



CEO Report

Issue 37

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City of Port Phillip CEO report - issue 37

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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 has not achieved target for measure
One of 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

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

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

We acknowledge and uphold their continuing relationship to this land.

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 which is liable to change.

WELCOME

Welcome to this issue of the CEO Report. I am pleased to present the new CEO Report for 2017/18, which is the first to demonstrate our progress to deliver our new Council Plan 2017-27.

Some of the items I would like to highlight include:

Job share

During July and August, I've had opportunities to 'job share' with a range of staff across the organisation. This initiative is an opportunity for me as new CEO to learn directly about the important services we provide. Already I have had the opportunity to spend time:

- Touring the Port Melbourne precinct with one of our Business Development Officers
- Learning about the work Council does to make our city more inclusive and accessible with our Metro Access Officer
- Understanding the challenges and opportunities that will arise from the Metro Tunnel project with our Domain Precinct Director
- Observing a maternal child health appointment – I'd particularly like to thank the MCH Nurse and parents involved for allowing me to attend
- Listening to the enquiries that come in to our planning department with one of our Planning Business Support Officers.

I value this program highly and look forward to it continuing.

Construction of Beach Street queuing lane completed

A dedicated queueing lane near Station Pier has been created to address congestion issues when passenger and freight vehicles are waiting to board cruise ships. Reconfiguring parking spaces has created space for the additional lane. A new bike lane and upgrading the existing pedestrian crossing has improved safety for bike riders and pedestrians. The works were completed in September, in time for the next cruise ship season commencing in October.

Live N Local 2017

The second winter Live N Local program ran between 19-26 August. The program featured a huge line up of special music events in a range of venues and locations throughout Port Phillip. Almost 5,000 people attended, with more than 50 gigs presented and 200 musicians showcased.

Highlights included full houses at both Memo Hall for the Senegambian Jazz Band Album Launch and Temperance Hall for the specially commissioned closing night concert.

The St Kilda Jazz Heritage Tour Project was launched with a jazz party in the foyer of the Palais Theatre, and the festival itself was launched with a pop-up party in Acland Plaza.

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

Improving local street cleaning

An additional crew of two staff and a new vehicle have been commissioned to improve street cleaning in key commercial areas.

The addition of early week day morning (2.00 am-10.00 am) high pressure cleaning of footpaths and infrastructure from August is designed to maintain cleanliness and amenity.

Open House Melbourne

This is the sixth consecutive year that Council participated in the Open House Melbourne program on 29 and 30 July. This year Council opened the doors of the South Melbourne Town Hall with tours by Kay Rowan, Council's Local History Librarian.

Marriage equality

In August, Council resolved to support marriage equality and asked officers to take actions to publicly communicate this support. We have installed rainbow banners and lights on our town halls and signs in our ASSIST services centres and libraries to show our support.

Improved lighting at Woodruff Oval

Lighting works recently completed at Woodruff Oval, Port Melbourne means users are able to utilise the whole oval with the entire playing surface now well-lit.

Family violence education and advocacy

The City of Port Phillip, as lead Council, has partnered with local governments in the Southern Metropolitan Region to develop an e-Learning module around family violence and gender equality. The module is scheduled to be launched in November. More information will follow on this important topic.

Metro Rail Authority Process Deed

Council has entered a Process Deed that secures our role as a partner with the Victorian Government in delivering the Metro Rail Project. This is a major achievement as it will provide for a number of projects to be delivered in our City.

Public drinking workshop

In August, Council hosted a discussion across multiple stakeholder groups around public drinking. Council's leadership was acknowledged in enabling multiple viewpoints to be heard. These partnerships will be vital as we work to improve community safety and review our local law.

International delegate visits

We enjoyed a successful week of international visits from Suai Covalima, East Timor and Obu, Japan. The visits strengthened the relationships between Obu and Port Phillip schools and provided an opportunity for the Suai Covalima delegates to get a closer look at the St Kilda Triangle and the upgrade and activation of Acland Street.

Council general managers listed in Top 50 Public Sector Women in Victoria

Our three female General Managers, Fiona Blair, Carol Jeffs and Claire Ferres Miles have been listed in the inaugural list of Top 50 Public Sector Women in Victoria. The Top 50 award was designed to acknowledge the significant number of exceptional female leaders across the Victorian public sector.

South Melbourne Market AORA Award

South Melbourne Market has received the Australian Organics Recycling Association Award for Outstanding Local Government Initiative in Collection/Processing/Marketing. This award recognises the Market for the significant steps that Council has taken to stop organic waste entering landfill, in particular for the organic waste dehydrator which will divert 350 tonnes of waste from landfill each year.



Peter Smith
Chief Executive Officer

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 ten years.

Fishermans Bend

What has happened?

- Council hosted the Fishermans Bend Community Forum on 17 August. Topics included an update on the new Montague Community Park (interim name), a ground water study being undertaken by EPA, innovative waste management and a summary of current planning applications and approvals.
- Officers continue working with the Victorian Government's Fishermans Bend Taskforce to inform the draft Fishermans Bend Framework and revised planning controls.
- Officers are also working collaboratively with the Fishermans Bend Taskforce to progress more detailed planning for the Montague, Sandridge and Wirraway precincts. This includes a focus on quality public spaces, design of streets for accessible and walkable neighbourhoods, and delivery of community infrastructure hubs close to shops and services.

What's coming up?

