

# CEO Report

#43 - May 2018



# CEO Report

## Issue 43






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

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

We acknowledge and uphold their continuing relationship to this land.

## Guide to reading this report

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|--|--|
|  <b>On track</b>  | Latest result has achieved target for measure<br>Project is on track across all elements                                   |
|  <b>At risk</b>   | Latest result has not achieved target for measure<br>One or more elements of project are at risk                           |
|  <b>Off track</b> | There is a significantly large variation from targeted result for measure<br>Project is off track for one or more elements |

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

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

# "We are working towards a greener, more sustainable future."

## PETER SMITH

CEO City of Port Phillip

Welcome to the May issue of the CEO Report.

**In April we introduced a ban on single-use plastic bags at the South Melbourne Market. This is a significant step towards a greener, more sustainable future. For more information on how we are addressing the challenges of climate change see the draft Sustainable Environment Strategy. We welcome feedback on this and the draft Creative and Prosperous City Strategy, which are both out for consultation.**

### RF Julier Reserve upgrade

The upgrade works at RF Julier Reserve were complete in April and the park is now open for use again. The upgrade includes picnic amenities, tree planting, play equipment, additional seating, and paths.

### Alma Park fitness station launch

On 21 April we launched a fitness station at Alma Park that caters for all abilities. The launch included a session on how to use the equipment and incorporate it into your workouts. The fitness station is now available for use.



### Parking upgrade in Port Phillip

As part of the Smart Parking Technology project 500 parking sensors will be deployed across the City (Fitzroy Street (139), Station Pier (98), Waterfront Place (35), Carlisle Street (141) and York Street (87).

We will also provide a way finding application that shows residents and visitors where a space is available, to help manage the already scarce parking in our municipality. The technology will also enable a pay-by-phone option and allow motorists to access photos taken by parking officers.

### Tram lane in Victoria Avenue

After community consultation in November, works to install a full time tram lane in Victoria Avenue, Albert Park commenced in April. To improve safety and visibility for pedestrians crossing Victoria Avenue, new yellow lines will be painted over existing broken yellow lines. Vehicles will still be allowed to use the tram lane when turning right or overtaking parking vehicles, provided they do not cause delays or danger to trams or other users in the tram lane. Head to Council's [Traffic & Roads - Current Projects webpage](#) for more information.

### Annual Friends of Suai/Covalima Trivia Night

The annual Friends Suai/Covalima Trivia Night took place for the second year running on 6 April. All proceeds from the event support the Friends of Suai/Covalima scholarship program in Covalima, Timor-Leste. The program pays for school enrolment fees, training materials, transport and accommodation expenses for local students. Donations for the silent auction and raffle were received from local traders and residents.

### NDIS Ready

The official rollout in the City of Port Phillip of the National Disability Scheme (NDIS) began on 1 April. We are partnering with Brotherhood of St Laurence to help eligible residents living with disability to transition to the new scheme. For more information on the NDIS visit Council's [National Disability Insurance Scheme webpage](#).

### Marlborough Street

On 7 March Council resolved to redevelop land at 46-58 Marlborough Street, Balaclava into community housing. We gave public notice of our intention to sell and will accept submissions until 9 May. Officers also held drop-in sessions in April to allow people to find out more and have their questions answered.

### **CCTV for Little Grey Street**   **Middle Park Library**

We have accepted an offer of funding from the Victorian Government to provide funding for CCTV to be installed in the Little Grey Street precinct, St Kilda. This is conditional on the Victorian Government meeting all costs of buying and installing the security cameras, and the system being easily relocatable or mobile after the Fitzroy Street CCTV trial is completed.

At the Council meeting on 21 March, Council decided that the Middle Park Library will continue operating in its current form for the next 12 months while Libraries undertake a broad, service-wide future planning exercise. Following work on delivering interim branch improvements, preliminary work will commence on the forward plan for the whole library service, that will address local and future community need and identify future service delivery options across the whole municipality.

# 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

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### What has happened?

- Council presented its Stage 1 and Stage 2 submission to the Fishermans Bend Planning Review Panel (appointed by the Minister for Planning to review the proposed planning controls). This included presentation of expert evidence to support Council's priority outcomes for sustainable development, flood management, affordable housing, infrastructure delivery and urban design.
- Council also made a presentation in relation to the Montague and Sandridge precincts, with a presentation relating to the Wirraway precinct to be heard later in May.
- Council's submission supports the overall directions and intent of the proposed controls, but makes some suggested changes to ensure the Vision for the precinct is realised.
- Fishermans Bend Community Forum was held on 4 April. Topics discussed include: new parking controls, an update on the panel hearing and statutory planning updates.

### What's coming up?

- An official community open day for South Melbourne Primary School and Council's facilities will be held on 25 May.
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## Waste management

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### What has happened?

- The Inner Metropolitan Sustainability Hub executive steering committee, which includes was held including CEOs from City of Port Phillip, City of Melbourne, South East Water and Metropolitan Waste and Resource Recovery Group, met to discuss a collaborative approach to securing land, and governance options for procurement, design and operation of the hub.
- Consultation continued with the Victorian Government regarding pricing in response to the ongoing disruption in the recycling industry and Port Phillip's regional contract with SKM. There is no risk to service provision.
- Eight waste related actions are captured in the draft *Sustainable Environment Strategy*, which was released for community feedback in April.

### What's coming up?

- Workshops will be held with partners in May and June to discuss the next steps for the Inner Metropolitan Sustainability Hub and formalising funding and governance models.
  - The *Waste and Resource Recovery Strategy* establishes a framework for how we will manage waste, recycling and litter services over the next eight years. This strategy details investments in new technologies, better resource recovery and improved partnerships, which underpins our waste transformation. The draft strategy will be released for community feedback in the coming months.
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## Water management

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### What has happened?

- The *Sustainable Environment Strategy* outlines the change and collaborative actions required over the next ten (10) years to embed sustainability into Council operations and projects, to ensure the City of Port Phillip has a sustainable future. The draft strategy was released for community feedback in April.
- A concept design for Alma Park stormwater harvesting development was received and is under review by officers.
- The peer review report for Albert Park stormwater harvesting development was received and highlighted additional technical matters required for the project. Partners met on 20 April to discuss the report recommendations.
- Nominations for the Elster Creek community reference group were received.

