

CEO Report

#48 - October 2018



CEO Report

Issue 48




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Council respectfully acknowledges the Yalukut Weelam Clan of the Boon Wurrung.


We pay our respect to their Elders, both past and present.

We acknowledge and uphold their continuing relationship to this land.

Guide to reading this report

-  **On track** Latest result has achieved target for measure
Project is on track across all elements

-  **At risk** Latest result experienced a minor miss in relation to target measure
One or more elements of project are at risk

-  **Off track** There is a significantly large variation from targeted result for measure
Project is off track for one or more elements

All elements are weighted equally and milestones could be significant or small.

This report uses the best available information. While care has been taken to ensure the content in the report is accurate, it cannot be guaranteed at time of publication. There may be errors and omissions or it may not be wholly appropriate for your particular purposes. In addition, the publication is a snapshot in time based on historic information and is subject to change.

"We are working with our community to help shape the future of children's services in our City."

PETER SMITH

CEO City of Port Phillip

Welcome to the October issue of the CEO Report.

Through the Council Plan 2017-27 Council has committed to reviewing Council's role in early childhood education and care. Part of this work is the development of a new Children's Services Policy. The new policy will cover a wider range of topics including kindergartens, playgroups and toy libraries in addition to childcare. The new policy will help Council determine what role it should play in children's services to deliver quality outcomes for children and families.

Children's services policy update

After extensive community consultation Council endorsed the seven key objectives for the Children's Services Policy at the Council meeting on 5 September. These objectives were developed collaboratively with the community, not for profit, independent and Council children services providers of Port Phillip. These objectives will form the basis of the Children's Service Policy.



Live N Local

From 25 August to 1 September the third winter program of the Live N Local Festival celebrated music throughout Port Phillip. The line-up included local icons alongside emerging talent performing in live music venues and a few unexpected destinations.

Professional development programs for musicians were featured throughout the program, and included industry speakers from leading music organisations.

Car share bay installation

The first round of car share bays were installed in September, with an additional two bays in Sandridge/Wirraway. The installation of the bays will coincide with the occupation of the Fishermans Bend townhouse development, which contains 300 3 bedroom townhouses, each with one car space. The provision of car share could provide options for residents who currently have more than one car and lack sufficient off-street parking.

Parking trial

The St Kilda Esplanade Market will again trial temporary 'No Standing' restrictions from 5.00am to 7.30am (Sunday) for the Esplanade Market (market side only). The first trial was conducted for three event weekends between March and April this year, and we were encouraged by its success. The temporary signs will be placed out on Thursday and removed on Sunday during market hours.

Enviro Champs Program

As part of the Sustainable City Community Action Plan (SCCAP), which aims to support our community to reduce their greenhouse gas emissions, water use and waste, the Enviro Champs Program launched in September. Enviro Champs will support community members to deliver their own sustainability programs and will provide participants with a 10-workshop program and ongoing support to give them the necessary skills needed to make their project an ongoing success. The program aims to deliver 10 projects that will benefit the community. Read more on Enviro Champs on our Sustainable Port Phillip website.

Staff survey 2018

The 2018 Staff survey was conducted by specialist firm Insync over a three-week period from 28 May to 15 June 2018. A streamlined survey format was used (43 questions instead of 100) and an overall participation rate of 80 per cent was achieved.

Consistent with previous surveys, questions that measured levels of employee alignment and engagement were included.

Alignment reflects the extent to which employees, teams, systems, processes and customer strategy are aligned to Council's long-term goals. Engagement reflects the extent to which employees are committed to and emotionally engaged with Council and our goals.

The engagement score this year was 74 per cent, an increase of 1 percentage point from 2017. This year's alignment score was

stable at 60 per cent. With these results, the City of Port Phillip is in the third quartile when compared with all organisations in Insync's benchmark database and the top quartile when compared with Australian local government organisations.

Overall, the 2018 results indicate that the City of Port Phillip is a resilient organisation with a robust culture.

Transforming the City

The Council Plan 2017-27 sets out four areas where Council will focus its effort to see significant transformation over the next 10 years.

Fishermans Bend

What has happened?

- Construction of the new community park in Montague is progressing well. The western park is nearing completion with grassing about to commence and the installation of trees across sites.
- Contractor undertook pre-commencement activities and preparation for starting on-site.

What's coming up?

- Commence construction of streetscape works at Ferrars Street Education and Community Precinct.
 - Install plants at both eastern and western park for the new community park in Montague.
-

Waste management

What has happened?

- Feedback from community consultation was incorporated into the final strategy which will be endorsed later this year.
- On 16 August the Minister for Environment announced funding for a Business Case for the Inner Metro Sustainability Hub. The Metropolitan Waste and Resource Recovery Group has confirmed it will lead and oversee the Business Case analysis on behalf of the Partnership Executive Steering Committee.
- The Inner Metro Sustainability Hub partners are working through technical and spatial needs for a combined depot location and re-confirming partnership arrangements. The future of Council's existing depot site is being analysed with recommendations targeted for October 2018.
- While there is no risk to service provision, consultation continued with the Victorian Government regarding pricing in response to the ongoing disruption in the recycling industry and Port Phillip's regional contract with SKM.

What's coming up?

- Recommendations from the Inner Metro Sustainability Hub feasibility study are due to be finalised in October.
 - Planning of the actions to be implemented after the endorsement of the strategy will continue.
-

Water management

What has happened?

- Project partners are progressing deliverables within the Elster Creek Action Plan. Progress against each action can be viewed on our Elster Creek Catchment Action Plan webpage.
- A Elster Creek Community Reference Group meeting was held in September.
- The draft report on additional technical investigations recommended from the peer review of the concept design of Albert Park stormwater harvesting has been reviewed and partners have agreed to undertake the next stage of work, which includes environmental and social impact assessment, analysis of potential funding and governance options.
- A peer review of the design has found that some elements of the Alma Park Storm Water Harvesting Scheme should be redesigned to improve the scheme's operation and reliability. These will take 3 weeks to resolve, however the project will still be delivered this financial year. The request for tender is on track to be issued in early October. The project team is working closely with key stakeholders to ensure that any delays to construction have minimal impact on sports field and park users.
- Officers commenced planning for procurement for raingardens at Foote and Reed streets, Albert Park and Hambleton and Mills streets, Middle Park.

