

CEO Report

#55 - June 2019



CEO Report




Issue 55



Message from the CEO.....	4
Transforming the City.....	5
Council scorecard.....	7
Project delivery update	9
What's happening in your neighbourhood? ...	18
Financial performance	19
Changes to portfolio.....	24
Organisational scorecard	26
Legislative update	27

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.

"I encourage you to read pages 9 to 17 for further information on our project delivery."

PETER SMITH

CEO City of Port Phillip

Welcome to the June issue of the CEO Report.

Each month this report provides an update on the major initiatives and any off track projects. I encourage you to read pages 9 to 17 for further information on our project delivery. This includes updates on progress in delivering our core strategies, St Kilda Marina, and Customer Experience Program.

Car share policy driving change

We are proud to be a local government leader in improving transport accessibility and making it easier to connect people with places.

Our 2016-21 car sharing policy is on track to meet its target of 330 on and off-street car share bays across the City by 2021.

There are 199 car bays currently dedicated to share vehicles and our research estimates that one car share vehicle results in 10 privately owned vehicles being taken off our streets. Fewer privately owned cars on the road means less competition for on-street parking, less carbon emissions and reduced traffic congestion.



Basketball tournament brings the community together

Port Phillip is known for being a City where everyone is welcome, and as a Council we feel it's especially important to provide opportunities for young people to feel connected and engaged.

We recently held a six-week long two-on-two basketball tournament for Indigenous and African youths from across Melbourne and as far away as Geelong.

Community support for the event was tremendous - local business owners and passers-by joined at the foreshore to cheer the players on and it proved to be a great way to bring young people from diverse backgrounds together.

The youngsters competed for prizes and everyone enjoyed a barbecue after the games. We are certainly considering running the tournament again next summer.

Composting with Community

We recently launched the first part of our new Composting with Community program to help residents reduce food waste and save money.

This program offers residents access to discounted Green Cones for their gardens. The cones use a digestion system designed to decompose all types of food and return the nutrients directly back into the surrounding soil.

The second part of the Composting with Community program is being launched in the next financial year and will involve a food dehydrator trial in two high-rise/mixed-use developments. Food dehydrators provide a solution for residents and businesses that do not have access to green space required for the installation of a Green Cone.

North Port Oval redevelopment

The first games of the 2019 football season kicked off on the recently refurbished North Port Oval.

It was very disappointing last year when soil and drainage issues made the oval unusable for some scheduled VFL games. Improvements to the oval include a new surface that can now withstand heavy rain, fencing and players' benches and with six new turf cricket wickets.

This is also a great outcome for the many community members who enjoy cheering on players at football matches or enjoying the oval themselves for a hit of cricket or a stroll.

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?

- Streetscape works are now completed on Ferrars Street, Douglas Street and Railway Place are completed. The streetscape includes greater space for pedestrians around the South Melbourne Primary School plus the introduction of both an east and west plaza while providing car-parking and traffic-calming measures around the school
- Planning for engagement on precinct planning was completed and scheduled to commence in the coming months.
- Council continues to work with the Victorian Government to develop the precinct plans and to agree how the Infrastructure Contributions Plan will be formalised.

What's coming up?

- Undertake workshop on precinct planning.
-

Waste management

What has happened?

- Completed review of the Council's street and beach cleaning, hard waste collection and dumped waste collection.
- Market research, to better understand community attitudes towards waste and recycling in the home was completed, which will inform new education campaigns and programs to maximise recycling and reduce household waste.
- We are also strongly advocating to both the Australian and Victorian Governments, for action to strengthen the recycling industry; also looking for opportunities to partner with other councils to find a better, more sustainable way forward for our community.

What's coming up?

- Commence trial of recycled plastics within roads base.
 - Complete review of waste management guidelines.
-

Water management

What has happened?

- Construction of raingardens under the Water Sensitive Urban Design program are complete. Design of raingardens for construction next financial year has commenced.
- Completed final assessment tasks for Albert Park stormwater harvesting development.
- Constructed the concrete edge of the bioretention system at Alma Park as part of the stormwater harvesting development. This will provide a viewing seat for spectators of Alma Park oval and a rest area for Hank Marvin Markets.
- Final site assessments for open space irrigation has been undertaken. Sites selected include: Hester Reserve, Wattie Watson Surrounds, Expansion of Lagoon Reserve, and St Kilda Botanical Gardens.

What's coming up?

- Consolidation of final assessment reports for Albert Park stormwater harvesting scheme distributed to the project partners.
 - Finalise fencing design and installation of pump shed for the Alma Park stormwater harvesting project.
-

Transport and parking

What has happened?

- Appointed a design consultant for the Garden City Bike Corridor - Stage two with concept drawings progressing.
- Continued support for the expansion of the car share scheme through the consultation for new bays as part of Round 2 for 2018/19 financial year in March/April 2019. It is proposed that 25 new car share bays will be installed in this round.
- The bulk of the Ride2School Day 2019 project has been finalised, including completion of the evaluation report. Bicycle Network, the organiser of National Ride2School Day, announced in April that the City of Port Phillip achieved the highest percentage of participating schools in Victoria for this year's event.
- No update, the Victorian Government is currently scoping the Shrine to Sea project, following community engagement. In the meantime Council will be undertaking interim safety measures including line marking at intersections, to improve road safety on Kerferd Road.

What's coming up?







- Liaise with car share providers to confirm installation of new car share bays for Round 2 2018/19.
-

Council scorecard

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

Where possible measures are updated on a monthly basis, otherwise data from previous periods are reported below.

