

City of Port Phillip Performance Statement

For the year ended 30 June 2020

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 1989* and Local Government (Planning and Reporting) Regulations 2014.

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, the prescribed financial performance indicators and measures and the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Explanations are provided where the previous results are outside a ten per cent materiality threshold.

The forecast figures included in the Performance Statement are those adopted by Council in its Strategic Resource Plan on 19 August 2020 and forms part of the Council Plan 2017-27. 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 from the Council website at: http://www.portphillip.vic.gov.au/council_plan_budget.htm

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 115,601 people¹. Our population will continue to grow 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: ABS Estimated Residential Population (ERP), Regional Population Growth, Australia (2401.0) as at 30 June 2020

Sustainable capacity indicators

For the year ended 30 June 2020

Indicator / measure	Results						Material Variations
	2015	2016	2017	2018	2019	2020	
Population							
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,701.51	\$1,737.12	\$1,818.52	\$1,960.69	\$1,977.99	\$1,989.31	This result is consistent with prior years.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$5,516.95	\$5,528.54	\$5,739.61	\$5,659.57	\$6,287.75	\$6,175.51	This result has decreased in 2019/20 due to the reduction in the capital works program delivery which was directly impacted by the Stage 3 restrictions in response to the COVID-19 pandemic which saw projects deferred.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	388.32	396.77	401.75	416.59	425.56	436.23	This result is consistent with prior years.
Own-source revenue							
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,573.38	\$1,668.41	\$1,730.46	\$1,785.99	\$1,805.92	\$1,827.14	This result is consistent with prior years.
Recurrent grants							
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$111.46	\$85.52	\$110.68	\$100.75	\$97.92	\$93.40	This ratio has decreased due to a reduction in

recurrent grants received
in 2019/20

Disadvantage							
<i>Relative Socio-Economic Disadvantage</i>	10.00	10.00	10.00	10.00	10.00	10.00	This result is consistent with prior years.
[Index of Relative Socio-Economic Disadvantage by decile]							

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

"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 2020

Service/indicator/measure	Results					2020	Material variations
	2015	2016	2017	2018	2019		
Animal Management							
Health and safety							
<i>Animal management prosecutions</i>	New in 2020	New in 2020	New in 2020	New in 2020	New in 2020	100.00%	The number of animal management prosecutions has significantly increased from 2018/19 of 6 prosecutions to 11 prosecutions in 2019/20. Port Phillip City Council has been diligent with education on responsible pet ownership and successfully prosecuted all serious dog attacks along with resolving animal related issues with a consistent and proactive approach.
[Number of successful animal management prosecutions]							
Food Safety							
Health and safety							
<i>Critical and major non-compliance outcome notifications</i>	95.55%	99.11%	99.28%	100.00%	100.00%	100.00%	Council has achieved a 100 per cent follow-up inspection rate of all

Service/indicator/measure	Results					2020	Material variations
	2015	2016	2017	2018	2019		
[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 about a food premises] x100							major or critical non-compliances identified within registered food premises throughout the reporting period.
Governance							
Satisfaction							
<i>Satisfaction with council decisions</i>	60	59	57	57	59	58	The level of community satisfaction on how the Council has performed in making decisions in the interest of the community in 2020 is one point lower than last year. Council continues to explore ways to improve community consultation to ensure Council decisions are informed by the community's views.
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]							
Libraries							

Service/indicator/measure	Results					2020	Material variations
	2015	2016	2017	2018	2019		
<p>Participation</p> <p><i>Active library members</i></p> <p>[Number of active library members / Municipal population] x100</p>	20.14%	19.4%	19.21%	20.39%	18.63%	18.46%	<p>The number of active library members decreased by 177,417 in 2019/20. The change to the three year average and the impact of COVID-19 on social distancing restrictions with library closures for the months of March through to June has highlighted a decrease in active library borrowers. Active membership has tracked consistently to date with the emergence of online materials and increased level of engagement with library services via digital platforms.</p>
<p>Maternal and Child Health (MCH)</p> <p>Participation</p>							

