

CEO Report

#50 - December 2018



CEO Report




Issue 50



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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.

"We are consulting our community on our services to inform the Budget 2019/20."

PETER SMITH

CEO City of Port Phillip

Welcome to the final issue of the CEO Report for 2018. With 2019 on the horizon, we are gearing ourselves up for the development of our annual budget by commencing consultation with the community to review the Council Plan and plan for the Budget for 2019/20.

Mayoral election

On 28 November the annual Mayoral election was held, with Cr Dick Gross elected as the Mayor and Cr Louise Crawford as the Deputy Mayor. Both were elected unopposed for the 12-month positions.

After 14 years, Cr Gross returned to the Mayoral seat with extensive local government experience after serving as a Councillor, Mayor, Deputy Mayor and former president of the Municipal Association of Victoria.

Cr Gross praised outgoing Mayor Cr Bernadene Voss for the skill and energy she brought to the role, noting Council has succeeded in gaining 10 of its 11 advocacy priorities at the recent Victorian Government Election.

Community consultation on Council Plan and Budget 2019/20

Community consultation commenced in October undertaking intercept surveys to gain insight from the community where to focus our efforts in 2019/20. To date 662 surveys have been completed.

The survey enables us to understand the value of the services we provide to inform how we plan and budget for those services in 2019/20.

Place Audit in Fitzroy Street

During November officers undertook the first Place Audit in Fitzroy Street, St Kilda. The place audit helps to identify how the street is currently being used throughout the day. The place audits will look at how the areas are used at different times of the day and night and on different days of the week, including the weekend. The evaluation focused on assessing attributes of what makes a great place: accessibility, comfort, activity and sociability of the street.

Melbourne Renewable Energy project

Construction commenced on the wind farm near Ararat. The project will create 140 jobs during construction, eight ongoing jobs, and new opportunities for local businesses in regional Victoria.

The project is a local government led collaboration between public and private sectors to deliver electricity cost certainty while driving investment in renewable energy projects. The project will supply Council with 100 per cent green power for the next decade, reducing Council's gross emissions by 87 per cent and making it possible to attain and sustain our goal of zero net emissions by 2020/21 and beyond.

CitySwitch Award

On 20 November, the Melbourne Renewable Energy project partners was awarded the Victorian CitySwitch Award in the partnership category.

Following our success at the Victorian CitySwitch Awards, we are were in the running for the National Awards. On 27 November the project partners were awarded the National CitySwitch Award in Sydney.



Moray Street bike lane

Construction of the Moray Street bike lane upgrade was completed in November. This included fully separated bike lanes at the Coventry and Dorcas streets roundabouts with priority for cyclists and pedestrians, a kerbside separated bike lane between Market Street and Coventry Street and Albert Road, improvements at the intersections York Street, Market Street, Park Street and Albert Road to reduce crossing distances and improved pedestrian safety and replanting of the trees in the median with improved growing conditions as well as low level landscaping to improve amenity.

Adventure Playground upgrade commences

Adventure Playgrounds are highly valued community assets in Port Phillip. An opportunity exists to plan and secure their future role and ensure they adapt to the evolving needs and expectations of the community.

A community survey was released during October and November to help inform the upgrades to both Skinners and St Kilda Adventure Playgrounds.

Feedback from these surveys will inform the design of the adventure playgrounds. Works are scheduled to be completed by the end of 2022.

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?

- The final Fishermans Bend Framework and planning controls were announced in October. The framework and controls provide for parks, schools, roads and transport and community facilities and services to ensure the liveability of the precinct as it grows over the next 30 years.
- The new community park, Kirrip Park opened on 20 October. 'Kirrip' means friendship or mate, in the Boon Wurrung language and was chosen after extensive community consultation.
- Streetscape works continued to connect the South Melbourne Primary School, Kirrip Park and light rail stop. Works are anticipated to continue for 18 weeks.

What's coming up?

- Streetscape works will continue in both Railway Place and Douglas Street.
-

Transforming transport and parking

What has happened?

- The Move, Connect, Live - Integrated Transport Strategy 2018-28 was endorsed by Council on 20 September 2018.
- Planning is underway for the implementation of actions outlined in the strategy.

What's coming up?