What's coming up?

- The Elster Creek working group will meet to continue discussions to implement the Elster Creek Action Plan.
 - Project partners for Albert Park Stormwater Harvesting (cities of Melbourne and Port Phillip and Parks Victoria) will meet to discuss the findings from the draft report on additional technical investigations on the project design.
 - Officers will continue to work closely with affected stakeholders of Alma Park Stormwater Harvesting scheme to ensure disruptions are kept to a minimum.
 - Undertake the procurement process for the raingardens at Foote and Reed streets, Albert Park and Hambleton and Mills streets, Middle Park.
-

Transport and parking

What has happened?

- Feedback from community consultation was incorporated into the final strategy which was endorsed on 20 September.
- All parking fee trials are underway. Parking occupancy and ticket machine data will form part of analysis for the evaluation.
- Distributed information to residents regarding Fishermans Bend parking controls.
- Completed installation of parking sensors as part of the parking technology renewal and upgrade program.

What's coming up?

- A review will be presented to Council based on parking data received in the parking trial and evaluation.
 - Implementation of the new parking controls will take place in November.
 - Signage and linemarking design for the new parking controls at Fishermans Bend will be finalised .
 - Configure installed sensors and commence use as part of the parking renewal and upgrade program.
-

Council scorecard

This section summarises the most current results for the outcome indicators and service performance measures in the Council Plan 2017-27.

Updates are provided when information is available, many of the measures can only be presented on a quarterly basis. Quarter one data will be published in the November issue.

	Outcome indicators	Service measures	Areas for focus
<p>Direction 1 We embrace difference, and people belong</p>	<p>2 on track 1 at risk 0 off track</p>	<p>6 on track 7 at risk 0 off track</p>	<ul style="list-style-type: none"> The outcome indicator at risk relates to residents that agree Port Phillip is welcoming and supportive for everyone which remained stable and just below target (93 per cent compared to >95 per cent). Four of the service measures at risk relate to community satisfaction survey results (recreational facilities, services contributing to health and wellbeing of the community, supporting older people and people with disabilities and family, youth and children), where a slight decrease was experienced and results dropped below target. Community visits per capita fell short of the target (1.74 compared to 1.90). 2017/18 results for cost of maternal and child health and infant enrolments failed to meet target (\$76.50 compared to target of \$75.00 and 96.83 per cent compared to 100 per cent respectively). Additional training was required to be undertaken by the nurses this year which, has increased the associated costs. The number of infants enrolled was slightly below target with 1,251 infants enrolled from the 1,299 birth notifications received (99 per cent compared to target of 100 per cent).
<p>Direction 2 We are connected and it's easy to move around</p>	<p>3 on track 0 at risk 0 off track</p>	<p>4 on track 4 at risk 0 off track</p>	<ul style="list-style-type: none"> Two of the service measures at risk relate to community satisfaction survey results (transport planning policy, safety and design and sealed local roads), where a slight decrease was experienced and results dropped below target. The remaining two service measures at risk relate to roads. 2017/18 results are above annual targets for sealed local road requests (due to an expansion of the types of requests included since target was developed) and the cost of roads resealing (due to the target being based on m² where our cost is calculated based on m³).
<p>Direction 3 We have smart solutions for a sustainable future</p>	<p>3 on track 2 at risk 0 off track</p>	<p>7 on track 7 at risk 0 off track</p>	<ul style="list-style-type: none"> Two outcome indicators at risk relate to potable water usage and kerbside waste diversion. The 2017/18 result for potable water usages was above target (226ML compared to 159ML). The July result for kerbside waste diversion was below target (31 per cent compared to target of 35 per cent). Three service measures at risk relate to community satisfaction survey results (making Port Phillip more environmentally sustainable, street cleaning and waste and recycling), where a slight decrease was experienced and results dropped below target. Three measures related to waste with cost of kerbside recyclables (\$38.07 compared to \$36.00), council waste production (59.6T compared to 50T) and kerbside bins missed exceeding target (3.11 compared to 2.50). Total suspended solids removed from stormwater fell short of target (46.5T compared to 47.3T).