	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 6 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 (annual survey conducted in February 2018) 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 conducted in February 2018 (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. Participation in first MCH home visit and participation in MCH service fell slightly below target in quarter three (95.28 per cent and 52.66 per cent respectively compared to 100 per cent). These measures are cumulative measures and are expected to increase as the year progresses, although slightly below the same period last year.
<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>5 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> Two of the service measures at risk relate to the community satisfaction survey conducted in February 2018 (transport planning policy, safety and design and sealed local roads), where a slight decrease was experienced and results dropped below target. The third measure related to cost of sealed local road resealing, which has increased above target due to increased resealing of higher traffic roads which require a thicker seal from 40mm to 60mm (\$59.45 compared to target of \$50.00).
<p>Direction 3 We have smart solutions for a sustainable future</p>	<p>5 on track 0 at risk 0 off track</p>	<p>8 on track 5 at risk 0 off track</p>	<ul style="list-style-type: none"> Three service measures at risk relate to the community satisfaction survey conducted in February 2018 (making Port Phillip more environmentally sustainable, street cleaning and waste and recycling), where a slight decrease was experienced and results dropped below target. One annual measure at risk relates Council waste production, data from 2017/18 year end indicates that 59.6T of waste is produced.

	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 3 at risk 0 off track</p>	<ul style="list-style-type: none"> Results from the community satisfaction survey conducted in February 2018 related to residents who feel a sense of security in Port Phillip experienced a decrease and dropped below target. The cumulative quarter two result for Council planning decisions upheld at VCAT also fell short of our target (65 per cent compared to 70 per cent). However, we have experienced an increase from quarter one (63 per cent) and when we include mediated and withdrawn outcomes upheld at VCAT the result would be 77 per cent (and above target). Community satisfaction results from the survey conducted in February 2018 show resident perception of planning services decreased and results dropped below target (78 per cent compared to 80 per cent). The cumulative quarter three result for cost of planning service was above annual target (\$3,050.58 compared to \$2,500.00). This increase predominantly resulted from higher legal fees to defend Council's decisions on significant developments at VCAT and the cost of our planning service is less than most similar councils. The cumulative quarter three results for planning applications decided within timeframes have remained at 54 per cent below our target of 60 per cent. While less applications have been received, a combination of complex applications and difficulties in recruiting experienced staff has contributed to the timeframes.
<p>Direction 5 We thrive by harnessing creativity</p>	 <p>1 on track 3 at risk 0 off track</p>	 <p>6 on track 3 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 conducted in February 2018 (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 conducted in February 2018 (visitor management and good range of business services), where a slight decrease was experienced and results dropped below target. The two remaining measures relate to our libraries, library collection usage (4.41 compared to 4.50) and visits to library per capita (5.84 compared to 6.50). Visits continue to decrease, with the cumulative visits year to date nearing 20,000 under the same time last year.
<p>Direction 6 Our commitment to you</p>	 <p>3 on track 2 at risk 0 off track</p>	 <p>15 on track 6 at risk 1 off track</p>	<ul style="list-style-type: none"> Two of the outcome indicators at risk relate to community satisfaction survey results from the survey conducted in February 2018 (community engagement and overall performance), where a slight decrease was experienced and results dropped below target. Three service measures at risk results relate to the community satisfaction survey conducted in February 2018 (advocacy, Council decisions, 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 (cumulative result of 10.96 per cent compared to 8.30 per cent). Material legislative breaches was considered off track with four recorded relating to the disclosure of employee details.

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 April 2019.

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	✔	Project is on track. Following adoption of the IOBY Action Plan 2018-19, implementation has progressed, focussing on investigation of: Governance Mechanisms, Planning Controls, Housing Investment Portfolio, Approved Projects and Project Pipeline, and development of Program Delivery Guidelines. Specific progress has included completion of the Housing Needs Framework report to inform the preparation of Program Delivery Guidelines, 90 per cent completion of investigating the Council property pipeline, and progressing initial assessment of the planning application for the Marlborough Street project.	Jun 2021	Jun 2021	226	226
JL Murphy Reserve Pavilion upgrade						
Deliver	✔	Project is on track. Works during April 2019 were limited to preparing the eastern slab, procurement of structural steel required for the next stage of works and the installation of service connections to the building. During May 2019, works will focus on preparing and pouring the slabs on both sides of the building.	May 2020	May 2020	1,368	1,368
North Port Oval upgrade						
Plan	✔	Project is on track. The installation of AFL goal posts, boundary fencing and coaches boxes has been completed. The ground was prepared for the first VFL matches of the 2019 season which were held on 20 April. The maintenance and establishment period for the new winter season (rye) grass will continue through to May 2019.	Jun 2019	Jun 2019	1,950	1,950
Peanut Farm Reserve Sports Pavilion upgrade						
Deliver	✔	Project is on track. The pavilion rebuild is complete and the pavilion handed over to the sporting clubs. Landscaping continues around the netball courts, cricket nets and front of the building. This will be completed in early June.	Mar 2019	Apr 2019	2,315	2,315
South Melbourne Life Saving Club redevelopment						
Deliver	✔	Project is on track. Construction works are 75 per cent completed, with all ceilings and wall claddings completed. The staircase and decking are almost complete, and work has commenced on the forecourt. Principles for the new tenancy agreements with the Club have been established and talks are ongoing with the Club. A Planning Permit application for the kiosk has been drafted and will be submitted in May 2019.	Jun 2019	Jun 2019	100	100

Overall project status



There are 23 projects contributing to the outcomes in this direction. At the end of April 2019 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 implementation T						
Deliver	✔	Program is on track. Refer to page 7 for details on progress.	Jun 2019	Jun 2019	300	300
Kerferd Road safety improvements T						
Plan		<p>Project is on hold. The scope of the Victorian Government's funding commitment of \$13 million for the 'Shrine to Sea' corridor and its implementation is not yet determined. Council is currently awaiting the results of Parks Victoria's community consultation and proposed next steps. In the meantime, we are assessing the need for temporary interventions to address safety issues at intersections along Kerferd Road.</p> <p>Three of the worst BlackSpot intersections have been identified and interim safety measures, being line marking and textured pavement markings, will be installed between May and June 2019.</p>			175	175

Overall project status






There are 22 projects contributing to the outcomes in this direction. At the end of April 2019 no projects were considered off track.