- The draft Fishermans Bend Framework is anticipated to be released for public consultation later in the year. If you would like to stay up to date on the progress of the draft Fishermans Bend Framework visit the Victorian Government's website at www.fishermansbend.vic.gov.au/
- The next Community Forum is scheduled for October. The forum is open to members of the public to attend and observe from a public seating area. If you would like to attend please visit Council's website for more information, including upcoming forum meeting dates www.portphillip.vic.gov.au/fishermans-bend-keeping-community-informed.htm

Waste management

What has happened?

- A partnership between the cities of Port Phillip and Melbourne, Metropolitan Waste and Resource Recovery Group, South East Water and the Fishermans Bend Taskforce has been established to collaborate on an approach to managing waste and water in a co-located facility (Inner Metro Sustainability Hub). Work is underway to determine the feasibility of, and funding options to realise the Hub. The Hub would incorporate services currently delivered at Council's depot and transfer station facilities located in the Fishermans Bend urban renewal area.

What's coming up?

- Council is developing a new Waste Resource Recovery Strategy to prepare us for the significant growth anticipated in the Fishermans Bend precinct and the wider municipality.
- Details of the Fishermans Bend Waste Strategy will be available in October.

TRANSFORMING THE CITY

Water management

What has happened?

- Water Sensitive Urban Design program for 2017/18 has commenced.
- The first meeting of the Elster Creek Community Forum was held on Thursday 7 September.
- Completed the Albert Park Stormwater Treatment and Harvesting Scheme concept report which will be used to inform next steps.

What's coming up?

- Further feasibility works and a business case for stormwater harvesting at Alma Park will be prepared over the next three months.
- Construction of works included in the Water Sensitive Urban Design program for 2017/18 are expected to start in October.
- The development of a strategic business case and governance model for a new stormwater harvesting scheme at Albert Park.

Transport and parking

What has happened?

- Officers have conducted a series of workshops with Councillors to unpack the range of options to address strategic travel demand management issues and transformational targets.
- Almost 700 people participated in an online survey to capture insights into what residents and visitors value in our streets and places.

What's coming up?

- A report to Council on 18 October will present a position paper on the Integrated Transport Strategy. The report will include a discussion paper and outcomes of the community research and engagement.
- The winners from the survey have been announced online.

COUNCIL SCORECARD

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

Results are provided on a monthly basis, where results are not available results from previous year are provided.

	Outcome indicators	Service measures	Areas for focus
Direction 1 We embrace difference, and people belong	<p>3 on track 0 at risk 0 off track</p>	<p>10 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> Results from February 2017 indicate community rating of recreational facilities at risk (2 points below 2017/18 target) Results from 2016/17 for visits per capita to our community facilities were lower than the 2017/18 target Results from May 2017 indicates community satisfaction with support services for Families, Youth and Children at risk (1 percentage point below 2017/18 target)
Direction 2 We are connected and it's easy to move around	<p>1 on track 2 at risk 0 off track</p>	<p>5 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> In 2016/17 the cost of road reconstruction was above the 2017/18 target Results in May 2017 for satisfaction with transport planning were 2 per cent below the 2017/18 target
Direction 3 We have smart solutions for a sustainable future	<p>2 on track 3 at risk 0 off track</p>	<p>11 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> The 2016/17 results for potable water use and net greenhouse gas emissions (outcome indicators) were above 2017/18 target. Kerbside waste diversion (outcome indicator) is off track - below target (32% compared to target of 35%). The three service measures at risk relate to satisfaction with street cleaning, planning applications using sustainable design and stormwater quality where the 2016/17 results were below the target for 2017/18
Direction 4 We are growing and keeping our character	<p>4 on track 0 at risk 0 off track</p>	<p>14 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> The three service measures at risk relate to satisfaction with planning services, time taken to decide planning applications and animals reclaimed where the 2016/17 results were below the target for 2017/18
Direction 5 We thrive by harnessing creativity	<p>3 on track 1 at risk 0 off track</p>	<p>5 on track 4 at risk 0 off track</p>	<ul style="list-style-type: none"> The four service measures at risk relate to our library service where the 2016/17 results were slightly below the targets for 2017/18.
Direction 6 Our commitment to you	<p>4 on track 0 at risk 0 off track</p>	<p>29 on track 2 at risk 1 off track</p>	<ul style="list-style-type: none"> The two service measures at risk relate to community satisfaction with Council's advocacy and decisions where results in 2016/17 results were slightly below the targets for 2017/18.

PROJECT DELIVERY UPDATE

The Council Plan 2017-27 commits us to a project portfolio worth more than \$42.5 million in 2017/18. 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	2017/18 Budget \$'000	2017/18 Forecast \$'000
Ferrars Street Education and Community Precinct - Community Facilities T						
Deliver		The school building is on schedule for completion in January as planned and establishment of the Community Joint User Agreement is underway.	Dec 2017	Dec 2017	2,995	2,995
JL Murphy Reserve Pavilion Upgrade						
Plan		Project is on track. Community engagement is complete with outcomes to be presented to Council on 19 September. The first workshop with the sports clubs to discuss how the new pavilion will be managed has been held.			300	300
South Melbourne Life Saving Club Redevelopment						
Plan		Project is on track. Third party review of the architectural documentation was completed and building permit application submitted. Short-listing of EOI applicants for the building contract has commenced. Once the in-principle building permit has been approved a request for tender will be released to the short-listed applicants.			200	200
In Our Backyard Strategy implementation						
Deliver		Project is on track. Design of the EOI process has commenced and further development of the Trust model took place.	Jun 2018	Jun 2018	80	80
Peanut Farm Reserve Sports Pavilion upgrade						
Plan		Victorian Government has formally confirmed funding for the pavilion. Council has been invited to submit a funding application to deliver the netball courts it through the 2018/19 Community Sports Infrastructure Fund. A community information update was distributed in September.			2,315	2,315

Overall portfolio status



There are 21 projects contributing to the outcomes in this direction. At the end of August two projects were listed as off track, the Bubup Naim non compliance works and Childrens Centres Improvement Strategy projects.