### What's coming up?

- As part of the design for Alma Park stormwater harvesting development, officers are reviewing key elements of the project such as storage size and type while considering impact on sports field users.
  - Albert Park stormwater harvesting development project partners will consider report recommendations including the additional technical matters.
  - The managing group will endorse the Elster Creek community reference group and hold first forum.
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## Transport and parking

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### What has happened?

- Council awarded the contract for Smart Parking Technology on 4 April. This technology will help make parking more accessible, convenient and consistent across Port Phillip.

### What's coming up?

- Parking sensors will be deployed as part of the Smart Parking Technology project in 2018/19.
  - Council is developing an Integrated Transport Strategy. The challenges and opportunities this strategy will address are particularly complex and Council is taking more time to develop our proposed response. The draft strategy will be released for community feedback in the coming months.
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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>11 on track 2 at risk 0 off track</p>	<ul style="list-style-type: none"> <li>The two service measures at risk relate to maternal and child health. Quarter three results for maternal and child health participation (two measures) were below annual target (participation in MCH service 78 per cent compared to target of 85 percent, and participation in MCH service by Aboriginal children 74 per cent compared to target of 85 per cent). This is attributed to the phasing of visits and is expected to improve closer to target at year end.</li> </ul>
<p>Direction 2 We are connected and it's easy to move around</p>	<p>3 on track 0 at risk 0 off track</p>	<p>5 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> <li>The three service measures at risk relate to roads. Quarter three results are above annual targets for sealed local road requests (due to an expansion of the types of requests included since target was developed) and the two measures for cost of sealed roads (due to the target being based on m<sup>2</sup> where our cost is calculated based on m<sup>3</sup>). These measures are being reviewed as part of the draft Council Plan and Budget 2018/19.</li> </ul>
<p>Direction 3 We have smart solutions for a sustainable future</p>	<p>3 on track 2 at risk 0 off track</p>	<p>13 on track 1 at risk 0 off track</p>	<ul style="list-style-type: none"> <li>The two outcome indicators at risk relate to greenhouse gas emissions and kerbside waste diversion. The quarter three result for greenhouse gas emissions was above target (3,738tCO<sub>2</sub>e compared to target of 3,564tCO<sub>2</sub>e). Read more on page 19. The February result for kerbside waste diversion was below target (32 per cent compared to target of 35 per cent). These measures, targets and associated actions are under review through the development of the <i>Sustainable Environment Strategy</i> and the <i>Waste and Resource Recovery Strategy</i>.</li> <li>The service measures at risk relates to cost of kerbside recyclables (the quarter three result shows a slight increase in direct service costs compared to previous quarters). This measure, target and associated actions are under review through the development of the <i>Sustainable Environment Strategy</i> and the <i>Waste and Resource Recovery Strategy</i>.</li> </ul>



	Outcome indicators	Service measures	Areas for focus
<p><b>Direction 4</b> We are growing and keeping our character</p>	<p>4 on track 0 at risk 0 off track</p>	<p>15 on track 2 at risk 0 off track</p>	<ul style="list-style-type: none"> <li>The two service measures at risk relate to animals reclaimed and cost of planning service. The quarter three result for animals reclaimed was below target due to a higher volume of animals collected. The mid-year result for cost of planning service was below annual target. This is partially due to a change to the methodology for calculating the result from when the target was developed. Compared to previous year the cost is favourable, and the target is being reviewed as part of the Council Plan review process.</li> </ul>
<p><b>Direction 5</b> We thrive by harnessing creativity</p>	<p>4 on track 0 at risk 0 off track</p>	<p>6 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> <li>The three service measures at risk relate to our libraries. The quarter three results for library collection usage, active library members and visits to library per capita were below annual target. However, they are similar to the same time in previous years and are expected to reach target by year-end.</li> </ul>
<p><b>Direction 6</b> Our commitment to you</p>	<p>4 on track 0 at risk 0 off track</p>	<p>32 on track 2 at risk 1 off track</p>	<ul style="list-style-type: none"> <li>The service measures at risk relates to current assets compared to current liabilities and unrestricted cash compared to current liabilities. Both measures are at risk as a result of \$88 million cash and equivalents held at the end of March due to rates instalments and underspends within the Capital Portfolio. These measures are expected to decline towards target at year end as major projects will be completed.</li> <li>The service measure that is off track relates to material legislative breaches. The year-to-date result is four material legislative breaches compared to a target of zero. Three relate to emails sent exposing email addresses of all recipients and one is related to two departments unknowingly using the same vendor, exceeding the \$150,000 vendor threshold.</li> </ul>

# 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 March.

**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
<b>Ferrars Street Education and Community Precinct - Community Facilities <b>T</b></b>						
Deliver	✔	Project is on track. The sports and recreation courts were opened at the end of February. An assessment framework will be developed in 2018/19 to measure the outcomes and benefits of the project.	Dec 2017	Jan 2018	2,995	2,995
<b>JL Murphy Reserve Pavilion upgrade</b>						
Plan	✘	Project is off track as it is behind schedule. Construction will commence in late 2018, following the redesign of the kitchen space to better suit the clubs' requirements. Detailed design for the pavilion is progressing well in consultation with the clubs and is on schedule for completion in April. Work commenced on the establishment of the single governance model for the clubs' operation post construction, which is a requirement of the project funding.			300	300
<b>South Melbourne Life Saving Club redevelopment</b>						
Deliver	✔	Project is on track. Construction commenced on 9 April. The club has established temporary storage on the foreshore for the duration of construction. The official project launch was held on 20 April with Ministers Merlino and Foley, Life Saving Victoria and club representatives.	Apr 2020	Apr 2020	200	200
<b>In Our Backyard strategy implementation</b>						
Deliver	✘	Project is off track due to the delay in establishment of a new trust model. This will have an impact on project schedule and cost, which will be reviewed by June. The project plan will be revised following a Council decision on the trust model.	Jun 2018	Jun 2018	80	230
<b>Peanut Farm Reserve Sports Pavilion upgrade</b>						
Deliver	⚠	Project is at risk due to initial delay in procuring a construction contractor. Construction of the pavilion commenced in March and is progressing well. The official project launch was held on 13 April with Minister Foley and club representatives.	Mar 2019	Apr 2019	2,315	1,120

### Overall project status



There are 21 projects contributing to the outcomes in this direction. At the end of March two projects were considered off track: In Our Backyard strategy implementation and JL Murphy Reserve Pavilion upgrade. Refer to comments above.

