

CEO Report

#40 - February 2018



CEO Report

Issue 40



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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.

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 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

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 liable to change.

"We have an exciting year ahead with a big agenda."

PETER SMITH

CEO City of Port Phillip

Welcome to the first issue of the CEO Report for 2018.

I'd firstly like to acknowledge all the staff who worked over the festive period to provide services in our community.

I'd also like to welcome Kylie Bennetts to our executive team as the Director of the CEO's Office. Kylie is an experienced leader with both state and local government experience.

We have an exciting year ahead with a big agenda and I'm looking forward to keeping you updated on our progress.

Summer management in Port Phillip

The annual summer management program launched in December at Acland Street Plaza with the Summer Rangers. Council is serious about keeping our beaches, streets and reserves clean and safe for everyone to enjoy.

As a result of the behaviour of thousands of party goers over Christmas, an alcohol ban trial along the St Kilda foreshore was extended until 15 February. Read more about the alcohol ban on our website.

I'd like to thank the staff who cleaned up 29 tonnes of rubbish on the St Kilda foreshore as a result of the party goers over Christmas.

Midsumma Pride March

On 28 January thousands of marchers returned for the 23rd annual Midsumma Pride March down Fitzroy Street, St Kilda. The march is a celebration of acceptance, difference and equality.

Yalukut Weelam Ngargee

On 3 February, the annual free Indigenous arts and cultural festival - Yalukut Weelam Ngargee was held in St Kilda's O'Donnell Gardens, a significant Indigenous meeting place. A jam-packed line up of emerging and established Aboriginal and Torres Strait Islander musicians, dancers, artists and activities formed the family friendly event.

Council Plan engagement

Councillors are hosting a series of pop-up conversations across the City during February. The focus of this year's engagement is on five key draft strategies for transport; sustainable environment; creative industries, tourism and the local economy; customer experience and waste.

While engagement on the draft strategies will take place from late March, this is an opportunity for community members to meet their local Councillors and tell us what they value most, and what they want Council to tackle in the next three to four years.

Details on the dates and venues can be found at on our Have Your Say webpage. Consultation commenced on Saturday 3 February at Veg Out St Kilda Farmers' Market.

Release of draft changes to Local Government Act

In December the Minister for Local Government released an exposure draft of the Local Government Bill, which will repeal and replace the Victorian Local Government Act 1989. This is the fourth and final stage of public consultation on the review of the Local Government Act. Officers are preparing a response for Council to consider in February. Submissions close 23 February.



National Disability Insurance Scheme (NDIS)

On 6 December Council decided not to become an NDIS provider. We will no longer be a NDIS provider due to the competitive market the service would become where community agencies and private companies could provide a more comprehensive and cost effective service, no other Metropolitan Council has registered to become a provider and will remain an impartial and guide strategic direction for aged and disability services in the municipality.

We will work with providers to assist people with disabilities who use Council's services to transition to the NDIS scheme. We will continue to provide support to those who are not eligible for the NDIS and remove any gaps that are impacting on service quality. Council's role includes advocating alongside residents from Culturally and Linguistically Diverse and Aboriginal and Torres Strait Islander backgrounds and from vulnerable community groups.

South Melbourne night market

The South Melbourne night market celebrates its 10th birthday in 2018 and everyone is invited to visit. The annual night market runs every Thursday for eight weeks until 22 February with a feast of street food, market stalls and entertainment. To learn what's happening at the South Melbourne night market, head to the website.

South Melbourne Primary School opening

South Melbourne Primary School opened on 30 January. Council's multi-purpose rooms and Barring Djinang Kindergarten opened on 31 January, with the maternal child health service due to open in February.

This is the first Victorian Government vertical school to include maternal child health service, community services and a kindergarten at the heart of the Ferrars Street Education and Community Precinct.

Council worked closely with the Fishermans Bend Taskforce, Department of Education and Training, Victorian School Building Authority, Public Transport Victoria (PTV) and VicRoads to transform the precinct from an industrial area to a mixed use precinct supporting education and community services.

Construction of Montague Community Park (interim name), funded by the Victorian Government and Council, is underway and scheduled for a mid-year completion. Streetscape works are being undertaken by Council and a tram stop upgrade has been delivered by PTV near the school.

High school meningococcal immunisation program completed

In 2017 the Victorian Government announced a fully funded school-based meningococcal vaccination program for students in years 10 to 12, to be administered by local government from July 2017. Council's immunisation team has attended all eight schools in the municipality and administered more than 2,000 meningococcal vaccines to students across all three year levels.

Upgrades to the Palais Theatre completed

Further upgrades to the Palais Theatre were completed in November, making the venue more enjoyable and accessible. Upgrades include the installation of an enclosed glass balcony, restoration of the historic ceiling domes in the auditorium, and improved access for mobility impaired visitors. These renovations were implemented in time to celebrate the 90th birthday of this majestic theatre.

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?

- We lodged our submission to the Victorian Government on the draft **Fishermans Bend Framework** and proposed planning scheme controls (amendment GC81). Our submission covered items including early delivery of public transport, affordable housing and sustainable design.
- The latest Fishermans Bend community forum was held on 1 February. If you would like to attend the next forum please visit Council's Fishermans Bend - keeping the community informed webpage.

What's coming up?

- Officers will participate in the Planning Review Panel to consider proposed planning scheme controls (amendment GC81) throughout February and March in support of our submission.
-

Waste management

What has happened?

- We continue working with our partners on the funding options and feasibility of an Inner Metro Sustainability Hub. The Hub would incorporate services currently delivered at Council's depot and transfer station.
- A grant for \$75,000 was received from the Department of Environment, Land, Water and Planning sustainability fund in partnership with City of Melbourne to undertake a governance and feasibility study for the Hub. The feasibility study is underway and due for completion in May.
- An officer was appointed to the Technical Advisory Reference Group as part of the Metropolitan Waste and Resource Recovery Group for the next two years to advise on strategic waste innovation opportunities.
- We are working with Sustainability Victoria to create an e-waste video to assist residents to comply with upcoming landfill bans.
- We hosted the Inner South Metropolitan Mayor's Forum discussing waste initiatives and collaboration opportunities on 23 January.

