustainability. These challenges include:

- maintaining an ageing asset base
- the significant growth expected in the municipality, including the development of the Fisherman's Bend Urban Renewal Area, which is expected to have State wide benefits
- the impact of climate change, particularly on the City's significant foreshore and marine assets
- managing the impact of reduced funding and cost shifting from other levels of Government

Whilst the City of Port Phillip is committed to deliver best value for the community, improving the efficiency and effectiveness of its service delivery, it does not support the rate capping framework and thus the theoretical efficiency factor.

The democratically elected Councillors are best placed to determine the appropriate rates each year in consultation with their community. They are accountable at the ballot box for their decisions.

That said if an efficiency factor is unavoidable, the City of Port Phillip prefers approach 1 – a small, notional factor of 0.05 per cent cumulatively but capped in the longer term.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Katherine Copsey'.

**CR KATHERINE COPSEY**  
**Acting Mayor**

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