

City of Port Phillip Performance Statement

For the year ended 30 June 2021

Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014* (as per the transitional provisions of the *Local Government Act 2020*).

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 28 June 20X4 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

About the City of Port Phillip

The City of Port Phillip is located south of Melbourne's city centre on the northern shore of Port Phillip Bay. The foreshore stretches over 11 kilometres. A network of public open spaces makes the City a desirable place for residents and visitors to enjoy. Significant employment areas within Port Phillip include the St Kilda Road office district, and the industrial, warehousing and manufacturing districts in South Melbourne, Port Melbourne and Fishermans Bend.

The City of Port Phillip is one of the smallest and most densely populated municipalities in Victoria, covering an area of 20.6 kilometres and being home to 119,379 people¹. Our population will continue to grow with Fishermans Bend expecting to be home to around 80,000 residents and provide jobs for 40,000 over the next four decades.

¹ Source: ABS Estimated Residential Population (ERP), Regional Population Growth, Australia (2401.0) as at 30 June 2021

Sustainable capacity indicators

For the year ended 30 June 2021

Indicator / measure	Results				Material Variations
	2018	2019	2020	2021	
Population					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,960.69	\$1,977.99	\$1,989.31	\$1,831.72	The decrease in this result compared to prior years is attributed to significant reductions in expenditure across all areas due to the ongoing restrictions and shutdowns mandated by the State Government in response to the Covid-19 pandemic. Council has continued to ensure essential services are available to our community and have limited expenditure where possible to ensure community support packages are available. This included review of contract rates and freezes on recruitment. In addition, the new ERP implemented on 1 July 2020 enabled a full review of asset data and adjusted useful lives seeing a reduction in depreciation expenses, particularly buildings.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$5,659.57	\$6,287.75	\$6,175.51	\$6,070.61	This result has slightly decreased from prior years due to significant delays in expending the capital works program as a result of government mandated shutdowns during the financial year in response to Covid-19.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	416.59	425.56	436.23	437.88	
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,785.99	\$1,805.92	\$1,827.14	\$1,728.81	This result has declined from prior years due decreases in user fees, statutory charges and other income as a result of Council providing fee waivers and deferrals to support to businesses and

					community members impacted by the ongoing government mandated Covid 19 restrictions.
Recurrent grants					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$100.75	\$97.92	\$93.40	\$83.12	This result has been impacted by the early receipt of the Victorian Grants Commission federal funding and Covid funding in previous financial years.
Disadvantage					
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	10.00	10.00	10.00	10.00	
Workforce turnover					
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	11.8%	18.0%	14.2%	14.9%	Staff turnover remained consistent with previous years despite a slight increase. Melbourne has a very competitive labour market and City of Port Phillip staff are well regarded in their profession which makes them sought after for roles elsewhere.

Definitions

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"infrastructure" means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"population" means the resident population estimated by council

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Service performance indicators

For the year ended 30 June 2021

Service/indicator/measure	Results				Material variations
	2018	2019	2020	2021	
Animal Management					
Health and safety					
<i>Animal management prosecutions</i>	New in 2020	New in 2020	100.00%	100.00%	The number of animal management prosecutions has increased by 1 since 2019/20, from 6 prosecutions to 7 in 2020/21. Port Phillip City Council has been diligent with education on responsible pet ownership and successfully prosecuted all serious dog attacks along with resolving animal related issues with a consistent and proactive approach.
[Number of successful animal management prosecutions]					
Food Safety					
Health and safety					
<i>Critical and major non-compliance outcome notifications</i>	100.00%	100.00%	100.00%	100.00%	Council has achieved a 100 per cent follow-up inspection rate of all major or critical non-compliances identified within registered food premises throughout the reporting period.
[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100					
Governance					
Satisfaction					
<i>Satisfaction with council decisions</i>	57	59	58	60	Community satisfaction with Council decisions increased by two points compared to last year.

