

CEO Report

#52 - March 2019



CEO Report




Issue 52



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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

- | | |
|--|--|
|  On track | Latest result has achieved target for measure Project is on track across all elements |
|  At risk | Latest result experienced a minor miss in relation to target measure One or more elements of project are at risk |
|  Off track | There is a significantly large variation from targeted result for measure Project is off track for one or more elements |

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.

"Each year we seek to understand residents perceptions of our services."

PETER SMITH

CEO City of Port Phillip

Welcome to the March issue of the CEO Report.

Every twelve months the City of Port Phillip elects to take part in a survey of residents to monitor perceptions about Council services and living in the City of Port Phillip.

Community Satisfaction Survey

This survey is facilitated by Local Government Victoria which is benchmarked across Victorian councils. Sixty three councils are participating in the survey this year.

This information is used to report on Council performance, gain insight into community sentiments about living in the City of Port Phillip and identify areas for further investigation and improvement potential.

This year's annual survey is running from late January into March 2019.

A report is expected to be presented to Council in June 2019.



Major events calendar 2019/20

An expression of interest (EOI) was undertaken in December 2018 seeking submissions to build the major events calendar and secure long-term markets for 2019/20.

As a result of the EOI, the major events calendar was finalised in February including 35 outdoor major events and two long term markets. While most major events are located in St Kilda due to proximity of public transport, size of sites, separation from residents and branding of event, efforts have been made to move suitable events outside St Kilda and across the municipality. The calendar of events hold a mix of sporting, cultural, music and food events, catering for all ages and attract people with varying interests and backgrounds.

South Melbourne Market appointment of committee

I would like to thank the outgoing members of the South Melbourne Market Management Committee, Councillor Voss, Councillor Simic and Councillor Bond. The committee oversees the market's performance and direction, ensuring its financial viability, its pre-eminent position as a community resource and its position as a dynamic retailer.

St Kilda Marina lease

A public notice went out to invite submissions from interested parties on an interim three-year lease to the current lease holder of St Kilda Marina. Submissions close on 12 March and Council will hear submissions on 20 March.

Appointment of General Manager

Tony Keenan was announced as General Manager Community and Economic Development after joining us as Interim General Manager in November 2018. Tony brings extensive and highly relevant senior leadership experience from the not-for-profit sector. He is a well known leader in public policy, homelessness, youth issues and social inclusion and has made a significant contribution in community leadership roles. I welcome him to the Executive Leadership Team.

Recycling crisis

Port Phillip is disappointed to divert recyclable materials to landfill while recyclables processor SKM responds to an EPA order to close and manage its stockpiled recyclables at four plants.

From 18-22 February, we have diverted approximately 200 tonnes of recyclables from our scheduled weekly collections to landfill.

The Metropolitan Waste and Resource Recovery Group, who manages Council's contract with SKM, have asked SKM to inform councils as soon as possible on when it expects its operations to resume. In the meantime, we will continue to collect recycled and waste as scheduled and are doing what we can to minimise the amount of recyclables going to landfill.

Transforming the City

The Council Plan 2017-27 sets out four areas where Council will focus its effort to see significant transformation over the next 10 years.

Fishermans Bend

What has happened?

- Precinct planning work continued.
- Commenced work on community engagement approach.
- Streetscape works continued, with majority of the works in Railway Place and Douglas Street.
- Officers received the first draft of modelling

What's coming up?

- Precinct and service planning will continue.
 - Complete landscaping at Ferrars Street.
-

Waste Management

What has happened?

- Recruitment and commencement of two officers to implement strategy programs
- Commenced assessment options for pilot trials of food waste recycling program.
- Commenced new e-waste collection service at Libraries at Albert Park, Port Melbourne and St Kilda enabling residents to easily recycle any unwanted electronic items with a cord or battery.

What's coming up?

- Undertake market research to better understand how to create change within the community relating to waste generation and recycling habits.
 - Finalise the use of recycled plastics within road base for three streets in the municipality.
-

Water management

What has happened?

- Refer to page 12 for an update on Albert Park and Alma Park stormwater harvesting schemes.
- Commenced planning for Water Sensitive Urban Design, increased permeability and Stormwater Harvesting opportunities as part of the development of the Water Sensitive City Plan

What's coming up?

- Issue request for quote for stormwater harvesting opportunity assessment and flood planning to feed into Water Sensitive City Plan.
 - Invite attendees to participate in workshop providing input into Water Sensitive City Plan.
-

Transport and parking

What has happened?

- Completed the design of intersection treatments, cross sections as inputs into precinct planning, and as the basis for Infrastructure Contributions Plan for Fishermans Bend.
- Commenced data collection recent implementation of parking machine and time restrictions in Fishermans Bend.
- Work is underway to install 16 new on-street car share bays by June 2019.
- Continue to liaise with the Victorian Government to progress the delivery of transport commitments, including St Kilda Road Central Bike Lanes, Shrine to Sea corridor, Park Street Tram Link and the development of a Movement and Place Strategy for St Kilda Junction.







What's coming up?







- Review applications for round two of new car share bays.
 - Continue to liaise with the Victorian Government to progress the delivery of multiple transport related projects.
-

Council scorecard

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

Where possible measures are updated on a monthly basis, otherwise data from previous period are reported below.

| | Outcome indicators | Service measures | Areas for focus |
|---|---|---|--|
| <p>Direction 1 We embrace difference, and people belong</p> |  <p>2 on track 1 at risk 0 off track</p> |  <p>5 on track 7 at risk 0 off track</p> | <ul style="list-style-type: none"> The outcome indicator at risk relates to residents that agree Port Phillip is welcoming and supportive for everyone (annual survey conducted in February 2018) which remained stable and just below target (93 per cent compared to >95 per cent). Four of the service measures at risk relate to community satisfaction survey results (conducted in February 2018), conducted in (recreational facilities, services contributing to health and wellbeing of the community, supporting older people and people with disabilities and family, youth and children), where a slight decrease was experienced and results dropped below target. Participation in first MCH home visit and participation in MCH service fell slightly below target (95.62 per cent and 62.17 per cent respectively compared to 100 per cent). These measures are cumulative measures and are expected to increase as the year progresses, although slightly below the same period last year. |
| <p>Direction 2 We are connected and it's easy to move around</p> |  <p>3 on track 0 at risk 0 off track</p> |  <p>6 on track 2 at risk 0 off track</p> | <ul style="list-style-type: none"> Two of the service measures at risk relate to the community satisfaction survey conducted in February 2018 (transport planning policy, safety and design and sealed local roads), where a slight decrease was experienced and results dropped below target. |
| <p>Direction 3 We have smart solutions for a sustainable future</p> |  <p>5 on track 0 at risk 0 off track</p> |  <p>9 on track 4 at risk 0 off track</p> | <ul style="list-style-type: none"> Three service measures at risk relate to the community satisfaction survey conducted in February 2018 (making Port Phillip more environmentally sustainable, street cleaning and waste and recycling), where a slight decrease was experienced and results dropped below target. One annual measure at risk relates Council waste production, data from 2017/18 year end indicates that 59.6T of waste is produced |