- The Carlisle Street Tram Stop upgrade undertaken by Yarra Trams was completed in July 2018. Following the completion of the upgrade works, problems were noted regarding the location of a number of pieces of street furniture. Additional funds were allocated to relocate three bicycle hoops, public seats and a bin enclosure.
-

Waste management

What has happened?

- Feedback from community consultation was incorporated into the final strategy which was endorsed by Council on 17 October.
- Planning is underway for the implementation of actions outlined in the strategy.

What's coming up?

- Implementation of the actions outlined in the Waste Management Strategy will take place.
-

Transforming water management

What has happened?

- Details of our major initiatives that contribute to the water transformation can be found in the following section of this report (ie. Albert Park Stormwater Harvesting Development and Alma Park Stormwater Harvesting Development).
- Completed detailed designs of raingardens at Foote and Reed streets, Albert Park and Hambleton and Mills streets, Middle Park.
- Continued working with partners to deliver the Elster Creek Action Plan. Progress against each item can be viewed on our website.
- Continued drainage inspections as part of the stormwater management program.

What's coming up?







- Completion of raingardens at Hambleton and Mills streets, Albert Park.
-

Council scorecard

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

Updates are provided when information is available, many of the measures can only be presented on a quarterly basis. Results will continue to be displayed until new results are available.

	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>7 on track 6 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 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 (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. Community visits per capita fell short of the target, 1.74 compared to 1.90. Participation in first MCH home visit fell slightly below target (96.23 per cent compared to 100 per cent). Over 300 infants participated in first home visits.
<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 community satisfaction survey results (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>4 on track 1 at risk 0 off track</p>	<p>7 on track 7 at risk 0 off track</p>	<ul style="list-style-type: none"> Two outcome indicators at risk relate to potable water usage and kerbside waste diversion. The 2017/18 result for potable water usages was above target (226ML compared to 159ML) data for quarter one results is currently unavailable. Three service measures at risk relate to community satisfaction survey results (making Port Phillip more environmentally sustainable, street cleaning and waste and recycling), where a slight decrease was experienced and results dropped below target. Three measures related to waste with cost of kerbside garbage collection (\$65.59 compared to \$50.00), council waste production (59.6T compared to 50T) and kerbside bins missed exceeding target (2.61 compared to 2.50). Total suspended solids removed from stormwater fell short of target (46.5T compared to 47.3T).





	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>12 on track 4 at risk 0 off track</p>	<ul style="list-style-type: none"> Community satisfaction survey results related to residents who feel a sense of security in Port Phillip experienced a decrease and results dropped below target. Council planning decisions upheld at VCAT also fell short of our target (63 per cent compared to 70 per cent). This is an improvement from the year end result in 2017/18 and when we include mediated and withdrawn outcomes upheld at VCAT the result would be 80 per cent. Community satisfaction with planning services experienced a decrease and results dropped below target (78 per cent compared to 80 per cent). The quarter one result for time taken to decide planning applications was slightly above target (77 days compared to target of 75 days). The quarter one result dropped below target with 57 per cent of applications decided on time compared to a target of 60 per cent. The quarter one result for cost of planning service failed to meet annual target (\$2,683.92 compared to \$2,500.00)
<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 - cost of library service (\$7.31 compared to \$7.00) and visits to library per capita (6.09 compared to 6.50).
<p>Direction 6 Our commitment to you</p>	 <p>3 on track 2 at risk 0 off track</p>	 <p>28 on track 7 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 (community engagement and overall performance), where a slight decrease was experienced and results dropped below target. Three of the service measures at risk relate to community satisfaction survey results (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 1,000 and project maturity 20.4 compared to 21). Staff turnover remained above target (cumulative result of 4.45 per cent compared to 4.15 per cent). Three material legislative breaches have been recorded (revised from four last month due to refinement in definition of previously reported breach).


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 October.