What's coming up?

- Council is developing a new **Waste Management and Resource Recovery Strategy** to prepare us for the significant growth anticipated in Fishermans Bend and the wider municipality.
 - Officers will prepare feedback on Victorian Government policies and discussion papers released for comment relating to waste. These include 'turning waste into energy', 'reducing plastic pollution' and 'e-waste landfill ban'.
-

Water management

What has happened?

- The Elster Creek working group met in December to discuss communication protocols.
- We received the first payment from Melbourne Water's Living Rivers program to support the development of the Alma Park stormwater harvesting project.
- Commenced the procurement process to prepare design documentation and undertake further feasibility studies (flow and water quality) at Alma Park.
- The Albert Park 'connections ready' subproject is in the final stages of soil analysis and connection concept design.
- Consultants have undertaken water balance analysis (to determine the amount of water coming in and out of the municipality) and water budget analysis (to establish targets for potable water use and requirements for operation) to assist the determination of water targets for the **Sustainability Strategy Beyond 2020** review.
- Construction of the Derham Street, Port Melbourne raingarden was completed.

What's coming up?

- Establishment of the Elster Creek community reference group in February.
 - Appoint a consultant to undertake feasibility studies at Alma Park.
 - Peer review of the Albert Park stormwater harvesting concept design report being led by Parks Victoria will continue and is anticipated to be completed in 2018.
 - Work on the 'connections ready' report, a subproject of Albert Park stormwater harvesting development project, will continue.
 - Public consultation on the **Sustainability Strategy Beyond 2020** is scheduled for March and April.
 - CCTV inspections of Council's stormwater network.
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Transport and parking

What has happened?

- Collation and analysis of the community engagement feedback on the Future Streets Position Paper and survey was completed and published on our Have Your Say webpage.
- Published information from the Future Streets Community Engagement report (Phase 1) is being used by the project team to refine the draft Integrated Transport Strategy.
- The project team has also worked closely with both internal and external stakeholders to complete the development of the draft **Future Streets: an Integrated Transport Strategy**.
- On 13 December Council endorsed the commencement of a public tender process to procure parking technology this year.

What's coming up?

- The draft **Future Streets: an Integrated Transport Strategy**, accompanied by the **Future Streets: Community Engagement Report**, will be presented at the Council Meeting on 21 March for approval and release to the community for feedback.
 - The Phase 2 community feedback period on the draft **Future Streets: an Integrated Transport Strategy** is proposed from 26 March to 20 April.
 - The Smart Parking Technology public tender closed in late January. Submissions will be evaluated for award in the coming months to commence implementation later this year.
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Council scorecard

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

Updates are provided on a monthly basis unless information is not available.






	Outcome indicators	Service measures	Areas for focus
<p>Direction 1 We embrace difference, and people belong</p>	<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"> • Latest results for maternal and child health participation were below annual target. This is attributed to the phasing of visits and is expected to improve as the year progresses. • Latest result for maternal and child health service cost was slightly above annual target (due less hours worked by nurses compared to previous quarters) and are being monitored closely.
<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>6 on track 2 at risk 0 off track</p>	<ul style="list-style-type: none"> • Latest results for sealed local road requests (due to an increase in requests while kilometres of roads remained the same) and cost of sealed roads did not meet annual target (due to the way costs are calculated, based on per m³ rather than m²) are being monitored closely.
<p>Direction 3 We have smart solutions for a sustainable future</p>	<p>2 on track 3 at risk 0 off track</p>	<p>12 on track 2 at risk 0 off track</p>	<ul style="list-style-type: none"> • Latest result for potable water usage and greenhouse gas emissions were above quarterly target (see page 16 for more detail). • The latest result for kerbside waste diversion was below target (32 per cent compared to target of 35 per cent). • The two service measures at risk relate to alternative water sources (6.18ML compared to a target of 7.50ML) and cost of kerbside recyclables (due to an increase in direct service costs compared to previous quarters). These are being monitored closely.
<p>Direction 4 We are growing and keeping our character</p>	<p>3 on track 1 at risk 0 off track</p>	<p>15 on track 2 at risk 0 off track</p>	<ul style="list-style-type: none"> • Latest result for planning decisions upheld at VCAT was below annual target (due to the lower proportion of decisions taken to VCAT). • The two service measures at risk relate to animals reclaimed (due to a higher volume of animals collected) and cost of planning service (due to a lower volume of new planning applications received) where the current results were below target. These will continue to be monitored.
<p>Direction 5 We thrive by harnessing creativity</p>	<p>4 on track 0 at risk 0 off track</p>	<p>8 on track 1 at risk 0 off track</p>	<ul style="list-style-type: none"> • Latest result for active library members was below annual target. This is expected to improve as the year progresses.
<p>Direction 6 Our commitment to you</p>	<p>4 on track 0 at risk 0 off track</p>	<p>32 on track 4 at risk 0 off track</p>	<ul style="list-style-type: none"> • The number of material legislative breaches is above the annual target of zero. • The latest results for rates compared to adjusted underlying result (57.94 per cent compared to a target of 60 per cent), Councillor decisions made at meetings closed to the public (due to 5 confidential items presented in December, quarterly result met target) and staff turnover (1.55 per cent compared to target of 0.83) are outside targets. These are being monitored closely.

Project delivery update

The Council Plan 2017-27 commits us to a project portfolio worth more than \$53.2 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 January.