| | Outcome indicators | Service measures | Areas for focus |
|---|---|--|--|
| <p>Direction 4 We are growing and keeping our character</p> |  <p>2 on track 2 at risk 0 off track</p> |  <p>13 on track 3 at risk 0 off track</p> | <ul style="list-style-type: none"> Results from the community satisfaction survey conducted in February 2018 related to residents who feel a sense of security in Port Phillip experienced a decrease and dropped below target. Council planning decisions upheld at VCAT also fell short of our target (65 per cent compared to 70 per cent). We have experienced an increase from quarter one (63 per cent) and when we include mediated and withdrawn outcomes upheld at VCAT the result would be 77 per cent. Community satisfaction results from the survey conducted in February 2018 show resident perception of planning services decreased and results dropped below target (78 per cent compared to 80 per cent). The quarter two result for cost of planning service was above annual target (\$2,700.58 compared to \$2,500.00). The quarter two result for planning applications decided within timeframes fell below target (54 per cent compared to 60 per cent) despite a drop in applications received. |
| <p>Direction 5 We thrive by harnessing creativity</p> |  <p>1 on track 3 at risk 0 off track</p> |  <p>5 on track 4 at risk 0 off track</p> | <ul style="list-style-type: none"> Two of the outcome indicators at risk relate to community satisfaction survey results (culture of creativity and opportunity to participate in affordable events or activities), where a slight decrease was experienced and results dropped below target. The third outcome indicator relates to the percentage of people employed in the top five industries of total employment (50 per cent compared to 54 per cent). Two of the service measures at risk relate to community satisfaction survey results (visitor management and good range of business services), where a slight decrease was experienced and results dropped below target. The two remaining measures relate to our libraries library collection usage (4.42 compared to 4.50) and visits to library per capita (5.85 compared to 6.50). Visits continue to decrease, with the cumulative visits year to date nearing 20,000 under the same time last year. |
| <p>Direction 6 Our commitment to you</p> |  <p>3 on track 2 at risk 0 off track</p> |  <p>26 on track 9 at risk 0 off track</p> | <ul style="list-style-type: none"> Two of the outcome indicators at risk relate to community satisfaction survey results from the survey conducted in February 2018 (community engagement and overall performance), where a slight decrease was experienced and results dropped below target. Three of the service measures at risk results relate to the community satisfaction survey conducted in February 2018 (advocacy, Council decisions, and website ease of use and navigation), where a slight decrease was experienced and results dropped below target. The asset management and project maturity scores (assessed annually) fell slightly short of target (asset maturity 952 compared to 1000 and project maturity 20.4 compared to 21). Staff turnover remained above target (cumulative result of 6.75 per cent compared to 5.00 per cent). Three material legislative breaches have been recorded all relating to the disclosure of employee details. |

Project delivery update

The Council Plan 2017-27 commits us to a project portfolio worth more than \$66 million in 2018/19. This section provides a detailed update on the status of each major initiative identified in the plan and the overall project portfolio for each of the six directions as at the end of January.

T indicates this project contributes to the delivery of a transformation.

Direction 1 - We embrace difference, and people belong

| Stage | Status | Comments | Original completion | Forecast completion | 2018/19 Budget \$'000 | 2018/19 Forecast \$'000 |
|--|--------|---|---------------------|---------------------|-----------------------|-------------------------|
| In Our Backyard strategy implementation | | | | | | |
| Deliver | ✔ | <p>Project is on track. The review of the implementation for In Our Backyard was completed in December 2018, with adoption of the IOBY Action Plan 2018-19. This redefined the targets and priority actions, to be then reflected in a 2018/19 implementation plan - Program Delivery Guidelines.</p> <p>Delivery of the first 'pop-up' housing project has been completed. A number of other projects within the program are on-track for completion: assessment of the preliminary short-list of sites for Council's property pipeline, facilitation of the Marlborough Street project being delivered by Housing First, and preparation of a Housing Needs Framework.</p> <p>The Program Delivery Guidelines (December 2018 - May 2019) will outline the service model Council will use to implement In Our Backyard, through a range of housing interventions, initiatives and projects across the 2018/19 - 2020/21 years.</p> | Jun 2021 | Jun 2021 | 226 | 226 |
| JL Murphy Reserve Pavilion upgrade | | | | | | |
| Deliver | ✔ | <p>Project is on track. Demolition of the redundant sections of the pavilion and removal of asbestos-containing materials has been completed. Preparation is being made for construction of the new facilities. The temporary facilities for the clubs to operate from during construction have been installed.</p> | May 2020 | May 2020 | 1,368 | 1,368 |
| North Port Oval upgrade | | | | | | |
| Plan | ✔ | <p>Project is on track. Works were completed in January 2019 including importation and consolidation of the sand base, cricket wicket construction, installation of synthetic turf at interchange benches and installation of turf on the oval surface. The maintenance and establishment commenced and is anticipated to be completed for Round three of the competitive season in April 2019.</p> | Jun 2019 | Jun 2019 | 1,950 | 1,950 |
| Peanut Farm Reserve Sports Pavilion upgrade | | | | | | |
| Deliver | ✔ | <p>Project is on track. The pavilion works were completed at the end of February and landscaping around the building and netball courts has commenced. All landscaping works are due to be completed by June. Clubs will be transitioning into the building from mid March.</p> | Mar 2019 | Apr 2019 | 2,315 | 2,315 |

| Stage | Status | Comments | Original completion | Forecast completion | 2018/19 Budget \$'000 | 2018/19 Forecast \$'000 |
|---|--------|---|---------------------|---------------------|-----------------------|-------------------------|
| South Melbourne Life Saving Club redevelopment | | | | | | |
| Deliver | ✔ | Project is on track. Construction is 65 per cent complete, with works currently focussed on the internal building linings and fit-out. On 20 February Council allocated a further \$280,000 to the project budget to replenish the contingency funds which had been used to fund major unplanned costs including the seawall. | Jun 2019 | Jun 2019 | 100 | 100 |

Overall project status




There are 22 projects contributing to the outcomes in this direction. At the end of January the Health and Wellbeing Strategy Implementation projects was considered off track.

Off track non-major initiative project status

Health and Wellbeing Implementation Strategy ❌

Project is off track. A number of tasks under initiative one and two have been deferred until the Community Safety Action Plan is developed and community safety and place-making roles are consolidated. A number of tasks under initiative three and four have been deferred as the new homelessness collective impact response role is established in the context of the the Homelessness Action Strategy and review of Council’s affordable housing program. Project timelines and scope are under review and the project will be re-baselined.