	Outcome indicators	Service measures	Areas for focus
<p>Direction 4 We are growing and keeping our character</p>	<p>2 on track 2 at risk 0 off track</p>	<p>13 on track 4 at risk 0 off track</p>	<ul style="list-style-type: none"> Community satisfaction survey results related to residents who feel a sense of security in Port Phillip experienced a decrease and results dropped below target. Council planning decisions upheld at VCAT also fell short of our target (61 per cent compared to 70 per cent). When we include mediated and withdrawn outcomes upheld at VCAT the result would be 83.3 per cent, which is a minor increase from last year. Community satisfaction with planning services experienced a decrease and results dropped below target (78 per cent compared to 80 per cent). The 2017/18 result for animals reclaimed was below target due to a higher volume of animals collected. The 2017/18 result for time taken to decide planning applications was slightly above target (77 days compared to target of 75 days). The 2017/18 result for cost of planning service was above annual target. This is partially due to a change to the methodology for calculating the result from when the target was developed. Using the revised methodology cost is favourable compared to the previous year.
<p>Direction 5 We thrive by harnessing creativity</p>	<p>1 on track 3 at risk 0 off track</p>	<p>5 on track 4 at risk 0 off track</p>	<ul style="list-style-type: none"> Two of the outcome indicators at risk relate to community satisfaction survey results (culture of creativity and opportunity to participate in affordable events or activities), where a slight decrease was experienced and results dropped below target. The third outcome indicator relates to the percentage of people employed in the top five industries of total employment (50 per cent compared to 54 per cent). Two of the service measures at risk relate to community satisfaction survey results (visitor management and good range of business services), where a slight decrease was experienced and results dropped below target. Two measures relate to our libraries. The two remaining service measures at risk relate to our libraries. The 2017/18 results for library collection usage (4.41 compared to 5.00) and visits to library per capita (August's result of 6.31 compared to 6.50) were below target.
<p>Direction 6 Our commitment to you</p>	<p>3 on track 2 at risk 0 off track</p>	<p>23 on track 12 at risk 0 off track</p>	<ul style="list-style-type: none"> Two of the outcome indicators at risk relate to community satisfaction survey results (community engagement and overall performance), where a slight decrease was experienced and results dropped below target. Four of the service measures at risk relate to community satisfaction survey results (advocacy, Council decisions, customer service and website ease of use and navigation), where a slight decrease was experienced and results dropped below target. The asset management and project maturity scores (assessed annually) fell slightly short of target (asset maturity 952 compared to 1000 and project maturity 20.4 compared to 21). Staff turnover remained above target (1.07 per cent compared to 0.83 per cent in August). Three material legislative breaches were recorded in August, all relating to the disclosure of employee details. Councillor attendance dropped below target in August with 85 per cent compared to target of 90 per cent. In August our total recordable injury frequency rate failed to meet target (35.47 compared to 14.5), this is due to increased data cleansing. In August three financial measures assessed at risk included asset renewal compared to depreciation (74.38 per cent compared to 77.40 per cent), unrestricted cash compared to current liabilities (155.32 per cent compared to 95 per cent) and current assets compared to current liabilities (339.32 per cent compared to 216 per cent). These measures are impacted by lower liabilities and are expected to align with targets as the year progresses.

Project delivery update

The Council Plan 2017-27 commits us to a project portfolio worth more than \$66 million in 2018/19. This section provides a detailed update on the status of each major initiative identified in the plan and the overall project portfolio for each of the six directions as at the end of August.

T indicates this project contributes to the delivery of a transformation.

Direction 1 - We embrace difference, and people belong

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
In Our Backyard strategy implementation						
Deliver		<p>Project is at risk. A review is underway to redefine targets and priority actions for inclusion in the 12-month implementation plan. Preparation for the EOI process for Council contributions is on hold pending completion of the review. Other initiatives within the project are on-track for completion:</p> <ul style="list-style-type: none"> • short-listing of sites for Council's property pipeline • preparation of a Housing Needs Framework. <p>Delivery of the first 'pop-up' housing project was completed.</p>	Jun 2019	Jun 2019	226	226
JL Murphy Reserve Pavilion upgrade						
Deliver		<p>Project schedule is at risk due to the building permit application taking longer than planned to be finalised. This has created a two-week delay. The project team is working to resolve the discrepancies between technical drawings and Building Code compliance requirements by late September. This will enable the request for tender to proceed. The single governance entity was established and will be known as the JL Murphy Pavilion Committee. A Funding Agreement between Council and the Committee is to be executed in late September.</p>	May 2020	May 2020	1,368	1,368
North Port Oval upgrade						
Plan		<p>Project is at risk. The Funding Agreement is still in development and yet to be finalised. The planning permit is yet to be confirmed. Preliminary design work has been completed and the project is on track to commence work in early October, subject to finalisation of the Funding Agreement in September.</p>			1,950	1,950
Peanut Farm Reserve Sports Pavilion upgrade						
Deliver		<p>Project is on track. All underground services and civil works are well progressed and internal steel works completed. Internal concrete work is underway and the netball court works have commenced. Carpentry work is also in progress, while steelwork is almost completed.</p>	Mar 2019	Apr 2019	2,315	2,315

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
South Melbourne Life Saving Club redevelopment						
Deliver	✔	Project is on track. Installation of all piles, removal and reconstruction of the seawall was complete. Construction of the building proper will commence. An application for coastal consent has been submitted to the Department of Environment, Land, Water and Planning for a revised layout of the temporary facilities to be installed on the foreshore during summer to support the club's patrols, and provide additional toilet facilities.	Oct 2019	Oct 2019	3,700	2,834

Overall project status



There are 22 projects contributing to the outcomes in this direction. At the end of August no projects were considered off track.

Direction 2 - We are connected and it's easy to move around

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
Integrated Transport Strategy development ⓘ						
Deliver	✔	Project is complete. Council adopted the ten-year strategy, <i>Move, Connect, Live</i> , on 20 September following extensive community feedback.	Jun 2018	Oct 2018		
Integrated Transport Strategy implementation ⓘ						
Plan	✔	<p>Program is on track. Council adopted the ten-year strategy on 20 September and planning is underway on the following initiatives:</p> <ul style="list-style-type: none"> • Parking Permit Policy review • Parking Controls Policy and Parking Occupancy surveys and analysis • Investigating the use of Parking Overlays for applying different parking rates and transport provision 			300	300
Kerferd Road safety improvements ⓘ						
Plan		Project is on hold until the scope and scale of the Victorian Government's funding commitment for the 'Shrine to Sea' is determined.			175	175

Overall project status



There are 23 projects contributing to the outcomes in this direction. At the end of August Fishermans Bend Parking Controls Implementation was considered off track.

Off track non-major initiative project status

Fishermans Bend Parking Controls Implementation

 ⓘ

Project schedule is off track in order to revise the proposed parking controls in response to community feedback. A dedicated project manager has been recruited to accelerate delivery of the project. Implementation of the new parking controls will occur during November 2018 and will be completed by 4 December 2018.