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

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Integrated Transport Strategy Development T						
Deliver	⚠	Project is at risk because timeframes and depth of community engagement were unresolved. A report to Council is scheduled for October that is expected to resolve this.	Jul 2018	Jul 2018	150	150
Walk Plan and Bike Plan Implementation 2017/18						
Deliver	✔	<p>Project is on track.</p> <ul style="list-style-type: none"> Safety improvements at Park Street, Mountain Street and Nelson Road (South Melbourne) have commenced. Design for the Inkerman Street (St Kilda) intersection bike riding upgrade is underway. Pedestrian improvements at Station Street, Raglan Street and Light Rail shared path (Port Melbourne) will commence in September. Signalisation works for Swallow Street/Light Rail (Port Melbourne) shared path have commenced. Detailed design for the signalisation of Ingles Street and Light Rail (Port Melbourne) is underway. 	Jun 2018	Jun 2018	1,040	1,040
Beach Street Separated Queuing Lane Implementation						
Deliver	✔	Construction of the queuing lane commenced on 30 May and was completed on schedule and under budget in September.	Aug 2017	Sept 2017	519	374
Kerferd Road Safety Improvements						
Plan	⚠	Project is at risk due to schedule uncertainty. In August, invitations to quote on developing the concept design distributed. Community engagement plan is being developed.			395	395

Overall portfolio status



There are 21 projects contributing to the outcomes in this direction. As at the end of August the Queens Lane Upgrade Stage 2 project was considered off track due to delays caused by underground services in Queens Lane. An alternative proposal has been developed to plant trees along Queens Road, which is in close vicinity to Queens Lane and Louise Street.

Direction 3 - We have smart solutions for a sustainable future

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Stormwater Management Program T						
Plan	✓	Program is on track. Works have been identified and business case prepared.			1,330	1,330
Waste Management and Resource Recovery Strategy T						
Deliver	✓	Project is on track. Details from the Fishermans Bend Waste Strategy will be available in October which will inform the strategy.	Jun 2018	Jun 2018	95	95
Energy Efficiency and Solar Program						
Plan	✓	Consultants will be engaged in September for design work. Federal funding has been awarded to install solar at three Council buildings.			460	540
Sustainability Strategy Beyond 2020 Review						
Plan	✓	Project is on track. Councillors were briefed in August on the scope, community engagement approach and project risks.			150	150
Baseline of Municipal Greenhouse Gas Emissions Development						
Plan	✓	Project is on track. Delivery plan has been prepared and a request for quote for first phase of the project is planned for September.			150	150
Albert Park Stormwater Harvesting Development T						
Deliver	✓	Project is on track. The Albert Park Stormwater Treatment and Harvesting Scheme concept report has been completed and will be used to further assess the feasibility of the project. Discussions with relevant parties to the consortium have continued.	Apr 2018	Apr 2018	50	218
Alma Park Stormwater Harvesting Development T						
Plan	✓	Project is on track. Next step is to complete feasibility and detailed design of the Alma Park Stormwater Harvesting scheme. This will build on previous investigations and be used to inform the business case.			100	100
Water Sensitive Urban Design Program T						
Deliver	✓	Program is on track. Construction is expected to begin in October.	Jun 2018	Jun 2018	300	300

Overall project status



There are 26 projects contributing to this outcome. At the end of August no projects were considered off track.

Direction 4 - We are growing and keeping our character

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Fishermans Bend Managing Growth Program T						
Deliver	✓	Program is on track. Consultants have been engaged for two key studies and the first Fishermans Bend Community Forum occurred in August.	Jun 2018	Jun 2018	365	365
Ferrars Street Education and Community Precinct - Construction of Montague Park T						
Plan	⚠	Demolition of the building at the site of the new park (2-4 Buckhurst Street) is complete. Detailed design of the park is complete and ready for costing. Statutory process for closing roads is proceeding in line with Local Government Act requirements. The project is still at risk due to schedule completion uncertainty.			2,290	2,290
Ferrars Street Education and Community Precinct - Streetscape Upgrade T						
Plan	⚠	Tender process for streetscape design has been delayed as the streetscape deed is yet to be agreed with the Victorian Government. The project is at risk given the level of uncertainty in the schedule at this stage.			2,638	2,638
Gasworks Arts Park Contamination Management Plan						
Deliver	✓	Project is on track. Consultation with the Department of Treasury and Finance continues. A draft Contamination Management Action Plan (CMAP) is expected to be developed by December 2017. The draft CMAP will be provided to community and will guide conversations about any landscape works and usage management (if required).	Jun 2018	Jun 2018	50	50
St Kilda Marina New Lease						
Initiate	✓	Project is on track. A series of sessions aimed at obtaining early Councillor input into project planning were held. A Probity Plan is currently being developed to protect the integrity of the process. A detailed project plan to guide project works, reporting and monitoring is in development. Urban design assessments have commenced including the determination of a study area.			150	150
Public Spaces Strategy Development						
Plan	✓	Project is on track. Project scoping, background research and initial engagement with internal stakeholders has commenced.			50	50

Overall project status



There are 27 projects contributing to the outcomes in this direction. At the end of August the Soil Contamination Management Plan 2017-18 was considered off track.

