

City of Port Phillip Performance Statement

For the year ended 30 June 2022

Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g., Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have been provided for all service indicators to provide clarity of comparison with other councils, while for financial performance indicators, explanations are provided only if the variations are below the materiality thresholds.

The forecast figures included in the performance statement are those adopted by Council in its strategic resource plan on 29 June 2022 and which forms part of the Council Plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting Council.

About the City of Port Phillip

The City of Port Phillip is located south of Melbourne's city centre on the northern shore of Port Phillip Bay. The foreshore stretches over 11 kilometres. A network of public open spaces makes the City a desirable place for residents and visitors to enjoy. Significant employment areas within Port Phillip include the St Kilda Road office district, and the industrial, warehousing and manufacturing districts in South Melbourne, Port Melbourne and Fishermans Bend.

The City of Port Phillip is one of the smallest and most densely populated municipalities in Victoria, covering an area of 20.6 kilometres and being home to 101,942 people¹. After experiencing steady growth of population, we like all other areas of Greater Melbourne had experienced a decline due to impact of COVID-19 pandemic. However, we expect a steady increase in population with Fishermans Bend expecting to be home to around 80,000 residents and provide jobs for 40,000 over the next four decades.

¹ Source: 2021 Census data, ABS as at 30 June 2022

Sustainable capacity indicators
For the year ended 30 June 2021

Sustainable Capacity Indicators						
For the year ended 30 June 2022						
		Results				
	<i>Indicator / measure</i> [formula]	2019	2020	2021	2022	Explanations
	Population					
C1	<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,977.99	\$1,989.31	\$1,831.72	\$1,935.21	The increase in this result, returns it to consistent levels in 2019/20 and prior. This is mainly attributable to a decline in population as well as increased expenditure due to large asset disposals due to property sales and non-cash transfers to the State Government.
C2	<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$6,287.77	\$6,175.51	\$6,070.61	\$6,599.59	This result has increased from prior years due to formal revaluation of building and drainage assets in 2022, as well as completion of several projects.
C3	<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	425.56	436.23	437.88	421.40	
	Own-source revenue					

C4	<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,805.92	\$1,827.14	\$1,728.81	\$1,881.44	This result has increased from prior years due to increases in user fees, statutory charges and other income as a result of the easing of government mandated COVID-19 restrictions in late 2021.
	Recurrent grants					
C5	<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$97.92	\$93.40	\$83.12	\$111.85	This result has been impacted by a lower value of grant funding recognised as unearned revenue in 2021/22 compared to prior years in accordance with Australian Accounting Standards AASB 15, as well as the early receipt of grant funding recognised in the current financial year.
	Disadvantage					
C6	<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	10.00	10.00	10.00	10.00	
	Workforce turnover					
C7	<i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	18.0%	14.2%	14.9%	20.2%	Permanent staff turnover increased in 2021/22 compared to the previous year. There continues to be a very competitive labour market, and City of Port Phillip staff are well regarded in their profession which makes them sought after for roles.

Definitions

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"infrastructure" means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"population" means the resident population estimated by council. Council has used the population data published in March 2022.

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Service performance indicators
For the year ended 30 June 2022

Service Performance Indicators						
The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.						
		Results				
Service / indicator / measure	[formula]	2019	2020	2021	2022	Explanations
Animal Management <i>Health and safety</i>						
AM7	<i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management	New in 2020	100.00%	100.00%	100.00%	100% success rate on animal prosecutions through the Magistrate Court. All cases are thoroughly assessed to ensure accurate detail and evidence prior to being submitted for prosecution.

	prosecutions] x 100					
	Food Safety <i>Health and safety</i>					
FS4	<i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications	100.00%	100.00%	100.00%	100.00%	Council has achieved a 100 per cent follow-up inspection rate of all major or critical non-compliances identified within registered food premises throughout the reporting period.