Completed major initiative projects

Integrated Transport Strategy development ✔

Project is completed. Council adopted the ten-year strategy, Move, Connect, Live, on 20 September following extensive community feedback.

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		<p>Project is at risk. The final assessment tasks are now complete. These included an assessment of potential governance models, the social and environmental impacts upon the Lake of the proposed scheme and modelling of the scheme's performance under dry conditions.</p> <p>This information is now being consolidated into a report to all partners on the scheme's viability, and will be considered by partners during May and early June 2019.</p>	Jun 2019	Jun 2019	100	100
Alma Park Stormwater Harvesting development ⓘ						
Deliver		<p>Project is on track. The concrete edge of the bioretention system is being constructed. This edge will provide a viewing seat for spectators of Alma Park oval and a rest area for Hank Marvin Markets. We have also installed the stormwater treatment and pumping infrastructure. We are working closely with oval users, including local sports clubs and schools to minimise any interruptions.</p>	Jun 2019	Jun 2019	2,815	2,815
Sustainable Environment Strategy implementation ⓘ						
Deliver		<p>Program is on track. Highlights for April 2019 include:</p> <ul style="list-style-type: none"> • Completing a feasibility study examining the effectiveness of establishing a Port Phillip energy foundation, or partnering with an existing foundation, to undertake advocacy, research, advisory and community engagement initiatives. • Delivery of Council's Greening Port Phillip program continued. Completed procurement for all street and park trees with planting to continue June. • A study of twenty of Council's top energy-using buildings was completed. This study will inform the future work program to improve energy efficiency in Council buildings. • Construction of raingardens under the Water Sensitive Urban Design program are complete. Design of raingardens for construction next financial year has commenced. Design of solar panels on three council buildings are progressing. • Draft action plans have been prepared as part of the Water Sensitive City Implementation Plan and Climate Response Plans. • A new Fleet Management System was installed, which will enable Council to manage fleet vehicles more sustainably. • Council continued to work with partners to progress the Elster Creek Catchment and Elsternwick Park Nature Reserve projects. Planning for the new Elster Creek Action Plan has continued. Engagement of community representatives for a deliberative workshop commenced in April. 	Jun 2019	Jun 2019	280	280

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
Waste Strategy implementation T						
Deliver	✔	Program is on track. See page 6 for details on progress.	Jun 2019	Jun 2019	280	280

Overall project status



There are 23 projects contributing to the outcomes in this direction. At the end of April 2019 no projects were considered off track.

Completed major initiative projects

Waste strategy development ✔

Project is completed. Council adopted the ten-year strategy, Don't Waste It!, on 17 October 2018.

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 - Streetscape Upgrade T						
Deliver	⚠	Project is at risk due to contaminated soil and associated costs, however, contaminated soil costs have now been fully realised - costs have exceeded original estimates however are being reviewed against available contingency within project budget. Main contract works are now completed on Ferrars Street, Douglas Street and Railway Place - with minor defect work and other select work to be undertaken in coming months.	Dec 2018	Mar 2019	2,434	2,434
Gasworks Arts Park Contamination Management Plan						
Plan	✔	Project is on track. Council officers continue to work with the Victorian Government to develop a draft park plan in accordance with the draft Contamination Management Action Plan (CMAP).	Jun 2018	Jan 2020	20	20
Public Spaces Strategy development						
Deliver	✘	Project is off track in respect to the schedule due to resourcing issues and alignment and integration with the Metropolitan Open Spaces Strategy being prepared by the Victorian Government. Work has been re-allocated and additional resources, including consultants to undertake work, are being sought to get the delivery of this project back on track. Community engagement timelines have been realigned to the organisation's new neighbourhood engagement program (in July), with current work focusing on development of engagement collateral. A revised Work Plan has been developed.	Jun 2020	Oct 2019	125	125
St Kilda Marina						
Plan	✘	Project is off track. The estimated completion date has been extended by a month to June 2019 in response to extended community consultation to enable the panel to navigate the complexity of the issues presented and in response to more detailed procurement planning. The budget is also at risk due to additional technical investigations, external consultant advice and the extended community engagement. Both the schedule and budget are being tightly managed with regular reviews being conducted. A key document for the project, the Site Brief, was endorsed by Council on 15 May 2019. The Procurement Plan and invitation for an Expression of Interest (EOI) will be presented to Council for endorsement on 5 June 2019, with issue of the invitation to the market shortly after. The proposed interim lease with the existing tenant was approved at a Council Meeting on 3 April 2019. The lease is now going through the statutory process of approval by Governor in Council.	Jun 2021	Jun 2021	460	460

Overall project status



There are 28 projects contributing to the outcomes in this direction. At the end of April 2019 Public spaces strategy development was considered off track.

Completed major initiative projects

Ferrars Street Education and Community Precinct - Construction of Montague Park (proposed name Kirrip Park)  

Project works were completed and Kirrip Park officially opened on 20 October 2018 attended by members of the community, Mayor, Councillors and Hon. Martin Foley, MP.