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

| Stage | Status | Comments | Original completion | Forecast completion | 2018/19 Budget \$'000 | 2018/19 Forecast \$'000 |
|---|---|---|---------------------|---------------------|-----------------------|-------------------------|
| Integrated Transport Strategy implementation T | | | | | | |
| Plan |  | Program is at risk due to potential delays associated with two actions (Parking Permit Policy and Parking Control Policy), changes to the policies is dependent on outcomes of community engagement program and subsequent decisions made in relation to parking. Details provided on page 6. | Jun 2019 | Jun 2019 | 300 | 300 |
| Kerferd Road safety improvements T | | | | | | |
| Plan | | Project is on hold until the scope and scale of the Victorian Government's funding commitment for the 'Shrine to Sea' is determined. | | | 175 | 175 |

Overall project status







There are 22 projects contributing to the outcomes in this direction. At the end of January no projects were considered off track.

Completed major initiative projects

Integrated Transport Strategy development ✔

Project is completed. Council adopted the ten-year strategy, *Move, Connect, Live*, on 20 September following extensive community feedback.

Direction 3 - We have smart solutions for a sustainable future

| Stage | Status | Comments | Original completion | Forecast completion | 2018/19 Budget \$'000 | 2018/19 Forecast \$'000 |
|---|---|--|---------------------|---------------------|-----------------------|-------------------------|
| Albert Park Stormwater Harvesting development T | | | | | | |
| Deliver |  | <p>Project is at risk due to delays incurred in 2018 in the appointment of a new Project Manager to complete the final feasibility tasks.</p> <p>The following pieces of work are nearing completion and will inform the scheme's viability assessment:</p> <ul style="list-style-type: none"> social and environmental impact of water harvesting from Albert Park Lake an assessment of potential scheme governance models further investigations into the locations for water tanks at the various Council reserves. | Jun 2019 | Jun 2019 | 100 | 100 |
| Alma Park Stormwater Harvesting development T | | | | | | |
| Deliver |  | <p>Project is on track. Construction of the two water storage tanks is complete. Backfilling and oval reinstatement will commence in early March. The full scheme is expected to be completed by end June 2019. Officers continue to work closely with key stakeholders (sports clubs, schools and park users) to ensure that any interruptions to park and oval use are kept to a minimum during construction.</p> | Jun 2019 | Jun 2019 | 2,815 | 2,815 |
| Sustainable Environment Strategy implementation T | | | | | | |
| Deliver |  | <p>Program is on track. Highlights for January 2019 include:</p> <ul style="list-style-type: none"> Commencing lighting upgrades in Bubup Nairm Commenced procurement to upgrade six solar hot water systems, install three solar PV systems and install Electric vehicle charging stations in Council buildings Work is underway to plan for Water Sensitive Urban Design, increased permeability and Stormwater Harvesting opportunities as part of the development of the Water Sensitive City Plan. | Jun 2019 | Jun 2019 | 280 | 280 |
| Waste Strategy implementation T | | | | | | |
| Plan |  | <p>Program is on track. Details provided on page 5.</p> | Jun 2019 | Jun 2019 | 280 | 280 |

Overall project status



There are 23 projects contributing to the outcomes in this direction. At the end of January no projects were considered off track.

Completed major initiative projects

Waste strategy development

Project is completed. Council adopted the ten-year strategy, Don't Waste It!, on 17 October 2018.

Direction 4 - We are growing and keeping our character

| Stage | Status | Comments | Original completion | Forecast completion | 2018/19 Budget \$'000 | 2018/19 Forecast \$'000 |
|---|----------------|--|---------------------|---------------------|-----------------------|-------------------------|
| Ferrars Street Education and Community Precinct - Streetscape Upgrade T | | | | | | |
| Deliver | ! | Project is at risk. Ferrars Street streetscape is due for completion by the end of March 2019. The majority of works have been completed in Railway Place and Douglas Street. In March 2019, Ferrars Street section and landscaping will be completed (with limited soil excavation remaining). | Dec 2018 | Mar 2019 | 2,434 | 2,434 |
| Gasworks Arts Park Contamination Management Plan | | | | | | |
| Deliver | ✓ | Project is on track. Council officers continue to work with the Victorian Government to complete the groundwater analysis to complete a draft Contamination Management Action Plan. Community engagement on the draft and draft park plan will occur in the second half of 2019. | Jun 2018 | Jan 2020 | 20 | 20 |
| Public Spaces Strategy development | | | | | | |
| Plan | ✗ | Project schedule is off track. This is due to staff constraints. Revised project management and work re-allocation has occurred to ensure community engagement that will inform development of the strategy occurs in April 2019 as scheduled. | Jun 2020 | Oct 2019 | 125 | 125 |
| St Kilda Marina | | | | | | |
| Plan | ! | Project timeline is off track due to additional time required to work through complex issues to inform development of the Site Brief and procurement approach. Additional engagement with the community panel and further technical investigations have been required to ensure Council have the information required to inform their decision making. This additional work has also placed pressure on the budget. The budget will be monitored carefully to manage the additional costs. | Jun 2021 | Jun 2021 | 460 | 460 |


Overall project status



There are 27 projects contributing to the outcomes in this direction. At the end of January the Elwood wall and playspace upgrade and Maritime Infrastructure Renewal program were considered off track.

Completed major initiative projects

Ferrars Street Education and Community Precinct - Construction of Montague Park (proposed name Kirrip Park) T ✓
Project works were completed and Kirrip Park officially opened on 20 October attended by members of the community, Mayor, Councillors and Hon. Martin Foley, MP.

Off track non-major initiative project status**Elwood wall and playspace upgrade** 

Project is off track. The project has experienced some delay due to necessary alterations required to the design of the proposed wall. These delays associated with the wall will result in the playspace works being completed in August 2019, not June 2019.

Maritime Infrastructure Renewal program 

Project is off track. The Maritime Infrastructure Audit is off track due to a delay in engaging a consultant to undertake the audits. The project brief and procurement documentation is being prepared with the expectation that a consultant will be engaged in February to bring the project back on track. Maritime Capital Reactive works associated with the Beacon Cove Pier Piles project including repairs to 27 timber piles and building footings have been completed.

Direction 5 - We thrive by harnessing creativity

| Stage | Status | Comments | Original completion | Forecast completion | 2018/19 Budget \$'000 | 208/19 Forecast \$'000 |
|---|--------|--|---------------------|---------------------|-----------------------|------------------------|
| Creative and Prosperous City Strategy implementation | | | | | | |
| Plan | ✓ | <p>Program is on track with planning and implementation of actions underway. Highlights for January include:</p> <ul style="list-style-type: none"> Concluding community consultation for the Special Rate renewal for Acland Street and Fitzroy Street. Collaboration between departments to explore options for public art on hoardings and chosen three test sites. <p>Highlights relating to Placemaking include:</p> <ul style="list-style-type: none"> Completed recruitment of final team member who commenced in February and will see the team actively carry out actions of the Creative and Prosperous City Strategy Carried out customer surveys at the Market in January to gain insight. | Jun 2019 | Jun 2019 | 640 | 640 |

Overall project status



There are 18 projects contributing to the outcomes in this direction. At the end of January the South Melbourne Town Hall Lifts upgrade, Gasworks Theatre seat replacement and South Melbourne Market Strategic Business case projects were considered off track.