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		South Melbourne Primary School opened on 30 January. Council's multi-purpose rooms and Barring Djinang Kindergarten opened on 31 January, with the maternal child health service due to open in February. Works to finish the building will continue during February. Project is at risk due to schedule pressure.	Dec 2017	Jan 2018	2,995	2,995
JL Murphy Reserve Pavilion Upgrade						
Plan		Project is on track. Officers and club representatives met twice to work on the kitchen design and other construction details.			300	300
South Melbourne Life Saving Club Redevelopment						
Deliver		Project is on track. Building permit application was submitted and the review process continues. The request for tender for building contractors closed in November and Council is expecting commencement of the contractor in April.	Apr 2020	Apr 2020	200	200
In Our Backyard Strategy Implementation						
Deliver		Project is on track. In December further work on investigating the Trust model was undertaken, preparation of the selection criteria for potential Council property contributions and YWCA.	Jun 2018	Jun 2018	80	230
Peanut Farm Reserve Sports Pavilion Upgrade						
Deliver		Project is at risk due to the delayed procurement process. It has been affected by the industry shutdown from December to January. The procurement process is expected to conclude by the end of January 2018. The other reserve improvement projects such as path lighting, irrigation and oval upgrade are on track.	Mar 2019	Mar 2019	2,315	1,120

Overall portfolio status



There are 21 projects contributing to the outcomes in this direction. At the end of December the Children's Services Review Implementation project was considered off track.

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 ⓘ						
Deliver	✔	Project is on track. Community consultation concluded on 4 December. Workshops were held with internal and external stakeholders, and a draft framework and technical report was prepared. Results of the consultation are being reviewed and a report prepared.	Jun 2018	Jun 2018	150	325
Walk Plan and Bike Plan Implementation 2017/18 ⓘ						
Deliver	✔	Project is on track. <ul style="list-style-type: none"> Completed safety improvements at Park and Mountain streets and Nelson Road, South Melbourne. Constructed signalisation works at Swallow Street and light rail shared path, Port Melbourne. Engaged a contractor to construct Ingles Street and light rail crossing, Port Melbourne. Consultation undertaken for bike infrastructure upgrades at Inkerman Street, St Kilda. 	Jun 2018	Jun 2018	1,040	1,040
Beach Street Separated Queuing Lane Implementation ⓘ						
Deliver	✔	Project is on track. Construction of the Beach Street queueing lane commenced on 30 May and was successfully completed on schedule in September. Traffic surveys to evaluate the project will take place February.	Mar 2017	Feb 2018	519	279
Kerferd Road Safety Improvements ⓘ						
Plan	⚠	Project is at risk due to timeline pressures. Project timelines and funding are being negotiated with VicRoads. A request for quote for design consultants was prepared.			395	140

Overall portfolio status



There are 24 projects contributing to the outcomes in this direction. At the end of December no projects were considered off track.

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 at risk due to recruitment delays for stormwater CCTV project. Projects at Crimea Street, St Kilda East and Esplanade West, Port Melbourne and pit replacement are 80 per cent complete.			1,300	1,150
Waste Management and Resource Recovery Strategy T						
Deliver	✔	Project is on track. Completed work with City of Melbourne and the Metro Waste and Resource Recovery Group. This and the Fishermans Bend Waste Strategy will inform strategy development.	Jun 2018	Jun 2018	95	95
Energy Efficiency and Solar Program						
Plan	✔	Project is on track. Commenced installation of safe roof access and solar PV at 222 Bank Street, South Melbourne and Elwood Sailing Club. Scoping of energy efficiency measures is underway.			460	540
Sustainability Strategy Beyond 2020 Review						
Deliver	✔	Project is on track. The sustainable environment strategy is on track to be delivered by the end of June. An 'action design workshop' with officers and external subject matter experts was held in December.	Jun 2018	Jun 2018	150	150
Baseline of Municipal Greenhouse Gas Emissions Development						
Deliver	✔	Project is on track. Community emission estimates finalised. Officers are developing partnerships with utility providers to increase data accessibility and granularity.	Jun 2018	Jun 2018	150	150
Albert Park Stormwater Harvesting Development T						
Deliver	✘	Project is off track due to review of schedule, costs and risks. Engaged consultant to undertake a peer review to assess design assumptions, cost and delivery schedules. 'Connections ready' subproject is in the final stages of soil analysis and concept design.	Apr 2018	Jun 2018	50	138
Alma Park Stormwater Harvesting Development T						
Plan	✔	Project is on track. Melbourne Water will contribute \$225,000. Commenced procurement to prepare design documentation and undertake further detailed feasibility studies.	Jun 2018	Jun 2018	100	100
Water Sensitive Urban Design Program T						
Deliver	✔	Project is on track. Completed construction of the Derham Street, Port Melbourne raingarden. Langridge and Park streets, Middle Park raingardens are scheduled to commence in January.	Jun 2018	Jun 2018	300	300

Overall project status



There are 27 projects contributing to the outcomes of this direction. At the end of December two projects were considered off track: the Albert Park Stormwater Harvesting Development and EcoCentre Service Opportunity.

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 on track. Our submission on the draft Fishermans Bend Framework was lodged with the Victorian Government. The draft Integrated Water Management approaches study and the Economic and Transport Infrastructure study were completed. Additional resources were allocated to undertake precinct planning to influence planning outcomes.	Jun 2018	Jun 2018	365	565
Ferrars Street Education and Community Precinct - Construction of Montague Park T						
Deliver	⚠	Council's landscape contractor commenced park construction on 8 January. Officers continue to provide updates to local residents and businesses as construction progresses. The park is due to open in mid 2018. Project is at risk due to level of site contamination.		Jul 2018	2,290	1,090
Ferrars Street Education and Community Precinct - Streetscape Upgrade T						
Plan	⚠	Project is at risk due to schedule uncertainty. This will be resolved following the completion of design and appointment of contractors. Linemarking works were completed by the end of January and the northern section of Railway Place, South Melbourne was converted to a pedestrian space.			2,638	2,638
Gasworks Arts Park Contamination Management Plan						
Deliver	✓	Project is on track. Further field works were undertaken by environmental consultants in late 2017, including installation of vapour pins within selected buildings and soil vapour analysis. Consultation with the Department of Treasury and Finance continues. A draft Contamination Management Action Plan is expected early this year and will be made public. This will guide conversation about any landscape works and usage management (if required).	Jun 2018	Jun 2018	50	50
St Kilda Marina New Lease						
Plan	✗	Project is off track. Detailed planning has determined a comprehensive methodology that requires increased time and budget. This revised approach will be presented at a Council meeting early this year. Works are progressing in line with the revised program.			150	150
Public Spaces Strategy Development						
Plan	⚠	Project is at risk due to missed milestones as a result of resourcing for the Fishermans Bend project. The project will be rebaselined to indicate new timelines. Background research is continuing to develop a position paper that will inform development of the strategy and community engagement before June.			50	50

