

City of Port Phillip Performance Statement

For the year ended 30 June 2017

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 21 June 2017 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 108,472 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 (3318.0) as at 30 June 2016

Sustainable capacity indicators

For the year ended 30 June 2017

Indicator / measure	Results			Material variations
	2015	2016	2017	
Population				
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,701.51	\$1,737.12	\$1,818.52	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$5,516.95	\$5,528.54	\$5,739.61	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	364.05	396.77	401.75	
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	
Recurrent grants				
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$111.46	\$85.52	\$110.68	Recurrent grants increased from prior year due to the early receipt of the 2017/18 Victorian Grants Commission instalments of \$1.32 million. The first instalment for 2015/16 was received in 2014/15, resulting in a significant decrease in the 2015/16 grants received.
Disadvantage				
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	10.00	10.00	10.00	

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 2017

Service/indicator/measure	Results			Material variations
	2015	2016	2017	
Animal Management				
Health and safety				
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	4	5	2	Successful animal management prosecutions have decreased compared with the previous two years indicating an improvement in the effectiveness of our animal management service.
Food Safety				
Health and safety				
<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 about a food premises] x100	95.55%	99.11%	99.28%	
Governance				
Satisfaction				
<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]	60	59	57	
Home and Community Care (HACC)				
Participation				Reporting on HACC ceased on 1 July 2016 due to the introduction of the

Service/indicator/measure	Results			Material variations
	2015	2016	2017	
<p><i>Participation in HACC service</i></p> <p>[Number of people that received a HACC service / Municipal target population for HACC services] x100</p> <p>Participation</p>	22.22%	20.2%	Reporting ceased 1 July 2016	Commonwealth Government's NDIS and CHSP programs
<p><i>Participation in HACC service by CALD people</i></p> <p>[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100</p>	16.79%	14.7%	Reporting ceased 1 July 2016	
Libraries				
<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%	
Maternal and Child Health (MCH)				
<p>Participation</p> <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%	84.2%	82.89%	
<p>Participation</p> <p><i>Participation in the MCH service by Aboriginal children</i></p>	69.05%	87.2%	84.48%	

Service/indicator/measure	Results			Material variations
	2015	2016	2017	
[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				
Roads				
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	
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%	71%	70%	The 2014/15 result has been restated changing it from 79% because it was identified in the previous year that Council needed to change how it was applying the definition.
Waste Collection				
Waste diversion				
<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	34.5%	34.1%	32.94%	

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 2017

Dimension / <i>indicator</i> / measure	Results			Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	
Efficiency								
Revenue level								
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,359.31	\$1,434.05	\$1,429.76	\$1,513.23	\$1,546.50	\$1,583.78	\$1,624.52	
Expenditure level								
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,623.49	\$2,619.67	\$2,798.66	\$2,952	\$2,742	\$2,788	\$2,840	
Workforce turnover								
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.95%	10.43%	10.00%	10.00%	10.00%	10.00%	10.00%	
Liquidity								
Working capital								
<i>Current assets compared to current liabilities</i>	220.88%	243.22%	231.65%	201.89%	213.08%	216.63%	193.65%	Council can comfortably meet its short term financial commitments. The 2016/17 result has declined

Dimension / <i>indicator</i> / measure	Results			Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	
[Current assets / Current liabilities] x100								slightly due to the impact of the \$6.33 million land purchase for 2-4 Buckhurst Street South Melbourne which was recognised as a prepayment in the prior year. The title of the land and control of this asset transferred to Council on 1 July 2016 and is now recognised in Council's non-current property, infrastructure, plant and equipment. In future years Council expects to continue to comfortably meet its short term commitments however the ratio is expected to decrease going forward as cash and investment balances decline as a direct result of Council funding the capital works program which is forecasted to increase year on year.
Unrestricted cash								Historical data has been restated from 104.44% to -10.44% to reflect a change in legislative reporting
<i>Unrestricted cash compared to current liabilities</i>	15.35%	-10.44%	-41.14%	81.64%	93.82%	94.39%	94.83%	

Dimension / <i>indicator</i> / measure	Results			Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	
[Unrestricted cash / Current liabilities] x100								requirements to exclude current financial assets. Council's unrestricted cash has increased to - 41.14% due to more funds being placed in longer term investments in the current financial year. Including current financial assets, Council has \$74.59 million of cash and investments, with \$13.76 million of this restricted, placing Council in a strong position to meet its financial obligations which is reflected in the current assets/current liabilities ratio. The forecast ratios differ from those in the adopted budget due to the change in the calculation of the indicator for the purposes of 2016/17 financial reporting. In future years Council is forecasting increases in this ratio as we expect to be holding more money in short term investments to meet the requirements to fund ongoing capital works.
Obligations								
Asset renewal								
<i>Asset renewal compared to depreciation</i>	73.23%	71.91%	91.98%	83.68%	89.78%	87.24%	83.98%	Asset renewals increased by 20 per cent in the 2016/17 financial year due to the completion of major renewal projects including core IT infrastructure, the Palais Theatre and Gasworks Theatre, which had been deferred from prior years.
[Asset renewal expense / Asset depreciation] x100								

Dimension / <i>indicator</i> / measure	Results			Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	
Loans and borrowings								
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	8.47%	8.02%	7.47%	7.44%	7.14%	6.84%	6.54%	
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.97%	0.98%	0.92%	0.96%	0.93%	0.89%	0.86%	
Indebtedness								
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	6.65%	6.40%	5.85%	5.84%	5.65%	5.50%	1.81%	
Operating position								
Adjusted underlying result								This result improved slightly from prior year due to favourable increases in income received across
<i>Adjusted underlying surplus (or deficit)</i>	-0.64%	1.03%	1.25%	-9.28%	3.51%	3.74%	4.47%	

Dimension / <i>indicator</i> / measure	Results			Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100								all categories and favourable reductions in expenditure for borrowing costs and other expenses. These favourable movements offset the significant increases in capital expenditure transferred to operating expense and increased employee costs. The forecasted negative result in 2017/18 is due to an expected operating deficit as a result of one-off payments expected for Council's cash contribution to the Pride Centre of \$8.95 million, and \$5.3 million for the Ferrars Street Precinct project works as well as additional property disposals of \$6.1million. From 2018/19 onwards we are expecting to achieve favourable results due to no significant items and increases in line with CPI.
Stability								
Rates concentration								
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	60.23%	61.21%	58.67%	60.19%	59.89%	60.26%	60.34%	
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%	0.19%	0.19%	0.19%	0.19%	This result has slightly decreased due to the 2.5 per cent increase in Council rates in 2016/17, compared to the significant increase in municipal property values of 16 per cent following the revaluation on 1 January 2016.

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 CPA
Principal Accounting Officer

Date: / /2017
St Kilda

In our opinion, the accompanying performance statement of the City of Port Phillip for the year ended 30 June 2017 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.

Bernadene Voss
Mayor and Councillor

Date: / /2017
St Kilda

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Councillor
Date: / /2017
St Kilda

Peter Smith
Chief Executive Officer

Date: / /2017
St Kilda