



CEO Report

Issue 38




Published October 2017

City of Port Phillip CEO report - Issue 38

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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 has not achieved target for measure
One of 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

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

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

We acknowledge and uphold their continuing relationship to this land.

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 which is liable to change.

WELCOME



Peter Smith, Chief Executive Officer

A recent focus for the executive leadership team and I has been developing a strategy to ensure the organisation is equipped to deliver on the commitments in the Council Plan.

The proposed organisational strategy outlines our commitment to being a trusted partner and our plan to deliver on the organisational improvement prioritised in the Council Plan.

We have sought input from staff on the strategy and have been pleased with the considered and constructive feedback that we have received.

To ensure we are structured to effectively deliver on this plan, we have made some changes to the organisational structure which will be implemented in the coming months.

Job share

I have continued to take advantage of opportunities to 'job share' and learn directly about the important services we provide. Most recently, I have:

- Visited a local restaurant with one of our Environmental Health Officers to undertake a food safety inspection
- Explored some of the challenges related to enforcing planning permits with our Planning Compliance Coordinator
- Discussed the role of place identity in creating a sense of community with our Precinct Directors.

Some of the events and activities I would like to highlight this month include:

Securing the Rainbow Tick

Council's Access and Ageing department has secured the Rainbow Tick accreditation for a further three years. The Rainbow Tick accreditation program was developed by Gay and Lesbian Health Victoria, in conjunction with Quality Innovation Performance. Accreditation provides assurance to the LGBTIQ community and staff that an organisation will be responsive to their needs.

Seniors Festival 2017

The annual City of Port Phillip Seniors Festival 2017 began on 9 October. The Festival included 49 free events for seniors to enjoy. Highlights included pilates, tai chi and reflexology sessions, an 'Afternoon at the Movies', indoor and outdoor lunches with live entertainment and a trio of 'White Light Dances'. The festival recognises the valuable contribution older people make in our community.

Encouraging more people to ride to work

Council supported the annual Ride2Work Day event on 18 October by hosting a breakfast celebration at the South Melbourne Market and supporting five St Kilda Road buildings host events for commuting cyclists riding past. We also hosted a staff event on 20 October at the entrance of the St Kilda Town Hall to encourage new, returning and regular riders.

Trial to improve local pollution issues

A new Environment Protection Authority Victoria (EPA) officer has commenced working alongside Council officers as part of pilot program to improve the identification and resolution of local pollution problems. Port Phillip is one of 13 councils participating in the pilot which will run for the next 15 months.

Agency approach to complement alcohol ban for Port Phillip's streets

Council will trial an extension of the existing 8 pm to 9 am ban on alcohol consumption on our roads and Council land to a 24 hour ban. The two year trial aims to minimise anti-social behaviour linked to public drinking. Permitted events will be exempt from the trial ban.

Making it easier to access the Port Phillip City Collection

A new online database has made it easier for people to browse more than 10,000 items which form our art and heritage collection.

Addressing bike share clutter

Along with the cities of Melbourne and Yarra, we signed a Memorandum of Understanding with oBikes (dockless bike share operator) in an effort to improve safety and amenity across the three municipalities. More information on the Memorandum of Understanding for oBikes is available on our website.

Peter Smith
Chief Executive Officer

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 ten years.

Fishermans Bend

What has happened?

- Officers continue collaborating with the Fishermans Bend Taskforce to progress more detailed planning for the Montague, Sandridge and Wirraway precincts. This includes a focus on quality public spaces, design of streets for accessible and walkable neighbourhoods, and delivery of community infrastructure hubs close to shops and services.
- Officers progressed the development of strategies and plans to address sustainability considerations including climate change readiness, achieving zero net carbon emissions and design standards.
- The Victorian Government released the draft Fishermans Bend Framework on 21 October for public consultation.

What's coming up?

- Council will make a detailed submission covering areas including the tram network, governance arrangements, affordable housing, sustainability, density and design controls and open space and community facilities.
- Council encourages people to view and make a submission on the draft Fishermans Bend Framework.
- The next Fishermans Bend community forum is scheduled for 2 November. If you would like to attend please visit Council's website www.portphillip.vic.gov.au/fishermans-bend-keeping-community-informed.htm for more information.

Waste management

What has happened?

- We continue working with our partners on the funding options and feasibility of an Inner Metro Sustainability Hub. The Hub would incorporate services currently delivered at Council's depot and transfer station.
- The Victorian Government announced its consultation on the proposed approach to manage e-waste in Victoria, including a statewide ban on e-waste going to landfill starting July 2018.
- Council has expanded its e-waste recycling service to include all personal items that have a power cord or battery.
- Council received a Sustainability Victoria Improving Resource Recovery grant to part-fund the creation of a video to explain the new e-waste definition and upcoming e-waste landfill ban.

What's coming up?

- Council is developing a new Waste Management and Resource Recovery Strategy to prepare us for the significant growth anticipated in the Fishermans Bend precinct and the wider municipality.

TRANSFORMING THE CITY

Water management

What has happened?

- Council released funds to undertake further site investigations (including soil testing, service and tree studies) at Alma Park as well as prepare stormwater harvesting concept and detailed design documentation.
- An assessment of selected parks and gardens' suitability to receive treated stormwater from Albert Park Lake commenced.
- The first meeting of the Elster Creek Community Forum was held on 7 September where valuable feedback was received helping shape the draft Elster Creek Catchment Action Plan.
- Officers notified local residents who may be affected by the construction works for the Water Sensitive Urban Design program.

