

CEO Report

#45 - July 2018



CEO Report




Issue 45



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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 has not achieved target for 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.

“Working together we will deliver Council’s vision.”

PETER SMITH

CEO City of Port Phillip

Welcome to the June issue of the CEO Report.

Council recently considered the outcomes of its review of the Council Plan 2017-27 and endorsed the 2018/19 Budget.

Officers have worked closely with the Councillors to review the Council Plan and develop a prudent budget that is financially disciplined and prioritises significant investment in initiatives that will help us be more responsive and deliver on Council’s vision.

It is an ambitious program and I look forward to sharing our progress each month.

Draft waste and transport strategies

Waste and transport are key transformational priorities in the Council Plan. In order to respond to the challenges and opportunities, draft strategies have been developed for both waste and transport and were endorsed for public consultation by Council on 20 June.

The draft integrated transport strategy, *Move, Connect, Live*, includes actions that will assist our community to have fair access to parking within the municipality and access to new parking technology to move throughout the City.

The draft waste strategy, *Don’t Waste It!*, includes actions for how Council and the community will work together to create a more sustainable future for the City, through the way we manage our waste.

We welcome feedback on the waste and transport strategies, which are both out for consultation.

Homeless count

On 19 June, volunteers undertook a street count to conduct a point-in-time survey of people sleeping rough within the park lands and streets of our municipality. This was the first year the count was conducted across the cities of Port Phillip, Melbourne, Stonnington, Yarra and Maribyrnong in one night.

Findings from the street count will help inner-Melbourne Councils jointly advocate, plan, develop and make evidence-based decisions about long-term solutions to homelessness.

Annual Homeless Memorial

On 20 June, the longest night of the year, the annual Homeless Memorial was held at Peanut Farm Reserve. The memorial has been held annually since 2001 and was hosted this year by the City of Port Phillip, Star Health and local organisations, including: Port Phillip Community Group, Salvation Army Crisis Services, Sacred Heart Mission, Launch Housing and Prahran Mission. The memorial commenced with the serving of soup and a smoking ceremony. It ended with musical performances from local artists and remembrances from locals. For information about Council’s housing and homelessness support services, go to the [Housing and Homelessness Support Services webpage](#).

A better future for Port Phillip children

The online engagement for the development of the new Children’s Service Policy is live on [Have Your Say](#). The site outlines the various workshops and pop-up sessions that are open to the public. We will also be holding some targeted workshops with special groups such as children, families from culturally diverse backgrounds and families with children living with disability. The final workshop will be held on Tuesday 17 July where all of the feedback will be considered and collated into recommendations to Council to assist with the development of key policy objectives.



Moray Street Bike Lane upgrade

Works are progressing on the Moray Street Bike Lane upgrade with the Moray and Dorcas Street roundabout opening in June. The innovative protected design is the first in Victoria and prioritises the safety of pedestrians and cyclists with a raised zebra crossing and separated bike lane. Motorists are required to give way to pedestrians and people on bikes. The previous roundabout design made it unsafe for pedestrians and people on bikes to cross, with a total of six crashes recorded in the last five years, including five involving bicycle riders. Council secured \$306,000 of VicRoads black spot funding that was used to partially fund the works.

Award winning Annual Report

Council's Annual Report 2016/17 was awarded a gold Australasian Reporting Award on 20 June. The Annual Report is an opportunity for us to clearly and transparently record Council's activities, our achievements and challenges for the year. The award program is supported by volunteer professionals and professional bodies to recognise excellence in annual reporting. To view Council's award winning report, head to Council's Annual Report 2016/17 [webpage](#).

Improvements to open space and amenities

Our community values our high quality open spaces and amenities. This year we have:

- completed lighting upgrade at Woodruff Oval, Port Melbourne with the entire playing surface now well-lit
- increased our investment in street cleaning and graffiti removal to improve street cleaning in key commercial areas
- upgraded Olive's Corner memorial park including new paths, irrigated central lawn area, picnic table, a drinking fountain and games table
- provided beach access matting and wheelchairs for Port Melbourne and St Kilda life saving clubs
- upgraded RF Julier Reserve with picnic amenities, tree planting, play equipment, additional seating and paths
- launched fitness stations at Alma Park that caters for all abilities.

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?

- Additional sitting days of the Fishermans Bend Planning Review Panel were held to hear final submissions from landowners and replies from Government and Councils.
- \$3.8 million was set aside in the Victorian Government budget for planning work to commence on the new Secondary School in Fishermans Bend.
- Officers commenced early discussions with the Victorian Schools Building Authority (VSBA) to understand timing for the secondary school and implications on the council depot operations that are currently on the site.

What's coming up?

- The Planning Minister is expected to finalise the Fishermans Bend Framework and planning controls after the Panel provides its report and recommendation in August 2018.
 - Council staff will continue to work collaboratively with the Fishermans Bend Taskforce to progress detailed Precinct Planning and work on the proposed Infrastructure Contributions Plan.
 - Officers will continue to work with the VSBA and will advise of timeframes, community engagement and implications on the Council depot and JL Murphy Reserve, as they are developed.
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Waste management

What has happened?

- The draft *Don't Waste It!* Waste Management Strategy 2018-28 was released for public consultation on 20 June.
- The community is encouraged to provide feedback through our Have Your Say page. Further consultation events will occur over a five week period, please refer to our Have Your Say [webpage](#).
- Eight waste related actions are captured in the *Act and Adapt* Sustainable Environment Strategy 2018-2028 which was considered by Council on 20 June.
- While there is no risk to service provision, consultation continued with the Victorian Government regarding pricing in response to the ongoing disruption in the recycling industry and Port Phillip's regional contract with SKM.