## 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
<b>Integrated Transport Strategy development</b> <span style="color: red;">T</span>						
Deliver	<span style="color: yellow;">⚠</span>	Project is at risk due to delay in releasing the draft strategy for consultation resulting from need to do further work.	Jun 2018	Jun 2018	150	325
<b>Walk Plan and Bike Plan implementation 2017/18</b> <span style="color: red;">T</span>						
Deliver	<span style="color: green;">✔</span>	<p>Project is on track.</p> <ul style="list-style-type: none"> <li>Construction continued at Ingles Street and Light Rail shared path and crossing, Port Melbourne.</li> <li>Notified the community of upcoming bike infrastructure upgrades in Inkerman Street, St Kilda.</li> </ul>	Jun 2018	Sep 2018	1,040	1,040
<b>Kerferd Road safety improvements</b> <span style="color: red;">T</span>						
Plan	<span style="color: green;">✔</span>	Project is on track. Community engagement on proposed traffic treatments to improve safety for all road users will commence in May. Implementation of the trial traffic treatments will commence in June.			395	140

### Overall project status



There are 27 projects contributing to the outcomes in this direction. At the end of March 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
<b>Stormwater Management Program</b> <span style="float: right;">T</span>						
Deliver		Program is at risk due to delays in data collection and analysis for the stormwater CCTV project. Pit replacements were 95 per cent complete at various locations. Completed renewal works at North West Corner Beach and Bay Street, Port Melbourne.			1,300	1,150
<b>Waste and Resource Recovery Strategy</b> <span style="float: right;">T</span>						
Deliver		Project is on track. The draft strategy will be released for community feedback in the coming months.	Jun 2018	Jun 2018	95	95
<b>Energy Efficiency and Solar Program</b>						
Plan		Program is off track due to poor building conditions and delays to completing designs means that installation of solar panels on five buildings has been cancelled. We are assessing alternative energy efficiency improvements to deliver greenhouse gas and cost savings. Installation of solar panels at 222-228 Bank St, South Melbourne and energy efficiency improvements at St Kilda Town Hall commenced in April.			460	540
<b>Sustainability Strategy Beyond 2020 review</b>						
Deliver		Project is on track. The draft strategy was released for community feedback.	Jun 2018	Jun 2018	150	150
<b>Baseline of Municipal Greenhouse Gas Emissions development</b>						
Deliver		Project is on track. The draft report on emissions process validation was received and is being finalised. Quotes were received for commercial waste emissions analysis and are being assessed.	Jun 2018	Jun 2018	150	150
<b>Albert Park Stormwater Harvesting development</b> <span style="float: right;">T</span>						
Deliver		Project is at risk due to risks highlighted in the Concept Design Peer Review Report. It highlights that while the scheme is constructable, there are a number of risks that require further technical work to inform a final decision around viability. The risks include the high salinity of the lake water; water availability in drier periods; cost increases and reduced benefits compared to earlier evaluations. The project partners, City of Melbourne, Parks Victoria and Council have agreed to undertake the report's recommended additional technical work over the next four months, at which time there will be a further report on the scheme's viability.	Apr 2018	Jun 2019	50	138
<b>Alma Park Stormwater Harvesting development</b> <span style="float: right;">T</span>						
Plan		Project is on track. A concept design is being prepared and is scheduled for completion in April.	Jun 2018	Jun 2019	100	100

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
<b>Water Sensitive Urban Design Program</b> <span style="color: blue; font-weight: bold;">T</span>						
Deliver	<span style="color: green; font-size: 24px;">✔</span>	Project is on track. All capital works scheduled in the 2017/18 program have been constructed.	Jun 2018	Jun 2018	300	300

### Overall project status



There are 28 projects contributing to the outcomes in this direction. At the end of March the EcoCentre Service Opportunity and Energy Efficiency and Solar Program (discussed above) were considered off track.

### Off track non-major initiative project status

#### EcoCentre Service Opportunity ✘

The project is off track. The relocatable buildings have been installed, but there have been further delays to installing the decking and ramps. The internal renovation works including air-conditioning installation have been completed. The strategic business case was finalised and submitted to the Victorian Government.

## Direction 4 - We are growing and keeping our character

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
<b>Fishermans Bend Managing Growth Program</b> <span>T</span>						
Deliver	✓	Program is on track. Work progressed to prepare Council's submission to the Planning Advisory Panel supporting its written submission to the Victorian Government on the draft Fishermans Bend Framework and Amendment GC81 (proposed planning controls).	Jun 2018	Jun 2018	365	565
<b>Ferrars Street Education and Community Precinct - Construction of Montague Park</b> <span>T</span>						
Deliver	⚠	Project is at risk due to level of contamination and potential cost escalation. Works to underground high voltage power lines has commenced with CitiPower. Works have focused on drainage, soil management and installation of footings for retaining walls. At the Council Meeting on 4 April the proposed name for the park, Kirrip Park, was endorsed for community consultation between 17 April and 25 May.		Jul 2018	2,290	1,090
<b>Ferrars Street Education and Community Precinct - Streetscape Upgrade</b> <span>T</span>						
Plan	⚠	Project is at risk due to schedule uncertainty, as revised schedule requires formal confirmation and acceptance from the Victorian Government. EOI for construction works commenced with design due for completion in April.			2,638	2,638
<b>Gasworks Arts Park Contamination Management Plan</b>						
Deliver	✘	Project is off track as the Contamination Management Action Plan (CMAP) has not been received from the Department of Treasury and Finance. The CMAP was expected in early 2018 but is unlikely to be completed by 30 June. An updated timeline will be developed and communicated to stakeholders.	Jun 2018	Jun 2018	50	50
<b>St Kilda Marina New Lease</b>						
Plan	✓	Project is on track. Works are progressing in line with the revised program and budget. On 18 April Council approved the release of the draft site vision and objectives, and Opportunities and Constraints paper to the community and key stakeholders for feedback. Community and key stakeholder engagement to finalise the draft site vision and objectives is scheduled for early May.			150	150
<b>Public Spaces Strategy development</b>						
Plan	✓	Project is on track. Background research is continuing, to develop a position paper that will inform development of the strategy and community engagement in early 2018/19. Additional resources were allocated to address earlier delays due to other project priorities, and new timeframes have been developed.			50	50

### Overall project status



There are 31 projects contributing to the outcomes in this direction. At the end of March three projects were considered off track: Elwood Public Space wall replacement, Gasworks Arts Park Contamination Management Plan, Parks and Playground renewal and upgrade program.