What's coming up?

- Further feasibility works preparation of a business case for stormwater harvesting at Alma Park will be occur over the next three months.
- Development of a strategic business case, led by Parks Victoria, and governance model for the stormwater harvesting scheme at Albert Park Lake.
- The Elster Creek Catchment Action Plan will be approved at the next CEO Forum.
- Construction works for the Water Sensitive Urban Design program will continue.

Transport and parking

What has happened?

- Officers presented 'Setting the Direction: A position paper for the development of an integrated transport strategy' on 18 October to Council for endorsement and release to the community to commence the community engagement. The report included summarised research on transport and parking across the municipality and outcomes of the recent community values survey.
- Winners from the online community values survey were notified and sent their prizes.

What's coming up?

- Community engagement commenced on 30 October and will continue through to 4 December. Council encourages the community to participate by checking out the video online and heading to the Have Your Say page to complete the survey online or in Divercity.
- Council will hold focus groups in November.

COUNCIL SCORECARD

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

Results are provided on a monthly basis, where results are not available results from previous year are provided.






	Outcome indicators	Service measures	Areas for focus
Direction 1 We embrace difference, and people belong	<p>3 on track 0 at risk 0 off track</p>	<p>10 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> • Latest results for MCH participation were below annual target, this is attributed to the phasing of visits • Results from 2016/17 for visits per capita to our community facilities were lower than the 2017/18 target
Direction 2 We are connected and it's easy to move around	<p>1 on track 2 at risk 0 off track</p>	<p>7 on track 1 at risk 0 off track</p>	<ul style="list-style-type: none"> • Results in May 2017 for satisfaction with transport planning were 2 per cent below the 2017/18 target
Direction 3 We have smart solutions for a sustainable future	<p>2 on track 3 at risk 0 off track</p>	<p>11 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> • Our sustainability measures are discussed in the performance spotlight section (refer page 14) • Kerbside waste diversion (outcome indicator) is off track - below target (32% compared to target of 35%). • The three service measures at risk relate to satisfaction with street cleaning, planning applications using sustainable design and stormwater quality where the 2016/17 results were below the target for 2017/18
Direction 4 We are growing and keeping our character	<p>4 on track 0 at risk 0 off track</p>	<p>14 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> • The three service measures at risk relate to satisfaction with planning services, time taken to decide planning applications and animals reclaimed where the current results were below the target for 2017/18
Direction 5 We thrive by harnessing creativity	<p>3 on track 1 at risk 0 off track</p>	<p>8 on track 1 at risk 0 off track</p>	<ul style="list-style-type: none"> • Latest result for library members was below annual target, this is consistent with previous year.
Direction 6 Our commitment to you	<p>4 on track 0 at risk 0 off track</p>	<p>30 on track 2 at risk 2 off track</p>	<ul style="list-style-type: none"> • Latest result adjusted underlying result is inflated because payment for Pride Centre has not been made • The number of material legislative breaches is above the annual target of zero. • The two service measures at risk relate to community satisfaction with Council's advocacy and decisions where results in 2016/17 results were slightly below the targets for 2017/18.

PROJECT DELIVERY UPDATE

The Council Plan 2017-27 commits us to a project portfolio worth more than \$42.5 million in 2017/18. This section provides a detailed update on the status of each major initiative identified in the plan and the overall project portfolio for each of the six directions as at the end of September.

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

Direction 1 - We embrace difference, and people belong





Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Ferrars Street Education and Community Precinct - Community Facilities T						
Deliver		The school building is scheduled to be complete in January 2018. Council is working with the Department of Education and training to establish a Community Joint Use Agreement for the building. The expression of interest process for out of school hours care closed on 20 October. The project is at risk due to schedule pressure.	Dec 2017	Jan 2018	2,995	2,995
JL Murphy Reserve Pavilion Upgrade						
Plan		Project is on track. Council endorsed concept design and granted approval to proceed with detailed design on 19 September. Work on detailed design has commenced and clubs will be consulted before the end of the year.			300	300
South Melbourne Life Saving Club Redevelopment						
Plan		Project is on track. A public tender process has commenced to engage a builder which is expected to be awarded in December. Construction works are planned to commence after summer patrol season in April.			200	200
In Our Backyard Strategy Implementation						
Deliver		Project is on track. The design of EOI process has continued. The development of the Trust Model has progressed with the preliminary Trust Deed and Company Constitution planned to be finalised in October.	Jun 2018	Jun 2018	80	80
Peanut Farm Reserve Sports Pavilion Upgrade						
Plan		Project is on track. Works to improve the oval playing surface commenced in October. A project newsletter was distributed and is available on Council's website. Tender documents for the pavilion works were advertised in October. It is anticipated that the contract will be awarded by Council in December.	Mar 2019	Mar 2019	2,315	1,120

Overall portfolio status



There are 21 projects contributing to the outcomes in this direction. At the end of September three projects were listed as off track, the Childrens Services Review Implementation, Childrens Centres Improvement Strategy and the Bubup Nairn Non Compliance Works projects.