Service/indicator/measure	Results					2020	Material variations
	2015	2016	2017	2018	2019		
<p><i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p>	83.55%	84.22%	82.89%	84.80%	74.28%	87.38%	<p>This result demonstrates that Maternal and Child Health Service participation rates are high in the City of Port Phillip. Given the current pandemic, the need is great because we are one of the very few community services that are engaging face to face with their clients. Port Phillip City Council continues to embed continuous improvement initiatives to engage indigenous families registered in the Maternal Child Health Service. Twenty Aboriginal children were enrolled in the service and 19 visits occurred providing a participation rate of 95 per cent.</p>
<p>Participation</p> <p><i>Participation in the MCH service 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>	69.05%	87.2%	84.48%	94.74%	80.00%	95.00%	
Roads							

Service/indicator/measure	Results					2020	Material variations
	2015	2016	2017	2018	2019		
Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	73	70	70	67	68	69	Satisfaction with sealed local roads remains largely consistent for the past four years.
Statutory Planning							
Decision making <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	73.08%	70.91%	70.00%	61.04%	72.22%	77.13%	The overall result has increased from 72 per cent last year to 77 per cent this year. Allowing for mediated and withdrawn outcomes, Council decisions upheld at VCAT is 83 per cent.
Waste Collection							

Service/indicator/measure	Results					2020	Material variations
	2015	2016	2017	2018	2019		
Waste diversion Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	34.5%	34.11%	32.94%	31.71%	29.18%	30.47%	Target not achieved for 2019/20 due to the Victorian recycling crises that accrued in 2019, with the collapse of SKM Recycling. Councils kerbside recycling collected materials were diverted to landfill for a period of 4 months. In order to respond to the decreased result in waste management through the implementation of the Don't Waste It! – Waste Management Strategy 2018-28 providing the blueprint for how Council and community work together to create a more sustainable future for Port Phillip through the way we manage our waste, recyclables and organics.

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 2020

Dimension / indicator / measure	Results						Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Efficiency											
Revenue level											
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	New in 2020	New in 2020	New in 2020	New in 2020	New in 2020	\$1,754.55	\$1,754.59	\$1,776.60	\$1,802.21	\$1,831.30	This is a new indicator which has no forecast or comparative data.
Expenditure level											
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,623.49	\$2,619.67	\$2,798.66	\$3,006.31	\$3,072.16	\$3,142.99	\$3,128.32	\$3,082.36	\$3,106.11	\$3,109.31	This result has slightly increased from prior year due to a change in policy recognising rental subsidies provided by Council to tenants, which increased by \$7 million from prior year. Although turnover continues to be higher than target, the result has continued to
Workforce turnover											
<i>Resignations and terminations compared to average staff</i>	9.95%	10.43%	10.00%	11.75%	18.04%	14.24%	10.05%	10.01%	10.02%	10.07%	

Dimension / indicator / measure	Results						Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100											reduce as the year progressed and we have finished the year closer to the metropolitan benchmark. Succession planning and talent management remain as a high priority. Significant reduction has been experienced and is returning to the metropolitan average (14 per cent). Council staff continue to be highly sought after by other councils and Victorian Government.
Liquidity											
Working capital											
<i>Current assets compared to current liabilities</i>	220.88%	243.22%	231.65%	265.45%	267.53%	360.39%	228.60%	234.88%	228.44%	237.21%	Council can comfortably meet its short term financial

[Current assets / Current liabilities] x100

commitments. The increased ratio in largely driven by a reduction in trade and other payables of \$10 million from prior year. In response to the Covid-19 global pandemic Council commenced paying all suppliers within 7 days. In addition, the assets, finance and procurement modules of the new ERP platform went live on 1 July 2020 which required all invoices in the old system to be paid. Cash holdings increased by \$8 million from prior year due to

Dimension / <i>indicator / measure</i>	Results						Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
											increased rates revenue, and delivery of the 2019/20 capital works program not meeting forecast expectations which was directly impacted by COVID -19. In future years when operations return to optimal levels this ratio is expected to decline as cash is drawn down.