Completed major initiative projects

Linden Gallery ✓

Project has been completed.

Off track non-major initiative project status

South Melbourne Town Hall Lifts upgrade ✗

Project is off track due to closure of the South Melbourne Town Hall following the collapse of an internal ceiling, impacting access to the building to undertake works and causing a delay in project completion. The western lift works are nearing practical completion with minor compliance items to be finalised to satisfy the Building Surveyor requirements. Replacement of a new accessible compliant lift in the east side of the building and identification during the project of the western ramp being non-compliant will determine the issuing of the final certificate for this project.

Gasworks theatre seat replacement ✗

Project is off track due to delays in schedule to deliver project as a result of long lead times for procurement. Officers have worked with Gasworks to identify a suitable delivery window informed by the programming requirements of the theatre and delivery will be March 2020. The consultant is working on documentation to progress the building permit application.

South Melbourne Market Strategic Business Case ✗

Project is off track. Consultants were appointed in February 2019 to prepare a South Melbourne Market: Existing Conditions and Opportunities Analysis. This analysis, together with the Building Compliance Assessment Workscoping Study (BCAWS) project will inform future strategic investment in the market and the need for a business case.

Direction 6 - Our commitment to you

| Stage | Status | Comments | Original completion | Forecast completion | 2018/19 Budget \$'000 | 2018/19 Forecast \$'000 |
|------------------------------------|--------|--|---------------------|---------------------|-----------------------|-------------------------|
| Customer Experience Program | | | | | | |
| Deliver | ✔ | Program is on track. The request for tender for core technology solutions, including Finance, Procurement, Asset Management, Property and Rates, and Customer Service systems and a layer that connects these to each other was released to market and closed on 25 January and evaluation commenced. The payment plan development project commenced with the aim to provide options for an improved consistent payment solution across Council. | Jun 2021 | Jun 2021 | 8,180 | 8,180 |

Overall project status



There are 15 projects contributing to the outcomes in this direction. At the end of January the Building safety and accessibility program and Health and safety improvement project were considered off track.

Off track non-major initiative project status

Building safety and accessibility program ❌

Program is off track due to increased time required to deliver the Front Counter Security Design project. A more minimalistic approach and review of functional requirements was required to maintain visual amenity and user experience. Building safety corrective actions is currently on track. All contractors and consultants have been engaged and procurement documentation was prepared. The successful contractor is expected to be selected next month and works will commence.

All other projects within the program are on track to be delivered.

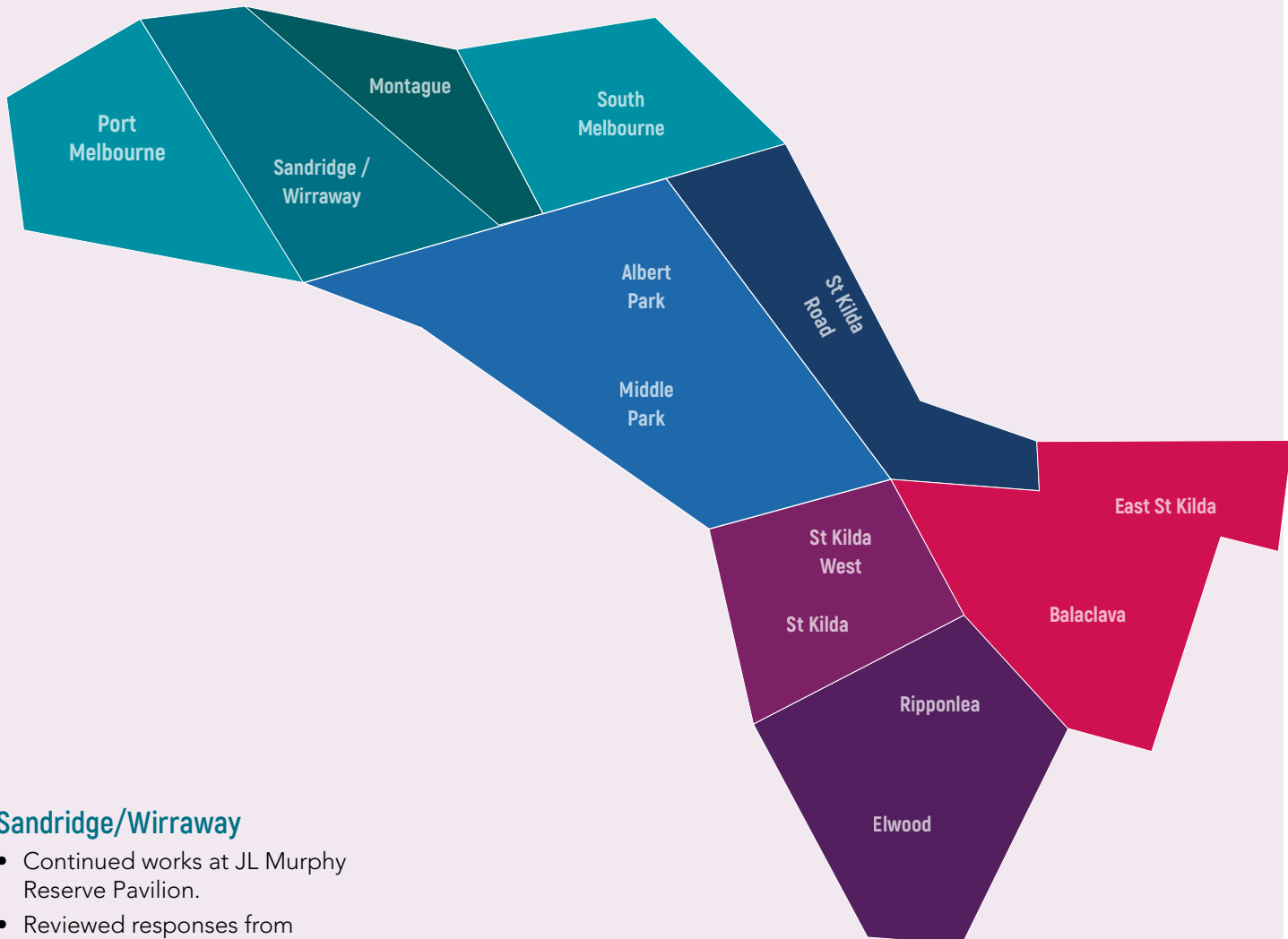
Health and safety improvement project ❌

Project is off track. The new Head of Safety and Wellbeing role is undertaking a review of the timeframes prescribed in the project and accountability of each of the elements. Detailed project plans are being developed to ensure improved monitoring and effective implementation.