The off track non-major initiative project status updates are presented over the page.

**Off track non-major initiative project status****Elwood Public Space wall replacement** 

Project is off track due to unsuccessful tender processes. Demolition of the wall has been scheduled for June, with construction to be delivered in line with the Elwood play space project.

**Parks and Playground renewal and upgrade program** 

Project is off track due to delays in completing consultancy work and stakeholder engagement on draft design guidelines. Project timeline and cost are under review, and will be rebaselined for the project.

## Direction 5 - We thrive by harnessing creativity

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
<b>Creative and Prosperous City Strategy development</b>						
Deliver	✓	Project is on track. The draft strategy was released for community feedback.	Jun 2018	Jun 2018	50	50
<b>Linden Gallery upgrade</b>						
Deliver	✓	Project is on track. Commenced construction of new extension and continued works on roof restoration, verandah decking and structural rebuild. The facade was cleaned and will be painted next month.	Jun 2018	Jun 2018	1,675	1,675

### Overall project status



There are 21 projects contributing to the outcomes in this direction. At the end of March three projects were considered off track: Gasworks Theatre seats replacement, Maritime Infrastructure renewal program and South Melbourne Market Building Compliance Assessment.

### Off track non-major initiative project status

#### Gasworks Theatre seats replacement ❌

Project is off track due to changes Gasworks performance schedule that impacted on the completion of investigation work. The investigation work was completed in March. Project plan is currently under review. The request for tender brief has been drafted.

#### Maritime Infrastructure renewal program ❌

Program is off track due to further investigative works required for Albert Park deflection wall. Project requirements are currently under review. Completed construction at Beacon Cove foreshore in April. Temporary works have been completed to ensure safety while a long-term repair is designed and implemented.

#### South Melbourne Market Building Compliance Assessment ❌

Project is off track due to the unsuccessful initial tender process for the building compliance assessment study. The tender evaluation panel will aim to reach a recommendation by April. Project plan is under review.



## Direction 6 - Our commitment to you

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
<b>Building Renewal Program 2017/18</b>						
Deliver	✔	Program is on track. Consultants were engaged to prepare existing conditions drawings and concept design for Sails on the Bay. Completed works at Port Melbourne Football Club, Port Melbourne Life Saving Club and St Kilda Pier kiosk. Completed works at Lilian Cannam Kindergarten, Ada Mary A'Beckett and Coventry Street, Clark Street and North St Kilda children's centre.	Jun 2018	Jun 2018	2,330	2,380
<b>Customer Experience and Business Transformation Program 2017/18 (previously Core Application Renewal and Upgrade Program)</b>						
Plan	✔	Program is on track. Project scope, schedule and cost estimates have been revised. Program business case was presented to Council on 18 April. A draft of the Operating Model Review of customer and technology functions was completed and the draft change plan was prepared for consideration in April. System procurement is likely to commence mid-year following program business case approval. Program has deferred \$1.7 million to 2018/19 to part fund future year program implementation costs.			2,500	2,500
<b>Core IT Infrastructure Renewal and Upgrade Program</b>						
Deliver	⚠	Program is at risk due to the delay in deployment of the Telephony and Call Centre Renewal project. Additional technical resources have been committed to address deployment issues and to bring the project back on track. Desktop and SOE Renewal project has reached completion and transitioned to operations in March. Program has completed three out of four projects to date.	May 2018	Jun 2018	1,792	2,422

### Overall project status



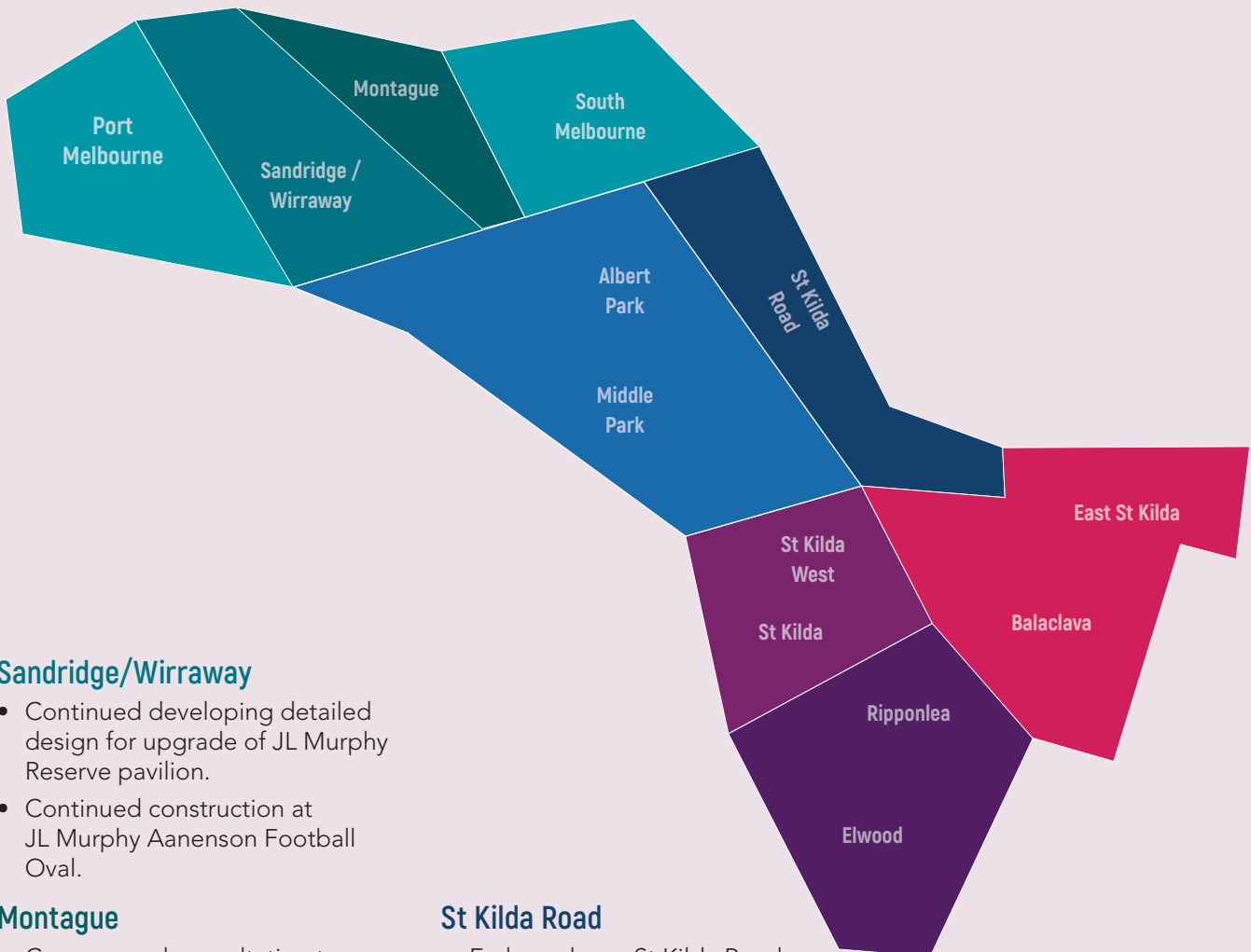
There are 17 projects contributing to the outcomes in this direction. At the end of March the Building Safety and Accessibility Program was considered off track.