Service/indicator/measure	Results				Material variations
	2018	2019	2020	2021	
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					
Libraries					
Participation					
<i>Active library members</i> [Number of active library members / Municipal population] x100	20.39%	18.63%	18.46%	17.62%	Active library membership has remained reasonably stable despite the impact of COVID-19 on some services and physical access to library branches.
Maternal and Child Health (MCH)					
Participation					
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	84.80%	74.28%	87.38%	83.49%	Participation decreased slightly, just falling short of the target of 85 per cent. As a result of the COVID-19 restrictions lead to some families of older children (2 years and 3.5 years) declining a telehealth appointment preferring to wait for a face to face appointment, which may have resulted in less overall participation.
Participation					
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	94.74%	80.00%	95.00%	94.29%	Participation in MCH service by Aboriginal children remained consistent with previous years and met target.
Roads					

Service/indicator/measure	Results				Material variations
	2018	2019	2020	2021	
Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	67	68	69	67	A two point drop was experienced compared to previous years and fell just below target.
Statutory Planning					
Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	61.04%	72.22%	77.13%	75.00%	Decisions upheld at VCAT remained consistent with previous years. Allowing for mediated and withdrawn outcomes, Council decisions upheld at VCAT for this financial year is actually 90.9%.
Waste Collection					
Waste diversion Kerbside collection waste diverted from landfill	31.71%	29.18%	30.47%	31.99%	Kerbside waste diverted from landfill remains below target, as high levels of waste continue

Service/indicator/measure	Results				Material variations
	2018	2019	2020	2021	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					to be generated with many people still working from home. Contamination of kerbside bins remained high, though the efforts of the 'Recycling Reset campaign' affected a 24% decrease in contamination in the areas audited. The eleven-month Elwood Food Organics and Garden Organics (FOGO) trial diverted an estimated total of 120 tonnes of FOGO materials from participating properties, indicating a good opportunity for future waste diversion.

Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

"class 1 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the Food Act 1984

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the Occupational Health and Safety Act 2004.

Financial performance indicators

For the year ended 30 June 2021

Dimension / indicator / measure	Results				Forecast				Explanation
	2018	2019	2020	2021	2022	2023	2024	2025	
Efficiency									
Revenue level									
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	New in 2020	New in 2020	\$1,754.55	\$1,773.54	\$1,838.35	\$1,858.11	\$1,889.53	\$1,921.26	This has increased slightly in line with increased rates revenue in 2020/21 and is expected to increase in future years in line with forecast rates increases.
Expenditure level									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,006.31	\$3,072.16	\$3,142.99	\$2,865.36	\$3,179.79	\$3,133.48	\$3,210.02	\$3,247.24	The decrease in this result compared to prior years is attributed to significant reductions in expenditure across all areas due to the ongoing restrictions and shutdowns mandated by the State Government in response to the Covid-19 pandemic. Council has continued to ensure essential services are available to our community and have limited expenditure where possible to ensure community support packages are available. This included review of contract rates and freezes on recruitment. In addition, the new ERP implemented on 1 July 2020 enabled a full review of asset data and adjusted useful lives seeing a reduction in depreciation expenses, particularly buildings.

Dimension / indicator / measure	Results				Forecast				Explanation
	2018	2019	2020	2021	2022	2023	2024	2025	
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	265.45%	267.52%	360.39%	309.49%	328.78%	304.71%	287.69%	295.55%	Council can comfortably meet its short-term financial commitments. This ratio remains high compared to year on year targets as a result of Councils excessive cash and cash equivalent balance due to project spend delays with the capital works program significantly impacted by ongoing Government shutdowns in response to the COVID-19 stay and home orders. The ratio has declined from prior year due to the \$7.5 million loan being recognised as a current liability as it is due for repayment in the 2021/22 financial year, however we expect this ratio to continue at high levels as the economy recovers and no new borrowings are undertaken.
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i>	-50.19%	-85.93%	-207.81%	-104.41%	-136.87%	109.95%	-114.44%	-120.87%	Councils unrestricted cash ratio has increased from -207.81% to -67.37% as a result of more funds being placed in short term investments. This is due to limited investment options in the COVID-affected financial market and Councils ongoing commitment to increasing investment returns and invest in green products where possible. Council has \$120 million of cash and other financial assets, with \$64.3 million of this being restricted. This will fund the completion of projects in future years, placing Council in a strong position to continue to meet its financial obligations, as reflected in the working capital ratio.