What's coming up?

- The Victorian Government's budget outcomes related to the recycling industry will be announced by the end of June.
 - Workshops will be held with partners in May and June to discuss the next steps for the proposed Inner Metropolitan Sustainability Hub including funding and governance models.
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Water management

What has happened?

- The *Act and Adapt Sustainable Environment Strategy 2018-28* which was considered by Council on 20 June.
- Officers are working with the consultants to develop the functional detailed design for the Alma Park stormwater harvesting scheme. To assist the contractor procurement process, we undertook a market announcement process with six out of eight contractors indicating interest in the process.
- A consultant was engaged to undertake the additional technical investigations for the Albert Park stormwater harvesting scheme recommended from the peer review.
- The Elsternwick Park Project Group was formed and subject to flood mitigation outcomes, Council resolved to support the Elsternwick Park Redevelopment Project.
- Officers participated in strategic water management planning workshops for Fishermans Bend. This was intended to strengthen integrated water management outcomes bringing together work undertaken by the cities of Port Phillip and Melbourne with work undertaken by Melbourne Water.
- A cross-council working group has been established to progress the opportunity of redeveloping Elsternwick Park North. The working group will provide a high level action plan and timeframe to the July Elster Creek CEO's Forum.

What's coming up?

- Officers will progress functional detailed design for the Alma Park stormwater harvesting scheme and undertake feasibility investigation on soil and water quality. Officers will prepare for the procurement process to be conducted in August.
 - The Albert Park stormwater harvesting scheme consultant will undertake further investigations recommended in the Concept Design Peer Review.
 - Officers will confirm new raingardens to be delivered in 2018/19.
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Transport and parking

What has happened?

- The draft *Move, Connect, Live Integrated Transport Strategy 2018-28* was released for public consultation on 20 June.
- The community is encouraged to provide feedback through our Have Your Say page. Further consultation events will occur over a five week period, please refer to our Have Your Say [webpage](#).
- As part of the parking technology upgrade officers provided data for system configuration and set up. The vendor also completed the initial walk through of work flows for the new system and commenced installation of parking sensors. The first deployment sites are at York Street car park, South Melbourne and Station Pier/Waterfront Place, Port Melbourne.
- All parking officers received training in new devices and software as part of the upgrade with the system went live on 1 July 2018.

What's coming up?

- Officers will order parking meters for Fishermans Bend.
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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. Year end data will be provided in the next issue of the CEO Report.

	Outcome indicators	Service measures	Areas for focus
<p>Direction 1 We embrace difference, and people belong</p>	<p>3 on track 0 at risk 0 off track</p>	<p>11 on track 2 at risk 0 off track</p>	<ul style="list-style-type: none"> The two service measures at risk relate to maternal and child health. Quarter three results for maternal and child health participation (two measures) were below annual target (participation in MCH service 78 per cent compared to target of 85 percent, and participation in MCH service by Aboriginal children 74 per cent compared to target of 85 per cent).
<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>5 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> The three service measures at risk relate to roads. Quarter three results are above annual targets for sealed local road requests (due to an expansion of the types of requests included since target was developed) and the two measures for cost of sealed roads (due to the target being based on m² where our cost is calculated based on m³).
<p>Direction 3 We have smart solutions for a sustainable future</p>	<p>3 on track 2 at risk 0 off track</p>	<p>11 on track 2 at risk 1 off track</p>	<ul style="list-style-type: none"> The two outcome indicators at risk relate to greenhouse gas emissions and kerbside waste diversion. The quarter three result for greenhouse gas emissions was above target (3,738tCO₂e compared to target of 3,564tCO₂e). The April result for kerbside waste diversion was below target (32 per cent compared to target of 35 per cent). The service measures at risk relate to kerbside recyclables and kerbside bins missed. The quarter three result for kerbside recyclables shows a slight increase in direct service costs compared to previous quarters. The quarter three result for kerbside bins missed shows a decrease in scheduled bin lifts and a slight increase in the number of bins missed compared to last year. The service measure off track is the volume of water used from alternative water sources is at risk because it is unlikely to reach annual target based on current usage. This is due to low rainfall between February and April and reduced functionality of stormwater channels to the Elsternwick Park wetlands (Melbourne Water has rectified this issue) in February which is generally a peak usage time.





	Outcome indicators	Service measures	Areas for focus
<p>Direction 4 We are growing and keeping our character</p>	<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 animals reclaimed, time taken to decide planning applications and cost of planning service. The quarter three result for animals reclaimed was below target due to a higher volume of animals collected. The quarter three result for time taken to decide planning applications was slightly above target (78 days compared to target of 75 days). The quarter three result for cost of planning service was above annual target. This is partially due to a change to the methodology for calculating the result from when the target was developed. Using the revised methodology cost is favourable compared to the previous year.
<p>Direction 5 We thrive by harnessing creativity</p>	<p>4 on track 0 at risk 0 off track</p>	<p>6 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> The three service measures at risk relate to our libraries. The quarter three results for library collection usage, active library members and visits to library per capita were below annual target. However, they are slightly lower than the same time in previous years and are expected to reach target by year-end. Library visits are lower than 2016/17 (by nearly 20,000 visits) and this means our per capita rate is unlikely to reach annual target.
<p>Direction 6 Our commitment to you</p>	<p>4 on track 0 at risk 0 off track</p>	<p>32 on track 2 at risk 1 off track</p>	<ul style="list-style-type: none"> The service measures at risk relates to staff turnover and calls answered within 30 seconds. Staff turnover was over target in May (1.07 per cent compared to target of 0.83 per cent). The year to date turnover rate is also above target with a total of 94 staff departing this financial year (11.14 per cent compared to target of 9.13 per cent). 71 per cent of calls were answered within 30 seconds, under the monthly target of 80 per cent. The year to date average is 82 per cent. The service measure that is off track relates to material legislative breaches. The year-to-date result is four material legislative breaches compared to a target of zero. Three relate to emails sent exposing email addresses of all recipients and one is related to two departments unknowingly using the same vendor, exceeding the \$150,000 vendor threshold.