Property Policy development ❌

Project is off track due to the complexity of the policy and the significance of any policy changes which has caused a delay in engagement from December 2018 to March 2019.

What's happened in our local neighbourhoods?



Sandridge/Wirraway

- Continued works at JL Murphy Reserve Pavilion.
- Reviewed responses from community engagement on JL Murphy playspace upgrade.

Montague

- Continued works on streetscape works at Douglas and Ferrars streets intersection

South Melbourne

- Completed works at South Melbourne Community Centre to improve accessibility and use of the space.
- Continued works upgrading South Melbourne Town Hall.
- Evaluated tender responses for solar PV panels and safe roof safety equipment at South Melbourne Market.

Port Melbourne

- Completed works at North Port Oval.

St Kilda Road

- Continued to work closely with partners to deliver on the Metro Tunnel project.

Albert Park/ Middle Park

- Continued construction to redevelop the South Melbourne Life Saving Club building and public amenities.
- Worked with the Victorian Government to develop a draft Park Plan in accordance with the Gasworks Arts Park Contamination Management Action Plan.
- Consultants commenced assessment of social and environmental impact of water harvesting.

St Kilda / St Kilda West

- Hosted the annual Pride March on Fitzroy Street, St Kilda.
- Continued construction of the pavilion at Peanut Farm Reserve.
- Completed work on O'Donnell Gardens wall.
- Installed 8 cameras at Little Grey Street.

Elwood / Ripponlea

- Commenced preliminary concept design work for a new adult fitness station at Elwood Foreshore.

Balaclava / St Kilda East

- Worked with HousingFirst to satisfy the conditions of transfer of land including lodgement of development application.
- Commenced construction of stormwater harvesting system at Alma Park.

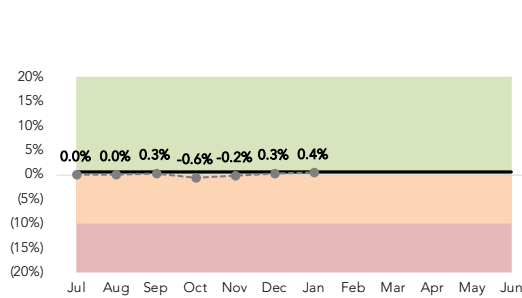
Financial performance

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

- As highlighted by the six VAGO financial indicators below, the full year forecast as at January indicates an overall low risk financial sustainability rating for Council.
- Council expects to achieve a cumulative cash surplus of \$0.8 million for 2018/19.

Financial sustainability indicators

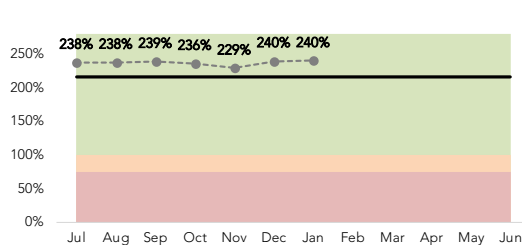
1.1 Net Result % (Net Surplus over Total Income)



Target: Greater than 0% Year-end forecast: (0.4%) Status:

Comments: This financial indicator assesses Council's ability to generate sufficient funds for asset renewals. A small surplus is budgeted for 2018/19 which includes non-recurrent Customer Experience Program expenditure. Council is expected to deliver an operating surplus of \$0.81 million, 0.4 per cent of total income. This is mainly due to successful negotiation settlement of an open space land assessment which resulted in addition \$1.8million of open space contributions.

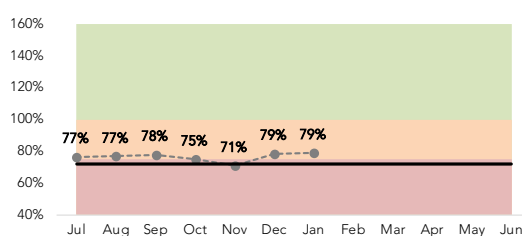
1.2 Working Capital % (Current Assets over Current Liabilities)



Target: Greater than 100% Year-end forecast: 240% Status:

Comments: This financial indicator assesses Council's ability to pay short term liabilities as they fall due. The Budget 2018/19 had a working capital ratio of 216 per cent. The actual financial position for 2017/18 compared favourably to the forecast position for 2017/18 when the 2018/19 budget was prepared. This will continue for the rest of the 2018/19 which is reflected in the current full year forecast as at January of 240 per cent. Council has no issues in paying suppliers and employees when payments fall due.

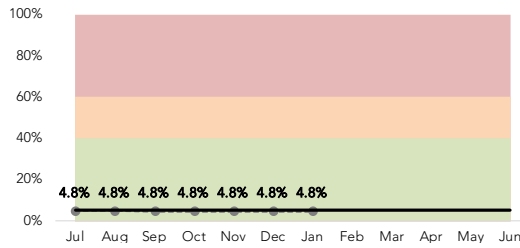
1.3 Internal Financing % (Net Operational Cashflows compared to Net Cash Capital Outlay)



Target: Greater than 100% Year-end forecast: 79% Status:

Comments: This financial indicator assesses Council's ability to generate sufficient cash from operations to fund new assets. The Budget 2018/19 includes the Customer Experience program expenditure, non-recurrent operating expenditure to improve systems and processes for external and internal customers in a cloud-based platform which could not be classified as capital expenditure. The full year forecast as at January shows Council is on track to achieve budget.

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

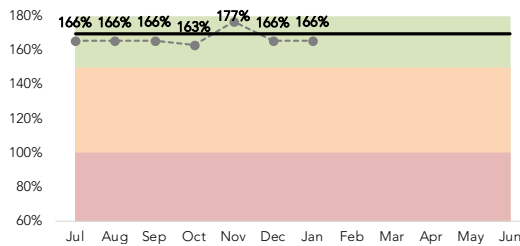


Target: Less than 40% Year-end forecast: 4.8% Status: ✔

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 4.8 per cent for Budget 2018/19 is significantly lower than the 40 per cent target.

The full year forecast as at January shows Council is on track to achieve budget.

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



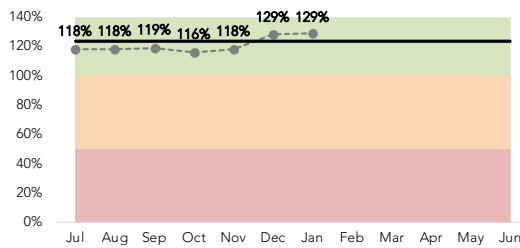
Target: Greater than 150% Year-end forecast: 166% Status: ✔

Comments: This financial indicator assesses whether Council’s spend overall in renewing, growing and improving its asset base is sufficient.