### Off track non-major initiative project status

#### Building Safety and Accessibility Program ✘

Program is off track due to expansion of the St Kilda Town Hall security upgrade project to include all three town hall front counters. Remaining projects within the program are on track, with completion of all roof condition audits, commencement of tender process for design and construction for the safe roof access project and completion of designs for DDA compliance for Council buildings.

## What's happened in our local neighbourhoods?



### Sandridge/Wirraway

- Continued developing detailed design for upgrade of JL Murphy Reserve pavilion.
- Continued construction at JL Murphy Aanenson Football Oval.

### Montague

- Commenced consultation to name new park Kirrip Park.

### South Melbourne

- Continued works at South Melbourne Town Hall upgrading the lift.
- Commenced construction of safety improvements at Coventry and Tope streets as part of the Blackspot Safety Improvement initiative.

### Port Melbourne

- Completed upgrade at RF Julier Reserve.
- Completed road renewal works at Stokes Street and Heath Street.
- Completed works at Liardet Street Community Centre including DDA compliance, improvements to roof and ensuring the space was fit for purpose.

### St Kilda Road

- Early works on St Kilda Road continued, reducing the road down to one lane each way as part of the Melbourne Metro Tunnel project.

### Albert Park/ Middle Park

- Commenced construction to redevelop the South Melbourne Life Saving Club.

### St Kilda / St Kilda West

- Commenced works on upgrading paths and realigning the brick edging in the northern section of the St Kilda Botanical Gardens.
- Commenced road renewal works at Herbert Street, St Kilda.
- Installed safety bollards at Barkly and Acland streets intersection.
- Continued construction of kerb and renewal works at Deakin Street, St Kilda.

### Elwood / Ripponlea

- Held official launch of fitness station at Alma Park Reserve.
- Completed road renewal works at Dickens Street, Elwood.
- Completed construction of roundabout at Broadway and Milton Street intersection, Elwood as part of the Blackspot Safety Improvements initiative.

### Balaclava / St Kilda East

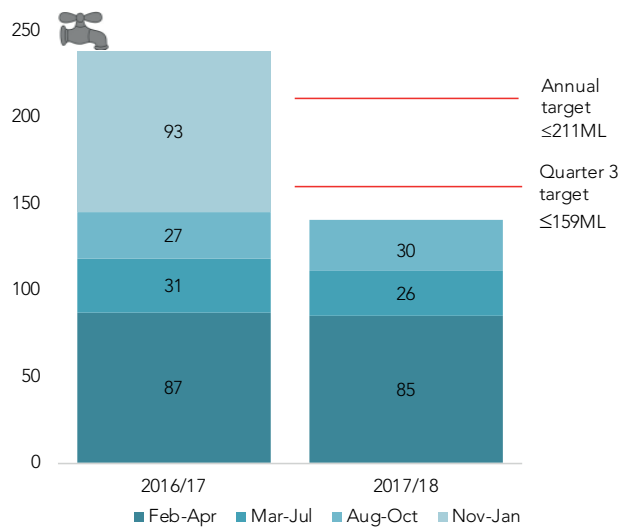
- Completed laneway works at the rear of Camdem Street, Balaclava.
- Installed drinking fountains in Carlisle Street, Balaclava.
- Completed stormwater upgrades at Gibbs and Nightingale streets, Balaclava.
- Commenced 'intention to sell' process for Marlborough Street, Balaclava affordable housing site.

## Spotlight on our performance: Sustainability

Each quarter, we track our potable water (drinking quality) usage and greenhouse gas (CO<sub>2</sub>) emissions, using best available data from our utility retailers. Each year we complete a detailed inventory of potable water use and CO<sub>2</sub> emissions. These results are checked and validated by an independent/third-party auditor.

In May 2017 91% of survey respondents rated their satisfaction with making the City of Port Phillip more sustainable as average, good or very good.

### Potable water usage

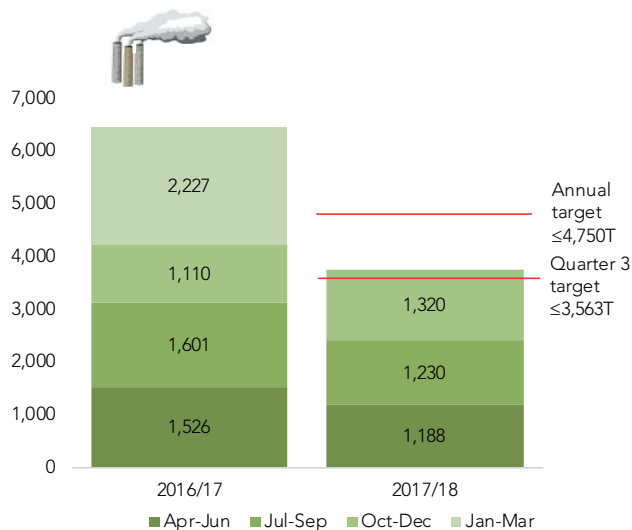


We are committed to minimising potable (drinking quality) water use to achieve and sustain a 70 per cent reduction in Council's potable water use by 2020 (based on 2000 levels of water use).

Council used 30 ML of potable water between August and October, which is less than the targeted 53 ML. Compared to the same quarter last year, there was a 12 per cent increase, which equates to 3.2 ML, in potable water usage.