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						
Deliver	✔	<p>Program is on track. Highlights for April 2019 include:</p> <ul style="list-style-type: none"> The Acland Street and Fitzroy Street Special Rate have been paid and funding agreements developed with associations for payment. Held first placemaking session at South Melbourne, which was well attended. Continuing to explore the display of public art on hoardings and three test sites have been chosen with process and procedures being developed to allow this to happen. Holding the third Creative Cluster Advisory Panel with presentations from Gasworks Arts Park and Linden Gallery to address a major year one action in the Art and Soul Strategy. The Panel will progress work on planning for year two actions. Creative eco-system mapping is underway with Hodyl and Co., the consultants appointed to the deliver the project and will meet with officers, community members and the advisory panel between now and 30 June when the project is expected to be delivered. A website template has been developed as part of the City of Port Phillip's website for the introduction of a digital Creative and Prosperous City Prospectus. The JMC Academy (Creative Industries School in South Melbourne), will develop a video for the website on creative businesses in the sector. Work has progressed on the Library Action Plan with a consultant appointed. A community engagement approach for this project is a priority, including consultation with multiple external stakeholders, library members, non-library members, internal Council departments, and Councillors. 	Jun 2019	Jun 2019	640	640

Overall project status




There are 19 projects contributing to the outcomes in this direction. At the end of April 2019 no projects were considered off track.

Completed major initiative projects

Linden Gallery ✔

Project has been completed.

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		<p>Program is at risk due to additional time required to undertake deeper analysis and consideration through the procurement phase for the technology solutions. The solutions include Finance, Procurement, Asset Management, Property and Rates, Customer Systems and an integration layer that connects these and other systems. Procurements are also being undertaken to support a new website and facility booking and events management system.</p> <p>The status is expected to remain at risk until procurement is complete providing greater certainty around scope, timelines and budget. Other areas of the program remain on track including the implementation of select new and improved processes (non-technology reliant) aimed at providing staff and customers with simpler information to navigate complex requests. Five of the eighteen base projects have been completed and support our readiness for major technology, process, and customer service improvement.</p>	Jun 2021	Jun 2021	8,180	8,180

Overall project status



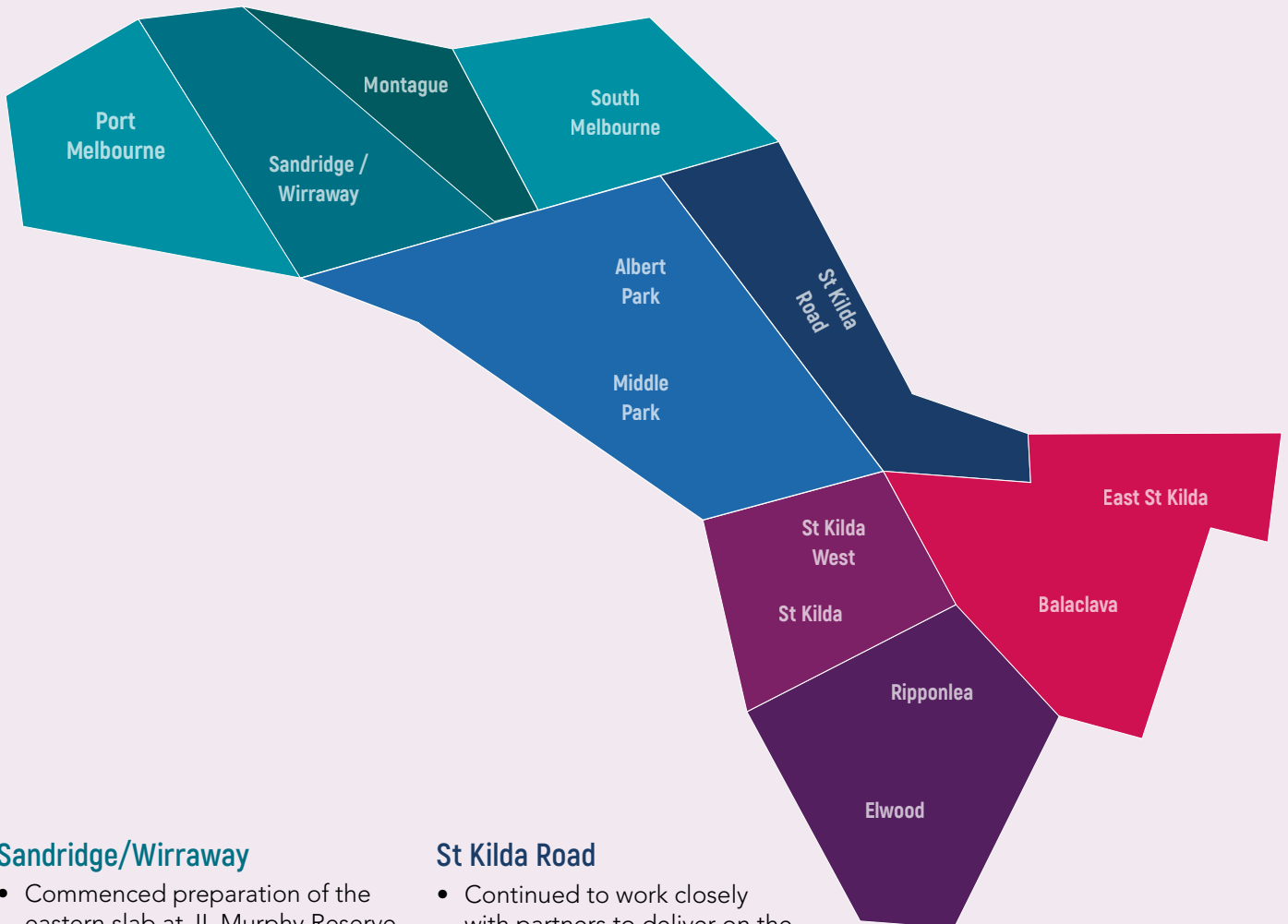
There are 16 projects contributing to the outcomes in this direction. At the end of April 2019 the Health and safety improvement plan was considered off track.