The Budget 2018/19 ratio of 170 per cent included our planned strategic land acquisition.

The full year forecast as at January shows a ratio of 166 per cent, which is a relative high ratio. A 11% decrease since November mainly due to the \$3 million deferral for the Sustainability Hub Land Acquisition project to 2019/20.

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



Target: Greater than 100% Year-end forecast: 129% Status: ✔

Comments: This financial indicator assesses if Council’s spend on its asset base is keeping up with the rate of asset depletion.

The Budget 2018/19 ratio of 124 per cent indicates sufficient provision in the capital program for asset renewal and upgrade.

The full year forecast as at January shows a ratio of 129 per cent mainly due to the South Melbourne Life-saving club redevelopment spend ahead of budget.

Key

— Budget 2017/18 ●— Year end forecast

Comprehensive Income Statement Converted to Cash - January 2019

We use the Comprehensive Income Statement Converted to Cash to ensure prudent financial management by maintaining a cumulative cash surplus. The current forecast for 2018/19 is a cumulative cash surplus of \$0.80m which compares marginally unfavourable against the budgeted cash surplus of \$0.68m.

| | Year to date | | YTD Variance | | Full Year | | Variance | | Notes |
|--|-----------------|-----------------|--------------------|--------------|-----------------|-----------------|--------------------|--------------|----------|
| | Actual | Forecast | Actual to Forecast | | Forecast | Budget | Forecast to Budget | | |
| | (\$'000) | (\$'000) | (\$'000) | % | (\$'000) | (\$'000) | (\$'000) | % | |
| Income | | | | | | | | | |
| Rates and Charges | 73,431 | 73,333 | 98 | 0% | 125,195 | 124,899 | 296 | 0% | |
| Statutory Fees and Fines | 13,706 | 13,965 | (259) | (2%) | 23,896 | 23,896 | 0 | 0% | |
| User Fees | 22,857 | 22,622 | 235 | 1% | 37,048 | 38,254 | (1,206) | (3%) | |
| Grants - Operating | 6,489 | 6,379 | 110 | 2% | 10,220 | 9,233 | 987 | 11% | |
| Grants - Capital | 1,520 | 1,542 | (21) | (1%) | 4,124 | 3,573 | 551 | 15% | |
| Contributions - Monetary | 4,275 | 4,258 | 17 | 0% | 9,571 | 7,124 | 2,447 | 34% | |
| Contributions - Non Monetary | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | |
| Other Income | 8,019 | 7,905 | 113 | 1% | 14,102 | 14,477 | (375) | (3%) | |
| Total Income | 130,296 | 130,003 | 294 | 0% | 224,156 | 221,456 | 2,701 | 1% | 1 |
| Expenses | | | | | | | | | |
| Employee Costs | 55,430 | 56,073 | 643 | 1% | 93,724 | 95,582 | 1,858 | 2% | |
| Materials and Services | 34,636 | 35,632 | 996 | 3% | 74,455 | 75,047 | 592 | 1% | |
| Professional Services | 5,673 | 5,313 | (360) | (7%) | 13,418 | 7,989 | (5,429) | (68%) | |
| Bad and Doubtful Debts | 2,368 | 1,996 | (372) | (19%) | 3,461 | 3,464 | 3 | 0% | |
| Depreciation | 14,781 | 14,781 | 0 | 0% | 25,338 | 25,338 | 0 | 0% | |
| Borrowing Costs | 196 | 203 | 7 | 4% | 420 | 450 | 30 | 7% | |
| Other Expenses | 4,690 | 4,390 | (300) | (7%) | 8,197 | 8,214 | 17 | 0% | |
| Net (Profit) or Loss on Disposal of Assets | (68) | (67) | 1 | (1%) | 4,335 | 4,335 | 0 | 0% | |
| JV Equity Accounting | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | |
| Total Expenses | 117,706 | 118,321 | 615 | 1% | 223,348 | 220,419 | (2,929) | (1%) | 2 |
| Operating Surplus / (Deficit) | 12,591 | 11,682 | 909 | 8% | 808 | 1,037 | (229) | (22%) | |
| Income Statement Converted to Cash | | | | | | | | | |
| Adjustments for non-cash operating items: | | | | | | | | | |
| • Add back depreciation | 14,781 | 14,781 | 0 | 0% | 25,338 | 25,338 | 0 | 0% | |
| • Add back written-down value of infrastructure assets disposals | 0 | 0 | 0 | 0% | 4,950 | 4,950 | 0 | 0% | |
| • Add back written-down value of fleet asset disposals | 143 | 292 | (148) | (51%) | 500 | 500 | 0 | 0% | |
| • Add back balance sheet work in progress reallocated to operating | 0 | 0 | 0 | 0% | 1,200 | 1,200 | 0 | 0% | |
| • Add back Joint Venture Equity Accounting | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | |
| • Less Contributed Assets | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | |
| | 14,924 | 15,072 | (148) | (1%) | 31,988 | 31,988 | 0 | 0% | |
| Adjustments for investing items: | | | | | | | | | |
| • Less capital expenditure - Infrastructure | (16,902) | (18,154) | 1,252 | (7%) | (38,705) | (39,706) | 1,000 | (3%) | |
| • Less capital expenditure - IT, Plant and Equipment | (1,022) | (1,356) | 334 | (25%) | (3,244) | (3,244) | 0 | 0% | |
| | (17,924) | (19,510) | 1,586 | (8%) | (41,949) | (42,950) | 1,000 | (2%) | 3 |
| Adjustments for financing items: | | | | | | | | | |
| • Add New Borrowings | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | |
| • Less Loan Repayments | (236) | (391) | 155 | (40%) | (670) | (670) | 0 | 0% | |
| | (236) | (391) | 155 | (40%) | (670) | (670) | 0 | 0% | |
| Adjustments for reserve movements: | | | | | | | | | |
| • Discretionary Reserve Drawdown/ (Replenish) | 9,399 | 9,399 | 0 | 0% | 8,262 | 7,324 | 938 | 13% | |
| • Statutory Reserve Drawdown/ (Replenish) | 0 | 0 | 0 | 0% | (237) | 1,560 | (1,796) | (115%) | |
| | 9,399 | 9,399 | 0 | 0% | 8,025 | 8,883 | (858) | (10%) | 4 |
| Current Year Surplus/(Deficit) | 18,753 | 16,252 | 2,501 | 15% | (1,798) | (1,712) | (86) | 5% | |
| Opening balance carry forward surplus | 2,595 | 2,595 | 0 | 0% | 2,595 | 2,389 | 206 | 9% | |
| Accumulated Cash Surplus | 21,348 | 18,847 | 2,501 | 13% | 797 | 677 | 120 | 18% | |

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 \$2.7 million:

Net forecast changes to income in January 2019 were immaterial.