Compared to the same quarter in 2016/17, our parks and gardens, public housing and childcare centres recorded significant reductions.

### Net CO<sub>2</sub> emissions



Council's net greenhouse gas emissions between October and December 2017 of 1,319 tonnes were slightly above the quarterly target 1,188 tonnes. Compared to the same quarter last year, we experienced an increase of four per cent, which equates to 111 tonnes carbon dioxide equivalent.

Compared to the same quarter in 2016/17 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 999 tonnes of greenhouse gas emissions.

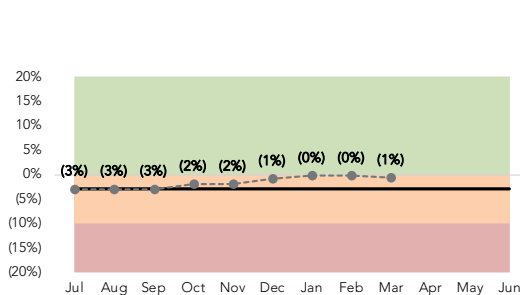
# Financial performance

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's 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

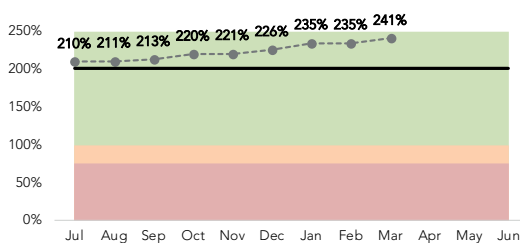
### 1.1 Net Result % (Net Surplus over Total Income)



Target: Greater than 0%      Year-end forecast: (0.7%)      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, 0.7% of total income, which is an improvement to the budget. This is mainly due to the timing of capital funds for the Ferrars Street Education and Community Precinct works now expected in 2018/19 in line with our expenditure spend.

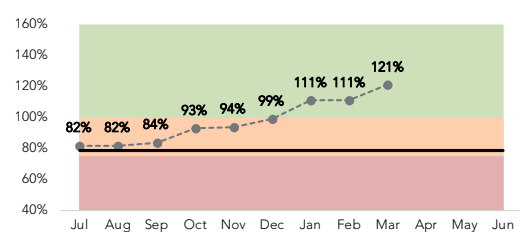
### 1.2 Working Capital % (Current Assets over Current Liabilities)



Target: Greater than 100%      Year-end forecast: 241%      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 March of 235%. Council has no issues in paying suppliers and employees when payments fall due.

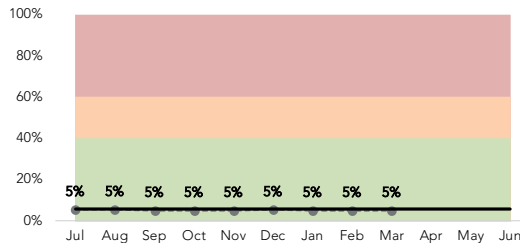
### 1.3 Internal Financing % (Net Operational Cashflows compared to Net Cash Capital Outlay)



Target: Greater than 100%      Year-end forecast: 121%      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. The full year forecast in March for Council's capital spend is lower than budgeted which results in a favourable internal financing ratio than budgeted.

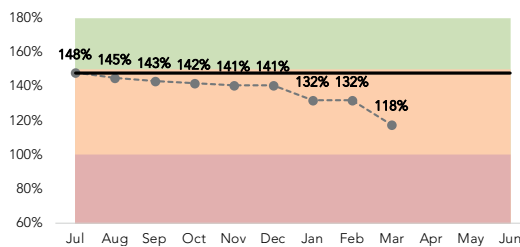
**1.4 Indebtedness % (Own Sourced Revenue compared to Non Current Liabilities)**



Target: Less than 40%      Year-end forecast: 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 March shows Council is on track to achieve budget.

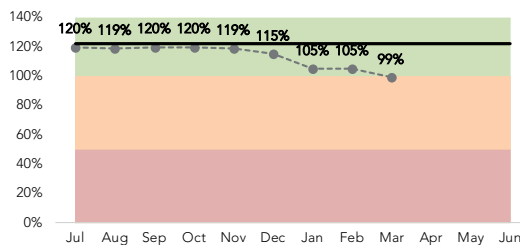
**1.5 Capital Replacement % (Total cash capital outlay / Depreciation)**



Target: Greater than 150%      Year-end forecast: 118%      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 March shows a ratio of 118% mainly due the forecast project deferrals to 2018/19 of \$6.8 million.

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



Target: Greater than 100%      Year-end forecast: 99%      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 March shows a ratio of 99% mainly due to forecast project deferrals to 2018/19 of \$6.8 million. The large capital program in 2018/19 with a ratio of 127% will lift our spend on renewal & upgrading our assets back on track.