Overall project status



There are 30 projects contributing to the outcomes in this direction. At the end of December three projects were recorded off track: St Kilda Marina New Lease, Port Melbourne Waterfront Place Precinct Design Guidelines and Elwood Public Space Wall Replacement.

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						
Deliver	✔	Project is on track. Following a workshop with Councillors in October officers continue drafting the strategy. A report to Council on the draft strategy has been moved to March to align community engagement with the Council Plan review and other key strategies.	Jun 2018	Jun 2018	50	50
Linden Gallery						
Deliver	✔	Project is on track. Verandah decking was removed and structural re-build commenced. Removal of existing hydronic heating unit and slate roof restoration commenced.	Jun 2018	Jun 2018	1,675	1,675

Overall Project Portfolio Status



There are 18 projects contributing to the outcomes in this direction. At the end of December the South Melbourne Market Building Compliance Assessment project was considered off track.

Direction 6 - Our commitment to you

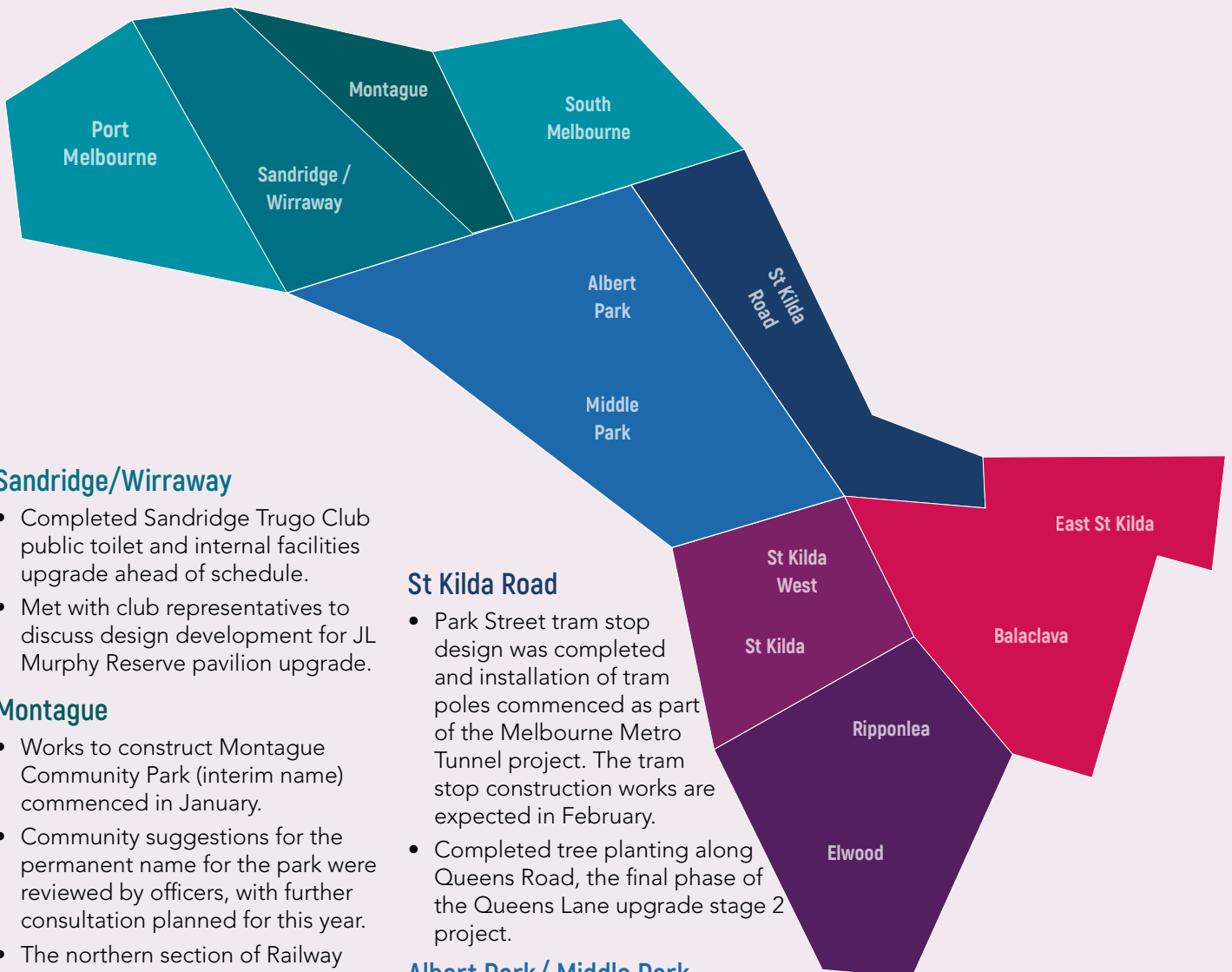
Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Building Renewal Program 2017/18						
Deliver	✔	<p>Program on track.</p> <ul style="list-style-type: none"> Engaged consultant to prepare concept design for mechanical system and alternate design for the existing roof at Sails on the Bay. Preventative and minor reactive capital works progressed with identified works being resourced and delivered. Completed roof and gutter maintenance at South Melbourne Town Hall. Completed flooring upgrade at Betty Day and Alma Road community centres. Completed decking access ramp at Elwood Neighbourhood Learning Centre. Completed air conditioning and plant enclosure at Port Melbourne Life Saving Club. Continued worksafe change tables and manual handling upgrades at Bubup Nairn, Clark Street, Coventry and North St Kilda children's centres. 	Jun 2018	Jun 2018	2,330	2,380
Customer Experience and Business Transformation Program 2017/18 (previously Core Application Renewal and Upgrade Program)						
Plan	✔	Program is on track. A consultant was appointed to deliver the operating model review and the development of business case continued.			2,500	2,500
Core IT Infrastructure Renewal and Upgrade Program						
Deliver	✔	Program is on track. The program is a vehicle for the delivery of Telephony and Call Centre renewal, Disaster Recovery Systems replacement, Desktop and SOE renewal, Valuation System replacement and GIS System upgrade.	May 2018	Jun 2018	1,792	2,422