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 at risk. A review of IOBY has been undertaken to redefine targets and priority actions, with a draft 12-month action plan prepared and out for consultation. When finalised the action plan will refocus the approach to delivering on the strategy's goal of growing affordable housing in Port Phillip. Specific initiatives within the project are on-track for completion and aligned to the draft action plan:</p> <ul style="list-style-type: none"> • short-listing of sites for Council's property pipeline • preparation of a Housing Needs Framework. <p>Delivery of the first 'pop-up' housing project was completed earlier this year.</p>	Jun 2019	Jun 2019	226	226
JL Murphy Reserve Pavilion upgrade						
Deliver		<p>Project schedule is at risk due to the building permit application taking longer than planned to be finalised, creating a five week delay to the schedule. A preferred contractor was recommended at the Council Meeting on 5 December. Temporary storage containers have been installed, and temporary toilet and change facilities will be installed in early December, subject to Council's decision on the construction contractor. The project team is working closely with stakeholders to minimise the impact of construction on neighbours, sports field and park users.</p>	May 2020	May 2020	1,368	1,368
North Port Oval upgrade						
Plan		<p>Project is at risk due to delays in the commencement of works in October. Initial stage works have since been completed. This included the removal and disposal of oval fencing, seating, concrete spoon drain and oval surface layer. Oval surface levelling works are underway.</p>	Jun 2019	Jun 2019	1,950	1,950
Peanut Farm Reserve Sports Pavilion upgrade						
Deliver		<p>Project is on track. Construction work has progressed with 43 per cent of work completed. The building is nearing 'lock-up' stage, and work is continuing on the netball courts. It is anticipated that the construction and landscape works will be completed by March 2019.</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		<p>Project budget is at risk due to unplanned costs including the reconstruction of the seawall, the need to re-route the bicycle and pedestrian lane and the very high quantity of sand that had to be excavated. Officers are continuing to work on identifying cost savings and efficiencies.</p> <p>The construction program is on track. All concrete slabs have been poured and precast panels installed. Work is progressing on the decking. Temporary facilities to support Club patrols through summer have been installed on the foreshore.</p>	Oct 2019	Oct 2019	3,700	2,834

Overall project status



There are 21 projects contributing to the outcomes in this direction. At the end of October the Health and Wellbeing Implementation Strategy project was considered off track.

Off track non-major initiative project status

Health and Wellbeing Implementation Strategy 

Project is off track due to the deferral of tasks until the Community Safety Action Plan is developed and community safety and placemaking resources are consolidated. An additional two tasks that have been deferred as the new homelessness collective impact response role is established in the context of the Homelessness Action Strategy and review of Council's affordable housing program. Project schedule 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	✔	<p>Program is on track. Council adopted the ten-year strategy on 20 September. Actions to be completed in 2018/19 were planned and commenced including the following initiatives:</p> <ul style="list-style-type: none"> • Parking Permit Policy review • Parking Controls Policy and Parking Occupancy surveys and analysis • Investigating the use of Parking Overlays for applying different parking rates and transport provision 	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 October no projects were considered off track.

Completed major initiative projects

Integrated Transport Strategy development ✔

Project has been 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		Project schedule is at risk due to a seven week delay in the appointment of a Project Manager and consultants for the next stages of the work. The project team will attempt to make up some of this time. The tasks to be completed include the social and environmental impact of water harvesting, further review of water extraction and drought upon lake water levels and progress potential partnership and governance models. These tasks are now expected to be completed by the end of April 2019. The information from this work will enable each partner to assess their commitment to the project in late May/early June 2019.	Jun 2019	Jun 2019	100	100
Alma Park Stormwater Harvesting development T						
Deliver		Project schedule is at risk due to additional time required to undertake re-design of the system. A Council report on 5 December considered the project's funding and progress towards the construction phase. Officers have been working 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.	Jun 2019	Jun 2019	2,815	2,815
Sustainable Environment Strategy implementation T						
Deliver		Program is on track. An internal workshop was held to measure the progression towards becoming a 'Water Sensitive City' and to benchmark progress against other Councils. This information will inform the development of the Water Sensitive City Plan. Officers launched and presented the new Sustainable Event Guidelines to major event holders. The suite of 'Smart Solutions' intensive programs within the Sustainable City Community Action Plan are now fully subscribed.	Jun 2019	Jun 2019	280	280
Waste Strategy implementation T						
Plan		<p>Program is on track. Planning is underway on the following initiatives:</p> <ul style="list-style-type: none"> • Implementation of education campaigns for waste reduction and improved recycling outcomes • Development of an Advanced Waste Treatment plan that compares the benefits and costs of different technologies available. 	Jun 2019	Jun 2019	280	280

Overall project status



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

Completed major initiative projects

Waste Management Strategy development

Project has been completed. Council adopted the ten-year strategy, *Don't Waste It!*, on 17 October following extensive community feedback.