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

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Integrated Transport Strategy Development T						
Deliver		A draft of the Integrated Transport Strategy Discussion Paper will be finalised in October with approval of the communication and engagement strategy. Community engagement will commence on 30 October.	Jun 2018	Jun 2018	150	150
Walk Plan and Bike Plan Implementation 2017/18						
Deliver		<p>Project is on track.</p> <ul style="list-style-type: none"> Construction of safety improvements at Park Street, Mountain Street and Nelson Road (South Melbourne) continued. Design for the Inkerman Street (St Kilda) intersection bike riding is complete. Pedestrian improvements at Station Street, Raglan Street and Light Rail shared path (Port Melbourne) have commenced. Signalisation works for Swallow Street and Light Rail (Port Melbourne) shared path have continued. Detailed design for the signalisation of Ingles Street and Light Rail intersection (Port Melbourne) was completed. 	Jun 2018	Jun 2018	1,040	1,040
Beach Street Separated Queuing Lane Implementation						
Deliver		Project is on track. Construction was completed in September. Traffic surveys will take place during the summer months to evaluate the project.	Mar 2017	Sep 2017	519	374
Kerferd Road Safety Improvements						
Plan		Development of community engagement plan continued. Work on concept design and costings will be progressed in October which will help provide certainty around project timelines. Project is at risk due to uncertainty with project timeline.			395	395

Overall portfolio status



There are 22 projects contributing to the outcomes in this direction. As at the end of September no projects were considered off track.

Direction 3 - We have smart solutions for a sustainable future

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Stormwater Management Program T						
Plan	✓	Program is on track. Works have been identified and business case submitted for internal approval.			1,300	1,300
Waste Management and Resource Recovery Strategy T						
Deliver	✓	Project is on track. Consultant has been appointed to undertake detailed feasibility and cost analysis on potential initiatives under the Waste Management and Resource Recovery Strategy.	Jun 2018	Jun 2018	95	95
Energy Efficiency and Solar Program						
Plan	✓	Installation of solar PV and safe roof systems at Albert Park Library, Emerald Hill and Bubup Nairn Family and Children Centre commenced.			460	540
Sustainability Strategy Beyond 2020 Review						
Deliver	✓	Project is on track. Consultants were engaged to write the strategy and will be gathering data and using community feedback from the development of the Council Plan.			150	150
Baseline of Municipal Greenhouse Gas Emissions Development						
Deliver	✓	Project is on track. A request for quotation was drafted to appoint a data consultant.	Jun 2018	Jun 2018	150	150
Albert Park Stormwater Harvesting Development T						
Deliver	✓	Project is on track. Initiated the 'Connections Ready' subproject to assess the suitability of the scheme's parks and gardens to receive and deliver treated stormwater. Consultant briefs on the commercial and governance frameworks were prepared. Preparation for a peer review of the Albert Park Stormwater Treatment and Harvesting Scheme concept design report is underway.	Apr 2018	Apr 2018	50	218
Alma Park Stormwater Harvesting Development T						
Plan	✓	Project is on track. Council released funds to undertake further site investigations (including soil testing, service and tree studies) at Alma Park as well as prepare concept and detailed design documentation.			100	100
Water Sensitive Urban Design Program T						
Deliver	✓	Program is on track. Construction is expected to begin in October.	Jun 2018	Jun 2018	300	300

Overall project status



There are 26 projects contributing to this outcome. At the end of September no projects were considered off track.

Direction 4 - We are growing and keeping our character

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Fishermans Bend Managing Growth Program T						
Deliver	✓	Program is on track. Two key studies are underway looking at issues associated with economic and transport infrastructure and approaches to water management.	Jun 2018	Jun 2018	365	365
Ferrars Street Education and Community Precinct - Construction of Montague Park T						
Plan	⚠	The statutory process for closing roads to increase the size of the park commenced with public submissions closing in late October. Amendment C135 to the Port Phillip Planning Scheme was approved in early October. The project is at risk due to uncertainty of the schedule and completion.			2,290	2,290
Ferrars Street Education and Community Precinct - Streetscape Upgrade T						
Plan	⚠	The statutory process for partly closing and reconfiguring Railway Place commenced with public submissions closing in late October. The project is at risk due to uncertainty of the schedule and completion.			2,638	2,638
Gasworks Arts Park Contamination Management Plan						
Deliver	✓	Project is on track. Consultation with the Department of Treasury and Finance continues. A draft Contamination Management Action Plan (CMAP) is expected to be developed by December 2017. The draft CMAP will be publicly available and guide conversations about any landscape works and usage management (if required).	Jun 2018	Jun 2018	50	50
St Kilda Marina New Lease						
Initiate	⚠	The project schedule and cost as per early project reporting is at risk. This is due to officers commissioning additional research and investigation reports to identify site constraints and opportunities. The need to carry out this additional work to inform the detailed site analysis was identified after introductory project workshops with Councillors in August 2017.			150	150
Public Spaces Strategy Development						
Plan	✓	Project is on track. Project scoping, background research and engagement with internal stakeholders has commenced.			50	50

Overall project status



There are 26 projects contributing to the outcomes in this direction. At the end of September the Soil Contamination Management Plan 2017-18 was considered off track.

