

City of Port Phillip Performance Statement

For the year ended 30 June 2019

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.

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, the prescribed financial performance indicators and measures and 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. Explanations are provided where the previous results are outside a ten per cent materiality threshold.

The forecast figures included in the Performance Statement are those adopted by Council in its Strategic Resource Plan on 19 June 2019 and forms part of the Council Plan 2017-27. 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 from the Council website at: http://www.portphillip.vic.gov.au/council_plan_budget.htm

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 113,200 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 (3318.0) as at 30 June 2019

Sustainable capacity indicators

For the year ended 30 June 2019

Indicator / measure	Results					Material variations
	2015	2016	2017	2018	2019	
Population						
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,701.51	\$1,737.12	\$1,818.52	\$1,960.69	\$1,977.99	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$5,516.95	\$5,528.54	\$5,739.61	\$5,659.57	\$6,287.75	This result is driven by the increase in infrastructure asset valuations as well as capital expenditure.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	388.32	396.77	401.75	416.59	425.56	
Own-source revenue						
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,573.38	\$1,668.41	\$1,730.46	\$1,785.99	\$1,805.92	
Recurrent grants						
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$111.46	\$85.52	\$110.68	\$100.75	\$97.92	
Disadvantage						
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	10.00	10.00	10.00	10.00	10.00	

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 2019

Service/indicator/measure	Results					Material variations
	2015	2016	2017	2018	2019	
Animal Management						
Health and safety						
<i>Animal management prosecutions</i>	4	5	2	6	6	Council officers resolve animal related issues in a consistent proactive approach with those involved resulting in less cases prosecuted and remaining under our target of less than 10.
[Number of successful animal management prosecutions]						
Food Safety						
Health and safety						
<i>Critical and major non-compliance outcome notifications</i>	95.55%	99.11%	99.28%	100.00%	100.00%	Strong work continues in the area of critical and major non-compliance notifications followed up on time meeting our target of 100 per cent.
[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						

Service/indicator/measure	Results					Material variations
	2015	2016	2017	2018	2019	
Governance						
Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	60	59	57	57	59	The result indicates an increase from the previous years' reflecting strong consultation and engagement opportunities with the community to ensure Council decisions are informed by the community's views.
Home and Community Care (HACC)						
Participation <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	22.22%	20.2%	Reporting ceased 1 July 2016	Reporting ceased 1 July 2016	Reporting ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
Participation <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	16.79%	14.7%	Reporting ceased 1 July 2016	Reporting ceased 1 July 2016	Reporting ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs

Service/indicator/measure	Results					Material variations
	2015	2016	2017	2018	2019	
Libraries						
Participation						
<i>Active library members</i> [Number of active library members / Municipal population] x100	20.14%	19.4%	19.21%	20.39%	18.63%	The number of active library members has decreased by 1,429 from 2017/18. The decreasing trend in participation reflects the emergence of online materials.
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	83.55%	84.2%	82.89%	84.80%	74.28%	The transition to the new state-wide Child Development Information System (CDIS) for the full 2018/19 year resulted in more accurate data, reduced duplication and targeted appointment reminders which has improved data related to 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	69.05%	87.2%	84.48%	94.74%	80.00%	The transition to the new state-wide Child Development Information System (CDIS) for the full 2018/19 year has resulted in more accurate data. Continued efforts and being culturally responsive by MCH staff has continued to maintain attendance by children of Aboriginal descent at a consistent rate.

Service/indicator/measure	Results					Material variations
	2015	2016	2017	2018	2019	
Roads						
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]	73	70	70	67	68	A significant amount of resealing roads has been undertaken increasing the result to 68 one point higher from the previous year and in line with other metropolitan Councils.
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	73.08%	70.91%	70.00%	61.04%	72.22%	The overall result has increased, however when we include mediated and withdrawn outcome, Council decisions upheld at VCAT is 87 per cent.
Waste Collection						
Waste diversion						
<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	34.5%	34.1%	32.94%	31.71%	29.18%	The diversion of recyclables to landfill in 2019 caused a drop in the overall result. Council maintains a strong focus on reducing the amount of waste going to landfill. The Don't Waste It! Waste Management Strategy will provide the blueprint for how Council and the community work together to create a more sustainable future for Port Phillip and the way waste, recyclables and organics is managed moving forward.