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 due to additional costs associated with soil contamination. Officers are assessing options to complete the project within budget. Evacuation works were completed at Railway Place and commenced work in Douglas Street.	Dec 2018	Dec 2018	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 develop a draft Park Plan in accordance with the draft Contamination Management Action Plan.	Jun 2018	Dec 2018	20	20
Public Spaces Strategy development						
Plan	✓	Project is on track. Background research is underway to prepare a directions and opportunities paper that will form the basis for community engagement in early 2019 and development of the strategy.	Jun 2020	Oct 2019	125	125
St Kilda Marina						
Plan	!	Project is at risk due to additional technical investigations, resourcing requirements and engagement collateral placing pressure on the budget. Budget pressure is being managed through regular review of costs and key activities. Stage three is delayed due to the need for an additional panel session to resolve the approach to the site brief (the key document to be presented to tenderers containing instructions and guidelines for the site). The stage three detailed program will be reviewed once the outcome of the panel session known.	Jun 2021	Jun 2021	460	460

Overall project status



There are 27 projects contributing to the outcomes in this direction. At the end of October the Maritime Infrastructure renewal program 2018/19 was considered off track.

Off track non-major initiative project status

Maritime Infrastructure Renewal Program 2018/19 ✘

Program is off track due to delays in commencing audit and register of maritime assets. A contractor has since been engaged to undertake this work. Project schedule will be reviewed and re-baselined. The Maritime Capital Reactive Works sub-project is on track with the structural rectification of 27 piles at Beacon Cove under the Station Pier Promenade. This work was completed in mid November 2018.

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.

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. Progress was made towards placemaking program, highlights include:</p> <ul style="list-style-type: none"> Established trader, resident and property owner forum within South Melbourne Continued the on street presence and weekly newsletter Implemented branding of the new buggy and new local laws uniforms to increase visibility of presence on Fitzroy Street, St Kilda Ongoing meetings with property owners, trader association, Cricket Victoria, VicRoads. 	Jun 2019	Jun 2019	640	640
Linden Gallery upgrade						
Deliver	✔	Project has been completed. Additional works carried out to support the Crime Prevention Through Environmental Design report and to respond to safety concerns raised in the laneway behind Linden Gallery.	Dec 2018	Dec 2018	490	490

Overall project status



There are 18 projects contributing to the outcomes in this direction. At the end of October South Melbourne Market Traffic Study was considered off track.

Off track non-major initiative project status

South Melbourne Market Traffic Study ✖

Project is off track against its original schedule due to a delay in finalising the scope and assigning project management resources. External resources have been engaged to progress the project with a suitably qualified consultant to be secured by December. The project costs and completion date of June 2019 remains unchanged.

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 delivery partnership was endorsed by Council on 5 September, with the contract with the delivery partner signed by both parties on 26 September. The program commenced on 8 October with the onboarding of the delivery partner. Planning activities and establishing of the core program team commenced.	Jun 2021	Jun 2021	8,180	8,180

Overall project status



There are 14 projects contributing to the outcomes in this direction. At the end of October the Building safety and accessibility program and Health and Safety Improvement Project were considered off track.