Off track non-major initiative projects

Health and safety improvement plan

Project is off track due to changes required to project scope. Further requirements have been released by MAV that need to be incorporated. Current review being undertaken to close out this project and create a new project that outlines entire scope of works for improved transparency.

What's happened in our local neighbourhoods?



Sandridge/Wirraway

- Commenced preparation of the eastern slab at JL Murphy Reserve Pavilion.
- Continued development of the final playspace concept for JL Murphy play space upgrade based on community feedback.

Montague

- Practically completed works on streetscape upgrade at Douglas Street and continued work on Ferrars Street intersection.

South Melbourne

- Continued works to upgrade South Melbourne Town Hall.
- Continued electrical designs for installation of solar panels at South Melbourne Market.

Port Melbourne

- Held first VFL match of the 2019 season at North Port Oval, with AFL goal posts, boundary fences and coaches boxes installed.

St Kilda Road

- Continued to work closely with partners to deliver on the Metro Tunnel project.
- Completed field work for the Public Life Survey and Accessibility and Safety Audits as part of the St Kilda Road Junction upgrade.
- Planned for community design response workshops in May for the Domain Precinct.

Albert Park/ Middle Park

- Continued construction to redevelop the South Melbourne Life Saving Club building and public amenities.
- Continued to work with the Victorian Government to develop a draft Park Plan in accordance with the Gasworks Arts Park Contamination Management Action Plan.
- Consultants completed assessment of social and environmental impact of water harvesting at Albert Park.

St Kilda / St Kilda West

- Completed building works on the pavilion at Peanut Farm Reserve. Continued landscaping work around netball courts, cricket nets and the front of the building.
- Continued works on Wellington and Crimea streets intersection, due for completion in June 2019.

Elwood / Ripponlea

- Continued development of concept design work for a new adult fitness station at Elwood Foreshore.
- Released public tender for Elwood wall and play space upgrade, with construction commencing in May.

Balaclava / St Kilda East

- Commenced preliminary concept design development for St Kilda Library.

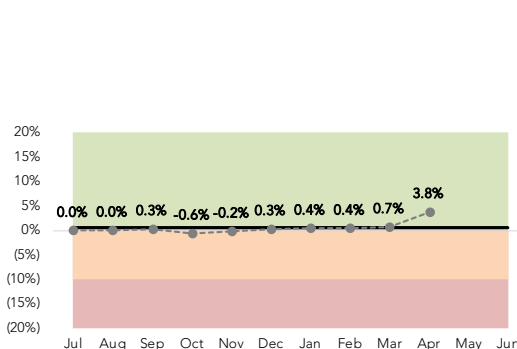
Financial performance

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 Office (VAGO) financial sustainability indicators.

- As highlighted by the six VAGO financial indicators below, the full year forecast as at March indicates an overall low risk financial sustainability rating for Council.
- Council expects to achieve a cumulative cash surplus of \$8.5 million for 2018/19.

Financial sustainability indicators

1.1 Net Result % (Net Surplus over Total Income)

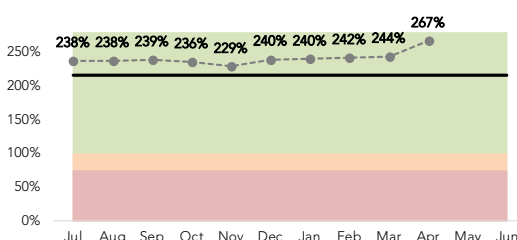


Target: Greater than 0% Year-end forecast: 3.8% Status: ✔

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 an operating surplus of \$1.2 million, 3.8% of total income. This is a 3.1% increase since March mainly due to a number of factors:

- Council will receive 50% (\$1.4m) of 2019/20 Victorian Grant Commission funding this financial year.
- Customer Experience program: Some delays in the Core System due to a thorough and robust procurement process to ensure the most appropriate system is selected. \$4.1m of expenditure deferrals to 2019/20 expected. The system go-live dates remain on track.

1.2 Working Capital % (Current Assets over Current Liabilities)



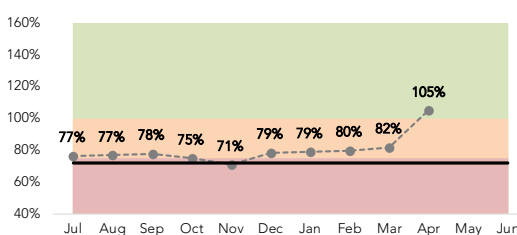
Target: Greater than 100% Year-end forecast: 267% Status: ✔

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. The \$11.3m of portfolio deferrals to financial year 2019/20 identified also contributes to the improved working capital ratio. The full year forecast as at April is 267%.