Project delivery update

The Council Plan 2017-27 commits us to a project portfolio worth more than \$53.2 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 May.

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		Project is at risk due to delays to access management outside of the Education and Learning Centre. Officers are reviewing key issues and the project schedule has been extended by six months to December 2018. The school and community facility officially opened on 25 May by the Mayor and Minister Foley.	Dec 2017	Dec 2018	2,995	2,995
JL Murphy Reserve Pavilion upgrade						
Deliver		Project is on track with project funding, schedule and scope revised. Detail design of the pavilion is complete. Work commenced on contract documentation and establishment of a single governance model.		May 2020	300	300
South Melbourne Life Saving Club redevelopment						
Deliver		Project is off track as works have been placed on hold. This is due to the seawall behind and beneath the Club House being in very poor condition which was discovered during demolition. The condition of the wall could not have been known prior to removal of the former club house as the building stood immediately adjacent to, and straddled over, the seawall. The seawall needs to be fixed before the building structure work can occur for the new club house. Until the seawall, which is owned by the Victorian Government, is rectified the planned piling works scheduled for early June have been postponed. Funding to rebuild the wall has been sought from the Victorian Government. This delay will impact the timeline and budget, and will extend the project's completion date. The extent of these impacts can be quantified once a response from the Victorian Government is received.	Apr 2020	Apr 2020	200	200
In Our Backyard strategy implementation						
Deliver		Project is off track due to the delay in the identification of a preferred approach to protecting and leveraging Council's financial and property contributions, and the design of the EOI process to allocate these contributions. Officers are seeking advice and, as part of this work, plan to host a forum with key housing stakeholders. Advice and recommendations will assist officers in the development of a 12-month action plan for Council's consideration. Project timeline and costs are under review and the project re-baselined.	Jun 2018	Jun 2018	80	176

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Peanut Farm Reserve Sports Pavilion upgrade						
Deliver		Project schedule is at risk due to delays in builder procurement in December, which have not been made up. The construction schedule itself is on track, with demolition completed in May. Services were laid in preparation for civil works which commenced in June. A contractor was engaged and installation of lighting for the oval commenced in June.	Mar 2019	Apr 2019	2,315	420

Overall project status



There are 22 projects contributing to the outcomes in this direction. At the end of May two projects were considered off track: In Our Backyard strategy implementation (discussed above) and South Melbourne Life Saving Club redevelopment (discussed above).

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	✘	Project is off track due to delaying the release of the draft strategy to improve how it was written and presented. The draft <i>Move, Connect, Live</i> Integrated Transport Strategy 2018-28 was released for public consultation at the 20 June Council Meeting. Project timeline is currently under review.	Jun 2018	Jun 2018	150	283
Walk Plan and Bike Plan implementation 2017/18 T						
Deliver	✔	Project is on track. <ul style="list-style-type: none"> Commenced construction to upgrade Beacon Cove shared path, Port Melbourne. Construction continued at Ingles Street and Light Rail shared path and crossing, Port Melbourne. Notified the community of upcoming bike infrastructure upgrades in Inkerman Street, St Kilda. Installed speed cushions on Cecil Street, South Melbourne. 	Jun 2018	Sep 2018	1,040	1,040
Kerferd Road safety improvements T						
Plan	✔	Project is on hold until the scope and scale of the Victorian Government's funding commitment of \$13 million for 'Shrine to Sea' is determined.			395	175

Overall project status



There are 26 projects contributing to the outcomes in this direction. At the end of May the Integrated Transport Strategy (discussed above), Fishermans Bend Parking Controls Implementation and Domain Precinct Urban Realm Development were considered off track.

Off track non-major initiative project status

Fishermans Bend Parking Controls Implementation ✘

Project schedule is off track due to need to respond to changes arising from the outcome of community consultation, petitions and joint letters. A report went to Council on 20 June for decision.

Domain Precinct Urban Realm Development ✘

Project is off track due to a delay in external resourcing for the delivery of the Parking and Loading Review. The Place and Identity engagement has been deferred until later in 2018 and this will impact on the delivery of Urban Realm Master planning. Project timelines are under review and the project will be re-baselined.