Off track non-major initiative project status

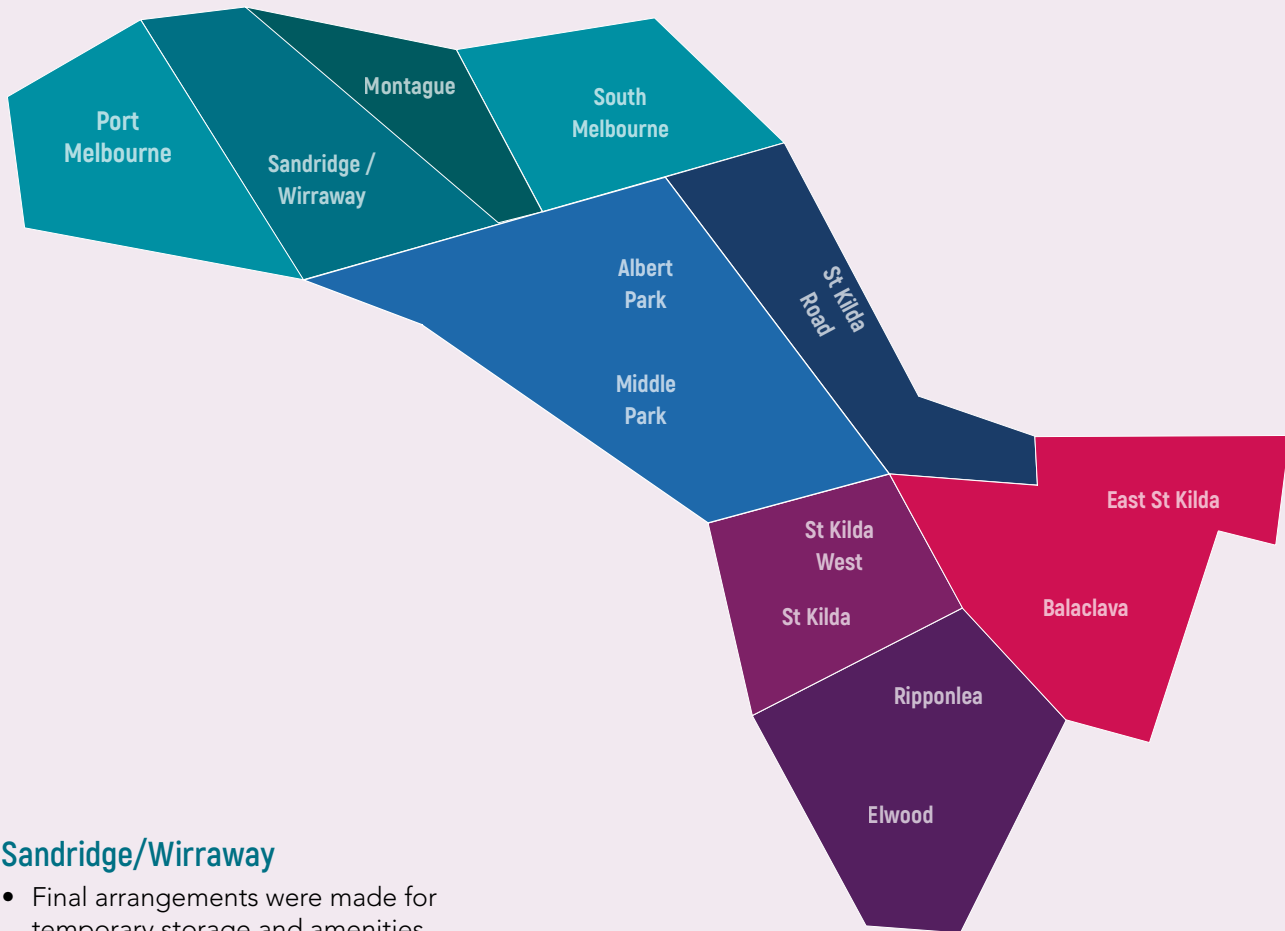
Building safety and accessibility program ❌

Program is off track due to a delay in the on-boarding of a consultant to provide functionality and design advice for the three Town Hall counters. Project schedule to be re-baselined. All other projects within the program are on track to be delivered.

Health and Safety Improvement Project ❌

Project schedule is off track due to a focus on managing several reactive health and safety issues, including two significant incidents. Firstly, the partial ceiling collapse at South Melbourne Town Hall and South Melbourne Market Evacuation. As a result, three MAV group one criteria have not been completed by scheduled date. Prioritisation and individual criteria implementation plans commenced in November.

What's happened in our local neighbourhoods?



Sandridge/Wirraway

- Final arrangements were made for temporary storage and amenities during construction of JL Murphy Reserve Pavilion.
- Commenced community engagement for the JL Murphy Playspace.
- Commenced initial works at North Port Oval including removal and disposal of oval fencing, seating, concrete spoon drain and oval surface layer.

Montague

- Completed excavation work at Railway Place and commenced work at Douglas Street for the streetscape upgrade.

South Melbourne

- Continued works at South Melbourne Community Centre to improve accessibility and use of the space.
- Continued works upgrading South Melbourne Town Hall including ensuring safety after the roof collapse in the previous month.