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)



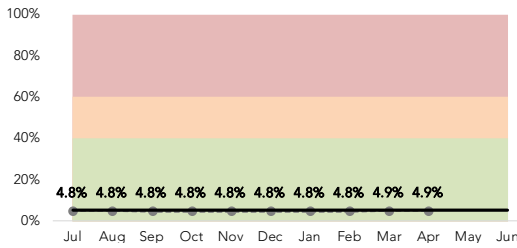
Target: Greater than 100% Year-end forecast: 105% Status: ✔

Comments: This financial indicator assesses Council’s ability to finance capital works using cash generated from its operations. A ratio below 100% means cash reserves or borrowing are being used to fund capital works, which is acceptable on occasions.

The Budget 2018/19 includes the Customer Experience program expenditure, non-recurrent operating expenditure to improve systems and processes for external and internal customers in a cloud-based platform which could not be classified as capital expenditure. This program is partly funded from a drawdown on general reserve.

The full year forecast as at April shows a significant improvement to 105% mainly due to \$11.3m of portfolio expenditure deferred to financial year 2019/20.

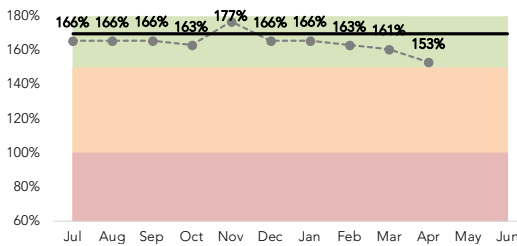
1.4 Indebtedness % (Own Sourced Revenue compared to Non Current Liabilities)



Target: Less than 40% Year-end forecast: 4.9% 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% target. The full year forecast as at April shows Council is on track to achieve budget.

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

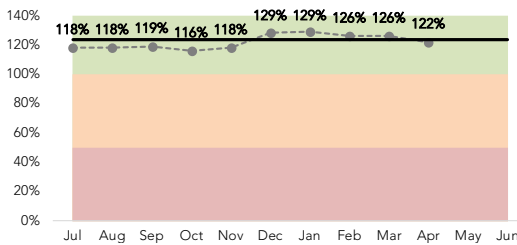


Target: Greater than 150% Year-end forecast: 153% Status: ✔

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% included our planned strategic land acquisition. The full year forecast as at April shows a ratio of 153%, which is a relatively high ratio. A 24% decrease since November mainly due to the \$6.4 million capital portfolio deferrals to financial year 2019/20.

- \$3 million the Sustainability Hub project.
- \$0.55 million South Melbourne Market Solar
- \$0.65 million due to delays caused by Victorian Government Agencies.

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



Target: Greater than 100% Year-end forecast: 122% Status: ✔

Comments: This financial indicator assesses if Council's spend on its asset base is keeping up with the rate of asset depletion. The Budget 2018/19 ratio of 124% indicates sufficient provision in the capital program for asset renewal and upgrade. The full year forecast as at April shows a ratio of 122% which is track to achieve budget.

Key

— Budget 2018/19 ● Year end forecast

Comprehensive Income Statement Converted to Cash - April 2019

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 \$1.2 million which compares favourably against the budgeted cash surplus of \$0.68 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	104,799	104,720	79	0%	125,345	124,899	446	0%	
Statutory Fees and Fines	18,748	19,261	(513)	(3%)	22,985	23,896	(911)	(4%)	
User Fees	32,302	32,287	15	0%	37,730	38,254	(524)	(1%)	
Grants - Operating	9,008	8,892	116	1%	11,661	9,233	2,429	26%	
Grants - Capital	3,239	3,261	(22)	(1%)	4,374	3,573	801	22%	
Contributions - Monetary	7,447	7,440	7	0%	10,038	7,124	2,914	41%	
Contributions - Non Monetary	0	0	0	0%	0	0	0	0%	
Other Income	12,199	11,642	557	5%	14,468	14,477	(9)	(0%)	
Total Income	187,742	187,503	239	0%	226,602	221,456	5,146	2%	1
Expenses									
Employee Costs	77,312	77,053	(259)	(0%)	92,078	95,582	3,504	4%	
Materials and Services	50,737	51,311	575	1%	70,608	75,047	4,439	6%	
Professional Services	8,791	9,114	323	4%	13,544	7,989	(5,555)	(70%)	
Bad and Doubtful Debts	2,957	3,356	399	12%	3,961	3,464	(497)	(14%)	
Depreciation	21,115	21,115	(0)	(0%)	25,338	25,338	0	0%	
Borrowing Costs	209	228	19	8%	420	450	30	7%	
Other Expenses	6,710	6,371	(339)	(5%)	7,861	8,214	353	4%	
Net (Profit) or Loss on Disposal of Assets	449	1,894	1,445	76%	4,283	4,335	52	1%	
JV Equity Accounting	0	0	0	0%	0	0	0	0%	
Total Expenses	168,280	170,442	2,162	1%	218,093	220,419	2,326	1%	2
Operating Surplus / (Deficit)	19,462	17,061	2,401	14%	8,509	1,037	7,472	721%	
Income Statement Converted to Cash									
Adjustments for non-cash operating items:									
• Add back depreciation	21,115	21,115	0	0%	25,338	25,338	0	0%	
• Add back written-down value of infrastructure assets disposals	526	2,000	(1,474)	(74%)	4,950	4,950	0	0%	
• Add back written-down value of fleet asset disposals	143	204	(60)	(30%)	323	500	(177)	(35%)	
• Add back balance sheet work in progress reallocated to operating	345	0	345	0%	1,200	1,200	0	0%	
• Add back Joint Venture Equity Accounting	0	0	0	0%	0	0	0	0%	
• Less Contributed Assets	0	0	0	0%	0	0	0	0%	
	22,130	23,319	(1,189)	(5%)	31,811	31,988	(177)	(1%)	
Adjustments for investing items:									
• Less capital expenditure - Infrastructure	(27,304)	(28,718)	1,414	5%	(35,922)	(39,706)	3,784	10%	
• Less capital expenditure - IT, Plant and Equipment	(1,827)	(1,967)	140	7%	(2,965)	(3,244)	279	9%	
	(29,130)	(30,684)	1,554	5%	(38,887)	(42,950)	4,063	9%	3
Adjustments for financing items:									
• Add New Borrowings	0	0	0	0%	0	0	0	0%	
• Less Loan Repayments	(341)	(398)	57	(14%)	(510)	(670)	160	24%	
	(341)	(398)	57	(14%)	(510)	(670)	160	24%	
Adjustments for reserve movements:									
• Discretionary Reserve Drawdown/ (Replenish)	9,399	9,399	0	0%	(1,215)	7,324	(8,538)	(117%)	
• Statutory Reserve Drawdown/ (Replenish)	0	0	0	0%	(1,113)	1,560	(2,672)	(171%)	
	9,399	9,399	0	0%	(2,327)	8,883	(11,211)	(126%)	4
Current Year Cash Surplus/(Deficit)	21,519	18,696	2,823	15%	(1,404)	(1,712)	307	18%	
Opening balance carry forward surplus	2,595	2,595	0	0%	2,595	2,389	206	9%	
Accumulated Cash Surplus	24,114	21,291	2,823	13%	1,191	677	513	76%	