Overall project status



There are 17 projects contributing to the outcomes in this direction. At the end of December the Learning Management System and eLearning project was recorded off track.

What's happened in our local neighbourhoods?



Sandridge/Wirraway

- Completed Sandridge Trugo Club public toilet and internal facilities upgrade ahead of schedule.
- Met with club representatives to discuss design development for JL Murphy Reserve pavilion upgrade.

Montague

- Works to construct Montague Community Park (interim name) commenced in January.
- Community suggestions for the permanent name for the park were reviewed by officers, with further consultation planned for this year.
- The northern section of Railway Place, next to South Melbourne Primary School and the Route 96 tram stop was converted to a pedestrian only space.

South Melbourne

- Commenced the South Melbourne night market, which celebrates its tenth year in 2018 with record attendance in its opening night.
- Completed safety improvements at Park and Mountain streets and Nelson Road.

Port Melbourne

- 'Port Christmas Festival' took place on 1 December at Bay Street, Port Melbourne.
- Completed raingarden construction at Derham Street.

St Kilda Road

- Park Street tram stop design was completed and installation of tram poles commenced as part of the Melbourne Metro Tunnel project. The tram stop construction works are expected in February.
- Completed tree planting along Queens Road, the final phase of the Queens Lane upgrade stage 2 project.

Albert Park/ Middle Park

- The request for tender for South Melbourne Life Saving Club building contractors closed in November and Council selected a preferred tenderer for commencement of the contract in April.

St Kilda / St Kilda West

- Thousands marched down Fitzroy Street, St Kilda for the 23rd annual Midsumma Pride March.
- Held Yalukut Weelam Ngargee, the annual free Indigenous arts and cultural festival at O'Donnell Gardens.
- Path lighting, irrigation and oval upgrades at Peanut Farm Reserve continued.

Elwood / Ripponlea

- Appointed contractor to construct a raised zebra crossing at the Broadway/Milton Street roundabout, as part of the Blackspot Safety Improvement Initiative. Construction commenced in January.

Balaclava / St Kilda East

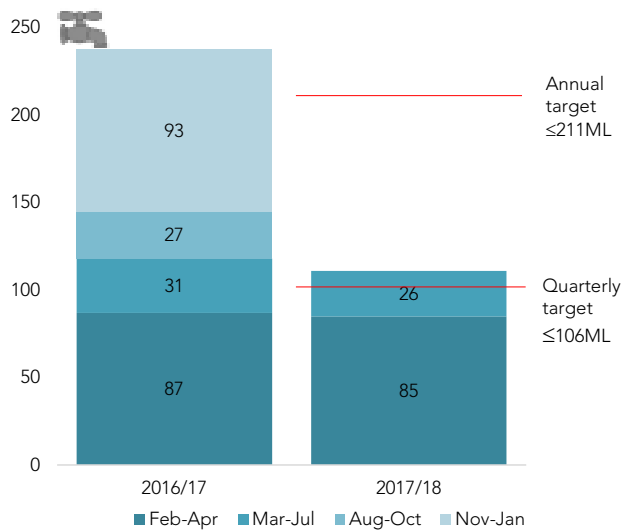
- Continued working with Port Phillip Housing Association on Marlborough Street, St Kilda affordable housing project.
- Melbourne Water to support Alma Park Stormwater Harvesting Development project with \$225,000.

Spotlight on our performance: Sustainability

Each quarter we track our potable water usage (drinking quality) and greenhouse gas (CO₂) emissions, using best available data from our utility retailers. Each year we complete a detailed inventory of potable water use and CO₂ emissions. These results are checked and validated by an independent/third-party auditor.

In May **91%** of survey respondents have rated their satisfaction with making the City of Port Phillip more sustainable as average, good or very good.

Potable water usage

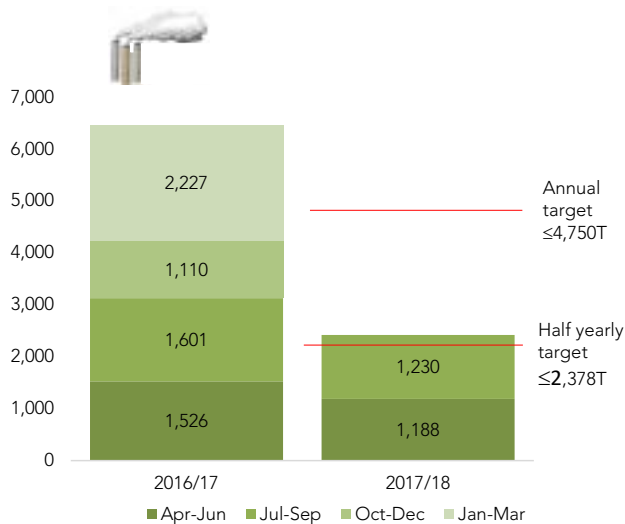


We are committed to minimising potable (drinking quality) water use to achieve and sustain a 70 per cent reduction in Council's potable water use by 2020 (based on 2000 levels of water use).