Direction 5 - We thrive by harnessing creativity

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Creative and Prosperous City Strategy Development						
Plan	✔	Project is on track. A review of community engagement feedback and benchmarking has been completed. Councillors will be briefed in October.			50	50
Linden Gallery						
Deliver	✔	Project is on track. A Council report to award the contract has been prepared and was presented to Council on 6 September.	Dec 2018	Dec 2018	1,675	1,675

Overall Project Portfolio Status



There are 16 projects contributing to the outcomes in this direction. As at the end of August the South Melbourne Market Building Compliance Assessment was considered off track.

Direction 6 - Our commitment to you

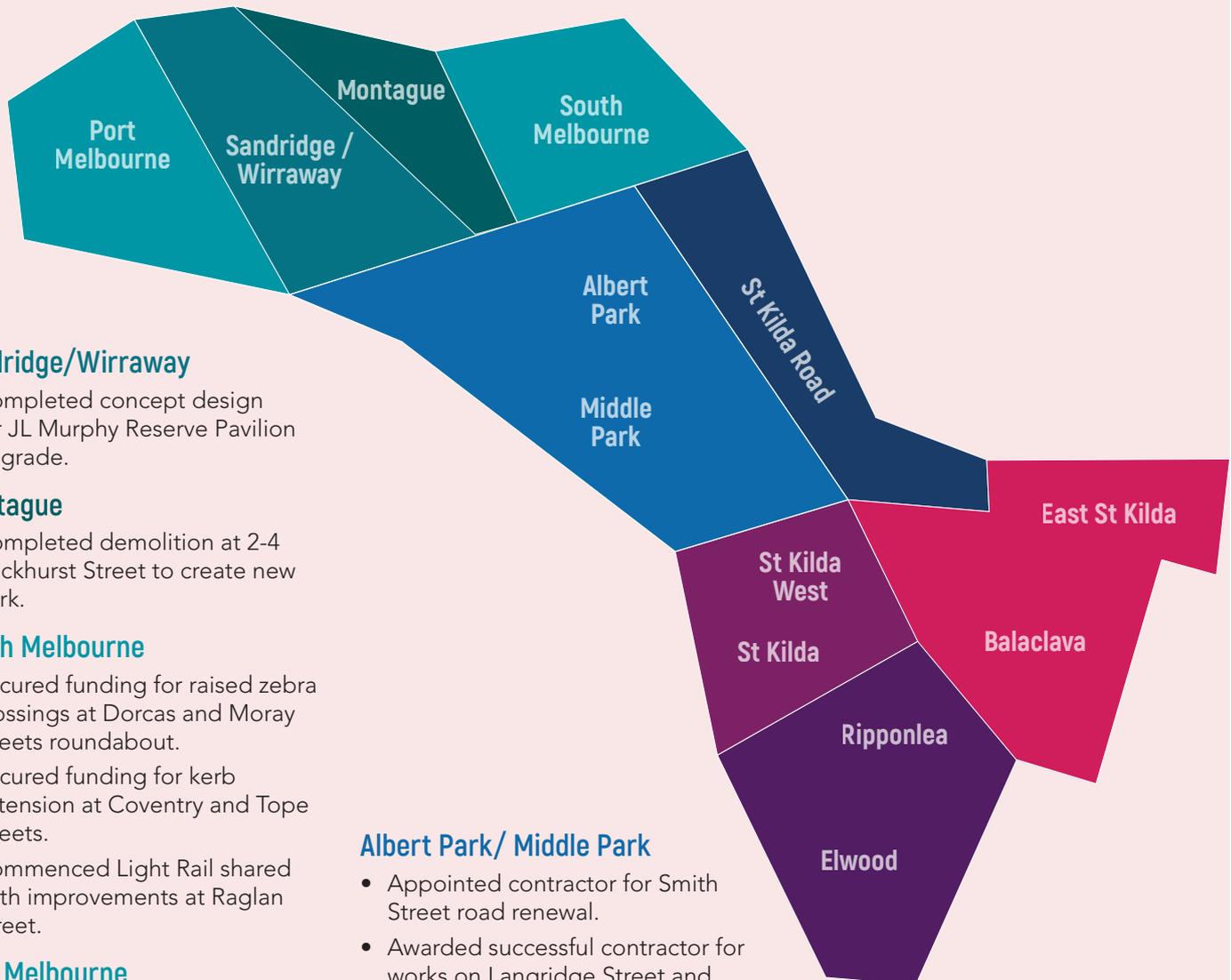
Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Building Renewal Program 2017-18						
Deliver	✓	<p>Program on track.</p> <ul style="list-style-type: none"> Sails on the Bay Roof upgrade - a request for quote for the concept design was progressed in August. Sandbar Roof renewal - contractor has been engaged and works will commence in September. Minor preventative and reactive capital works on Council buildings continue. 	June 2018	June 2018	2,330	2,330
Core Application Renewal and Upgrade Program						
Plan	✓	The Customer Experience Improvement Plan and ICT Strategy are nearing completion. This will inform the business case and implementation plan for this program over the next four years.			2,500	2,500
Core IT Infrastructure Renewal and Upgrade Program						
Deliver	⚠	<p>Program is at risk. The replacement of our Geographic Information System is nearing completion. While progressing well, there are some delays with the desktop, telephony and disaster recovery replacement projects while we ensure designs are appropriate and provide best value.</p>	May 2018	June 2018	1,792	1,942

Overall project status



There are 14 projects contributing to the outcomes in this direction. As at the end of August no projects were considered off track.