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						
Deliver		Program is on track. CCTV vehicle was delivered with crew trained and inspection and data collection of stormwater drainage commenced. Robe Street, St Kilda, street drainage improvements including new pits, pipes and street parking changes were completed.	Dec 2018	Dec 2018	1,300	1,110
Waste and Resource Recovery Strategy T						
Deliver		Project is on track. The draft <i>Don't Waste It!</i> Waste Management Strategy 2018-28 was released for public consultation at the 20 June Council Meeting.	Jun 2018	Sep 2018	95	95
Energy Efficiency and Solar Program						
Deliver		Project is off track. It is proposed to reduce the scope of lighting improvements at St Kilda Town Hall to allow sufficient time to conduct a trial of the changes with building occupants. Heating and lighting upgrades at South Melbourne Market have been delayed due to lack of competitive quotes. Lighting and heating efficiency improvements at Albert Park Kindergarten, Betty Day Centre and Linden Gallery have commenced.			460	540
Sustainability Strategy Beyond 2020 review T						
Deliver		Project is on track. The draft strategy was released for community feedback. Feedback received informed the final strategy presented to Council on 20 June.	Jun 2018	Jun 2018	150	150
Baseline of Municipal Greenhouse Gas Emissions development						
Deliver		Project is on track. A baseline figure for 2017 has been determined. Additional data from commercial waste is being collected with a final report expected in June 2018.	Jun 2018	Jun 2018	150	110
Albert Park Stormwater Harvesting development T						
Deliver		Project is at risk due to findings in the Concept Design Peer Review report. A consultant was engaged to undertake additional technical investigations recommended from the peer review. This work will be completed in August when it will be considered by project partners before next steps are determined.	Apr 2018	Jun 2019	50	119
Alma Park Stormwater Harvesting development T						
Deliver		Project is on track with project funding, schedule and scope revised. An additional \$1.3 million is included in the Budget 2018/19 to include delivery of water to Alma Park West, incorporation of a bio-retention system and contaminated soil handling. Project completion has been extended to April 2019.			100	100

Stage	Status	Comments	Original completion	Forecast completion	2017/18 Budget \$'000	2017/18 Forecast \$'000
Water Sensitive Urban Design Program T						
Deliver	✔	Project is on track. All capital works scheduled in the 2017/18 program have been constructed. Rectification works for several older assets have been scheduled and to be delivered in June.	Jun 2018	Jun 2018	300	248

Overall project status



There are 28 projects contributing to the outcomes in this direction. At the end of May the EcoCentre Service Opportunity, EcoCentre Redevelopment, Public Toilet Plan Implementation and Energy Efficiency and Solar Program (discussed above) were considered off track.

Off track non-major initiative project status

EcoCentre Service Opportunity ✘

Project is off track due to the delays experienced in installing the decking and ramps around the new relocatable buildings. Changes were required to ensure that disability access requirements were met. Project to be completed in June.







EcoCentre Redevelopment ✘

Project is off track. Work on developing design options has been deferred to 2018/19. Project timelines are under review and the project will be re-baselined.

Public Toilet Plan Implementation ✘

Project is off track due to missed milestone and underspend to project. Officers are considering functional brief and recommendations from options analysis for Fitzroy Street public toilet provision. Carlisle Street carpark toilets upgrade completed. Seabaths and Coles Port Melbourne Complex contributions re-prioritised within the existing program as not required for 2017/18 program.

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. Although precinct planning has been suspended by the Victorian Government while the Fishermans Bend Planning Advisory Panel takes place (to consider the draft Fishermans Bend Framework and Amendment GC81 - proposed planning controls), Council's submission to the Panel has made recommendations that will inform future precinct planning.	Jun 2018	Jun 2018	365	500
Ferrars Street Education and Community Precinct - Construction of Montague Park T						
Deliver		Project is at risk due to potential contaminated soil and poor soil conditions. Surveyors Place has been re-opened to the public and works commenced across the main park to undertake excavation and soil levels prior to landscaping. Project schedule has been extended by two months to September 2018.	Jul 2018	Aug 2018	2,290	3,600
Ferrars Street Education and Community Precinct - Streetscape Upgrade T						
Deliver		Project is on track. Phase two of the EOI process was completed with tender evaluation and interviews currently underway. Tender award is scheduled for the 17 July Council meeting. Project schedule will be reviewed/ updated based on works program of successful tender.	Dec 2018	Dec 2018	2,638	834
Gasworks Arts Park Contamination Management Plan						
Deliver		Project is on track. Project has been re-baselined with changes to cost and schedule. The boundary fence relocation and associated remedial works in the East corner commenced in June. Council officers continue to work with the State Government in the development of the draft Contamination Management Action Plan (CMAP). A community update will be provided in June 2018.	Jun 2018	Jun 2018	50	50
St Kilda Marina New Lease						
Plan		Project is on track. on 18 April, Council approved the release of the draft Site Vision and Objectives and draft Opportunities and Constraints paper to the community and key stakeholders for feedback. The consultation period concluded on 30 May and the draft Site Vision and Objectives and draft Opportunities and Constraints paper were finalised on 30 May. Council will review the results of Stage two community engagement in July.			150	360
Public Spaces Strategy development						
Plan		Project is on track. Background research is continuing to develop a directions paper, that will inform development of the strategy and community engagement in early 2018/19. Project deliverables remain on track.			50	30

Overall project status



There are 29 projects contributing to the outcomes in this direction. At the end of May the Maritime infrastructure renewal program and Public Space Lighting Renewal and Upgrade Program were considered off track.

Off track non-major initiative project status

Maritime infrastructure renewal program

Program is off track. Construction of a deflection wall for the Albert Park Yachting and Sailing Club building is not required and the project is being closed after final engineering review of the existing structure has been completed. Remaining works are on track and repair of Beacon Cove Foreshore Promenade construction completed.