Refer to Notes for explanation on changes to forecast in the current reporting month.

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 \$5.15 million:

- ➕ \$1.39m Council is expected to receive 50 per cent of 2019/20 Victorian Grants Commission funding in the current financial year. The funds will be quarantined in reserves to be used in 2019/20.
- ➕ \$0.25m Acland Street CCTV works to be fully funded by the Victoria Government as a result of successful advocacy.
- ➕ \$0.20m Street Occupation permits continue to exceed forecast largely due to a number of large developments.
- ➕ \$0.10m Additional \$0.10 million of interest income expected due to higher investment yields from active treasury management and greater amount of funds available for investment.
- ➖ (\$0.44m) Long Day Care utilisation across all four centres have been in the 80 per cent to 87 per cent range since the start of the 2019 calendar year, which are lower than budgeted utilisation of 95 per cent. As a result, forecast user fees have been reduced by \$0.44 million. This is partially offset by operating expenditure reductions. Management has implemented a number of initiatives to increase utilisation.

Note 2: Operating expenditure forecast decreased by \$2.33 million:

- ➕ \$4.85m A number of operating portfolio projects (\$4.85 million) identified for deferral to financial year 2019/20. The larger projects included:
 - CX program \$4.1 million - procurement delays for the Finance & Asset Management Resource Planning System - important to get the most appropriate system.
 - Elster Creek Flood Response \$0.12 million - awaiting Memorandum of Understanding with Bayside City Council and appointment of design consultant by Bayside.
 - Public Spaces Strategy \$0.18 million - delays due to resourcing constraints and alignment and integration with the Metropolitan Open Spaces Strategy being prepared by the Victorian Government.
 - Visitor Summer Management Signage \$0.1 million - delays in the finalisation of signage content and design due to recent changes to Local Laws.
 - South Melbourne Market Strategic Business Case \$0.1 million - delays due to scope changes.
- ➕ \$0.50m Annual budget provision for affordable housing contributions (In Our BackYard) is unlikely to be used. This will be quarantined in reserves for future commitments.
- ➕ \$0.27m Reduced expenditure for Council managed Long Day Care due to lower utilisation. This will partially offset against lower user fees income.
- ➖ (\$0.23m) Increased security patrol at South Melbourne Market to mitigate public safety and community risk as recommended by OHS report.

Note 3: Capital expenditure forecast decreased by \$4.06 million:

- ➕ \$2.19m A number of projects identified for deferral to 2019/20 financial year included:
 - South Melbourne Market Solar Panels - delays due to contract execution and Building Permit process.
 - Chipton Reserve - additional Water Sensitive Urban Design scope extended tender process.
 - Wellington Street Upgrade - part one to be delivered in 2108/19, part delays due to design approval by VicRoad.
 - Bike Infrastructure (Inkerman Street Bike Corridor Design) - concept design underway.
 - Alma Park Cricket Nets - awaiting the completion of Stormwater Harvesting project at Alma Park.
- ➖ (\$0.28m) Expenditure for Acland Street CCTV works funded by the Victoria Government.

Note 4: Net drawdown on reserves decreased by \$11.21 million:

- » (\$7.04m) Portfolio projects identified for deferrals to 2019/20 included \$2.19 million capital and \$4.85 million operating projects.
- » (\$1.39m) Council is expected to receive 50 per cent of 2019/20 Victorian Grants Commission funding in the current financial year. The funds will be quarantined in reserves to be used in 2019/20.
- » (\$0.50m) Annual budget provision for affordable housing contributions (In Our BackYard) is unlikely to be used. This will be quarantined in reserves for future commitments.
- » (\$0.25m) Council is committed to ensuring all capital works underspends are quarantined in the Asset Renewal Reserve for future use.

Changes to the portfolio

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

The table below outlines significant changes to the project portfolio between April to 14 May 2019.