WHAT'S HAPPENED IN OUR LOCAL NEIGHBOURHOODS?



Sandridge/Wirraway

- Completed concept design for JL Murphy Reserve Pavilion upgrade.

Montague

- Completed demolition at 2-4 Buckhurst Street to create new park.

South Melbourne

- Secured funding for raised zebra crossings at Dorcas and Moray streets roundabout.
- Secured funding for kerb extension at Coventry and Tope streets.
- Commenced Light Rail shared path improvements at Raglan Street.

Port Melbourne

- Completed construction of the Beach Street queuing lane.
- Commenced work on Sandridge Trugo Club public toilet and internal facilities upgrade
- Commenced signalisation works at Light Rail shared path and Swallow Street.
- Undertook detailed design for signalisation at Light Rail shared path and Ingles Street.

St Kilda Road

- VicRoads submitted the business case for St Kilda Road Safety Improvement project to TAC.
- Work on Melbourne Metro Tunnel progressed well with completion anticipated later this year.

Albert Park/ Middle Park

- Appointed contractor for Smith Street road renewal.
- Awarded successful contractor for works on Langridge Street and Park Road.

Balaclava / St Kilda East

- Commenced work on design for Inkerman Street intersection upgrade.
- Sent request for quote for design and installation of outdoor fitness equipment at Alma Park East.

Elwood / Ripponlea

- Secured funding for raised zebra crossings at Broadway and Milton Street Roundabout, Elwood.
- Commenced tender process to replace Elwood Public Wall.
- Requested quotes for revegetation at Point Ormond, Elwood Tea Tree and Elwood Foreshore.

St Kilda / St Kilda West

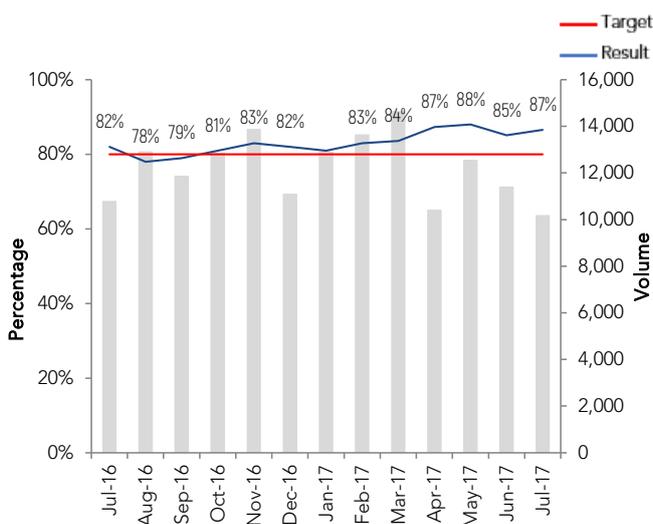
- Received structural design solutions for the structural rectification of Carlo Catani Wall.
- Closed tender for Linden Gallery works.
- Submitted in-building permit application for Peanut Farm Reserve Sports Pavilion Upgrade.
- Installed bins along the St Kilda Foreshore.

SPOTLIGHT ON OUR PERFORMANCE: CUSTOMER CONTACT

This month we are highlighting some of the ways we monitor our customer service performance.

91% of survey respondents have rated their satisfaction with our customer centre as average, good or very good.

Call responsiveness

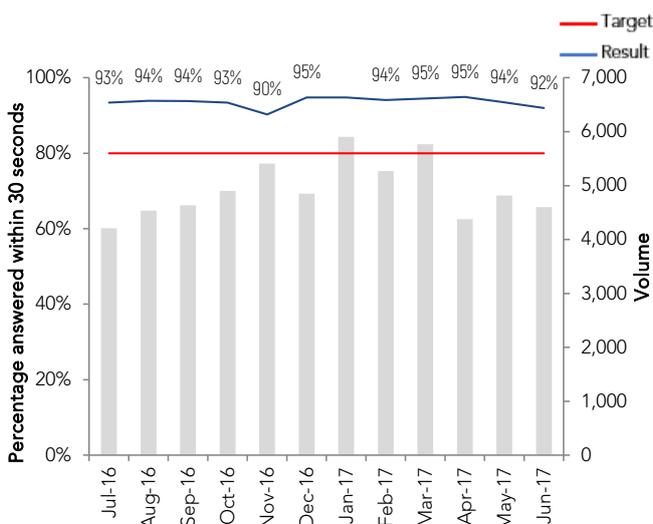


We track our responsiveness to our ASSIST, planning and rates teams.

In 2016/17 the year-end result for community calls answered within 30 seconds was 83 per cent which is an 1 per cent decrease on the previous years result.

During this time we answered 147,431 calls, compared to 171,691 in the previous year.

Community request responsiveness



During 2016/17, Council received almost 60,000 requests from local residents, businesses and visitors.

This is an increase of almost 20 per cent compared to two years ago.

The most common requests relate to hard and green waste bookings, dumped rubbish, request for a parking officer and tree maintenance.

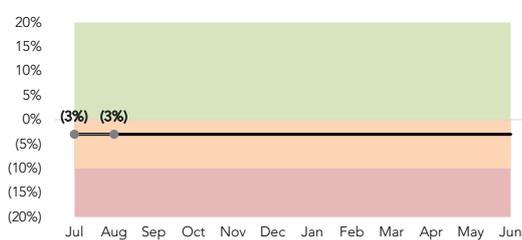
FINANCIAL PERFORMANCE

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

The forecast in August indicates an overall low risk financial sustainability rating for Council.