	about a food premises] x100					
	Governance Satisfaction					
G5	<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	59.00	58.00	60.00	55.00	The result is in-line with state-wide councils average, but lower than the metropolitan councils average, which highlights an improvement area for Council to work on in the coming future. The survey result shows that Council is rated the highest by its younger residents (18 to 34 years old) and lowest by its older residents (50 to 64 years old).
	Libraries Participation					
LB4	<i>Active library borrowers in municipality</i> [Number of active library borrowers in the last three	18.63%	18.46%	17.62%	17.13%	COVID-19 has impacted service opening hours and therefore library collection usage.

	years / The sum of the population for the last three years] x100					
	Maternal and Child Health (MCH) Participation					
MC4	<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	74.28%	87.38%	83.49%	78.58%	MCH Service was reduced to services for 0-8 weeks and vulnerable families from 24 January to 11 March during Code Brown period announced by the Victorian Government. During this period MCH nurses supported Wyndham City Council and completed 86 home visits. While the home visit data was captured on our annual report, these families are not part of Port Phillip as we did not receive the birth notice and the families are not enrolled in our service.
MC5	<i>Participation in the MCH service</i>	80.00%	95.00%	94.29%	83.72%	COVID-19 has impacted service delivery and Indigenous families are accessing other Aboriginal

	<p><i>by Aboriginal children</i></p> <p>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100</p>					Health Services such as Victorian Aboriginal Health Service (VAHS).
	<p>Roads</p> <p><i>Satisfaction</i></p>					
R5	<p><i>Satisfaction with sealed local roads</i></p> <p>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</p>	68.00	69.00	67.00	66.00	Council is working on improving the maintenance response time and the road renewal program to help increase community satisfaction of the sealed local roads.

	Statutory Planning <i>Decision making</i>					
SP4	<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	72.22%	77.13%	75.00%	74.19%	Planning decisions upheld at VCAT for 2021/22 is 74.2% which exceeds our target of 70%. This remains consistent with previous years. If we took into consideration mediates and withdrawn outcomes, Council decisions upheld at VCAT is increased to 86.2%.
	Waste Collection <i>Waste diversion</i>					
WCS	<i>Kerbside collection waste diverted from landfill</i>	29.18%	30.47%	31.99%	32.54%	Continued improvement in waste diversion from landfill due to an increase in Food Organics and Green Organics (FOGO) collected. Further increases are forecast

	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100						when FOGO kerbside services are rolled out across Port Phillip in 2023.
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Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

"class 1 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the Food Act 1984 , or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the Food Act 1984

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the Occupational Health and Safety Act 2004.

Financial performance indicators
For the year ended 30 June 2021

Financial Performance Indicators										
For the year ended 30 June 2022										
		Results				Forecasts				
Dimension/indicator/measure	2019	2020	2021	2022	2023	2024	2025	2026	Material Variations and Explanation	
Efficiency										
Expenditure level										
E2 <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,072.16	\$3,142.99	\$2,865.36	\$2,892.64	\$3,276.83	\$3,217.01	\$3,218.38	\$3,265.15	Slight increase in 2021/22 is in line with the increase in expenditure for the year as Government restrictions were eased. This is expected to increase in future years as Council operations	

										return to pre-Covid levels.
	Revenue level									
E4	<i>Average rate per property assessment</i> [Total rate revenue (general rates and municipal charges) / Number of property assessments]	New in 2020	\$1,754.55	\$1,773.54	\$1,813.14	\$1,669.53	\$1,683.03	\$1,707.42	\$1,740.79	Slight increase in 2021/22 is in line with increased rates revenue in line with the 2021/22 budget. This ratio is forecast to decline in future years due to the separation of waste charged from general rates, in line with most other Councils.
	Liquidity									
	Working capital									