Public Space Lighting Renewal and Upgrade Program

Project is off track due to delays in comprising the public spaces and linkages opportunity study and will not be completed by 30 June. Project timeline and costs are under review and will be re-baselined for the project.

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. The draft strategy was released for community feedback. Feedback will inform the final strategy to be presented to Council on 20 June.	Jun 2018	Jun 2018	50	50
Linden Gallery upgrade						
Deliver	✓	Project is on track. Works on slate roof were completed, veranda decking is progressing and building facade has been cleaned and painted. Additional internal painting, fence replacement and replacement of light fittings will be completed by August.	Jun 2018	Jul 2018	1,675	1,590

Overall project status



There are 18 projects contributing to the outcomes in this direction. At the end of May the Gasworks Theatre building upgrade, Gasworks Theatre seat replacement, and O'Donnell Memorial Fountain restoration were considered off track.

Off track non-major initiative project status

Gasworks Building upgrade ✘

Project is off track because of an unanticipated requirement to obtain a Ministerial exemption to the procurement requirements under the *Local Government Act 1989* before engaging with CitiPower to commence additional rectification works. Additional funding is required to cover non-compliance costs. With this restriction now eased, CitiPower can be engaged to complete the works.

Gasworks Theatre seats replacement ✘

Project schedule is off track. Based on the current project schedule, construction works are to commence later in February 2019 and program completion to be revised to later April 2019. This aligns with Gasworks Theatre performance program. Project schedule to be re-baselined.

O'Donnell Memorial Fountain restoration ✘

Project is off track. Issues were found that are likely to cause a failure in the fountain operation and works have ceased. Works to address the issue by upgrading the hydraulic system are cost-prohibitive and officers are progressing with alternative option of upgrading the lid of the drainage pit and disconnecting from water main.

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	✘	Program is off track. Sails on the Bay project is off track and officers are reviewing the design costings and delivery of the project. Delivery of building preventative renewals is at risk due to availability of contractors to quote and schedule works. All other initiatives are on track. Works completed during May include: 200 Bank Street, South Melbourne box gutter and roof restoration under new air conditioner, Council's depot workshop roof restoration, painting works at South Melbourne Town Hall and Mary Kehoe, air conditioner upgrade at 147 Liardet Street, Port Melbourne Lifesaving Club balcony window replacement, Worksafe pass-through dishwashers at North St Kilda and carpet upgrades at North St Kilda and Coventry Street Children's Centre.	Jun 2018	Jun 2018	2,330	1,970
Customer Experience and Business Transformation Program 2017/18 (previously Core Application Renewal and Upgrade Program)						
Plan	✔	Program is on track. The procurement process for the appointment of a delivery partner has commenced with a tender expected to be released in July, appointment of a successful tenderer by August and system procurement later in 2018.			2,500	816
Core IT Infrastructure Renewal and Upgrade Program						
Deliver	✔	Program is on track. Deployment of the Telephony and Call Centre Renewal project is expected to be completed by the end of June.	May 2018	Jun 2018	1,792	2,398

Overall project status



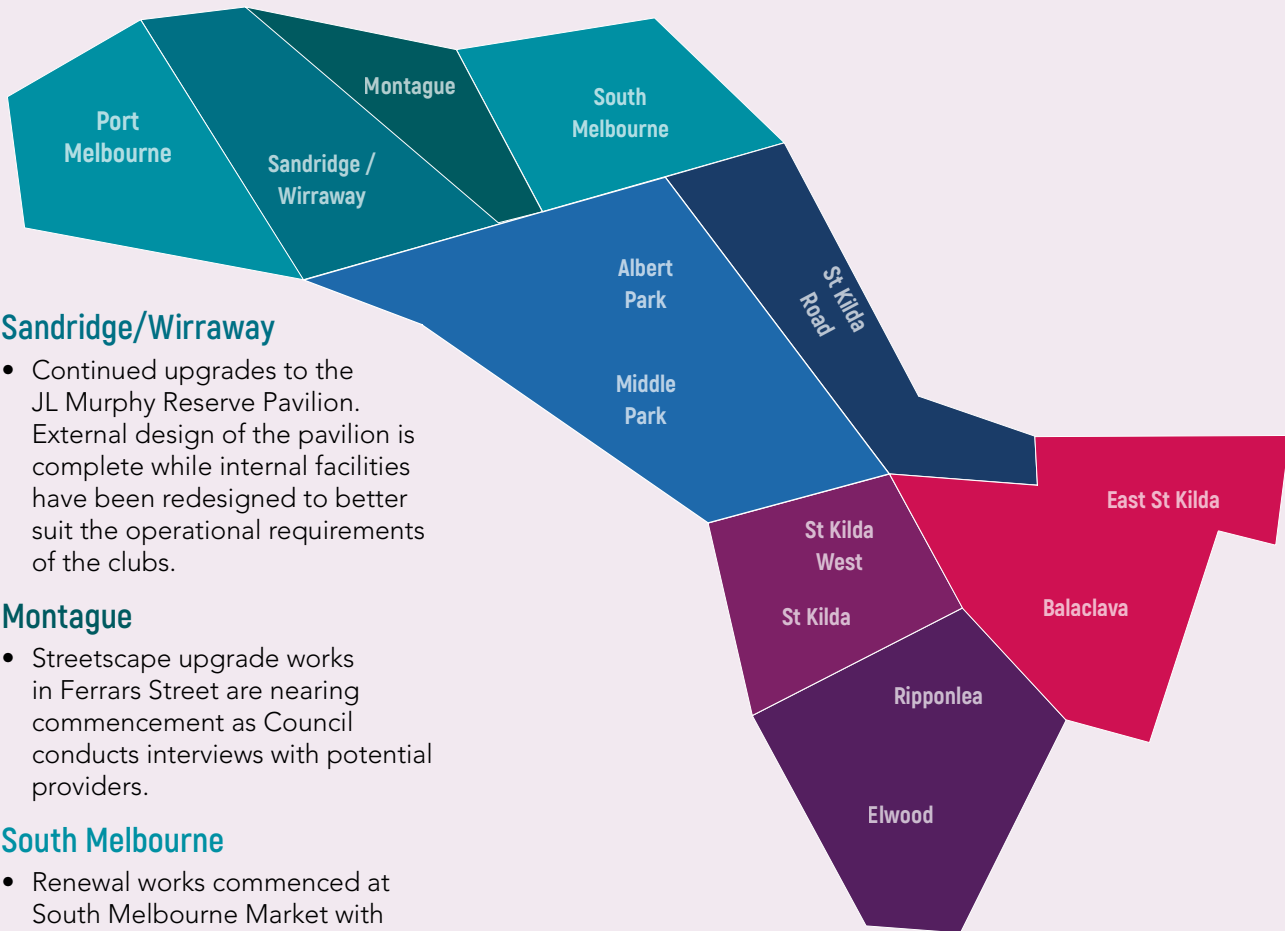
There are 20 projects contributing to the outcomes in this direction. At the end of May the Building Renewal Program 2017/18 (discussed above), and Risk and Compliance Management Solution were considered off track.