Victorian Auditor General Office Financial Sustainability Indicators

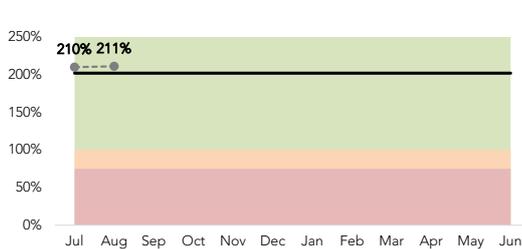
1.1 Net Result % (Net Surplus over Total Income)



Target: Greater than 0% **Year-end forecast:** (3%) **Status:** ⚠️

Comments: This financial indicator assesses Council’s ability to generate sufficient funds for asset renewals. A small deficit is budgeted for 2017/18 due to the inclusion of one-off expenditures including the Pride Centre, Ferrars Street precinct works and relinquishing the Pickles Street property on crown land. Council is currently on track to deliver a small deficit, 3 per cent of total income as budgeted.

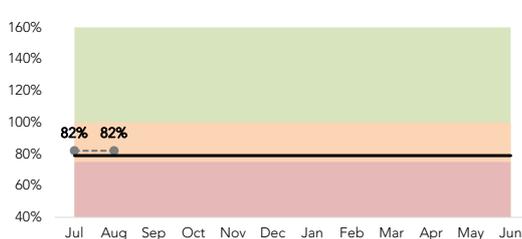
1.2 Working Capital % (Current Assets over Current Liabilities)



Target: Greater than 100% **Year-end forecast:** 211% **Status:** ✅

Comments: This financial indicator assesses Council’s ability to pay short term liabilities as they fall due. The Budget 2017/18 is expected to achieve a 202 per cent ratio. The actual financial position for 2016/17 compared favourably to the forecast position for 2016/17 when the 2017/18 budget was prepared. This will continue for the rest of the financial year 2017/18 which is reflected in the current forecast in August of 211 per cent. Council has no issues in paying suppliers and employees when payments fall due.

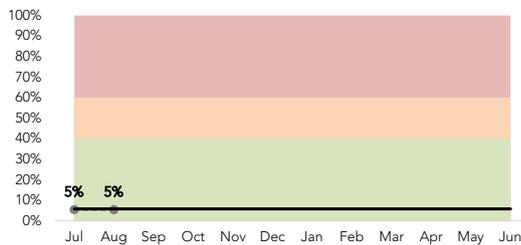
1.3 Internal Financing % (Net Operational Cashflows compared to Net Cash Capital Outlay)



Target: Greater than 100% **Year-end forecast:** 82% **Status:** ⚠️

Comments: This financial indicator assesses Council’s ability to generate sufficient cash from operations to fund new assets. The Budget 2017/18 includes one-off large expenditure payments for the Pride Centre and Ferrars St precinct works which are partly funded from cash reserves replenished from prior years. Excluding these two items, the ratio would be above 100 per cent which is a low risk rating. The forecast in August indicates Council is on track to be marginally favourable to budget.

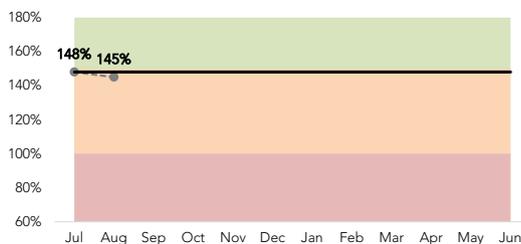
1.4 Indebtedness % (Own Sourced Revenue compared to Non Current Liabilities)



Target: Less than 40% **Year-end forecast:** 5% **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 5.8 per cent for Budget 2017/18 is significantly lower than the less than 40 per cent target. The August forecast shows Council is on track to achieve budget.

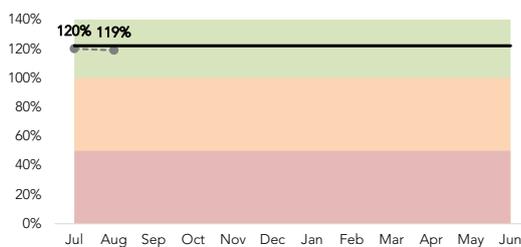
1.5 Capital Replacement % (Total cash capital outlay / Depreciation)



Target: Greater than 150% **Year-end forecast:** 145% **Status:**

Comments: This financial indicator assesses whether Council's spend on asset renewal is sufficient. The Budget 2017/18 ratio of 148 per cent is very close to the 150 per cent low risk target. The forecast in August shows a small decrease to 145 per cent due to lower capital spend for buildings and roads. We will continue to update on any changes to the capital spend as we progress into the financial year.

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



Target: Greater than 100% **Year-end forecast:** 119% **Status:**

Comments: This financial indicator assesses Council's spend on its asset base is keeping up with the rate of asset depletion. The Budget 2017/18 ratio of 122 per cent indicates sufficient provision in the capital program for asset renewal and upgrade. The forecast in August show a slight reduction to 119 per cent, however is still significantly above the 100 per cent ratio for a low risk rating.