**Key**  
 Budget 2017/18       Year end forecast

## Comprehensive Income Statement Converted to Cash March 2018

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)	%	
<b>Income</b>									
Rates and Charges	91,100	90,913	187	0%	120,834	120,769	65	0%	
Statutory Fees and Fines	17,108	17,185	(77)	(0%)	22,718	22,710	8	0%	
User Fees	27,544	27,103	441	2%	34,935	34,317	619	2%	
Grants - Operating	7,679	7,703	(25)	(0%)	9,970	9,421	549	6%	
Grants - Capital	810	810	(0)	(0%)	3,640	4,460	(820)	(18%)	
Contributions - Monetary	5,607	5,335	272	5%	8,389	7,830	559	7%	
Contributions - Non Monetary	0	0	0	0%	0	0	0	0%	
Other Income	12,315	12,267	48	0%	15,873	13,406	2,467	18%	
<b>Total Income</b>	<b>162,163</b>	<b>161,317</b>	<b>847</b>	<b>1%</b>	<b>216,360</b>	<b>212,913</b>	<b>3,447</b>	<b>2%</b>	<b>1</b>
<b>Expenses</b>									
Employee Costs	66,782	66,740	(42)	(0%)	88,264	88,637	373	0%	
Materials and Services	44,655	46,437	1,782	4%	66,633	67,581	948	1%	
Professional Services	3,536	4,987	1,451	29%	10,223	9,493	(730)	(8%)	
Bad and Doubtful Debts	3,867	2,728	(1,139)	(42%)	3,418	3,478	60	2%	
Depreciation	18,237	18,237	0	0%	24,430	24,430	0	0%	
Borrowing Costs	224	258	33	13%	460	460	0	0%	
Other Expenses	14,929	14,952	22	0%	16,801	17,442	641	4%	
Net (Profit) or Loss on Disposal of Assets	4,502	0	(4,502)	0%	7,736	7,736	0	0%	
JV Equity Accounting	0	0	0	0%	0	0	0	0%	
<b>Total Expenses</b>	<b>156,733</b>	<b>154,339</b>	<b>(2,394)</b>	<b>(2%)</b>	<b>217,964</b>	<b>219,256</b>	<b>1,292</b>	<b>1%</b>	<b>2</b>
<b>Operating Surplus / (Deficit)</b>	<b>5,430</b>	<b>6,977</b>	<b>(1,547)</b>	<b>(22%)</b>	<b>(1,604)</b>	<b>(6,342)</b>	<b>4,738</b>	<b>(75%)</b>	
<b>Income Statement Converted to Cash</b>									
<b>Adjustments for non-cash operating items:</b>									
• Add back depreciation	18,237	18,237	(0)	(0%)	24,430	24,430	0	0%	
• Add back written-down value of infrastructure assets disposals	4,614	0	4,614	0%	8,736	8,736	0	0%	
• Add back written-down value of fleet asset disposals	189	383	(193)	(50%)	510	510	0	0%	
• Add back balance sheet work in progress reallocated to operating	396	395	1	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%	
	<b>23,436</b>	<b>19,015</b>	<b>4,422</b>	<b>23%</b>	<b>34,876</b>	<b>34,876</b>	<b>0</b>	<b>0%</b>	
<b>Adjustments for investing items:</b>									
• Less capital expenditure - Infrastructure	(12,832)	(13,810)	979	(7%)	(24,000)	(31,631)	7,631	(24%)	
• Less capital expenditure - IT, Plant and Equipment	(3,141)	(3,795)	654	(17%)	(4,937)	(4,642)	(295)	6%	
	<b>(15,972)</b>	<b>(17,605)</b>	<b>1,633</b>	<b>(9%)</b>	<b>(28,937)</b>	<b>(36,273)</b>	<b>7,336</b>	<b>(20%)</b>	<b>3</b>
<b>Adjustments for financing items:</b>									
• Add New Borrowings	0	0	0	0%	0	0	0	0%	
• Less Loan Repayments	(504)	(525)	21	(4%)	(700)	(700)	0	0%	
	<b>(504)</b>	<b>(525)</b>	<b>21</b>	<b>(4%)</b>	<b>(700)</b>	<b>(700)</b>	<b>0</b>	<b>0%</b>	
<b>Adjustments for reserve movements:</b>									
• Discretionary Reserve Drawdown/ (Replenish)	4,656	4,657	(1)	(0%)	1,541	10,069	(8,528)	(85%)	
• Statutory Reserve Drawdown/ (Replenish)	(4,896)	(4,700)	(196)	4%	(3,654)	(2,155)	(1,499)	70%	
	<b>(240)</b>	<b>(43)</b>	<b>(197)</b>	<b>457%</b>	<b>(2,113)</b>	<b>7,914</b>	<b>(10,027)</b>	<b>(127%)</b>	<b>4</b>
<b>Current Year Surplus/(Deficit)</b>	<b>12,150</b>	<b>7,819</b>	<b>4,331</b>	<b>55%</b>	<b>1,522</b>	<b>(525)</b>	<b>2,047</b>	<b>(390%)</b>	
Opening balance carry forward surplus	880	880	0	0%	880	890	(10)	(1%)	
<b>Accumulated Cash Surplus</b>	<b>13,030</b>	<b>8,699</b>	<b>4,331</b>	<b>50%</b>	<b>2,402</b>	<b>365</b>	<b>2,037</b>	<b>559%</b>	

## 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 \$1.6 million:

- ⊖ (\$1.67m) Ferrars Street Education and Community precinct projects including streetscape works and Montague Community Park (interim name) are progressing towards completion in 2018/19 as planned. However \$2.0 million of works are expected to be incurred in 2018/19 financial years mainly due to additional time taken at the planning & design stage. The Victorian Government releases capital grants for this project on based on milestones, therefore, we expect to receive \$1.6 million of project funding in 2018/19.
- ⊖ (\$0.16m) The Barring Djinang Kindergarten at Ferrars Street Education and Community Precinct commenced operations later than expected which has caused a lower utilisation. Lower than anticipated income is offset by lower expenditure.
- ⊖ (\$0.15m) Melbourne Metro Rail Authority provides funding to Council on expenditure relating to the ANZAC Station on a full cost recovery basis. It is expected than Council will spend less than budgeted, therefore income reduced.
- ⊕ \$0.35m A take up of \$0.35 million of cost recovery income for remediation works performed by Council following a review of our Asset Protection Bonds Register.

### Note 2: Operating expenditure forecast increased by \$0.62 million:

- ⊕ \$0.20m The Barring Djinang Kindergarten at Ferrars Street Education and Community Precinct commenced operations later than expected which has caused a lower utilisation. Lower than anticipated expenditure fully offsets the loss in revenue.
- ⊕ \$0.17m Efficiency savings achieved from the implementation of our new disaster recovery site and from the procurement of new printer services.
- ⊕ \$0.15m Melbourne Metro Rail Authority provides funding to Council on expenditure relating to the ANZAC Station on a full cost recovery basis. It is expected than Council will spend less than budgeted, therefore income reduced.

### Note 3: Capital expenditure decreased by \$3.23 million:

- ⊖ (\$2.00m) Ferrars Street Education and Community Precinct projects including streetscape works and Montague Community Park (interim name) are progressing towards completion in 2018/19 as planned. However \$2.0 million of works are expected to be incurred in 2018/19 financial years mainly due to additional time taken at the planning and design stage.
- ⊖ (\$0.66m) The lower than budgeted expenditure in 2017/18 for the Parking Technology Upgrades project of \$0.66 million is due to two part:
  - lower tender prices to save Council \$0.51 million
  - parking sensors to be installed in 2018/19 (deferral of \$0.15 million) as per delivery schedule submitted by winning tender.
- ⊖ (\$0.20m) Allowance for unplanned fleet purchase not required. This has been realised as savings.
- ⊖ (\$0.26m) Planned building works for the Palais Theatre to rescheduled to accommodate tenant's schedule.