Direction 5 - We thrive by harnessing creativity

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Creative and Prosperous City Strategy Development						
Deliver	✔	Project is on track. A review of community engagement feedback and benchmarking has been completed. Councillors will be briefed in October.	Jun 2018	Jun 2018	50	50
Linden Gallery						
Deliver	✔	Project is on track. Contract was awarded for building works. Temporary fencing was erected with works commencing in October.	Jun 2018	Jun 2018	1,675	1,675

Overall Project Portfolio Status



There are 16 projects contributing to the outcomes in this direction. As at the end of September the South Melbourne Market Building Compliance Assessment project was considered off track.

Direction 6 - Our commitment to you

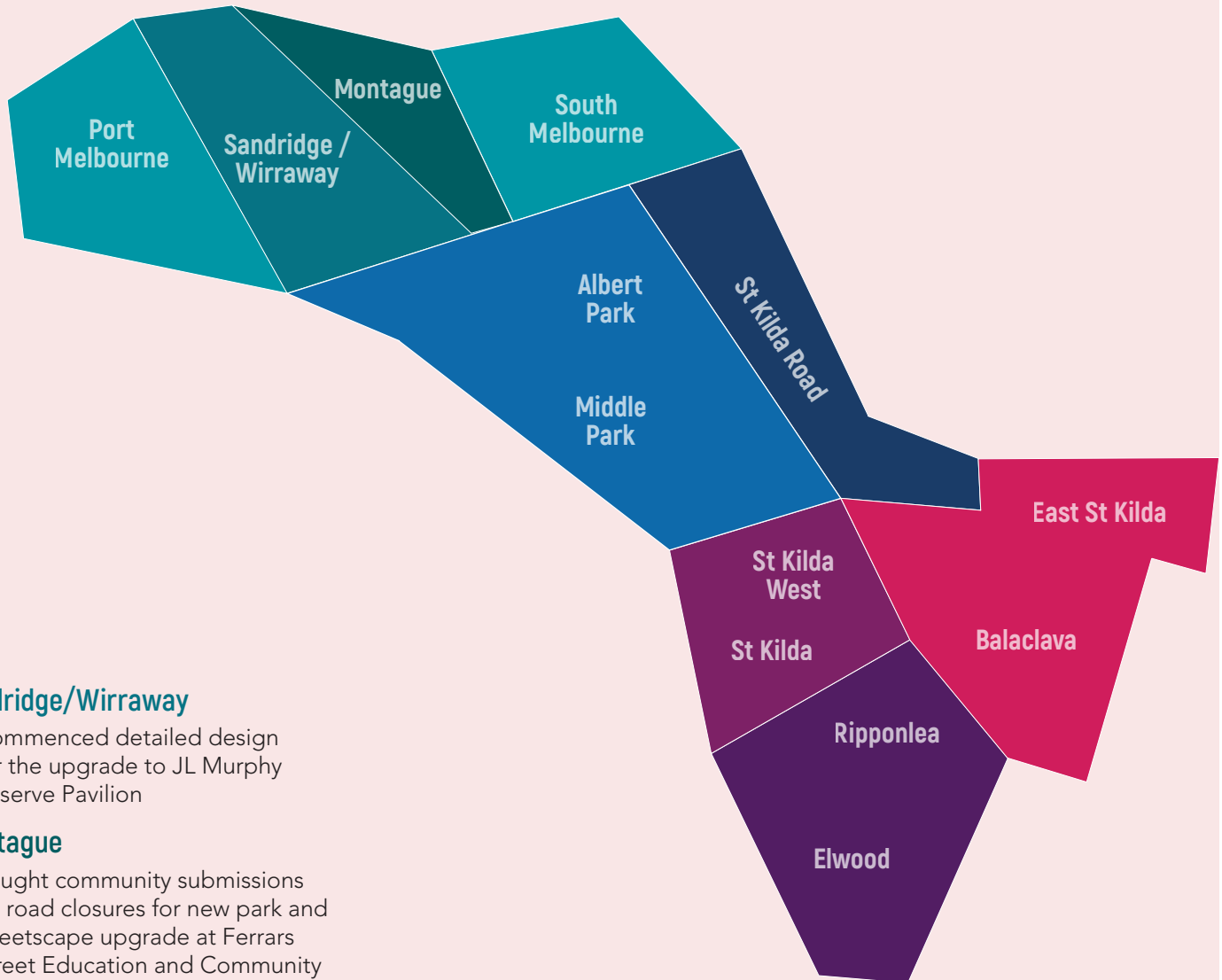
Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Building Renewal Program 2017/18						
Deliver	✓	<p>Program on track.</p> <ul style="list-style-type: none"> Sails on the Bay roof component project approved to engage consultant and prepare concept design for mechanical system and alternate design for the existing roof. Sandbar roof renewal completed including replacement of like for like roof tiles, installation of insulation, gutters and downpipes. Preventative and minor reactive capital works progressing with identified works being resourced and delivered. Successful delivery of Sandbar sewerage pump replacement during roof renewal project with minimal impact on tenant. 	June 2018	June 2018	2,330	2,330
Core Application Renewal and Upgrade Program						
Plan	✓	Program on hold. The Customer Experience Improvement Plan and ICT Strategy will inform the business case and implementation plan for this program over the next four years.			2,500	2,500
Core IT Infrastructure Renewal and Upgrade Program						
Deliver	✗	Program is off track due to delays in delivering desktop and telephony projects while we ensure designs are appropriate and provide best value. The replacement of our Geographic Information System is near completion.	May 2018	June 2018	1,792	1,942

Overall project status



There are 15 projects contributing to the outcomes in this direction. As at the end of September two projects were considered off track, Health and Safety Improvement Project and Core IT Infrastructure Renewal and Upgrade Program.