Off track non-major initiative project status

Risk and Compliance Management Solution ✘

Project is off track. Project idea to be considered as part of broader customer improvement program. There will be no expenditure in 2017/18 and officers intend to close this project.

What's happened in our local neighbourhoods?



Sandridge/Wirraway

- Continued upgrades to the JL Murphy Reserve Pavilion. External design of the pavilion is complete while internal facilities have been redesigned to better suit the operational requirements of the clubs.

Montague

- Streetscape upgrade works in Ferrars Street are nearing commencement as Council conducts interviews with potential providers.

South Melbourne

- Renewal works commenced at South Melbourne Market with several stall refits, a new sprinkler system for the ground floor, CCTV, a new roller-door, outdoor furniture and electrical works scheduled to be operational in the coming months.
- Continued works at South Melbourne Town Hall to upgrade the lift.
- Continued construction of safety improvements at Coventry and Tope streets, South Melbourne as part of the Blackspot Safety Improvement initiative.

Port Melbourne

- Upgraded Sandridge Trugo Club Public Toilet and Internal Facilities.
- Completed civil works on the Beacon Cove foreshore promenade.
- Draft design guidelines for Waterfront Place and public realm concept design are progressing, key stakeholder engagement, ahead of broader community consultation occurred at the end of June.

St Kilda Road

- Continued to work closely with partners to deliver the Metro Tunnel project. Stage 1 of the Anzac Station construction is underway.

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.
- Commenced works on St Kilda Town Hall Security upgrade.
- Continued upgrades to the Linden Gallery including new roof, veranda decking and building facade.
- Continued to install CCTV and bollards to improve safety in public places.

Elwood / Ripponlea

- Renewed laneway adjacent Coleridge Street, Elwood.
- Completed linemarking work on Tennyson Street, Elwood.

Balaclava / St Kilda East

- Renewed laneway adjacent to Alma Road, St Kilda East.
- Worked closely with key partners and the community to deliver Balaclava Precinct Program tram stop and streetscape improvements, which are nearing completion.

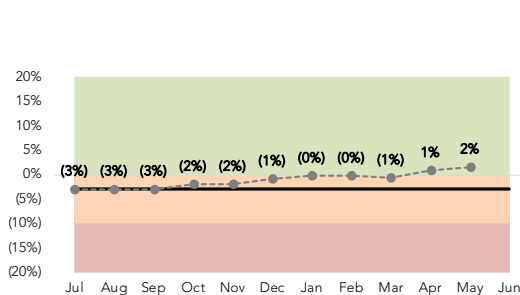
Financial performance

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 May indicates an overall low risk financial sustainability rating for Council.
- Council expects to achieve a modest cumulative cash surplus for 2017/18 as budgeted.

Financial sustainability indicators

1.1 Net Result % (Net Surplus over Total Income)



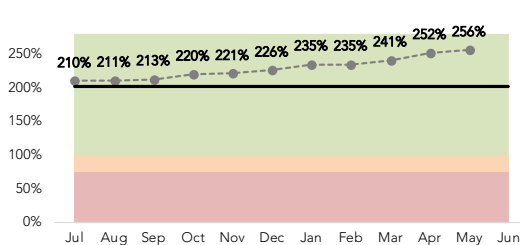
Target: Greater than 0% Year-end forecast: 1.5% Status: ✔

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 Education and Community Precinct works and relinquishing the Pickles Street property on crown land.

Council is currently on track to deliver a small surplus, 1.5 per cent of total income, which is an improvement to the budget. This is mainly due to reduced operating expenditure that has occurred throughout the year.