Port Melbourne

- Commenced work on the Albert and Graham streets intersection upgrade.
- Commenced work on the Garden City shared path.

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.

St Kilda / St Kilda West

- Council continued to work with partners to plan the Victorian Pride Centre.
- Continued construction of the pavilion at Peanut Farm Reserve.
- Continued work on O'Donnell Gardens wall.
- Completed the Linden Gallery upgrade.

Elwood / Ripponlea

- Progressed work to deliver the Elster Creek Action Plan.
- Prepared tender documentation for the Elwood wall and playspace upgrade.

Balaclava / St Kilda East

- Worked with HousingFirst to satisfy the conditions of transfer of land including lodgement of development application.
- Relocated two bicycle hoops as part of the Carlisle Street Tram Stop upgrade.

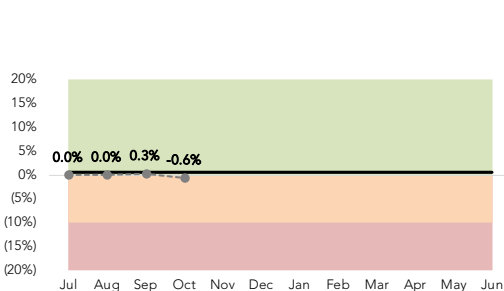
Financial performance

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

- As highlighted by the six VAGO financial indicators below, the full year forecast in September indicates an overall low risk financial sustainability rating for Council.
- Council expects to achieve a cumulative cash surplus of \$2.4 million for 2018/19.

Financial sustainability indicators

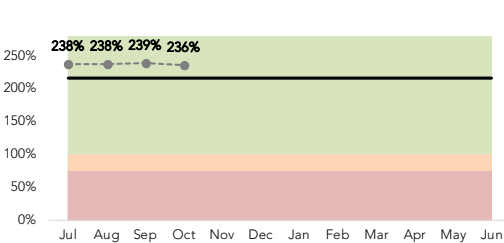
1.1 Net Result % (Net Surplus over Total Income)



Target: Greater than 0% Year-end forecast: (0.6%) 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 a small deficit, -0.6 per cent of total income.

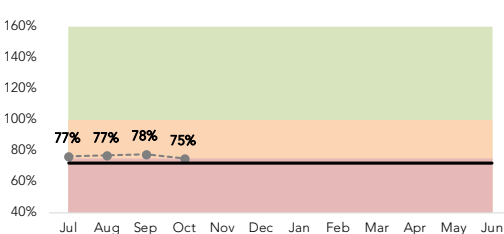
1.2 Working Capital % (Current Assets over Current Liabilities)



Target: Greater than 100% Year-end forecast: 236% 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 October of 236 per cent. Council has no issues in paying suppliers and employees when payments fall due.

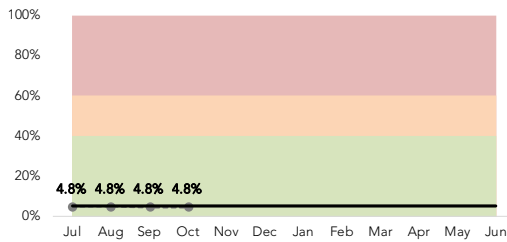
1.3 Internal Financing % (Net Operational Cashflows compared to Net Cash Capital Outlay)



Target: Greater than 100% Year-end forecast: 75% Status:

Comments: This financial indicator assesses Council's ability to generate sufficient cash from operations to fund new assets. The Budget 2018/19 includes non-recurrent Customer Experience Program expenditure. The full year forecast as at October for Council's capital spend is lower than budgeted which results in a favourable internal financing ratio than budgeted.