Direction 3 - We have smart solutions for a sustainable future

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
Albert Park Stormwater Harvesting development ⓘ						
Deliver	✓	Project is on track. The additional technical investigations recommended by a peer review have been completed. All project partners agreed to progress the next stage of the project, which includes an assessment of the social and environmental impact of stormwater harvesting; further review of water extraction and drought on lake water levels; and a workshop on potential partnership arrangements and governance models.	Jun 2019	Jun 2019	100	100
Alma Park Stormwater Harvesting development ⓘ						
Deliver	⚠	Project is at risk. A peer review of the design recommended some changes to simplify its operation. These changes are expected to benefit Council in the long-term but will possibly have implications on the schedule (up to one month) and budget. The project team is working closely with key stakeholders to ensure that any delays to construction have a minimal impact on sports field and park users. The project will still be delivered this financial year.		Jun 2019	2,815	2,815
Sustainable Environment Strategy implementation ⓘ						
Deliver	✓	Program is on track. Officers are refining the approach to develop the Water Sensitive City Plan and Climate Change Adaptation and Mitigation Plan. Investigations have commenced for installing the first tranche of electric vehicle charging stations and enable transition of Council's fleet to zero emissions. Investigating the viability of establishing a Port Phillip Energy Foundation will commence in 2019.	Jun 2019		280	280
Waste Strategy development ⓘ						
Plan	✗	Project is off track due to delay in presenting the strategy to Council. The final strategy will be presented to Council for endorsement by the end of the 2018 calendar year.		Oct 2018		
Waste Strategy implementation ⓘ						
Plan	✓	Program is on track. Planning is underway on the following initiatives: <ul style="list-style-type: none"> Implementation of education campaigns for waste reduction and improved recycling outcomes Development of an Advanced Waste Treatment plan that compares the benefits and costs of different technologies available 			280	280

Overall project status



There are 23 projects contributing to the outcomes in this direction. At the end of August Energy Efficiency and Solar Program 2018/10, South Melbourne Market Solar, and South Melbourne Market Traffic Study were considered off track (discussed over the page).

Off track non-major initiative project status**Energy Efficiency and Solar Program 2018/19** 

Project schedule off track due to proposed changes to internal layouts in buildings that may result in changes to the lighting and air conditioning. A revised project scope will be finalised in October 2018 with planned completion by 30 June 2019.

South Melbourne Market Solar 

Project schedule is off track due to safe roof accessibility issues in the design and the coordination of concurrent projects at South Melbourne Market. Designs have been completed and tender documents for construction are planned for release in October 2018 which will confirm project costs. Construction is scheduled for completion by June 2019.

South Melbourne Market Traffic Study 

Project schedule off track due to a delay in finalising the scope and assigning project management resources. Additional external resources have been engaged to progress the project. The project costs and completion date of April 2019 remain unchanged.

Direction 4 - We are growing and keeping our character

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
Ferrars Street Education and Community Precinct - Construction of Montague Park (proposed name Kirrip Park) T						
Deliver	⚠	Project is at risk due to potential contaminated soil and poor soil conditions. Construction program is at risk due to design issues with the existing gas main, which may delay completion of works. Western Park is nearing completion with grassing about to commence and the installation of trees across site.	Jul 2018	Sep 2018	1,600	1,600
Ferrars Street Education and Community Precinct - Streetscape Upgrade T						
Deliver	⚠	Project is at risk due to additional costs associated with soil contamination. Options are being assessed to ensure project is delivered within budget. The contractor is prepared the site and commenced in September.	Dec 2018	Dec 2018	2,434	2,434
Gasworks Arts Park Contamination Management Plan						
Deliver	✔	Project is on track. Council officers continue to work with the State Government to develop a draft Park Plan in accordance with the draft Contamination Management Action Plan.			20	20
Public Spaces Strategy development						
Plan	✔	Project is on track. Background research is underway to prepare a directions and opportunities paper that will form the basis for community engagement in early 2019 and development of the strategy.			125	125
St Kilda Marina						
Plan	⚠	Project is at risk due to additional technical investigations placing pressure on the budget. The budget will be monitored carefully to manage the additional costs. A Community Panel has been established to provide input into the development of options for the site that meet the site vision and objectives. The Panel met twice in August and will continue to meet until November.			460	460

Overall project status



There are 28 projects contributing to the outcomes in this direction. At the end of August the Bollard Security Improvements project was considered off track.

Off track non-major initiative project status

Bollard Security Improvements ✘

Project is off track due to a delay in finalising a security risk assessment to the area surrounding Luna Park/Palais Theatre. This has delayed completion of the conceptual design. Department of Industry, Innovation and Science Safer Communities funding application was successful. Project schedule to be re-baselined.

Direction 5 - We thrive by harnessing creativity

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	208/19 Forecast \$'000
Creative and Prosperous City Strategy implementation						
Plan	✔	<p>Program is on track with planning and implementation of actions underway. Highlights include:</p> <ul style="list-style-type: none"> • Completion of St Kilda Festival three-year plan as endorsed by Council • Development of guidelines for the Multi Year Grants Program • Advertisement of nominations for Community Advisory Panel • Planning underway for development of a Live Music Action Plan • Renewal of the Waterfront Welcomers funding agreement to support the Volunteer Program for cruise season. <p>Placemaking activities are also on track. Highlights include:</p> <ul style="list-style-type: none"> • Determined the proposed placemaking precincts at Fitzroy Street, Clarendon Street and Waterfront Place • Held the first meeting of a Place Leadership Group with the Fitzroy Street precinct • Undertaking deep engagement with the Fitzroy Street community and stakeholders • Council endorsed on 20 September 2018 to trial a new decision-making approach in designated precinct precincts for a period of six months. 			640	640
Linden Gallery upgrade						
Deliver	✘	<p>Project is off track due to inclusion of Crime Prevention Through Environmental Design report into the scope of works to respond to safety concerns raised by residents in the laneway behind the gallery. Otherwise, practical completion of the building, with successful public opening and Linden New Art re-occupying the space.</p>	Dec 2018	Dec 2018	490	490

Overall project status



There are 17 projects contributing to the outcomes in this direction. At the end of August O'Donnell Memorial Fountain restoration and Linden Gallery upgrade (discussed above) were considered off track.