Project	Change
ABLOY Key System Replacement in Council Buildings	This is a new initiative for 2019/20 to deliver a replacement of the ABLO key system contract as this system being used for Council Buildings will become redundant in December 2020. Project has been allocated with \$260,000 budget for 2019/20. Project planned to be completed in December 2020.
Bike Infrastructure Delivery	\$292,000 has been deferred into 2019/20 due to the uncertainty in obtaining VicRoads approval to complete Park Street/Cecil Street works and for design of Inkerman Street.
Bubup Nairn Cladding Rectification Works	\$40,000 underspend from design works has been reallocated and deferred into 2019/20 for the construction of new non-combustible cladding.
Customer Experience Program	\$4.15 million has been deferred into 2019/20, this is a result of additional time required to undertake deeper analysis and consideration through the procurement phase for the technology solutions. This budget supports the commencement of technology implementations. At this stage, the program completion of June 2021 remains unchanged. Original timelines include some scope for minor delays and we are confident in our overall ability to maintain delivery in-line with original committed dates. We will work with contracted vendors to realign schedules to maintain on time delivery.
EcoCentre Redevelopment	\$85,000 has been deferred into 2019/20 due to the delay in awarding the architectural/head consultant contract. Project construction completion of May 2022 remains unchanged.
Elster Creek Catchment Partnership	Project funding and schedule have been revised following confirmation of program of works and schedule from Bayside City Council. Project funding allocation for future years has been revised. \$100,000 has been deferred into 2019/20 to complete Elsternwick Park Nature Reserve design according to the agreed criteria in the Memorandum of Understanding (MoU). Project completion has been extended by 24 months to June 2022.
Elwood Wall and Playspace Upgrade	\$78,500 has been deferred into 2019/20 due to delays in the tendering process and commencement of construction. Additional funding of \$90,000 has been approved to cover additional design costs and allow for project contingent. Project completion date of November 2019 remains unchanged.
Kerferd Road Safety Improvements	\$100,000 has been deferred into 2019/20 as project has been on hold. The scope of the Victorian Government's funding commitment of \$13 million for the 'Shrine to Sea' corridor and its implementation is not yet determined. Project completion has been extended by 12 months to June 2020.
Library Radio Frequency Identification Equipment Replacement	\$90,000 has been deferred into 2019/20 due to delays in finalising project requirements and procurement process. Project completion has been extended by 10 months to June 2020.
Linden Gallery Upgrade	Additional funding of \$138,000 has been approved to cover additional scope for the rear sliding gate and unexpected building costs. Project has been completed and in operation.
North Port Oval Upgrade	Scope has been revised to include supply and install 200 linear meters of spectator seating. Additional funding of \$70,000 has been approved to cover change of scope costs. Project construction completion of June 2021 remains unchanged.
Outdoor Fitness Station Program 2018/19	\$60,000 has been deferred into 2019/20 to allow for additional time required to determine fitness station locations, and finalise negotiations with suppliers on warranties for the outdoor fitness equipment. Project construction completion has been extended by three months to September 2019.




Project	Change
Parks and Playground Renewal and Upgrade Program 2018/19	\$680,000 has been deferred into 2019/20 to deliver Chipton Park and Newton Court Reserve. Project scope has been revised to include full park concept plans for Buckingham Reserve, and concept design for Point Ormond Playground. Project completion has been extended by three months to September 2019.
Recreation Reserves Facilities Renewal Program 2018/19	\$130,000 has been deferred into 2019/20 due the delay to the replacement of cricket nets and associated park integration work at Alma Park to allow for the completion of the adjacent Alma Park Stormwater Harvesting Scheme. Project completion has been extended by three months to October.
South Melbourne Market Solar	\$547,000 has been deferred into 2019/20 due to due to delays in finalising contract and receiving a building permit. Project construction completion has been extended by 6 weeks to August 2019.
South Melbourne Market Strategic Business Case	\$110,000 has been deferred into 2019/20 to undertake change of scope to deliver South Melbourne Market Vision and Strategic (Long term) Plan. Project completion has been extended by 12 months to July 2020.
South Melbourne Town Hall Lifts Upgrade	\$220,000 has been deferred into 2019/20 to complete the construction of the eastern entry ramp. Project completion has been extended by 11 months to January 2020.
Visitor Summer Management Signage	\$100,000 has been deferred into 2019/20 due to extended time required to complete signage updates. Project completion has been extended by three months to August.
Wellington Street Upgrade Stage 3	\$250,000 has been deferred into 2019/20 due to additional time required to obtain approval from VicRoad and lead time provision to relocate light pole by CitiPower. Project completion has been extended by 11 months to May 2020.
Youth Places Feasibility and Planning	\$14,000 has been deferred into 2019/20 due to extended time required to review of the Youth Places options. Project completion has been extended by six weeks to April 2020.

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 April 2019 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	91%	
80% calls answered within 30 seconds	78%	




Improving community engagement, advocacy, transparency and governance

	Latest Result	
90% risk and audit actions completed on time	97%	
90% councillor attendance at Council meetings	100%	
90% Council decisions made in public	80%	
0 material legislative breaches	4	
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 completed	98%	
Total recordable injury frequency rate	60.50	
Unplanned Leave (days/EFT) below 0.9	1.03	
Staff turnover below 0.8%	1.21%	

Ensuring sustainable financial and asset management, and effective project delivery

	Latest Result	
Financial sustainability rating of low*	Low	
Operating savings	\$2.2m	
80% of priority project delivery is on track	100%	

Legislative update

Legislative changes

No legislative changes were made during April 2019 that may affect the City of Port Phillip.

Material legislative breaches

As at the end of April 2019 a total of 15 legislative breaches have been recorded, of this 11 were minor breaches related to the *Privacy and Data Protection Act 2014*. Year to date there has been four material legislative breaches. Three breaches of privacy occurred in August 2018 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. One other breach related to a pay slip being mailed to the wrong employee. One incident occurred in February 2019 related to an email being sent containing the personal reflections of the sender.