1.2 Working Capital % (Current Assets over Current Liabilities)



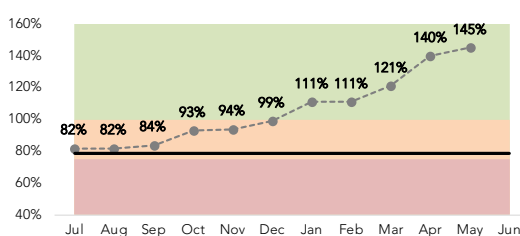
Target: Greater than 100% Year-end forecast: 256% Status: ✔

Comments: This financial indicator assesses Council's ability to pay short term liabilities as they fall due.

The Budget 2017/18 forecast working capital ratio of 202 per cent. The actual financial position for 2016/17 compared favourably to the forecast position for 2016/17 when the 2017/18 budget was prepared. This will continue for the rest of the 2017/18 which is reflected in the current full year forecast in May of 256 per cent.

Council is able to pay suppliers and employees when payments fall due.

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

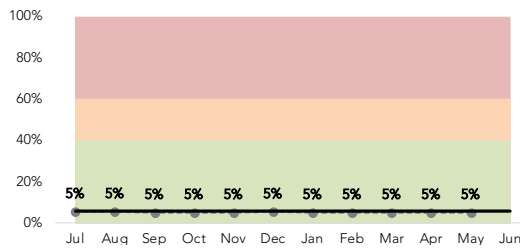


Target: Greater than 100% Year-end forecast: 145% Status: ✔

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 Education and Community Precinct works which are partly funded from cash reserves set aside in prior years. The full year forecast in May for Council's capital spend is lower than budgeted which results in a favourable internal financing ratio than budgeted.

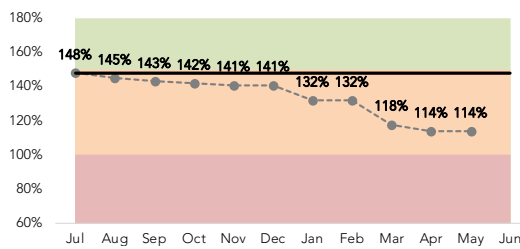
1.4 Indebtedness % (Own Sourced Revenue compared to Non Current Liabilities)



Target: Less than 40% Year-end forecast: 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 5.0 per cent for Budget 2017/18 is significantly lower than the 40 per cent target. The full year forecast in May shows Council is on track to achieve budget.

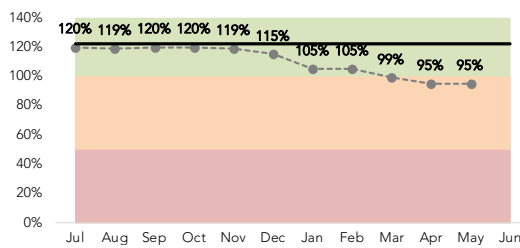
1.5 Capital Replacement % (Total cash capital outlay / Depreciation)



Target: Greater than 150% Year-end forecast: 114% Status: ⚠

Comments: This financial indicator assesses whether Council’s spend overall 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 full year forecast in May shows a ratio of 114 per cent mainly due the forecast project deferrals to 2018/19 of \$8.5 million. The Budget 2018/19 ratio at 170 per cent, an increase due to the deferrals from 2017/18.

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



Target: Greater than 100% Year-end forecast: 95% 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 full year forecast in May shows a ratio of 95 per cent mainly due to forecast project deferrals to 2018/19 of \$8.5 million. The large capital program in 2018/19 with a ratio of 124 per cent will lift our spend on renewal & upgrading our assets back on track.

Key
 Budget 2017/18 Year end forecast

Comprehensive Income Statement Converted to Cash - May 2018

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	111,178	111,121	58	0%	121,024	120,769	255	0%	
Statutory Fees and Fines	21,090	21,049	40	0%	22,718	22,710	8	0%	
User Fees	33,045	32,242	804	2%	34,401	34,317	84	0%	
Grants - Operating	9,253	9,386	(133)	(1%)	11,298	9,421	1,877	20%	
Grants - Capital	2,569	2,024	545	27%	3,931	4,460	(529)	(12%)	
Contributions - Monetary	6,753	6,495	258	4%	8,749	7,830	919	12%	
Contributions - Non Monetary	0	0	0	0%	0	0	0	0%	
Other Income	15,123	14,798	325	2%	15,983	13,406	2,576	19%	
Total Income	199,012	197,114	1,898	1%	218,104	212,913	5,191	2%	1
Expenses									
Employee Costs	81,020	80,437	(583)	(1%)	87,505	88,637	1,132	1%	
Materials and Services	54,126	56,055	1,929	3%	64,976	67,581	2,605	4%	
Professional Services	5,777	7,430	1,653	22%	9,566	9,493	(73)	(1%)	
Bad and Doubtful Debts	4,349	3,188	(1,161)	(36%)	3,418	3,478	60	2%	
Depreciation	22,309	22,309	0	0%	24,430	24,430	0	0%	
Borrowing Costs	405	451	46	10%	460	460	0	0%	
Other Expenses	16,122	16,081	(42)	(0%)	16,826	17,442	616	4%	
Net (Profit) or Loss on Disposal of Assets	3,456	(1,000)	(4,456)	446%	7,736	7,736	0	0%	
JV Equity Accounting	0	0	0	0%	0	0	0	0%	
Total Expenses	187,564	184,951	(2,613)	(1%)	214,916	219,256	4,340	2%	2
Operating Surplus / (Deficit)	11,447	12,163	(716)	(6%)	3,188	(6,342)	9,531	(150%)	
Income Statement Converted to Cash	(161,142)								
Adjustments for non-cash operating items:									
• Add back depreciation	22,309	22,309	(0)	(0%)	24,430	24,430	0	0%	
• Add back written-down value of infrastructure assets disposals	4,614	0	4,614	0%	8,736	8,736	0	0%	
• Add back written-down value of fleet asset disposals	234	468	(233)	(50%)	510	510	0	0%	
• Add back balance sheet work in progress reallocated to operating	396	395	1	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%	
	27,553	23,171	4,381	19%	34,876	34,876	0	0%	
Adjustments for investing items:									
• Less capital expenditure - Infrastructure	(16,973)	(18,293)	1,320	(7%)	(22,913)	(31,631)	8,718	(28%)	
• Less capital expenditure - IT, Plant and Equipment	(3,551)	(4,431)	880	(20%)	(4,937)	(4,642)	(295)	6%	
	(20,524)	(22,724)	2,199	(10%)	(27,850)	(36,273)	8,423	(23%)	3
Adjustments for financing items:									
• Add New Borrowings	0	0	0	0%	0	0	0	0%	
• Less Loan Repayments	(563)	(642)	79	(12%)	(700)	(700)	0	0%	
	(563)	(642)	79	(12%)	(700)	(700)	0	0%	
Adjustments for reserve movements:									
• Discretionary Reserve Drawdown/ (Replenish)	4,766	4,757	9	0%	(3,648)	10,069	(13,717)	(136%)	
• Statutory Reserve Drawdown/ (Replenish)	(5,454)	(5,300)	(154)	3%	(4,305)	(2,155)	(2,150)	100%	
	(688)	(543)	(145)	27%	(7,952)	7,914	(15,866)	(200%)	4
Current Year Surplus/(Deficit)	17,225	11,426	5,799	51%	1,562	(525)	2,087	(397%)	
Opening balance carry forward surplus	880	880	0	0%	880	890	(10)	(1%)	
Accumulated Cash Surplus	18,105	12,306	5,799	47%	2,442	365	2,077	570%	