Council used 26.3 ML of potable water between March and July 2017 which is slightly more than the targeted 25.3 ML. Compared to the same quarter last year there was a sixteen per cent decrease, which equates to 4.8 ML, in potable water usage.

Compared to the previous quarter our parks and gardens, public housing and childcare centres recorded significant reductions.

Net CO₂ emissions



Council's net greenhouse gas emissions between July and September 2017 of 1,230 tonnes were slightly above the target 1,188 tonnes. Compared to the same quarter last year we experienced a reduction of 23 per cent, which equates to 371 tonnes carbon dioxide equivalent.

Compared to the previous quarter we experienced energy savings in street lighting, however this was offset by the increase in Council buildings and fleet vehicles.

Purchasing 1,550 tonnes of carbon offsets (National Carbon Offset Standard eligible) contributed to the net result of 1,230 tonnes of greenhouse gas emissions.

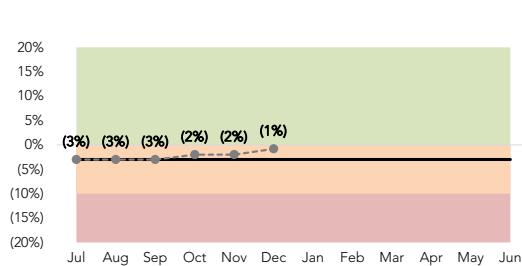
Financial performance

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 in December indicates an overall low risk financial sustainability rating for Council.
- Council expects to achieve a modest cumulative cash surplus for 2017/18 as budgeted.

Financial sustainability indicators

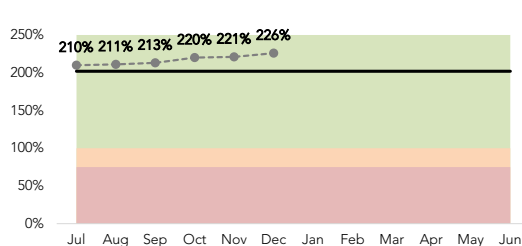
1.1 Net Result % (Net Surplus over Total Income)



Target: Greater than 0% **Year-end forecast:** (0.8%) **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 Education and Community Precinct works and relinquishing the Pickles Street property on Crown land. Council is currently on track to deliver a small deficit, 0.9% of total income, an improvement to the budget.

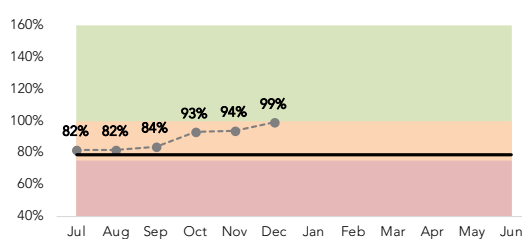
1.2 Working Capital % (Current Assets over Current Liabilities)



Target: Greater than 100% **Year-end forecast:** 226% **Status:**

Comments: This financial indicator assesses Council's ability to pay short term liabilities as they fall due. The Budget 2017/18 forecast working capital ratio of 202%. 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 2017/18 which is reflected in the current full year forecast in December of 226%. Council has no issues in paying suppliers and employees when payments fall due.

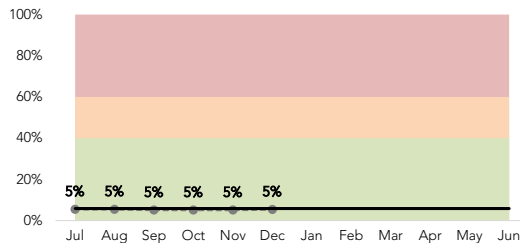
1.3 Internal Financing % (Net Operational Cashflows compared to Net Cash Capital Outlay)



Target: Greater than 100% **Year-end forecast:** 99% **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 Street Education and Community precinct works which are partly funded from cash reserves set aside in prior years. Excluding these two items, the ratio would be above 100% which is a low risk rating. The full year forecast in December indicates Council is on track to be favourable compared to budget.

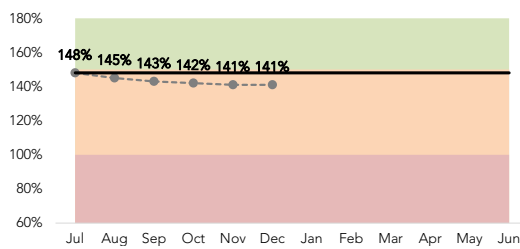
1.4 Indebtedness % (Own Sourced Revenue compared to Non Current Liabilities)



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 5.0% for Budget 2017/18 is significantly lower than the 40% target. The full year forecast in December shows Council is on track to achieve budget.

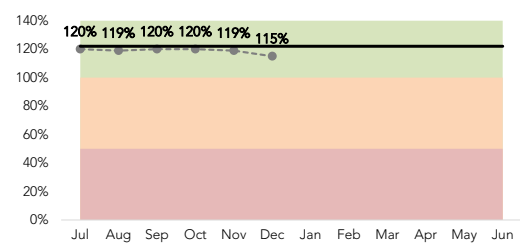
1.5 Capital Replacement % (Total cash capital outlay / Depreciation)



Target: Greater than 150% Year-end forecast: 141% Status: ⚠

Comments: This financial indicator assesses whether Council's spend overall in renewing, growing and improving its asset base is sufficient. The Budget 2017/18 ratio of 148% is very close to the 150% low risk target. The full year forecast in December shows a decrease to 141% mainly due the forecast project deferrals to 2018/19 of \$2.66 million.

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



Target: Greater than 100% Year-end forecast: 115% 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% indicates sufficient provision in the capital program for asset renewal and upgrade. The full year forecast in December shows a decrease to 115% mainly due to forecast project deferrals to 2018/19 of \$2.66 million. This ratio is still significantly above the 100% required for a low risk rating.