L1	Current assets compared to current liabilities [Current assets / Current liabilities] x100	267.52%	360.39%	309.49%	390.11%	343.87%	286.92%	255.22%	244.65%	Council can comfortably meet its short-term financial commitment. This ratio remains high compared to year on year targets as a result of Council's cash and cash equivalent balance due to project spend delays. As with 2020/21 the capital works program was significantly impacted by ongoing Government restrictions in response to the COVID-19 pandemic. We expect this ratio to continue at high levels as the economy recovers and
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											no new borrowings are forecast to be undertaken.
	Unrestricted cash										
L2	<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	-85.93%	-207.81%	-104.41%	-141.12%	-113.21%	-85.42%	-69.94%	-73.00%		Council's unrestricted cash ratio has decreased from -104.41% to -141.12% as a result of more funds being placed in long term investments. This is due to limited investment options in the Covid-19 impacted financial market and Council's ongoing commitment to increasing investment

											returns and invest is green products where possible. Council holds \$147 million of cash and other financial assets, with \$135 million of this being restricted or allocated to specific purpose. This will fund the completion of projects in future years, placing Council in a strong position to continue to meet its financial obligations, as reflected in the working capital ratio.
	Obligations										

<i>Loans and borrowings</i>										
O2	<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	7.15%	5.81%	5.61%	0.00%	0.00%	0.00%	0.00%	0.00%	Council fully repaid the seven year Local Government Funding Vehicle loan of \$7.5 million in November 2021, and there are no new borrowings planned in the future therefore the future forecast of this ratio is 0%.
O3	<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.67%	0.27%	0.26%	5.56%	0.00%	0.00%	0.00%	0.00%	The ratio has spiked in 2020/21 due to the full repayment of the \$7.5 million loan, however borrowings remained low in comparison to rates income. With no new

											borrowings planned in the future, the future forecast of this ratio is 0%.
	Indebtedness										
O4	<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	5.29%	5.52%	1.46%	1.11%	1.89%	1.89%	1.88%	1.90%		This ratio has decreased slightly from prior year due to a reduction in non-current liabilities as a result of lease liabilities declining as lease terms reach their end dates, as well as a decrease in provisions due to staff turnover seeing leave balances paid out, and repayment of the Workcover liability in 2021. With no new

											borrowing planned in the long-term financial plan we expect this ratio to continue at the forecasted low levels.
	Asset renewal and upgrade										
O5	<i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	72.32%	75.37%	100.44%	177.13%	215.63%	226.29%	154.11%		Council spent \$22 million in 2021/22 to improve, renew, upgrade and expand community infrastructure assets. This represented a \$6.9 million increase from 2021 mainly in plant and equipment, footpaths, and open space asset expenditure. We have increased our capital portfolio program

										significantly over the next two financial years (2022/23: \$48.4 million and 2023/24 \$67.6 million) to address the low capital expenditure over the last three pandemic impacted financial years (2019-2022).
	Operating position									
	Adjusted underlying result									
OP1	<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	-3.37%	-2.89%	3.50%	5.00%	-6.54%	-0.92%	0.55%	0.60%	This result has improved from the prior year due to an increased operating surplus. This has been impacted by reductions in expenditure in response to COVID-19 restrictions,

										as well as the early receipt of grant funding for ongoing programs which offset the impact of fee waivers and deferrals as part of Council's community support packages during the pandemic.
	Stability									
	Rates concentration									
S1	<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	57.56%	57.73%	60.46%	60.12%	60.10%	58.72%	59.21%	59.54%	This result has returned to consistent prior year levels as income from revenue streams such as grant income and rental fees increased as government mandated restrictions eased in late

										2021. This is expected to remain consistent in future years.
	Rates effort									
S2	<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.18%	0.19%	0.19%	0.20%	0.19%	0.19%	0.19%	0.18%	This result has remained consistent with prior years and targets.

Definitions

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS (Australian Accounting Standards)

"current liabilities" has the same meaning as in the AAS (Australian Accounting Standards)

"non-current assets" means all assets other than current assets

Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

Principal Accounting Officer

Date: / /2022
St Kilda

In our opinion, the accompanying performance statement of the Port Phillip Council for the year ended 30 June 2022 presents fairly the results of council's performance in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify this performance statement in its final form.

Marcus Pearl
Mayor and Councillor

Date: / /2022
St Kilda

Tim Baxter
Deputy Mayor and Councillor

Date: / /2022
St Kilda

Chris Carroll
Chief Executive Officer

Date: / /2022
St Kilda