Note 2: Operating expenditure forecast increased by \$2.93 million:

Net forecast changes to operating expenditure in January 2019 were immaterial.

Note 3: Capital expenditure forecast decreased by \$1.00 million:

Net forecast changes to capital expenditure in January 2019 were immaterial.

Note 4: Net replenish of reserves increased by \$0.99 million:

- » \$0.06m Reduced expenditure on the Aged Care Transition project which was to be funded from reserve.
- » \$0.11m Drawdown on tied grant reserves for the Vic Health 'What's Your Story?' program.

Changes to the portfolio

The City of Port Phillip enterprise portfolio comprises over 120 of programs and projects with a total budget of over \$66 million.

The table below outlines significant changes to the project portfolio during January to 13 February 2019.

| Project | Change |
|--|---|
| South Melbourne Town Hall Renewal and Upgrade | This is a new initiative to deliver asset renewal works, repairing existing building structure and incorporation of other identified renewal works from building condition reports. Project has been allocated with \$350,000 budget in 2018/19 for the initial investigation and design works. Project planned to be completed in June 2021. |
| South Melbourne Life Saving Club Redevelopment | Council allocated a further \$280,000 to the project budget to replenish the contingency funds which has been used to fund major unplanned costs including the seawall. |

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.

The below table outlines the latest results for our organisational scorecard. Results with an * are annual measures where results are from 2017/18 year end, all other measures are January results.

Improving customer experience and technology, and being more innovative

| | Latest Result | |
|--|---------------|----|
| Community satisfaction with Council's performance greater than 65* | 63 | ⚠️ |
| 80% community requests responded to on time | 94% | ✅ |
| 80% calls answered within 30 seconds | 83% | ✅ |

Improving community engagement, advocacy, transparency and governance

| | Latest Result | |
|--|---------------|----|
| 90% risk and audit actions completed on time | 94% | ✅ |
| 90% councillor attendance at Council meetings | Nil | |
| 90% Council decisions made in public | Nil | |
| 0 material legislative breaches | 3 | ⚠️ |
| Average community satisfaction rating for community consultation, advocacy and decision making above 60* | 56 | ⚠️ |

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

| | Latest Result | |
|--|---------------|----|
| 100% performance plans complete | 13% | ⚠️ |
| Total recordable injury frequency rate | 36.26 | ✅ |
| Unplanned Leave (days/EFT) below 0.9 | 1.08 | ⚠️ |
| Staff turnover below 0.8% | 1.1% | ⚠️ |

Ensuring sustainable financial and asset management, and effective project delivery

| | Latest Result | |
|--|------------------------------|---|
| Financial sustainability rating of low* | Low | ✅ |
| Operating savings | \$21k \$152k to be banked | ✅ |
| 80% of priority project delivery is on track | 93% | ✅ |

Legislative update

Legislative changes

Below are the legislative changes for August to December 2018 that may affect the City of Port Phillip.

| Legislation | Assent date | Impact |
|--|-------------------|--|
| <i>Emergency Management Legislation Amendment Act 2018 (Amending the Emergency Management Act 2013)</i> | 22 August 2018 | To amend the <i>Emergency Management Act 2013</i> ; to provide for new integrated arrangements for emergency management planning in Victoria at the State, regional and municipal levels; to establish Regional Emergency Management Planning Committees; to establish Municipal Emergency Management Planning Committees; and consequentially to amend the <i>Emergency Management Act 1986</i> and others. |
| <i>Disability Service Safeguards Act 2018 (Amending the Disability Act 2006)</i> | 28 August 2018 | To regulate registered and unregistered disability workers by providing for a registration scheme for disability workers and disability students receiving training to be disability workers; establishing the Disability Worker Registration Board of Victoria; establishing the Victorian Disability Worker Commission; providing for a complaints mechanism; and providing for information sharing re disability workers. |
| <i>Environment Protection Amendment Act 2018 (Amending the Environment Protection Act 2017)</i> | 28 August 2018 | To reform the legislative framework for the protection of human health and the environment from pollution and waste. To amend the <i>Environment Protection Act 2017</i> , to repeal the <i>Environment Protection Act 1970</i> , to amend the <i>Mineral Resources (Sustainable Development) Act 1990</i> . |
| <i>Residential Tenancies Amendment (Long-term Tenancy Agreements) Act 2018 (Amending the Residential Tenancies Act 1997)</i> | 28 August 2018 | To amend the <i>Residential Tenancies Act 1997</i> to provide for tenancy agreements for a fixed term of more than five years and to make consequential amendments. |
| <i>Prevention of Family Violence Act 2018</i> | 11 September 2018 | To establish the Family Violence Prevention Agency and to provide for the functions, powers and duties of the Agency; to establish the Board and CEO of the Family Violence Prevention Agency |
| <i>Long Service Benefits Portability Act 2018</i> | 18 September 2018 | The main purpose of this Act is to provide portability of long service benefits in certain industries. |
| <i>Residential Tenancies Amendment Act 2018 (Amending the Residential Tenancies Act 1997)</i> | 18 September 2018 | The main purpose of this Act is to change terminology used under the Act in respect of landlords, rooming house owners, tenants and tenancy agreements and to amend varying aspects of tenancy agreements. |

| Legislation | Assent date | Impact |
|---|-------------------------------------|---|
| <i>Building Amendment (Registration of Building Trades and Other Matters) Act 2018 (Amending the Building Act 1993)</i> | 26 September 2018 & 30 October 2018 | To amend the <i>Building Act 1993</i> ; to make it an offence for persons to carry out certain types of building work without being registered or licensed to do so; to provide for the provisional registration of builders and the licensing of building employees who carry out certain building work and related offences; to make provision in relation to certain wall cladding products; to clarify the grounds for discipline of registered building practitioners in relation to breaches of dispute resolution orders; to provide further for the regulation of swimming pools and spas; to make consequential and other miscellaneous amendments; to amend the <i>Local Government Act 1989</i> to provide for Councils to enter into agreements to rectify cladding on buildings; Councils to declare and levy a cladding charge to fund the rectification; to make consequential amendments to the <i>Domestic Building Contracts Act 1995</i> ; to make minor amendments to the <i>Oaths and Affirmations Act 2018</i> and the <i>Sale of Land Act 1962</i> . |