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 \$1.4 million:

- ➕ \$0.12m Unbudgeted capital contribution as part of a property lease agreement.
- ➕ \$1.32m Early receipt of half of the 2018/19 Victoria Grants Commission funding.

Note 2: Operating expenditure - no change

Note 3: Capital expenditure - no change

Note 4: Net drawdown on reserves increased by \$1.3 million:

- ➖ (\$1.32m) Early receipt of Victoria Grants Commission funding transferred to reserve for use in 2018/19.

Changes to the portfolio

The City of Port Phillip has a project portfolio consisting of over 140 programs and projects with a total budget of over \$53.2 million.

The table below outlines changes to the project portfolio during May 2018.

Project	Change
Albert Park Stormwater Harvesting Development	Project completion date has been extended by six months to December 2019.
South Melbourne Market Building Compliance Assessment	An additional \$167,000 is required to cover EOI cost variations and to manage risks. Project completion has been extended by 13 months to March 2019.
Alma Park Stormwater Harvesting Scheme	Project completion has been extended to April 2019.
JL Murphy Reserve Pavilion Upgrade	An additional \$738,000 has been included to cover procurement market and completion date has been revised to March 2020.
Ferrars Street Education and Community Precinct – Community Facilities and Netball Courts	Project schedule has been extended by six months to December 2018.
Little Grey Street Precinct CCTV	This is a new initiative which was approved by Council in April for \$40,000 in 2017/18 and \$315,000 in 2018/19.
Ferrars Street Education and Community Precinct – Construction of Montague Park	Project schedule has been extended by two months to September 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.

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	92%	✓
80% calls answered within 30 seconds	71%	⚠

Improving community engagement, advocacy, transparency and governance

	Latest Result	
90% risk and audit actions completed on time	78%	⚠
90% councillor attendance at Council meetings	89%	⚠
90% Council decisions made in public	83%	⚠
0 material legislative breaches	4	✗
Average community satisfaction rating for community consultation, advocacy and decision making above 60	58	⚠

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

	Latest Result	
100% performance plans complete	80%	⚠
Total recordable injury frequency rate	32.97	✓
Unplanned Leave (days/EFT) below 0.9	1.02	⚠
Staff turnover below 0.8%	1.07%	⚠

Ensuring sustainable financial and asset management, and effective project delivery

	Latest Result	
Financial sustainability rating of low	Low	✓
Operating savings	\$1.3m \$152k to be banked	✓
80% of project delivery is on track	88%	✓

Legislative update

Legislative changes

Below are the legislative changes for May that may affect the City of Port Phillip.

Legislation	Assent date	Impact
<i>Long Service Leave Act 2018</i>	1 November 2018	To make provision with respect to the long service leave entitlements of certain employees, including public and private sector employees and police officers.
<i>Service Victoria Act 2018</i>	30 September 2018	To provide for the delivery of Government services to the public by Service Victoria and to provide for a regulatory framework for the provision of identity verification functions by the Service Victoria CEO.
<i>Major Events Legislation Amendment (Ticket Scalping and Other Matters) Act 2018</i>	23 October 2018	To change the name of the <i>Major Sporting Events Act 2009</i> and that Act to provide for controlling the secondary ticket market for major sporting and cultural events; and to repeal the <i>Tourism Victoria Act 1992</i> and make transitional arrangements.

Material legislative breaches

There were no material legislative breaches recorded in May.

Year-to-date, four breaches have been recorded. Three related to emails sent exposing email addresses of all recipients and one related to two departments unknowingly using the same vendor, exceeding the \$150,000 vendor threshold.