Off track non-major initiative project status

O'Donnell Memorial Fountain restoration ✘

Project is off track. Officers are currently developing options following a decision not to fund the refurbishment of the fountain hydraulic system.

Direction 6 - Our commitment to you

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
Customer Experience Program						
Deliver	✓	Program is on track. The delivery partnership was endorsed by Council on 5 September, with delivery partner on boarding and appointment of internal resources planned by end September. Project procurement process is near completion, and projects are expected to be commence over the next three months, including key technology procurement.	Jun 2021	Jun 2021	8,180	8,180

Overall project status



There are 14 projects contributing to the outcomes in this direction. At the end of August the Building renewal and upgrade program, Building safety and accessibility program, and Core IT infrastructure renewal and upgrade program 2018/19 were considered off track.

Off track non-major initiative project status

Building renewal and upgrade program ✘

Program is off track due to a recent inclusion of short term priority capital works into the scope for the Sails on the Bay initiative. South Melbourne Town Hall ANAM lease works are at risk due to extension of work program to accommodate construction noise and discovery of ground water in the western lift well. All other building capital works projects are on track to be delivered. Program schedule to be re-baselined.

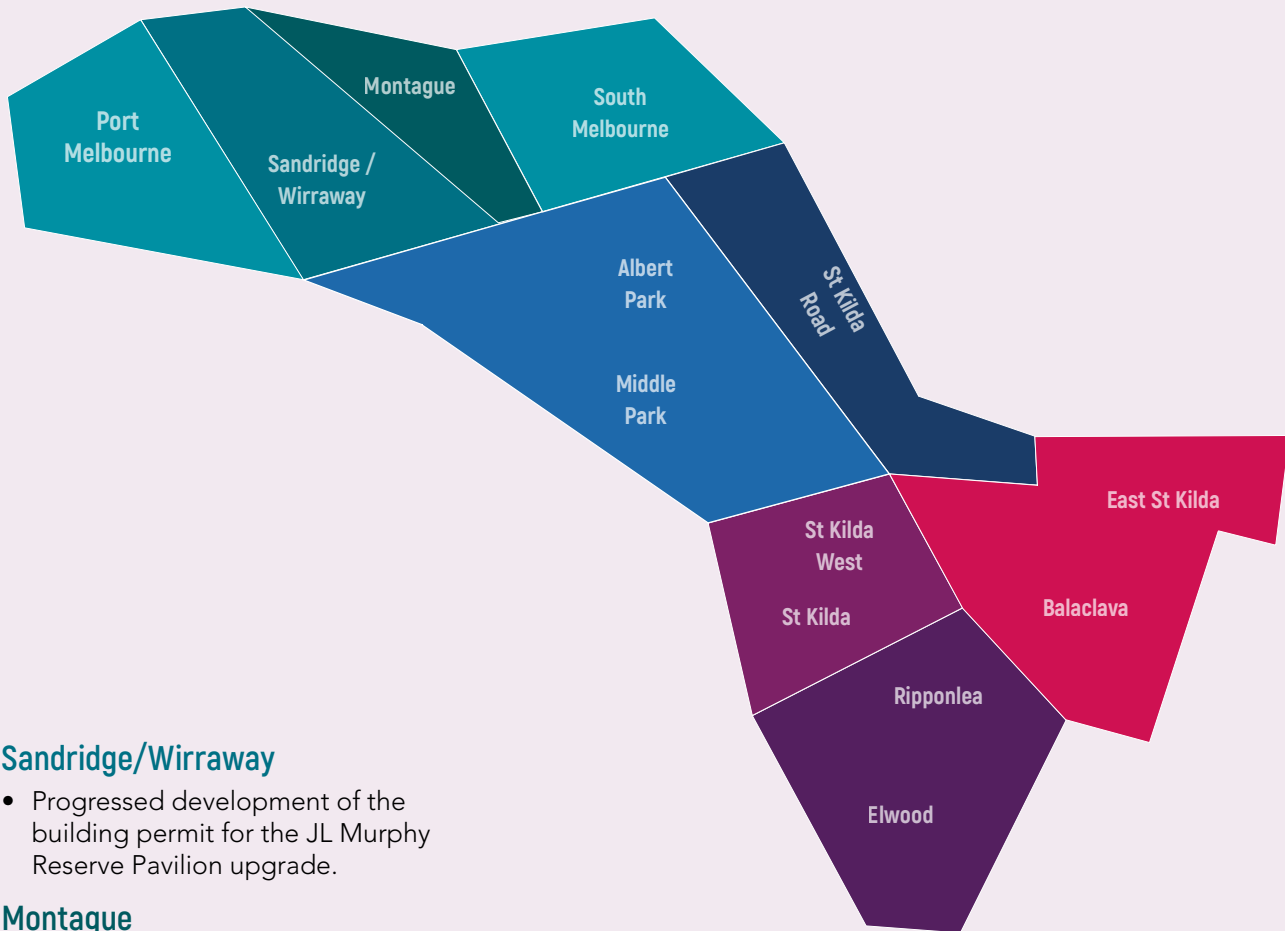
Building safety and accessibility program ✘

Program is off track due to a security reassessment for the three town halls. Assessment to be updated and incorporated into the architectural brief. Project schedule to be re-baselined. All other projects within the program are on track to be delivered.

Core IT Infrastructure renewal and upgrade program 2018/19 ✘

Program is off track due to a delay in completing procurement for a panel of service providers, which will inform the overall program delivery schedule. The delay is not expected to impact on program delivery in 2018/19.

What's happened in our local neighbourhoods?



Sandridge/Wirraway

- Progressed development of the building permit for the JL Murphy Reserve Pavilion upgrade.

Montague

- Construction of the community park is underway with western park works nearing completion.

South Melbourne

- Continued works at South Melbourne Community Centre to improve accessibility and use of the space.
- Continued works at South Melbourne Town Hall to upgrade the lift.
- Completed installation of fire sprinkler system at South Melbourne Market.