Dimension / indicator / measure	Results				Forecast				Explanation
	2018	2019	2020	2021	2022	2023	2024	2025	
[Unrestricted cash / Current liabilities] x100									
Obligations									
Asset renewal									
<i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	New in 2020	72.23%	75.37%	144.42%	197.95%	149.76%	139.38%	Due to continuing deferral and delay of the capital works program in 2020/21 in response to the COVID-19 pandemic and ongoing State Government mandated shutdowns during the financial year, Council did not achieve their target on this ratio. This is expected to improve in future years as restrictions ease.
Loans and borrowings									
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	6.79%	7.15%	5.81%	5.61%	0.00%	0.00%	0.00%	0.00%	This has slightly improved due to rates revenue increasing year on year while borrowings remain at the same level. The \$7.5 million loan will be repaid in the 2021/22 financial year and there are no new borrowings planned in the future therefore the future forecast of this ratio is 0%.
Loans and borrowings									
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.82%	0.67%	0.27%	0.26%	5.68%	0.00%	0.00%	0.00%	This has remained consistent to prior year as a result of borrowings repayments remaining at the same level, due to the \$7.5 million loan being interest only. The loan will be repaid in full in the 2021/22 financial year and there are no new borrowings planned in the future therefore the future forecast of this ratio is 0%.
Indebtedness									

Dimension / indicator / measure	Results				Forecast				Explanation
	2018	2019	2020	2021	2022	2023	2024	2025	
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	5.25%	5.29%	5.52%	1.46%	1.98%	1.94%	1.91%	1.87%	Due to continuing deferral and delay of the capital works program in 2020/21 in response to the COVID-19 pandemic and ongoing State Government mandated shutdowns during the financial year, Council did not achieve their target on this ratio. This is expected to improve in future years as restrictions ease.
Operating position									
Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	-3.34%	-3.37%	-2.89%	3.50%	-2.00%	0.46%	-0.80%	-0.17%	This result has improved from the prior year due to an increased operating surplus from prior years. This has been impacted by reductions in expenditure in response to COVID-19 restrictions, and improved depreciation and asset sales as well as the early receipt of grant funding for ongoing programs which offset the impact of fee waivers and deferrals as part of Councils community support package.
Stability									
Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	57.51%	57.56%	57.73%	60.46%	59.13%	59.03%	59.33%	59.26%	This result has increased from prior years due to a decline in other revenue streams which are related to fee waivers and deferrals to provide support to businesses and community members impacted by the ongoing government mandated COVID-19 restrictions. This is expected to remain consistent in future years.
Rates effort Rates compared to property values	0.20%	0.18%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	This result has remained consistent with prior years and targets.

Dimension / indicator / measure	Results				Forecast				Explanation
	2018	2019	2020	2021	2022	2023	2024	2025	
[Rate revenue / Capital improved value of rateable properties in the municipality] x100									

Definitions

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS (Australian Accounting Standards)

"current liabilities" has the same meaning as in the AAS (Australian Accounting Standards)

"non-current assets" means all assets other than current assets

Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* (as per the transitional provisions of the *Local Government Act 2020*).

Dennis O’Keeffe CA
Principal Accounting Officer

Date: / /2021
St Kilda

In our opinion, the accompanying performance statement of the (council name) for the year ended 30 June 2021 presents fairly the results of council’s performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* (as per the transitional provisions of the *Local Government Act 2020*).

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.

Louise Crawford
Mayor and Councillor

Date: / /2021
St Kilda

Marcus Pearl
Deputy Mayor and Councillor

Date: / /2021
St Kilda

Peter Smith
Chief Executive Officer

Date: / /2021
St Kilda