Unrestricted cash

Unrestricted cash compared to current liabilities

[Unrestricted cash / Current liabilities] x100

15.35%

-10.44%

-41.14%

-50.19%

-85.93%

-207.81%

-82.07%

-107.51%

-112.29%

-106.04%

Councils unrestricted cash ratio has decreased to 207.81% due to funds being placed in longer term investments, including current financial assets. This has enabled Council to achieve optimal investment returns during a global economic downturn as a result of the COVID-19 pandemic and reflects strong cash management practices. Council has \$94.642 million of cash and other financial assets (investments) \$74.896 million of which is restricted. This will fund the

Obligations											
<p>Asset renewal</p> <p><i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100</p>	New in 2020	New in 2020	New in 2020	New in 2020	New in 2020	72.23%	116.99%	153.73%	147.16%	139.84%	Due to deferral and delay of the capital works program in 2019/20 in response to the COVID-19 pandemic Council did not achieve their target on this ratio. This is expected to improve in future years as restrictions ease.
<p>Loans and borrowings</p> <p><i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100</p>	8.47%	8.02%	7.47%	6.79%	7.15%	5.81%	5.66%	0.00%	0.00%	0.00%	From the 2019/20 financial year the new accounting standard for leases (AASB 16) applied to all non-profit entities. This has resulted in lease liabilities (formerly

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known as Finance leases) recognised separately from other interest bearing loans and borrowings. As a result this ratio has declined slightly reflecting the exclusion of these liabilities. Council has a 7 year fixed interest loan which is due for repayment in the 2021/22 financial year. With no other borrowings planned the ratio will remain consistent in future years.

<p><i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</p>	0.97%	0.98%	0.92%	0.82%	0.67%	0.27%	0.26%	5.80%	0.00%	0.00%	<p>From the 2019/20 financial year the new accounting standard for leases (AASB 16) applied to all non-profit entities. This has resulted in the recognition of Finance costs for leases (interest repayments) separate from borrowing costs. The new accounting treatment has resulted in a decline in this ratio due the exclusion of the lease finance costs. Council has an interest only 7 year fixed rate loan which is due for repayment in the 2021/22 financial year. With no other borrowings</p>
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<p>Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100</p>	6.65%	6.40%	5.85%	5.25%	5.29%	5.52%	1.50%	1.57%	1.56%	1.59%	<p>planned the ratio will remain consistent in future years. Council participate in a Workcover self-insurance scheme through the Municipal Association of Victoria. In 2019/20 the scheme advised that as a result of the economic downturn from the COVID-19 global pandemic, the scheme was in shortfall and participants are required to contribute to the recovery over the next five years. Council has recognised their share as</p>
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												a \$745,000 non-current liability (\$186,000 current liability). This has resulted in a slight increase in this ratio, which will decline in future years as the shortfall is repaid.
Operating position												
Adjusted underlying result												
<i>Adjusted underlying surplus (or deficit)</i>												
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	-0.64%	1.03%	1.25%	-3.34%	-3.37%	-2.89%	-10.45%	-2.43%	-0.83%	1.03%		This result is negative due to a reduction in recurrent revenue streams which have been directly impacted by COVID-19. In response to the pandemic and to support the community Council provided relief packages

												operations to return to normal, this ratio is expected to improve year on year.
Stability												
Rates concentration												
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	60.23%	61.21%	58.67%	57.51%	57.56%	57.73%	62.33%	59.04%	58.50%	58.29%		This result is consistent with prior years.
Rates effort												
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.22%	0.23%	0.20%	0.20%	0.18%	0.19%	0.19%	0.20%	0.20%	0.21%		This result is consistent with prior years.

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 1989*, the Local Government (Planning and Reporting) Regulations 2014.

Dennis O’Keeffe CA
Principal Accounting Officer

Date: / /2020
St Kilda

In our opinion, the accompanying performance statement of the City of Port Phillip for the year ended 30 June 2019 presents fairly the results of Council’s performance in accordance with the *Local Government Act 1989*, the Local Government (Planning and Reporting) Regulations 2014.

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 2014 to certify this performance statement in its final form.

Bernadette Voss
Mayor and Councillor

Date: / /2020
St Kilda

Tim Baxter
Deputy Mayor and Councillor

Date: / /2020
St Kilda

Peter Smith
Chief Executive Officer

Date: / /2020
St Kilda