Key

— Budget 2017/18 ● Year end forecast

Year end forecast adjustments for August 2017

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

Operating income forecast increased by \$0.54 million:

-  \$0.50 million - Council budgeted to received \$0.5 million in 2016/17 from the Victorian Government for the Peanut Farm Pavilion upgrade which is likely to take place in 2017/18.
-  \$0.13 million - Funding instalments received for Alcohol Harm Minimisation initiatives "What's your Story?" to be expended over the next three years.
-  \$0.08 million - Unbudgeted funding for Energy Efficiency projects to be offset by increased capital expenditure in 2017/18.
-  (\$0.18 million) - Federal Government reduced capital allocation for the Black spot Safety Improvements program, an offset in the capital program will ensue.

Operating expenditure forecast increased by \$0.85 million:

 (\$0.38 million) - A review of capital budget resulted in a reclassification of budget from capital to operating including:

- \$0.24m South Melbourne Market Building Compliance works
- \$0.14m Children Centre Improvement Strategy

 (\$0.31 million) - A number of work in progress projects carried over from 2016/17 to be expended in 2017/18 as drawdowns on reserves including:

- \$0.13 million Business Enablement and Innovation program
- \$0.09 million Customer Experience Improvement Plan Implementation
- \$0.09 million Maternal Child Health Change

Capital expenditure reduced by \$0.77 million:

 \$0.46 million - Delayed works for the South Melbourne Community Centre upgrade will shift some expenditure to the 2018/19 financial year.

 \$0.38 million - A review of capital budget resulted in a reclassification of expenditure from capital to operating including:

- \$0.24m South Melbourne Market Building Compliance works and
- \$0.14m Children Centre Improvement Strategy.

 \$0.18 million - Proportionate reduction in the Black Spot Safety Improvements program as an offset to reduced capital funding.

 \$0.15 million - Capital works for Beach Street Separated Queuing Lane was ahead of schedule in 2016/17 which means lower spend in 2017/18.

 \$0.06 million - Capital works for the Bubup Nairn Non Compliance works project was ahead of schedule in 2016/17 which means lower 2017/18 spend.

 (\$0.17 million) - Additional expenditure required in order to progress the Albert Park Stormwater Harvesting project to the "Connection Ready" stage.

 (\$0.11 million) - Additional Desktop and Standard Operating Environment renewal project funded from drawdown on reserves.

 (\$0.08 million) - Additional expenditure on Energy Efficiency projects due to receipt of additional funding.

Net drawdown on reserves increased by \$0.19 million

 \$0.19 million - A number of 2016/17 projects were still in progress on 30 June which required the quarantine of unspent budget in reserves to be expended in 2017/18. The net drawdown of \$0.19 million relates to these 2016/17 projects.

Comprehensive Income Statement Converted to Cash - August 2017

We use the Comprehensive Income Statement Converted to Cash to ensure prudent financial management by maintaining a modest cumulative cash surplus. Council expects to achieve a modest cumulative cash surplus for 2017/18 as budgeted.

	Year to date		YTD Variance		Full Year		Variance	
	Actual	Forecast	Actual to Forecast		Forecast	Budget	Forecast to Budget	
	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	(\$'000)	%
Income								
Rates and Charges	20,497	20,607	(110)	(1%)	120,769	120,769	0	0.0%
Statutory Fees and Fines	3,618	3,708	(91)	(2%)	22,710	22,710	0	0.0%
User Fees	6,518	6,483	34	1%	34,287	34,317	(30)	(0.1%)
Grants - Operating	2,204	2,158	46	2%	9,587	9,421	166	1.8%
Grants - Capital	0	0	0	0%	4,860	4,460	400	9.0%
Contributions - Monetary	1,111	1,125	(14)	(1%)	7,830	7,830	0	0.0%
Contributions - Non Monetary	0	0	0	0%	0	0	0	0.0%
Other Income	2,383	2,231	152	7%	13,406	13,406	0	0.0%
Total Income	36,330	36,312	18	0%	213,449	212,913	536	0.3%
Expenses								
Employee Costs	16,385	16,802	416	2%	88,840	88,637	(203)	(0.2%)
Materials and Services	9,355	10,240	885	9%	67,628	67,581	(47)	(0.1%)
Professional Services	542	1,046	504	48%	9,949	9,493	(456)	(4.8%)
Bad and Doubtful Debts	801	580	(222)	(38%)	3,478	3,478	0	0.0%
Depreciation	4,072	4,072	0	0%	24,430	24,430	0	0.0%
Borrowing Costs	12	18	6	34%	460	460	0	0.0%
Other Expenses	2,635	2,723	88	3%	17,587	17,442	(145)	(0.8%)
Net (Profit) or Loss on Disposal of Assets	(12)	(17)	(5)	30%	7,736	7,736	0	0.0%
JV Equity Accounting	0	0	0	0%	0	0	0	0.0%
Total Expenses	33,791	35,464	1,673	5%	220,107	219,256	(851)	(0.4%)
Operating Surplus / (Deficit)	2,539	848	1,691	199%	(6,658)	(6,342)	(315)	5.0%
Income Statement Converted to Cash								
Adjustments for non-cash operating items:								
• Add back depreciation	4,072	4,072	(0)	(0%)	24,430	24,430	0	0.0%
• Add back written-down value of infrastructure assets disposals	0	150	(150)	(100%)	8,736	8,736	0	0.0%
• Add back written-down value of fleet asset disposals	39	85	(46)	(54%)	510	510	0	0.0%
• Add back balance sheet work in progress reallocated to operating	0	0	0	0%	1,200	1,200	0	0.0%
• Add back Joint Venture Equity Accounting	0	0	0	0%	0	0	0	0.0%
• Less Contributed Assets	0	0	0	0%	0	0	0	0.0%
	4,110	4,307	(196)	(5%)	34,876	34,876	0	0.0%
Adjustments for investing items:								
• Less capital expenditure - Infrastructure	(1,425)	(1,931)	505	(26%)	(30,780)	(31,631)	851	(2.7%)
• Less capital expenditure - IT, Plant and Equipment	(198)	(580)	382	(66%)	(4,721)	(4,642)	(79)	1.7%
	(1,624)	(2,511)	887	(35%)	(35,501)	(36,273)	772	(2.1%)
Adjustments for financing items:								
• Add New Borrowings	0	0	0	0%	0	0	0	0.0%
• Less Loan Repayments	(115)	(117)	2	(2%)	(700)	(700)	0	0.0%
	(115)	(117)	2	(2%)	(700)	(700)	0	0.0%
Adjustments for reserve movements:								
• Discretionary Reserve Drawdown/ (Replenish)	4,656	4,657	(1)	(0%)	10,313	10,069	244	2.4%
• Statutory Reserve Drawdown/ (Replenish)	0	0	0	0%	(2,205)	(2,155)	(50)	2.3%
	4,656	4,657	(1)	(0%)	8,108	7,914	194	2.5%
Current Year Surplus/(Deficit)	9,567	7,185	2,382	33%	125	(525)	650	(123.8%)
Opening balance carry forward surplus	880	880	0	0%	880	890	(10)	(1.1%)
Accumulated Cash Surplus	10,447	8,065	2,382	30%	1,005	365	640	175.7%