Port Melbourne

- Continued development of Funding Agreement for North Port.
- A report on the key stakeholder engagement for the draft design guidelines for Waterfront Place and public realm concept design was shared with participants in September.

St Kilda Road

- Continued to work closely with partners to deliver the Metro Tunnel project.
- Completed community engagement including Have Your Say and intercept surveys for Place Identity for the Domain Precinct.

Albert Park/ Middle Park

- Continued construction to redevelop the South Melbourne Life Saving Club building and public amenities.
- Worked with the Victorian Government to develop a draft Park Plan in accordance with the Gasworks Arts Park Contamination Management Action Plan.
- Reviewed the additional technical investigations recommendations report for the project design of Albert Park Stormwater Harvesting.

St Kilda / St Kilda West

- Council continued to work with partners to plan the Victorian Pride Centre.
- Continued construction of the pavilion at Peanut Farm Reserve.
- Continued work on O'Donnell Gardens wall.

Elwood / Ripponlea

- Held the first Elster Creek Community Reference Group and finalised the catchment wide policy review.

Balaclava / St Kilda East

- Council considered the responses to Intention to Sell for Marlborough Street, Balaclava affordable housing.

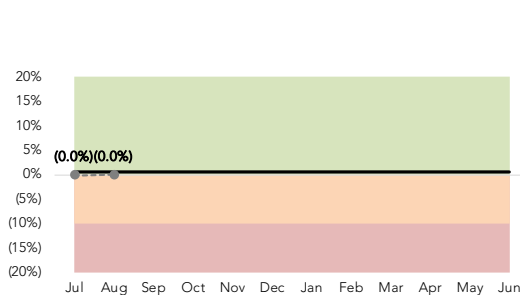
Financial performance

Council's decision making is reflected by the principles of sound financial management, to ensure our financial position is sustainable. We assess our financial performance using the Victorian Auditor-General's Office (VAGO) financial sustainability indicators.

- As highlighted by the six VAGO financial indicators below, the full year forecast in August indicates an overall low risk financial sustainability rating for Council.
- Council expects to achieve a cumulative cash surplus of \$1.4 million for 2018/19.

Financial sustainability indicators

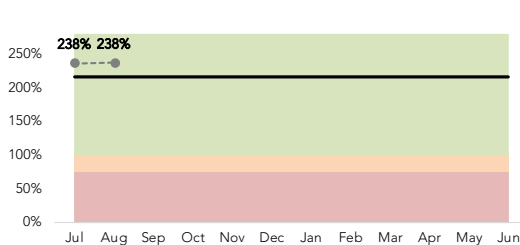
1.1 Net Result % (Net Surplus over Total Income)



Target: Greater than 0% Year-end forecast: (0.0%) Status:

Comments: This financial indicator assesses Council's ability to generate sufficient funds for asset renewals. A small surplus is budgeted for 2018/19 which includes non-recurrent Customer Experience Program expenditure. Council is expected to deliver a small deficit, 0.01% of total income. No significant concern.

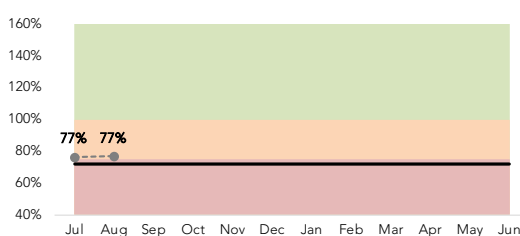
1.2 Working Capital % (Current Assets over Current Liabilities)



Target: Greater than 100% Year-end forecast: 238% Status:

Comments: This financial indicator assesses Council's ability to pay short term liabilities as they fall due. The Budget 2018/19 had a working capital ratio of 216%. The actual financial position for 2017/18 compared favourably to the forecast position for 2017/18 when the 2018/19 budget was prepared. This will continue for the rest of the 2018/19 which is reflected in the current full year forecast in August of 238%. Council has no issues in paying suppliers and employees when payments fall due.

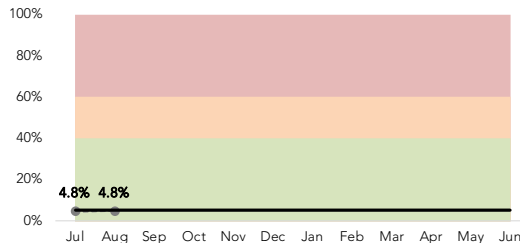
1.3 Internal Financing % (Net Operational Cashflows compared to Net Cash Capital Outlay)



Target: Greater than 100% Year-end forecast: 77% Status:

Comments: This financial indicator assesses Council's ability to generate sufficient cash from operations to fund new assets. The Budget 2018/19 includes non-recurrent Customer Experience Program expenditure. The full year forecast in August for Council's capital spend is lower than budgeted which results in a favourable internal financing ratio than budgeted.

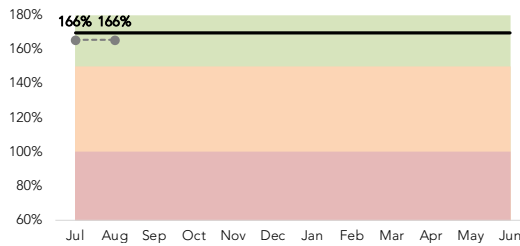
1.4 Indebtedness % (Own Sourced Revenue compared to Non Current Liabilities)



Target: Less than 40% Year-end forecast: 4.8% Status: ✔

Comments: This financial indicator assesses Council’s ability to repay its non-current debt from its own source revenue. This indicator shows a low risk for Council as the ratio of 4.8% for Budget 2018/19 is significantly lower than the 40 per cent target. The full year forecast in August shows Council is on track to achieve budget.