Key
 Budget 2017/18 Year end forecast

Comprehensive Income Statement Converted to Cash December 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		Notes
	Actual	Forecast	Actual to Forecast		Forecast	Budget	Forecast to Budget		
	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	(\$'000)	%	
Income									
Rates and Charges	60,971	60,950	21	0%	120,834	120,769	65	0%	
Statutory Fees and Fines	11,525	11,384	141	1%	22,718	22,710	8	0%	
User Fees	18,685	18,349	336	2%	34,642	34,317	325	1%	
Grants - Operating	5,680	5,588	92	2%	9,874	9,421	453	5%	
Grants - Capital	235	220	15	7%	5,509	4,460	1,049	24%	
Contributions - Monetary	4,336	4,150	186	4%	8,110	7,830	280	4%	
Contributions - Non Monetary	0	0	0	0%	0	0	0	0%	
Other Income	8,371	8,310	61	1%	15,430	13,406	2,024	15%	
Total Income	109,803	108,950	852	1%	217,117	212,913	4,204	2%	1
Expenses									
Employee Costs	43,650	43,090	(561)	(1%)	88,742	88,637	(105)	(0%)	
Materials and Services	30,654	32,403	1,749	5%	67,475	67,581	106	0%	
Professional Services	542	1,046	504	48%	9,949	9,493	(456)	(5%)	
Bad and Doubtful Debts	2,389	1,979	(411)	(21%)	3,478	3,478	0	0%	
Depreciation	12,046	12,130	84	1%	24,430	24,430	0	0%	
Borrowing Costs	206	230	24	10%	460	460	0	0%	
Other Expenses	12,637	12,541	(96)	(1%)	16,760	17,442	681	4%	
Net (Profit) or Loss on Disposal of Assets	(103)	0	103	0%	7,736	7,736	0	0%	
JV Equity Accounting	0	0	0	0%	0	0	0	0%	
Total Expenses	102,021	103,417	1,397	1%	219,029	219,256	227	0%	2
Operating Surplus / (Deficit)	7,782	5,533	2,249	41%	(1,912)	(6,342)	4,430	(70%)	
Income Statement Converted to Cash									
Adjustments for non-cash operating items:									
• Add back depreciation	12,046	12,130	(84)	(1%)	24,430	24,430	0	0%	
• Add back written-down value of infrastructure assets disposals	0	0	0	0%	8,736	8,736	0	0%	
• Add back written-down value of fleet asset disposals	102	255	(153)	(60%)	510	510	0	0%	
• Add back balance sheet work in progress reallocated to operating	0	0	0	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%	
	12,147	12,385	(238)	(2%)	34,876	34,876	0	0%	
Adjustments for investing items:									
• Less capital expenditure - Infrastructure	(7,923)	(8,084)	161	(2%)	(27,320)	(31,631)	4,311	(14%)	
• Less capital expenditure - IT, Plant and Equipment	(2,554)	(2,742)	189	(7%)	(7,201)	(4,642)	(2,559)	55%	
	(10,477)	(10,826)	350	(3%)	(34,521)	(36,273)	1,752	(5%)	3
Adjustments for financing items:									
• Add New Borrowings	0	0	0	0%	0	0	0	0%	
• Less Loan Repayments	(292)	(350)	58	(17%)	(700)	(700)	0	0%	
	(292)	(350)	58	(17%)	(700)	(700)	0	0%	
Adjustments for reserve movements:									
• Discretionary Reserve Drawdown/ (Replenish)	4,656	4,657	(1)	(0%)	5,838	10,069	(4,231)	(42%)	
• Statutory Reserve Drawdown/ (Replenish)	(3,786)	(3,600)	(186)	5%	(3,654)	(2,155)	(1,499)	70%	
	870	1,057	(187)	(18%)	2,184	7,914	(5,730)	(72%)	4
Current Year Surplus/(Deficit)	10,030	7,798	2,232	29%	(73)	(525)	453	(86%)	
Opening balance carry forward surplus	880	880	0	0%	880	890	(10)	(1%)	
Accumulated Cash Surplus	10,910	8,678	2,232	26%	807	365	443	121%	

Notes to the Comprehensive Income Statement Converted to Cash

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

Note 1: Operating income forecast increased by \$0.67 million:

- ⊕ \$0.12m - Diversity and inclusion funding income to be greater than budget due to the inclusion of CPI inflation, which was not budgeted due to uncertainty around the Federal Government Aged Care Reform.
- ⊕ \$0.15m - Increased street occupation permits due to higher development activities than budgeted.
- ⊕ \$0.24m - Recovery of infrastructure reinstatements and tree replanting costs due to damage incurred by developers. This is offset by additional expenditure.
- ⊕ \$0.20m - Additional interest income from higher investment yields from active treasury management, currently at 2.5 per cent which, is higher than the 2.1 per cent budgeted in 2017/18.
- ⊕ \$0.11m - Receipt of unbudgeted 'failure to vote' infringements income from the 2016 Local Government election.
- ⊕ \$0.30m - Increased statutory planning income due to higher development activities than budgeted.
- ⊕ \$0.07m - The growth in property numbers has increased by approximately 300 more than Budget 2017/18 resulting in additional supplementary rates income.
- ⊖ (\$0.22m) - Lower funding from Victorian Government for Montague Park due to lower tendered prices.
- ⊖ (\$0.12m) - Lower funding for Kerferd Road, Albert Park will be offset by a reduced scope of works.
- ⊖ (\$0.28m) - Reduction in parking infringements income partly due to staff turnovers and greater compliance (increased utilisation of paid parking).