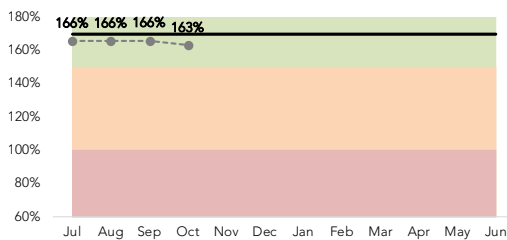
1.4 Indebtedness % (Own Sourced Revenue compared to Non Current Liabilities)



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

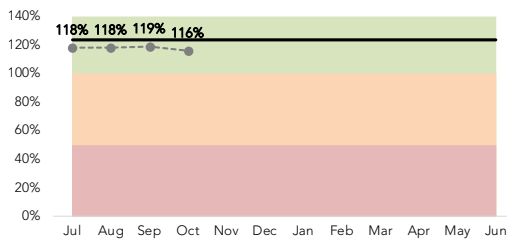
1.5 Capital Replacement % (Total cash capital outlay / Depreciation)



Target: Greater than 150% Year-end forecast: 163% 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 October shows a ratio of 163 per cent mainly due to reclassification of capital expenditure (\$1.2 million) to operating expenditure and a forecast decrease in the BlackSpot Safety program due to an unsuccessful grants application. A number of capital expenditure items has been recommended to Council in the September Quarter Financial report which is yet to be approved.

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



Target: Greater than 100% Year-end forecast: 116% 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 October shows a ratio of 116 per cent mainly due to the factors referenced in 1.5 Capital Replacement.

Key

— Budget 2017/18 —●— Year end forecast

Comprehensive Income Statement Converted to Cash - October 2018

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 \$1.3 million which compares favourable against the budget of \$0.7 million.

	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	42,259	42,243	16	0%	125,195	124,899	296	0%	
Statutory Fees and Fines	8,379	8,328	51	1%	23,956	23,956	0	0%	
User Fees	13,259	13,188	71	1%	37,565	38,194	(629)	(2%)	
Grants - Operating	3,934	3,783	151	4%	10,175	9,233	942	10%	
Grants - Capital	432	436	(4)	(1%)	3,774	3,573	201	6%	
Contributions - Monetary	3,394	3,387	7	0%	7,739	7,124	615	9%	
Contributions - Non Monetary	0	0	0	0%	0	0	0	0%	
Other Income	4,630	4,416	214	5%	14,085	14,477	(392)	(3%)	
Total Income	76,287	75,781	506	1%	222,489	221,456	1,034	0%	1
Expenses									
Employee Costs	31,039	31,061	22	0%	96,160	95,582	(578)	(1%)	
Materials and Services	20,445	20,972	526	3%	77,054	75,047	(2,007)	(3%)	
Professional Services	2,372	2,235	(137)	(6%)	8,723	7,989	(734)	(9%)	
Bad and Doubtful Debts	1,506	1,127	(379)	(34%)	3,464	3,464	0	0%	
Depreciation	8,446	8,446	0	0%	25,338	25,338	0	0%	
Borrowing Costs	12	33	22	65%	450	450	0	0%	
Other Expenses	3,373	3,127	(246)	(8%)	8,216	8,214	(2)	(0%)	
Net (Profit) or Loss on Disposal of Assets	(44)	1,445	1,489	103%	4,335	4,335	0	0%	
JV Equity Accounting	0	0	0	0%	0	0	0	0%	
Total Expenses	67,149	68,445	1,297	2%	223,741	220,419	(3,322)	(2%)	2
Operating Surplus / (Deficit)	9,138	7,336	1,803	25%	(1,251)	1,037	(2,288)	(221%)	
Income Statement Converted to Cash									
Adjustments for non-cash operating items:									
• Add back depreciation	8,446	8,446	0	0%	25,338	25,338	0	0%	
• Add back written-down value of infrastructure assets disposals	0	1,483	(1,483)	(100%)	4,950	4,950	0	0%	
• Add back written-down value of fleet asset disposals	80	167	(86)	(52%)	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%	
	8,526	10,096	(1,570)	(16%)	31,988	31,988	0	0%	
Adjustments for investing items:									
• Less capital expenditure - Infrastructure	(8,453)	(8,880)	428	(5%)	(38,072)	(39,706)	1,633	(4%)	
• Less capital expenditure - IT, Plant and Equipment	(714)	(696)	(18)	3%	(3,244)	(3,244)	0	0%	
	(9,167)	(9,576)	410	(4%)	(41,316)	(42,950)	1,633	(4%)	3
Adjustments for financing items:									
• Add New Borrowings	0	0	0	0%	0	0	0	0%	
• Less Loan Repayments	(140)	(223)	83	(37%)	(670)	(670)	0	0%	
	(140)	(223)	83	(37%)	(670)	(670)	0	0%	
Adjustments for reserve movements:									
• Discretionary Reserve Drawdown/ (Replenish)	9,399	9,399	0	0%	8,393	7,775	618	8%	
• Statutory Reserve Drawdown/ (Replenish)	0	0	0	0%	1,595	1,109	486	44%	
	9,399	9,399	0	0%	9,989	8,884	1,105	12%	4
Current Year Surplus/(Deficit)	17,757	17,031	726	4%	(1,261)	(1,711)	450	(26%)	
Opening balance carry forward surplus	2,595	2,595	0	0%	2,595	2,389	206	9%	
Accumulated Cash Surplus	20,352	19,626	726	4%	1,334	678	656	97%	