WHAT'S HAPPENED IN OUR LOCAL NEIGHBOURHOODS?



Sandridge/Wirraway

- Commenced detailed design for the upgrade to JL Murphy Reserve Pavilion

Montague

- Sought community submissions on road closures for new park and streetscape upgrade at Ferrars Street Education and Community Precinct.

South Melbourne

- Commenced installation of solar PV at Emerald Hill Library

Port Melbourne

- Installed staircase hand rails, tactile indicators and stair nosing to improve safety along Beacon Cove promenade
- Completed works to upgrade public toilet and internal facilities at the Sandridge Trugo Club
- Commenced upgrade works at Liardet Street Community Centre

St Kilda Road

- Planted almost 50 trees along Queens Road and Louise Street

Albert Park/ Middle Park

- Completed renewal of Sandbar roof
- Commenced installation of solar PV at Albert Park Library

Balaclava / St Kilda East

- Commenced replacement of street trees along Chapel Street
- Commenced design for the installation of outdoor fitness equipment at Alma Park East

Elwood / Ripponlea

- Supported first meeting of the Elster Creek Catchment Community Forum

St Kilda / St Kilda West

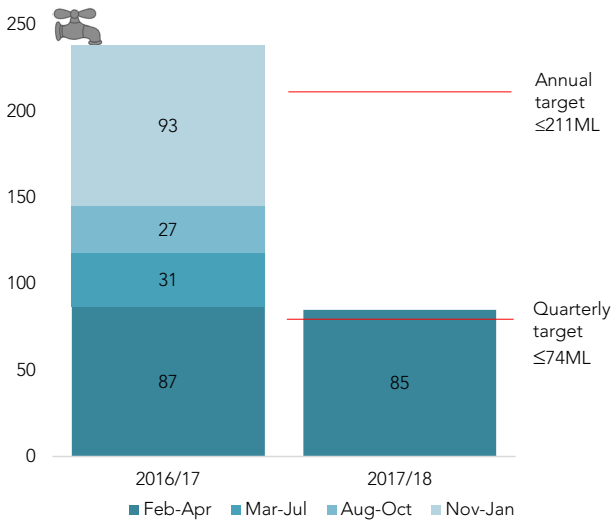
- Hosted school holiday activities and performances at the Acland Street Plaza
- Commenced upgrade works at Linden Gallery
- Commenced works to improve the oval at Peanut Farm Reserve
- Parks Victoria commenced public consultation on concept design options for a new St Kilda Pier

SPOTLIGHT ON OUR PERFORMANCE: SUSTAINABILITY

This month we are highlighting some of the ways we monitor our environmental impact. Each quarter we track our potable water usage (drinking quality) and greenhouse gas (CO₂) emissions, using best available data from our utility retailers. Each year we complete a detailed inventory of potable water use and CO₂ emissions. These results are checked and validated by an independent/third-party auditor.

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

Potable water usage

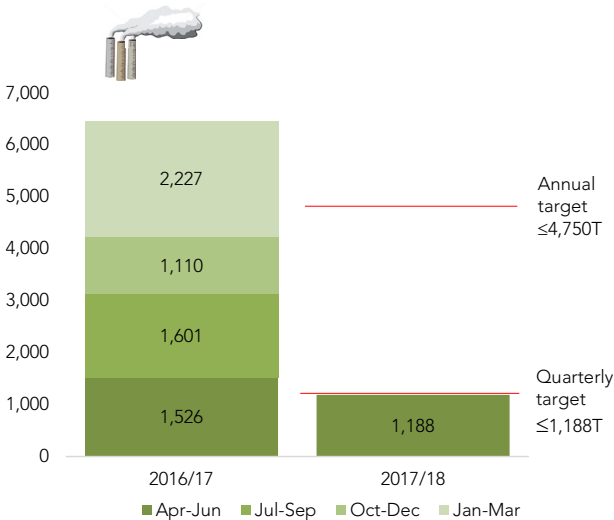


We are committed to minimising potable (drinking quality) water use to achieve and sustain a 70 per cent reduction in Council's potable water use by 2020 (based on 2000 levels of water use).

Council used 85 ML of potable water between February and April which is more than the targeted 74 ML. Compared to the same time last year there was a two per cent decrease, which equates to 2 ML, in potable water usage.

Compared to the previous quarter our childcare centres, community centres, sport facilities and public change rooms recorded significant reductions.

Net CO₂ emissions



Council's net greenhouse gas emissions between April and June were on target at 1,188 tonnes. Compared to the same time last year we experienced a reduction of four per cent, which equates to 121 tonnes carbon dioxide equivalent.

Compared to the previous quarter we experienced energy savings in street lighting, however, this was balanced by a slight increase in energy use across Council buildings.

Purchasing 1,550 tonnes of carbon offsets (National Carbon Offset Standard eligible) contributed to the net result of 1,188 tonnes of greenhouse gas emissions.