### Note 4: Net drawdown on reserves increased by \$2.21 million:

- ⊖ \$0.71m Lower drawdown on reserves due to projects deferrals including Ferrars St precinct works, parking technology upgrades, Palais Theatre works, and other minor project deferrals.
- ⊖ \$1.50m Asset Renewal Reserve increased for future renewal and upgrade works.



## Changes to the portfolio

The City of Port Phillip has a project portfolio consisting of over 140 programs and projects with a total budget of over \$53.2 million.

The table below outlines changes to the project portfolio during March 2018.

Project	Change
Port Melbourne Waterfront Place Precinct Design Guidelines	An additional \$38,500 has been requested to complete this project. This will cover the design guideline (draft revision) and stakeholder engagement. Project completion to be revised to November 2018.
Soil Contamination Management Plan 2017/18	Project scope and schedule have been revised. Scope change includes replacing ISO14001 Certification with evaluation by consultant to advise on the cost and time it would take to achieve ISO14001 Certification. Project completion date has been brought forward by six months and is due to be completed by June.
Public Space Lighting Expansion Program	Project completion to be extended by five months to June due to the lead time required to deliver the lights in Peanut Farm Reserve St Kilda. Project completion has been revised to June 2018.
Building Safety and Accessibility Program	Within the program, Safe roof access delivery project has deferred \$290,000 to 2018/19 due to procurement delays. The program completion has been revised to November 2018.
Fitzroy Street Streetscape Upgrade Stage 2	This is a PTV/CoPP Partnership project. A deferral of \$200,000 to 2018/19 due to the delay to concept design works. Project completion has been revised to June 2019.
Ferrars Street Education and Community Precinct - Streetscape Upgrade	The total project cost is \$3,609,500 of which \$834,000 to be spent in 2017/18. A deferral of \$1.3 million to 2018/19 due to additional time taken to complete planning and design. Project is due to complete in December 2018.
Ferrars Street Education and Community Precinct - Construction of Montague Park	A deferral of \$700,000 to 2018/19 due to contractual invoicing delay. Project completion remains unchanged and is due in October 2018.
Footpath Renewal Program	An additional funding of \$60,000 to fund the reinstatement of the footpath at 101-105 Punt Road. Project completion remains unchanged and is due in June.
South Melbourne Market Strategic Business Case	A deferral of \$108,000 to 2018/19 due to delay in completing the request for quote process. Project completion has been extended by two months and is due in June 2019.
Foreshore Assets Renewal and Upgrade Program	An additional funding of \$171,000 is required to cover scope changes to Point Ormond Landscape works, Minor works, St Kilda Promenade Safety Controls, Bike path renewal and to fund Brookes Jetty boom gate. Port Phillip to fund \$71,000 and \$100,000 to be funded by Victorian Government. Project completion remains unchanged and is due in June.
South Melbourne Community Centre Upgrade	A deferral of \$120,000 to 2018/19 due to the unsuccessful initial public tender process in November 2017. Project completion to be extended by three months and is due in February 2019.
Domain Precinct Metro Tunnel Project	The Domain Precinct Team working on the Metro Tunnel Project is fully funded by the Melbourne Metro Rail Authority. Funding has been reduced by \$152,000 to \$520,000 due less expenditure this year.
Integrated Transport Strategy Development	Project has a saving of \$42,000 due to lower than anticipated cost for data collection and analysis, and position papers. Project cost for 2017/18 has been revised to \$283,000. Project completion remains unchanged and is due in June 2018.
Water Sensitive Urban Design Program	Project has a saving of \$52,000 due to lower than anticipated cost in completing works at Derham Street raingarden. Project completion remains unchanged and is due in June 2018.
Health and Safety Improvement Project	Project scope has been revised to also include compliance requirements as described in the National Self-Insurer OHS Management System Audit Tool. Project completion has been revised to June 2020.



## Organisational scorecard

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

### 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	71%	⚠

### Improving community engagement, advocacy, transparency and governance

	Latest Result	
90% risk and audit actions completed on time	96%	✓
90% councillor attendance at Council meetings	100%	✓
90% Council decisions made in public	94%	✓
0 material legislative breaches	4	✗
Average community satisfaction rating for community consultation, advocacy and decision making above 60	58	⚠

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

	Latest Result	
100% performance plans complete	74%	⚠
Total recordable injuries below 28	10	✓
Unplanned Leave (days/EFT) below 0.9	1.1	⚠
Staff turnover below 0.9%	0.7%	✓

### Ensuring sustainable financial and asset management, and effective project delivery

	Latest Result	
Financial sustainability rating of low	Low	✓
Operating savings	\$1185k \$152k to be banked	✓
80% of project delivery is on track	92%	✓

## Legislative update

### Legislative changes

Below are the legislative changes for March 2018 that may affect the City of Port Phillip.

Legislation	Assent date	Impact
<i>Family Violence Protection Amendment Act 2017</i>	27 March 2018	To amend the <i>Public Health and Wellbeing Act 2008</i> in relation to the inclusion of family violence measures in municipal public health and wellbeing plans
<b>Statutory Rule:</b> <i>Magistrates' Court (Family Violence Protection) Amendment Rules 2018</i>	29 March 2018	To amend the <i>Magistrates' Court (Family Violence Protection) Rules 2008</i> as a result of amendments made to the <i>Family Violence Protection Act 2008</i> .
<b>Statutory Rule:</b> <i>Domestic Animals Amendment (Puppy Farms and Pet Shops) Regulations 2018</i>	10 April 2018	To prescribe matters relating to dog obedience training organisations, commercial dog breeder approvals, animal sale permits and caged bird sales, infringement penalties and offences and other matters for the purposes of the <i>Domestic Animals Act 1994</i> .
<b>Statutory Rule:</b> <i>Building Regulations 2018</i>	2 June 2018	To remake the regulations that control the design, construction and use of buildings and places of public entertainment, to prescribe standards for the construction and demolition of buildings; to prescribe standards of safety for places of public entertainment; to regulate matters relating to the use and maintenance of buildings and places of public entertainment; and to provide for matters for the purposes of the <i>Building Act 1993</i> .

### Material legislative breaches

There were no legislative breaches recorded in March.

Year-to-date, four breaches have been recorded. Three related to emails sent exposing email addresses of all recipients and one related to two departments unknowingly using the same vendor, exceeding the \$150,000 vendor threshold.