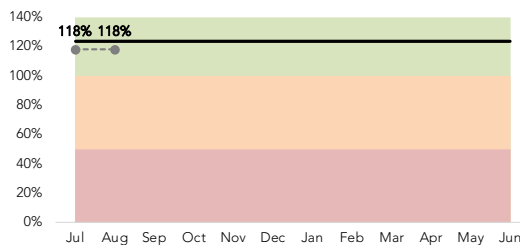
1.5 Capital Replacement % (Total cash capital outlay / Depreciation)



Target: Greater than 150% Year-end forecast: 166% Status: ✔

Comments: This financial indicator assesses whether Council’s spend overall in renewing, growing and improving its asset base is sufficient. The Budget 2018/19 ratio of 170 per cent included our planned strategic land acquisition. The full year forecast in August shows a ratio of 166 per cent mainly due reclassification capital expenditure (\$0.55m) to operating expenditure and forecast down of the BlackSpot Safety program due to unsuccessful grants application.

1.6 Infrastructure Renewal Gap % (Renewal & Upgrade Capital Expenditure compared to Depreciation)



Target: Greater than 100% Year-end forecast: 118% Status: ✔

Comments: This financial indicator assesses Council’s spend on its asset base is keeping up with the rate of asset depletion. The Budget 2018/19 ratio of 124 per cent indicates sufficient provision in the capital program for asset renewal and upgrade. The full year forecast in August shows a ratio of 118 per cent mainly due to reclassification capital expenditure (\$0.55m) to operating expenditure and forecast down of the BlackSpot Safety program due to unsuccessful grants application.

Key

— Budget 2017/18 ● Year end forecast

Comprehensive Income Statement Converted to Cash - August 2018

We use the Comprehensive Income Statement Converted to Cash to ensure prudent financial management by maintaining a cumulative cash surplus. The current forecast for 2018/19 is a cumulative cash surplus of \$1.7 million which compares favourable against the budget by \$1 million.

	Year to date		YTD Variance		Full Year		Variance		Notes
	Actual	Forecast	Actual to Forecast		Forecast	Budget	Forecast to Budget		
	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	(\$'000)	%	
Income									
Rates and Charges	21,461	21,503	(42)	(0%)	124,899	124,899	(0)	(0%)	
Statutory Fees and Fines	3,892	3,802	90	2%	23,956	23,956	0	0%	
User Fees	6,938	7,380	(441)	(6%)	38,194	38,194	0	0%	
Grants - Operating	1,602	1,685	(83)	(5%)	9,476	9,233	243	3%	
Grants - Capital	250	250	0	0%	3,656	3,573	83	2%	
Contributions - Monetary	1,237	1,230	7	1%	7,739	7,124	615	9%	
Contributions - Non Monetary	0	0	0	0%	0	0	0	0%	
Other Income	2,651	2,245	406	18%	14,380	14,477	(97)	(1%)	
Total Income	38,032	38,095	(63)	(0%)	222,300	221,456	845	0%	1
Expenses									
Employee Costs	16,990	17,556	567	3%	95,722	95,582	(140)	(0%)	
Materials and Services	5,555	4,334	(1,222)	(28%)	76,120	75,047	(1,073)	(1%)	
Professional Services	5,777	7,430	1,653	22%	8,723	7,989	(734)	(9%)	
Bad and Doubtful Debts	910	577	(333)	(58%)	3,464	3,464	0	0%	
Depreciation	4,223	4,223	0	0%	25,338	25,338	0	0%	
Borrowing Costs	6	17	10	63%	450	450	0	0%	
Other Expenses	2,040	2,125	85	4%	8,172	8,214	42	1%	
Net (Profit) or Loss on Disposal of Assets	(83)	723	806	112%	4,335	4,335	0	0%	
JV Equity Accounting	0	0	0	0%	0	0	0	0%	
Total Expenses	35,418	36,984	1,566	4%	222,324	220,419	(1,905)	(1%)	2
Operating Surplus / (Deficit)	2,613	1,111	1,503	135%	(24)	1,037	(1,061)	(102%)	
Income Statement Converted to Cash									
Adjustments for non-cash operating items:									
• Add back depreciation	4,223	4,223	0	0%	25,338	25,338	0	0%	
• Add back written-down value of infrastructure assets disposals	0	742	(742)	(100%)	4,950	4,950	0	0%	
• Add back written-down value of fleet asset disposals	0	83	(83)	(100%)	500	500	0	0%	
• Add back balance sheet work in progress reallocated to operating	0	0	0	0%	1,200	1,200	0	0%	
	4,223	5,048	(825)	(16%)	31,988	31,988	0	0%	
Adjustments for investing items:									
• Less capital expenditure - Infrastructure	(2,472)	(3,016)	544	(18%)	(38,727)	(39,706)	978	(2%)	
• Less capital expenditure - IT, Plant and Equipment	(187)	(178)	(9)	5%	(3,244)	(3,244)	0	0%	
	(2,659)	(3,194)	535	(17%)	(41,971)	(42,950)	978	(2%)	3
Adjustments for financing items:									
• Add New Borrowings	0	0	0	0%	0	0	0	0%	
• Less Loan Repayments	(78)	(112)	34	(30%)	(670)	(670)	0	0%	
	(78)	(112)	34	(30%)	(670)	(670)	0	0%	
Adjustments for reserve movements:									
• Discretionary Reserve Drawdown/ (Replenish)	9,399	9,399	0	0%	8,187	7,775	412	5%	
• Statutory Reserve Drawdown/ (Replenish)	0	0	0	0%	1,595	1,109	486	44%	
	9,399	9,399	0	0%	9,783	8,884	899	10%	4
Current Year Surplus/(Deficit)	13,498	12,252	1,246	10%	(895)	(1,711)	816	(48%)	
Opening balance carry forward surplus	2,595	2,595	0	0%	2,595	2,389	206	9%	
Accumulated Cash Surplus	16,093	14,847	1,246	8%	1,700	678	1,022	151%	

Notes to the Comprehensive Income Statement Converted to Cash

The following adjustments have been identified and are reflected in the Comprehensive Income Statement Converted to Cash (see previous page).