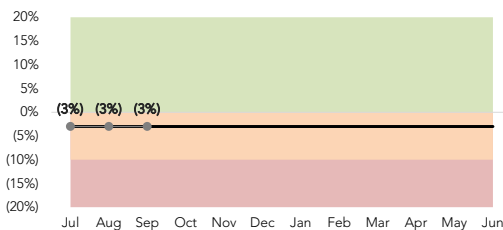
FINANCIAL PERFORMANCE

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

- As highlighted by the six indicators below, the forecast in September indicates an overall low risk financial sustainability rating for Council.
- Council expects to achieve a modest cumulative cash surplus for 2017/18 as budgeted. Our ability to achieve this will rely on savings depending on the extent to which unbudgeted initiatives are approved by Council in October.

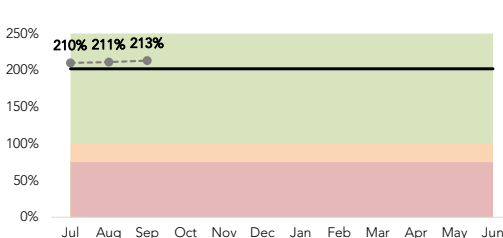
Financial sustainability indicators

1.1 Net Result % (Net Surplus over Total Income)



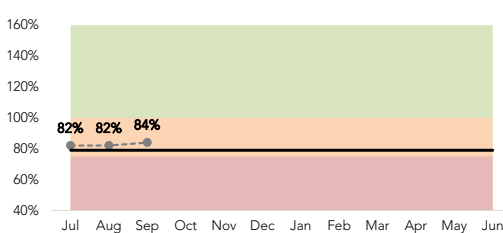
Year-end forecast: (3%) **Status:** ⚠️
Target: Greater than 0%
Comments: This financial indicator assesses Council’s ability to generate sufficient funds for asset renewals. A small deficit is budgeted for 2017/18 due to the inclusion of one-off expenditures including the Pride Centre, Ferrars Street Community and Education Precinct works and relinquishing the Pickles Street property on crown land. Council is currently on track to deliver a small deficit, three per cent of total income as budgeted.

1.2 Working Capital % (Current Assets over Current Liabilities)



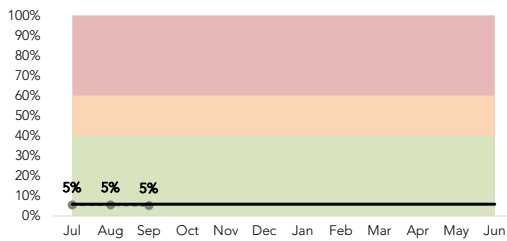
Year-end forecast: 213% **Status:** ✅
Target: Greater than 100%
Comments: This financial indicator assesses Council’s ability to pay short term liabilities as they fall due. The Budget 2017/18 is expected to achieve a 202 per cent ratio. The actual financial position for 2016/17 compared favourably to the forecast position for 2016/17 when preparing the Budget 2017/18. This will continue for the rest of the current financial year which is reflected in the current forecast in September of 213 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)



Year-end forecast: 84% **Status:** ⚠️
Target: Greater than 100%
Comments: This financial indicator assesses Council’s ability to generate sufficient cash from operations to fund new assets. The Budget 2017/18 includes one-off large expenditure payments for the Pride Centre and Ferrars Street Community and Education Precinct works which are partly funded from cash reserves set aside in prior years. Excluding these two items, the ratio would be above 100 per cent which is a low risk rating. The forecast in September indicates Council is on track to be marginally favourable to budget.

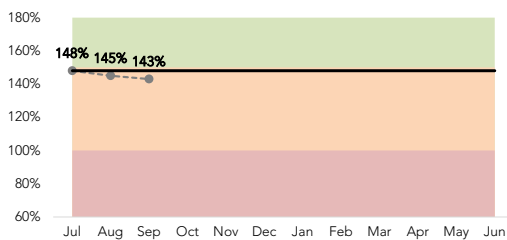
1.4 Indebtedness % (Own Sourced Revenue compared to Non Current Liabilities)



Target: Less than 40% **Year-end forecast:** 5% **Status:** ✔

Comments: This financial indicator assesses Council's ability to repay its non-current debt from its own source revenue. This indicator shows a low risk for Council as the ratio of 5.8 per cent for Budget 2017/18 is significantly lower than the 40 per cent target. The September forecast shows Council is on track to achieve budget.

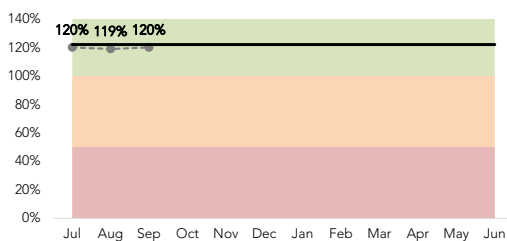
1.5 Capital Replacement % (Total cash capital outlay / Depreciation)



Target: Greater than 150% **Year-end forecast:** 143% **Status:** ⚠

Comments: This financial indicator assesses whether Council's overall spend in renewing, growing and improving its asset base is sufficient. The Budget 2017/18 ratio of 148 per cent is very close to the 150 per cent low risk target. The forecast in September shows a decrease to 143 per cent due to building upgrade projects being pushed into the 2018/19 financial year.