Note 2: Operating expenditure forecast decreased by \$1.38 million:

- ⊕ \$0.13m - Due to the focus for this year's Council Plan engagement being to support the emerging messages from the development of key strategies (transport, sustainable environment, creative industries, tourism and the local economy and waste) already within the budget.
- ⊕ \$0.10m - Initial project scoping has revealed that the energy performance contracting procurement process will take approximately six months. Therefore, only expenditure related to procurement will be incurred in 2017/18 and the detailed facility study will occur in 2018/19.
- ⊕ \$0.15m - Lower provision required due to year to date payments of paid parental leave.
- ⊕ \$1.20m - Lower than budgeted remediation works for Montague Park.
- ⊕ \$0.11m - Additional payments made in 2016/17 for the Pride Centre which resulted in lower expenditure for 2017/18.
- ⊕ \$0.15m - Savings expected from the employee lifecycle process and learning management system.
- ⊖ (\$0.50m) - Sustainability Hub feasibility study approved by Council in December.
- ⊖ (\$0.28m) - Detailed investigation works and community engagement to ensure best outcomes for the St Kilda Marina.

Note 3: Capital expenditure increased by \$0.30 million:

- ⊖ (\$0.91m) - Smart Parking Technology approved by Council in December.
- ⊖ (\$0.23m) - Purchase of portable barriers in response to security threats around major events.
- ⊖ (\$0.15m) - Increased expenditure due to recommended children's centres compliance works.
- ⊕ \$0.41m - Sails on the Bay roof and heating and cooling design in 2017/18 with a revised timeline for works commencing in 2018/19.
- ⊕ \$0.10m - Litter bin renewal and upgrade program completed with an underspend.
- ⊕ \$0.26m - No capital works will be completed in 2017/18 for children's centres improvement implementation program as the strategy is still ongoing.
- ⊕ \$0.26m - Revised design and community engagement costs Kerferd Road Safety project. Reduction in timing of Victorian Government funding by \$0.12m.
- ⊕ \$0.17m - Resourcing issues to delay the commencement of design works for the EcoCentre redevelopment. Projects budget deferred to 2018/19.

Note 4: Net drawdown on reserves decreased by \$1.36 million:

- ⊕ \$0.58m - Mid-year review identified additional project deferrals for the EcoCentre redevelopment and Sails on the Bay Roof and heating and cooling.
- ⊕ \$0.98m - Lower than budgeted remediation works for the Montague Park will result in lower drawdown on general reserve.

Changes to the portfolio

The City of Port Phillip has a project portfolio consisting of over 130 programs and projects with a total budget of over \$53.2 million.

The table below outlines changes to the project portfolio during December 2017.

Project	Change
Bubup Nairm Non-compliance Works	An additional six weeks has been approved to the project plan due to the unsuccessful initial tender and retender process. Project is to be complete in April.
Children's Centres Renewal Levy 2017-18	Additional funding of \$150,000 was approved to complete the 2017/18 program which includes installing compliant change tables and updates to bathrooms for the four Council owned childcare centres. Project remains on schedule to be completed in June.
Alma Park Stormwater Harvesting Development	Additional funding of \$512,000 for 2018/19 was approved for project management, feasibility studies and community engagement which were not part of the original cost estimate. The total project cost is \$1.662 million over three years and is scheduled to be complete in January 2020. Note: \$225,000 will be received from Melbourne Water to support the project.
South Melbourne Market Building Compliance	Project business case for the 2017/18 financial year funding of \$175,000 to undertake immediate fire safety issues including the design and installation of the car park sprinkler system was approved. \$263,500 will be deferred to 2018/19.
Energy Performance Contracting	Project was in the Council Plan as \$110,000 in 2017/18 and \$130,000 in 2018/19. A deferral of \$98,000 to 2018/19 was approved due to the time required to complete the procurement process. Project planned to be completed in March 2019.
Staff Accommodation Plan Development	Project delivery plan with the total cost estimate of \$300,000 was approved. This includes \$200,000 approved in 2017/18 and the additional funding of \$100,000 in 2018/19 for project resourcing and consultant engagement. Project schedule has been revised and is due to be completed in May 2019.
Children's Centres Improvement Strategy	Project has been placed on hold as Council determines their future policy direction for Children's Services. A deliberative engagement process is being designed to progress the policy following a broader review of Children's Services. This will occur prior to engaging again with the centres about the best solution for their sites.
Fishermans Bend Parking Controls Implementation	Funding of \$220,000 was approved to implement new paid and time based parking controls in parts of the Montague, Sandridge and Port Melbourne neighbourhoods. \$97,500 has been allocated to 2017/18. Project is due to be complete in September 2019.
Outdoor Fitness Station Program	Additional funding of \$31,500 has been approved to complete the installation of outdoor fitness equipment at Alma Park East. This includes on-site treatment of soil contamination and to cover the increase in costs for equipment.
Ferrars Street Education and Community Precinct - Construction of Montague Park	Project business case with total cost estimate of \$14.36 million was approved. This includes \$7.57 million for 2017/18 and \$1.95 million fast track of minor park development and streetscape works. Note: the lower construction tender price has resulted in a decrease in remediation costs of \$2.0 million. Project planned to complete in October 2018.
Smart Parking Technology	Strategic business case approved by Council to implement new smart parking technology. The scope is to procure and implement smart parking technology, incorporating software, hardware and associated support required to upgrade Council's parking technology.

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	95%	✓
80% calls answered within 30 seconds	88%	✓

Improving community engagement, advocacy, transparency and governance

	Latest Result	
90% risk and audit actions completed on time	81%	✓
90% councillor attendance at council meetings	100%	✓
90% council decisions made in public	95%	✓
0 material legislative breaches	3	✗
Average community satisfaction rating for community consultation, advocacy and decision making above 60	58	⚠

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

	Latest Result	
100% performance plans complete	89%	⚠
Total recordable injuries below 28	10	✓
Unplanned Leave (days/EFT) below 0.9	1.0	⚠
Staff turnover below 0.9%	1.6%	⚠

Ensuring sustainable financial and asset management and effective project delivery

	Latest Result	
Financial sustainability rating of low	Low	✓
Operating savings	\$530k \$207k to be banked	✓
80% of project delivery is on track	92%	✓

Legislative update

Legislative changes

No changes to legislation that may affect the City of Port Phillip were made in December.

Material legislative breaches

No breaches were recorded in December.