Note 1: Operating income forecast increased by \$0.85 million:

- \$0.14m Victorian Government committed to another year of funding for the Metro Access program which was not budgeted. This will be fully offset by unbudgeted expenditure.
- \$0.78m Council has been informed the early release of State Government funding for JL Murphy Reserve Pavilion Upgrade.

Note 2: Operating expenditure forecast increased by \$1.9 million:

- (\$0.14m) Increased employee costs forecast due to the unbudgeted Metro Access program which will be funded by the Victorian Government for another year.
- (\$0.35m) South Melbourne Market Compliance capital works budget to used for compliance assessment (non-capital).
- (\$0.54m) Expenditure deferred from 2017/18 including the business case development for the Sustainability Hub and the customer experience program.
- (\$0.55m) In reviewing a number of planned project expenditure to date has resulted reclassification of some expenditure from capital to operational. Projects include Ferrars Street Streetscape, Peanut Farm and Carlo Catani Rock Wall (demolition & landscaping).

Note 3: Capital expenditure forecast decreased by \$0.98 million:

- \$0.87m South Melbourne Lifesaving Club redevelopment is ahead of schedule with a large portion of expenditure spent in 2017/18.
- \$0.55m In reviewing a number of planned project expenditure to date has resulted reclassification of some expenditure from capital to operational. Projects include Ferrars Street Streetscape, Peanut Farm and Carlo Catani Rock Wall.
- \$0.35m South Melbourne Market Compliance capital works budget to used for compliance assessment (non-capital).
- (\$0.30m) The civil construction boom has resulted in higher prices to the Peanut Farm Pavilion Upgrade.
- (\$1.20m) Kirrip Park and Streetscape works are in the construction phase, on track to be completed this financial year and within total project budget. Some timing of works between financial years.

Note 4: Net replenish of reserves decreased by \$0.9 million

- (\$0.90m) The forecast movement of reserves relate to funds allocated in 2017/18 deferred and to be spent in 2018/19.

Changes to the portfolio

The City of Port Phillip has a project portfolio consisting of over 120 programs and projects with a total budget of over \$66 million.

The table below outlines changes to the project portfolio between August and 11 September 2018.

Project	Change
Safer Streets Infrastructure Program	Additional \$100,000 of expenditure has been added to this program for school routes travel surveys and audits funded by new TAC funding.
Gasworks Theatre Seats Replacement	Completion date has been extended by 6 months to end June 2019 due to delays caused by an unsuccessful public tender (for design and construct) which resulted in the need to engage a consultant for design documentation.
FSECP – Community Facilities and netball Courts	Additional \$38,600 was approved to support the completion of the project by purchasing and installing outstanding amenities.
Little Grey St Precinct CCTV	Additional \$37,000 has been granted by the Victorian Government to fund the expected costs of the initiative. Total funding by the Victorian Government is \$352,000.

Organisational scorecard

We monitor our performance under Direction 6 - Our commitment to you to ensure Council is a financially sustainable, high performing, well-governed organisation that puts the community first.

The below table outlines the latest results for our organisational scorecard. Results with an * are annual measures where results are from 2017/18 year end, all other measures are July results.

Improving customer experience and technology, and being more innovative

	Latest Result	
Community satisfaction with Council's performance greater than 65*	63	⚠️
80% community requests responded to on time	93%	✅
80% calls answered within 30 seconds	82%	✅

Improving community engagement, advocacy, transparency and governance

	Latest Result	
90% risk and audit actions completed on time	91%	✅
90% councillor attendance at Council meetings	85%	⚠️
90% Council decisions made in public	96%	✅
0 material legislative breaches	3	⚠️
Average community satisfaction rating for community consultation, advocacy and decision making above 60*	56	⚠️

Inspiring leadership, a capable workforce and a culture of high performance and safety

	Latest Result	
100% performance plans complete	87%	⚠️
Total recordable injury frequency rate	35.47	⚠️
Unplanned Leave (days/EFT) below 0.9	1.07	⚠️
Staff turnover below 0.8%	0.84%	⚠️

Ensuring sustainable financial and asset management, and effective project delivery

	Latest Result	
Financial sustainability rating of low*	Low	✅
Operating savings	\$152k \$11k to be banked	✅
80% of priority project delivery is on track	86%	✅

Legislative update

Legislative changes

Below are the legislative changes for July and August 2018 that may affect the City of Port Phillip.

Legislation	Assent date	Impact
<i>Electoral Legislation Amendment Act 2018</i>	1 August 2018	To amend the <i>Electoral Act 2002</i> to improve the operation of electoral processes and enhance the integrity of the electoral system by prohibiting political donations from certain sources and introducing a political donations disclosure and reporting scheme, and to amend the <i>Public Administration Act 2004</i> .
<i>Victorian Industry Participation Policy (Local Jobs First) Amendment Act 2018</i>	14 August 2018	To provide for the development and implementation of Local Jobs First Policy and to provide for compliance with an enforcement of the Local Jobs First Policy.

Statutory Rule changes

Statutory Rule	Assent date	Impact
<i>Subordinate Legislation (Prevention of Cruelty to Animals Regulations 200) Extension Regulations 2018</i>	31 July 2018	Extend the operation of the Prevention of Cruelty to Animals Regulations 2008, which would otherwise be revoked by virtue of the <i>Subordinate Legislation Act 1994</i> .
<i>Electoral Amendment Regulations 2018</i>	1 August 2018	To facilitate parliamentary elections and to provide for matters in relation to electronic assisted voting and the disclosure and reporting of political donations.

Material legislative breaches

Three breaches of privacy occurred in August all relating to the disclosure of employee payroll details. One breach related to a Payment Summary being emailed to the wrong person. One incident related to payment slips being sent to the depot which were not in individual sealed envelopes. The other breach related to a pay slip being mailed to the wrong employee.