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



Target: Greater than 100% **Year-end forecast:** 120% **Status:** ✔

Comments: This financial indicator assesses Council's spend on its asset base is keeping up with the rate of asset depletion. The Budget 2017/18 ratio of 122 per cent indicates sufficient provision in the capital program for asset renewal and upgrade. The forecast in September show a slight reduction to 120 per cent, however is still significantly above the 100 per cent ratio for a low risk rating.

Key

— Budget 2017/18 —●— Year end forecast

Comprehensive Income Statement Converted to Cash September 2017

We use the Comprehensive Income Statement Converted to Cash to ensure prudent financial management by maintaining a modest cumulative cash surplus. Council expects to achieve a modest cumulative cash surplus for 2017/18 as budgeted.

	Year to date		YTD Variance		Full Year		Variance		Notes
	Actual	Forecast	Actual to Forecast		Forecast	Budget	Forecast to Budget		
	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	(\$'000)	%	
Income									
Rates and Charges	30,317	30,390	(73)	(0%)	120,769	120,769	0	0.0%	
Statutory Fees and Fines	5,345	5,397	(52)	(1%)	22,710	22,710	0	0.0%	
User Fees	9,259	9,109	150	2%	34,217	34,317	(100)	(0.3%)	
Grants - Operating	2,944	2,872	72	3%	9,607	9,421	186	2.0%	
Grants - Capital	60	60	0	0%	4,860	4,460	400	9.0%	
Contributions - Monetary	1,488	1,125	363	32%	7,830	7,830	0	0.0%	
Contributions - Non Monetary	0	0	0	0%	0	0	0	0.0%	
Other Income	3,462	3,385	77	2%	13,816	13,406	410	3.1%	
Total Income	52,875	52,338	537	1%	213,809	212,913	896	0.4%	1
Expenses									
Employee Costs	23,373	23,473	100	0%	88,925	88,637	(288)	(0.3%)	
Materials and Services	14,548	15,683	1,135	7%	67,997	67,581	(416)	(0.6%)	
Professional Services	542	1,046	504	48%	9,949	9,493	(456)	(4.8%)	
Bad and Doubtful Debts	1,248	1,109	(139)	(12%)	3,478	3,478	0	0.0%	
Depreciation	6,107	6,107	0	0%	24,430	24,430	0	0.0%	
Borrowing Costs	18	28	10	36%	460	460	0	0.0%	
Other Expenses	3,056	3,298	243	7%	17,431	17,442	11	0.1%	
Net (Profit) or Loss on Disposal of Assets	(62)	(25)	37	(148%)	7,736	7,736	0	0.0%	
JV Equity Accounting	0	0	0	0%	0	0	0	0.0%	
Total Expenses	48,830	50,719	1,889	4%	220,405	219,256	(1,149)	(0.5%)	2
Operating Surplus / (Deficit)	4,044	1,618	2,426	150%	(6,595)	(6,342)	(253)	4.0%	
Income Statement Converted to Cash									
Adjustments for non-cash operating items:									
• Add back depreciation	6,107	6,107	(0)	(0%)	24,430	24,430	0	0.0%	
• Add back written-down value of infrastructure assets disposals	0	225	(225)	(100%)	8,736	8,736	0	0.0%	
• Add back written-down value of fleet asset disposals	39	128	(89)	(70%)	510	510	0	0.0%	
• Add back balance sheet work in progress reallocated to operating	0	0	0	0%	1,200	1,200	0	0.0%	
• Add back Joint Venture Equity Accounting	0	0	0	0%	0	0	0	0.0%	
• Less Contributed Assets	0	0	0	0%	0	0	0	0.0%	
	6,146	6,460	(314)	(5%)	34,876	34,876	0	0.0%	
Adjustments for investing items:									
• Less capital expenditure - Infrastructure	(2,649)	(3,166)	517	(16%)	(29,585)	(31,631)	2,046	(6.5%)	
• Less capital expenditure - IT, Plant and Equipment	(512)	(1,158)	646	(56%)	(5,231)	(4,642)	(589)	12.7%	
	(3,161)	(4,324)	1,163	(27%)	(34,816)	(36,273)	1,457	(4.0%)	3
Adjustments for financing items:									
• Add New Borrowings	0	0	0	0%	0	0	0	0.0%	
• Less Loan Repayments	(171)	(175)	4	(3%)	(700)	(700)	0	0.0%	
	(171)	(175)	4	(3%)	(700)	(700)	0	0.0%	
Adjustments for reserve movements:									
• Discretionary Reserve Drawdown/ (Replenish)	4,656	4,657	(1)	(0%)	9,171	10,069	(898)	(8.9%)	
• Statutory Reserve Drawdown/ (Replenish)	(1,486)	(1,125)	(361)	32%	(2,205)	(2,155)	(50)	2.3%	
	3,170	3,532	(362)	(10%)	6,966	7,914	(948)	(12.0%)	4
Current Year Surplus/(Deficit)	10,029	7,111	2,918	41%	(270)	(525)	256	(48.7%)	
Opening balance carry forward surplus	880	880	0	0%	880	890	(10)	(1.1%)	
Accumulated Cash Surplus	10,909	7,991	2,918	37%	610	365	246	67.4%	

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 \$0.36 million:

⬆️ \$0.36 million - Additional interest income from higher investment yields due to active treasury management, currently at 2.5 per cent which higher than the 2.1 per cent in the Budget 2017/18.