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 \$53.2 million.

The table below outlines changes to the project portfolio during July and August 2017.

Project	Change
Acland Street Upgrade Activation	The project completion date has been pushed out by five weeks to 1 December 2017 to support a trader's facilitated Christmas event. The activation costs have been included in the 2017/18 budget.
EcoCentre Service Opportunity	The project completion date has been pushed out by two months to the end of October to accommodate installation of portable buildings. The cost has been included in the 2017/18 budget.
Community Facilities Upgrade Program – South Melbourne Community Centre	Project was budgeted to be completed in 2017/18. Works will now be staged with the Liardet Street Community Centre Upgrade and will be partially delayed in to 2018/19. The project cost in 2018/19 will be \$634,000.
Integrated Transport Strategy Development	Two key milestones, the Communication & Engagement Strategy and Integrated Transport Strategy Discussion Paper, have been extended by four months as a result of the re-scheduled Councillor workshops. This is funded through the 2017/18 budget.
Strategic Parking Control Changes Implementation	\$35,500 was identified to undertake changes to parking restrictions and the implementation of paid parking changes in Fitzroy Street, Waterfront Place and South Melbourne. This is a new project and will be an increase to the project portfolio.
Beach Street Separated Queuing Lane Implementation	Construction commenced earlier than expected and the first contractor payment was made in 2016/17, reducing the amount needed to complete the project in 2017/18.
South Melbourne Market Building Compliance	Approval for an additional \$236,000 to complete the project due to a greater level of complexity and scale of the work than previously estimated. The project completion date was changed to February 2018.
Blackspot Safety Improvements	Council has been awarded Federal Blackspot Funding for safety improvements at three sites. This was \$180,000 less than originally budgeted to be received, however no additional Council funding is required.
Energy Efficiency and Solar Program	Council was awarded \$80,000 new federal funding to install additional solar panels on three Council owned buildings.
Business Enablement and Innovation Fund	Approval for \$127,000 to be carried forward to fund initiatives that were in progress at the end of the financial year.
Customer Experience Improvement Program	Delay in the delivery of the final plan resulted in deferral of the final milestone payment to 2017/18.
Bubup Nairm Non-compliance works	Design work progressed earlier than expected and were completed in 2016/17, resulting in a decrease to the funds required in 2017/18.

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.

Improving customer experience and technology and being more innovative

	Latest	Result
Community satisfaction with Council's performance greater than 65	67	✓
80% community requests responded to on time	96%	✓
80% calls answered within 30 seconds	84%	✓

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

	Latest	Result
100% Performance plans complete	100%	✓
Total Recordable Injuries below 28	NA	
Unplanned Leave (days/EFT) below 0.9	1.1	⚠
Staff turnover below 0.9%	0.6%	✓

Improving community engagement, advocacy, transparency and governance

	Latest	Result
90% risk and audit actions completed on time	92%	✓
90% councillor attendance at council meetings	94%	✓
90% council decisions made in public	95%	✓
0 legislative breaches	0	✓
Average community satisfaction rating for community consultation, advocacy & decision making above 60	58	⚠

Ensuring sustainable financial and asset management and effective project delivery

	Latest	Result
Financial sustainability rating of low	Low	✓
Operating savings	\$0k \$43k to be banked	✓
80% of project delivery is on track	96%	✓

LEGISLATIVE UPDATE

Legislative changes

There were no legislative changes that may impact Council in July 2017. Below are the legislative changes for August 2017 that may affect the City of Port Phillip.

Legislation	Assent date	Impact
Domestic Animals Amendment (Restricted Breed Dogs) Bill (Amending the Domestic Animals Act 1994)	11 August 2017	Amends the Domestic Animals Act 1994: <ul style="list-style-type: none"> to further provide for the keeping and registration of restricted breed dogs; and to further provide for the acquisition and identification of dangerous dogs.

Legislative breaches

A breach of section 186 of the Local Government Act 1989 was reported in July 2017 whereby Council exceeded the allowable expenditure threshold without first entering into a contract. The breach arose when two departments were unknowingly using the same vendor. To mitigate the risk of similar breaches occurring in the future all staff involved have received refresher training.