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 decreased by \$0.56 million:

- ➕ \$0.08m Victorian Government temporary relief funding to assist with the recycling sector issues.
- ➖ (\$0.39m) Utilisation of Barring Dijnang Kindergarten lower than budgeted. This is partially offset by operating expenditure reductions.
- ➖ (\$0.11m) Council run Long Day Child Care Centres are experiencing utilisations at on average 90 per cent compared to budgeted 95 per cent. This is consistent with the industry wide oversupply of centres. Full year impact to be monitored as the start of the 2019 calendar year will provide a better indication.
- ➖ (\$0.18m) Implementation of User-pay Parking at Fishermans Bend is progressing slightly behind schedule due to extended community consultation and delivery of parking machines meant paid parking will commence in November.

Note 2: Operating expenditure forecast increased by \$0.84 million:

- ➕ \$0.11m Organisational vacancies to date have been realised as savings.
- ➕ \$0.12m Lower staff requirements at Barring Djinang Kindergarten due to lower utilisation.
- ➖ (\$0.21m) The warmer/drier seasons experienced to date has resulted in a greater utilisation of water for parks & open spaces.
- ➖ (\$0.16m) Additional linemarking and signage costs incurred to implement parking control at Fishermans Bend than was budgeted. This is offset by saving from the Parking Technology Upgrades project.
- ➖ (\$0.63m) In accordance with accounting standards, expenditure including landscaping, soil remediation, community consultation and planning are to be classified as operating expenditure from the Portfolio budget.

Note 3: Capital expenditure forecast decreased by \$0.81 million:

- ➕ \$0.63m In accordance with accounting standards, expenditure including landscaping, soil remediation, community consultation and planning are to be classified as operating expenditure from the Portfolio budget.
- ➕ \$0.08m Budget deferrals required due to delay commencement of design works for the EcoCentre redevelopment.
- ➕ \$0.11m Savings from the Parking Technology Upgrades project to be reallocated to the Fishermans Bend Parking Control implementation project for linemarking and signage.

Note 4: Net replenish of reserves increased by \$0.08 million

- ➡ \$0.08m Budget deferrals required due to delay commencement of design works for the EcoCentre redevelopment.

Changes to the portfolio

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

No changes to the portfolio were made in October and November 2018.

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 July 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	95%	✅
80% calls answered within 30 seconds	79%	⚠️

Improving community engagement, advocacy, transparency and governance

	Latest Result	
90% risk and audit actions completed on time	100%	✅
90% councillor attendance at Council meetings	96%	✅
90% Council decisions made in public	90%	✅
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	98%	⚠️
Total recordable injury frequency rate	30.57	⚠️
Unplanned Leave (days/EFT) below 0.9	1.07	⚠️
Staff turnover below 0.8%	2.05%	⚠️

Ensuring sustainable financial and asset management, and effective project delivery

	Latest Result	
Financial sustainability rating of low*	Low	✅
Operating savings	\$21k \$11k to be banked	✅
80% of priority project delivery is on track	100%	✅

Legislative update

Legislative changes

No legislative changes that may affect the City of Port Phillip were received in October 2018.

Material legislative breaches

The breach recorded in September relating to a breach of the *Privacy and Data Protection Act 2014* through an Information Protection Agreement with VicRoads was revised to be a minor breach. This resulted in a revised year to date result of three legislative breaches.

Year to date there has been a total of three legislative breaches. Three breaches of the *Privacy and Data Protection Act 2014* 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.