⬆️ \$0.11 million - Receipt of unbudgeted "failure to vote" infringements income from the 2016 election.

Note 2: Operating expenditure forecast increased by \$0.30 million:

⬇️ (\$0.30 million) - \$0.3m of WorkCover premium savings due to improved performances from Streetsahead and the Local Government Sector. The savings have been allocated to the following initiatives as endorsed by Council on 6 September:

- (\$0.25m) Combustible Cladding Audit
- (\$0.03m) Elwood Parking fees reduction trial over two financial years
- (\$0.02m) Marriage Equality initiatives

⬇️ (\$0.13 million) - Increased expenditure for unbudgeted funding received in August for Alcohol Harm Minimisation initiative "What's your Story?"

⬇️ (\$0.10 million) - Council endorsed Graffiti Management Strategy to increase expenditure by \$135,000 per annum including a Graffiti Management Officer and increased funding for Street Art Program.

Note 3: Capital expenditure reduced by \$0.69 million:

⬆️ \$1.20 million - Peanut Farm Sports Pavilion upgrade due to funding partner requesting additional time. The delays have pushed the construction works into the 2018/19 financial year.

⬇️ (\$0.51 million) - Additional expenditure for Telephony and Contact Centre Technology Renewal project to be funded from drawdown from reserves.

Note 4: Net drawdown on reserves increased by \$1.14 million

⬆️ \$1.20 million - Quarantine of funds in reserve to be utilised in 2018/19 for the Peanut Farm Sports Pavilion upgrade due to funding partner requesting additional time. The delays have pushed the construction works into the 2018/19 financial year.

⬇️ \$0.46 million - Quarantine of funds in reserves to be utilised in 2018/19 for the South Melbourne Community Centre Upgrade due to detail design delays and the scope increase pushed capital expenditure into the 2018/19 financial year.

⬇️ (\$0.46 million) - Additional expenditure for Telephony and Contact Centre Technology Renewal project to be funded from drawdown from reserves.

CHANGES TO THE PORTFOLIO

The City of Port Phillip has a project portfolio consisting of over 127 programs and projects with a total budget of over \$53.2 million.

The table below outlines changes to the project portfolio during September 2017.

Project	Change
Peanut Farm Reserve Sports Pavilion Upgrade	Additional funding of \$187,000 has been approved to cover additional scope items which includes upgrading the existing two netball courts and new lighting. The total project cost estimate is \$3.12 million and is forecast to be completed in 2018/19.

ORGANISATIONAL SCORECARD

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

Improving customer experience and technology and being more innovative

	Latest Result	
Community satisfaction with Council's performance greater than 65	67	✓
80% community requests responded to on time	95%	✓
80% calls answered within 30 seconds	85%	✓

Improving community engagement, advocacy, transparency and governance

	Latest Result	
90% risk and audit actions completed on time	91%	✓
90% councillor attendance at council meetings	89%	✓
90% council decisions made in public	97%	✓
0 material legislative breaches	2	✗
Average community satisfaction rating for community consultation, advocacy & decision making above 60	58	⚠

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

	Latest Result	
100% Performance plans complete	100%	✓
Total Recordable Injuries Frequency Rate below 14.5	NA	
Unplanned Leave (days/EFT) below 0.9	1.1	⚠
Staff turnover below 0.9%	0.6%	✓

Ensuring sustainable financial and asset management and effective project delivery

	Latest Result	
Financial sustainability rating of low	Low	✓
Additional operating savings is \$1 million by year end	\$300k to be banked	✓
80% of project delivery is on track	94%	✓

LEGISLATIVE UPDATE

Legislative changes

There were no legislative changes that may impact Council in September 2017. Below are the legislative changes for September 2017 that may affect the City of Port Phillip.

Legislation	Assent date	Impact
Land Legislation Amendment Act 2017	19 September 2017	Amends: <ul style="list-style-type: none"> • Transfer of Land Act 1958 in relation to the conversion of general law land and recordings in the Register • Subdivision Act 1988 in relation to unlimited and limited owners corporations and the registration of plans • Valuation of Land Act 1960 in relation to the provision of releasable information from the valuation record
Domestic Animals Amendment (Restricted Breed Dogs) Act 2017	26 September 2017	Amend the Domestic Animals Act 1994 in regard to Restricted Breed Dogs, Dangerous Dogs, payments to the Treasurer and other matters.
Planning and Building Legislation Amendment (Housing Affordability and Other Matters) Act 2017	26 September 2017	<ul style="list-style-type: none"> • Amends the Planning and Environment Act 1987 to facilitate affordable housing supply • Makes miscellaneous amendments to the Building Act 1993
WorkSafe Legislation Amendment Act 2017	26 September 2017	Amends Accident Compensation Act 1985, Dangerous Goods Act 1985, Occupational Health and Safety Act 2004, Workplace Injury Rehabilitation and Compensation Act 2013; to improve the operation of these Acts.

Material legislative breaches

A privacy breach was recorded in September 2017. Council sent an email to approximately 700 email recipients with the email addresses visible to all addressed. Following the incident officers conducted research on investing in a suitable program for sending group emails that prevents this from occurring in the future.