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 2019

Dimension / <i>indicator / measure</i>	Results					Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Efficiency										
Revenue level										
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,359.31	\$1,434.05	\$1,429.76	\$1,502.47	\$1,544.17	\$1,583.07	\$1,621.27	\$1,661.01	\$1,701.01	
Expenditure level										
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,623.49	\$2,619.67	\$2,798.66	\$3,006.31	\$3,072.16	\$3,013.82	\$2,978.23	\$2,952.00	\$3,002.31	
Workforce turnover										
<i>Resignations and terminations compared to average staff</i>	9.95%	10.43%	10.00%	11.75%	18.04%	10.05%	10.01%	10.02%	10.07%	Staff turnover has increased compared to previous years. One of the key reasons is that Melbourne has a very competitive labour market and City of Port

Dimension / <i>indicator</i> / measure	Results					Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100										Phillip staff are well regarded in their profession which makes them well placed for roles elsewhere. There was also a range of planned organisational change that occurred throughout the year, with one of the most significant being in our digital area as a result of our CX program. We are currently finalising a People and Culture strategy which outlines how we plan to invest in our people and support them to operate at the best of their ability and attract and retain talent. This will be a key focus in the 2019/20 financial year.
Liquidity										
Working capital										
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	220.88%	243.22%	231.65%	265.45%	267.53%	167.29%	142.91%	173.53%	182.34%	
Unrestricted cash										

Dimension / <i>indicator / measure</i>	Results					Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	15.35%	-10.44%	-41.14%	-50.19%	-85.93%	36.61%	35.73%	50.66%	66.91%	Councils unrestricted cash ratio has decreased to -81.59 due to funds being placed in long term investments, including current financial assets. This has seen Council achieve optimal investment returns as a result of strong cash management. Council has \$86.26 million of cash and other financial assets (investments), \$30.82 million of which is restricted, placing Council in a strong position to meet its financial obligations, as reflected in the working capital ratio. In future years Council expect this ratio to improve as more funds are held in shorter termed investments, and current liabilities decrease.
Obligations										
Asset renewal										

Dimension / <i>indicator</i> / measure	Results					Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	73.23%	71.91%	91.98%	57.58%	62.64%	77.03%	75.95%	77.54%	84.09%	
<i>Loans and borrowings</i> <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	8.47%	8.02%	7.47%	6.79%	7.14%	6.67%	6.39%	6.12%	5.86%	
<i>Loans and borrowings repayments compared to rates</i>	0.97%	0.98%	0.92%	0.82%	0.67%	0.90%	0.86%	6.20%	0.87%	This result has improved marginally from prior year due to a decline in

Dimension / <i>indicator</i> / measure	Results					Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100										repayment of finance lease liabilities as the leases have reached the end of their term. We expect this ratio to increase in future years as new lease arrangements are entered into, and also the impact of new accounting standard which will see additional leases recognised on the statement of financial position, as well as their borrowing costs.
<i>Indebtedness</i> <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	6.65%	6.40%	5.85%	5.25%	5.29%	5.33%	1.70%	5.06%	4.92%	
Operating position <i>Adjusted underlying result</i> <i>Adjusted underlying surplus (or deficit)</i>										
	-0.64%	1.03%	1.25%	-3.34%	-3.37%	-1.55%	1.34%	3.68%	4.01%	

Dimension / <i>indicator</i> / measure	Results					Forecast				Explanation
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100										
Stability										
Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	60.23%	61.21%	58.67%	57.51%	57.56%	59.14%	59.62%	60.23%	60.54%	
Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.22%	0.23%	0.20%	0.20%	0.18%	0.17%	0.16%	0.15%	0.15%	This result has shifted marginally as a result of the impact of significant increases in property values in certain areas of the municipality. This is expected to shift in future years as result of the 2019/20 valuation seeing a decline in values and an increase in the rate in the dollar.

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*, the Local Government (Planning and Reporting) Regulations 2014.

Dennis O’Keeffe CA
Principal Accounting Officer

Date: / /2019
St Kilda

In our opinion, the accompanying performance statement of the City of Port Phillip for the year ended 30 June 2018 presents fairly the results of Council’s performance in accordance with the *Local Government Act 1989*, the Local Government (Planning and Reporting) Regulations 2014.

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.

Dick Gross
Mayor and Councillor

Date: / /2019
St Kilda

Louise Crawford
Deputy Mayor and Councillor
Date: / /2019
St Kilda

Peter Smith
Chief Executive Officer

Date: / /2019
St Kilda