Statutory Rule changes

| Statutory Rule | Assent date | Impact |
|--|-------------------|--|
| <i>Child Wellbeing and Safety (Information Sharing) Regulations 2018 (Authorising Act - Child Wellbeing and Safety Act 2005)</i> | 27 September 2018 | To prescribe persons and bodies as information sharing entities for the purposes of the <i>Child Wellbeing and Safety Act 2005</i> ; and to provide for record keeping by information sharing entities. |
| <i>Road Safety (Automated Vehicles) Regulations 2018 (Authorising Act - Road Safety Act 1986)</i> | 28 September 2018 | To provide a range of matters in relation to trials of automated vehicles under the <i>Road Safety Act 1986</i> . |
| <i>Water Industry (Reservoir Parks Land) Amendment Regulations 2018 (Authorising Act - Water Industry Act 1994)</i> | 12 September 2018 | To amend the <i>Water Industry (Reservoir Parks Land) Regulations 2014</i> to reflect amendments made to the <i>Water Industry Act 1994</i> by the <i>Parks Victoria Act 2018</i> . |
| <i>Family Violence Protection (Information Sharing) Amendment (Risk Management) Regulations 2018 (Authorising Act - Family Violence Protection Act 2008)</i> | 3 September 2018 | To amend the <i>Family Violence Protection (Information Sharing) Regulations 2018</i> (a) to prescribe additional information sharing entities; and to prescribe matters for the purposes of the Family Violence Risk Assessment and Risk Management Framework . |
| <i>Public Administration (Public Sector Communication) Regulations 2018 (Authorising Act - Public Administration Act 2004)</i> | 25 September 2018 | To prescribe for the purposes of Part 5A of the <i>Public Administration Act 2004</i> — (a) public interest purposes for publication of public sector communication; (b) standards for public sector communication; (c) advertising standards and advertising requirements for advertising a public sector communication; (d) any other matters necessary to give effect to that Part. |
| <i>Prevention of Cruelty to Animals Amendment (Electronic Collars) Regulations 2018 (Authorising Act - Prevention of Cruelty to Animals Act 1986)</i> | 3 October 2018 | To amend the <i>Prevention of Cruelty to Animals Regulations 2008</i> to enable the use of electronic collars on livestock in certain circumstances; and to clarify the intended operation of regulation 24 of those Regulations. |

| Statutory Rule | Assent date | Impact |
|--|-----------------|---|
| <i>Victorian Energy Efficiency Target Regulations 2018 (Authorising Act - Victorian Energy Efficiency Target Act 2007)</i> | 2 October 2018 | To provide for activities that result in a reduction of greenhouse gas emissions that would not otherwise have occurred if the activities were not undertaken; and processes related to a prescribed activity |
| <i>Environment Protection (Residential Noise) Regulations 2018 (Authorising Act - Environment Protection Act 1970)</i> | 13 October 2018 | To prescribe items and times during which noise resulting from the use of those items is taken to be unreasonable noise for the purposes of section 48A(5) of the <i>Environment Protection Act 1970</i> ; and to exempt certain premises in certain circumstances from the application of those prescriptions. |
| <i>Children, Youth and Families Further Amendment Regulations 2018 (Authorising Act - Children, Youth and Families Act 2005)</i> | 3 October 2018 | To amend the <i>Children, Youth and Families Regulations 2017</i> to prescribe the class of persons who will be mandatory reporters for the purposes of the <i>Children, Youth and Families Act 2005</i> . |
| <i>Public Health and Wellbeing Further Amendment Regulations 2018 (Authorising Act - Public Health and Wellbeing Act 2008)</i> | 1 November 2018 | To amend the <i>Public Health and Wellbeing Regulations 2009</i> to prescribe processes under the <i>Public Health and Wellbeing Act 2008</i> for notifying anaphylaxis, and the timeliness of immunisation status certificate |
| <i>Liquor Control Reform Amendment Regulations 2018 (Authorising Act - Liquor Control Reform Act 1998)</i> | 11 October 2018 | To prescribe definitions, and to prescribe processes for an application for the grant, variation, relocation or transfer of a licence or BYO permit; and fees payable under the Act; and conditions for live music events that are held at licensed or authorised premises at which a person under the age of 18 may be present |
| <i>Planning and Environment (Fees) Amendment Regulations 2018 (Authorising Act - Planning and Environment Act 1987)</i> | 1 November 2018 | To amend the <i>Planning and Environment (Fees) Regulations 2016</i> to provide further for fees for applications for permits and applications to amend permits |
| <i>Family Violence Protection Regulations 2018 (Authorising Act - Family Violence Protection Act 2008)</i> | 1 December 2018 | To prescribe matters necessary to be prescribed by, and to ensure the effective implementation of, the <i>Family Violence Protection Act 2008</i> . |
| <i>Drugs, Poisons and Controlled Substances Further Amendment Regulations 2018 (Authorising Act - Drugs, Poisons and Controlled Substances Act 1981)</i> | 23 October 2018 | To amend the <i>Drugs, Poisons and Controlled Substances Regulations 2017</i> to enable lifeguards and non-emergency patient transport service workers (including nurses) to lawfully possess and administer certain Schedule 4 poisons; and to make a technical amendment to clarify the circumstances in which nurses or registered midwives may administer Schedule poisons. |
| <i>Labour Hire Licensing Regulations 2018 (Authorising Act - Labour Hire Licensing Act 2018)</i> | 23 October 2018 | To prescribe definitions for the purposes of the Act; and to prescribe provisions for labour hire licence; and to prescribe infringement offences and infringement penalties for those offences; and (j) to prescribe laws and schemes which may be relied upon by the Authority; and (k) to provide for other matters. |

| Statutory Rule | Assent date | Impact |
|---|-----------------|---|
| <i>Building Further Amendment Regulations 2018 (Authorising Act - Building Act 1993)</i> | 23 October 2018 | To amend the <i>Building Regulations 2018</i> to provide for exemptions for relevant building surveyors relating to an approved infrastructure contributions plan; and to make other miscellaneous amendments |
| <i>Victorian Civil and Administrative Tribunal (Miscellaneous Amendments) Rules 2018 (Authorising Act - Victorian Civil and Administrative Tribunal Act 1998)</i> | 1 November 2018 | To amend the <i>Victorian Civil and Administrative Tribunal Rules 2018</i> to amend the provisions and functions of the Tribunal |

Material legislative breaches

Year to date there has been a total of four legislative breaches. Three breaches of privacy occurred in August all relating to the disclosure of employee payroll details. One breach related to a Payment Summary being emailed to the wrong person. One incident related to payment slips being sent to the depot which were not in individual sealed envelopes. The other breach related to a pay slip being mailed to the wrong employee.

Non-compliance with competitive neutrality policy

Following a recent internal audit, Council has determined that its compliance with national competition policy has been insufficient. Council takes the provisions of competitive neutrality seriously and is committed to ensuring it is complying by introducing a range of controls, including improved documentation, reporting on its compliance each year in its annual report and developing a toolkit to help staff understand when the principles apply and what the obligations are. Anyone who believes they have a valid complaint regarding competitive neutrality is referred to our website (www.portphillip.vic.gov.au/national-competition-policy.htm).

Background information on the history and more detailed information regarding steps will be provided.