

# CEO Report

#54 - May 2019



# CEO Report


## Issue 54




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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

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-  **At risk** Latest result experienced a minor miss in relation to target measure  
One or more elements of project are at risk

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-  **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.

# “On 17 April 2019, Council released its updated Council Plan and draft Budget for 2019/20 for community consultation.”

## PETER SMITH

CEO City of Port Phillip

### Welcome to the May issue of the CEO Report.

#### Budget 2019/20

In June 2017, the Council set itself an ambitious schedule by 2027 to invest in services and projects that ensure Port Phillip remains the bold, liveable, caring and beautiful place residents and visitors love.

On 17 April 2019, Council released its updated Council Plan and draft Budget for 2019/20 for community consultation.

The Council Plan has been updated with better information to reflect our long-term outcomes, strategies or initiatives. Our draft Budget for 2019/20 follows the previous two years of prudent fiscal management by keeping the rates increase to inflation as measured by the Consumer Price Index (CPI).

To achieve this in an environment that is rapidly changing with some significant challenges ahead has been no mean feat.

Our costs are increasing at a higher rate than CPI. This is common across Local Government as we renew and upgrade our ageing asset base and manage emerging issues, for examples: increase in drainage cleaning, effects of disruption in recycling sector, and the recently introduced swimming pool inspection service. We have also had pressure on our revenue associated with problems being experience by Fines Victoria who collect outstanding parking fines on our behalf.

By identifying another \$2 million of permanent efficiency savings (\$13 million over the last six budgets), we have been able to absorb these increases and, provide for service level increases in litter cleaning, while retaining a prudent financial position including low levels of debt. We have budgeted a higher cumulative cash surplus in the draft Budget 2019/20 to respond to emerging issues and carry reserve that provide capacity to deal with growth challenges at Fishermans Bend.

### Birdseye view of St Kilda

Over the next two months our City is hosting Australia’s newest and largest portable observation wheel at the South Beach Reserve.

We tend to see a reduction in trade this time of year, which can be quite challenging for local businesses. We expect the 35 meter high Skyline Wheel to attract many visitors for a ride to enjoy a stunning 360-degree view of St Kilda.

To bolster business in the area we’ve helped broker partnerships between the Skyline team and local restaurants and hotels to offer special deals for visitors and free tickets for several of our City’s charities and community groups.

### New urban oasis

As our City grows, one challenge we face is balancing the urban landscape with wildlife habitats

We’re working closely with a passionate group of residents to establish an important wildlife corridor on a residential street in Albert Park.

Hundreds of native tress and indigenous plants and shrubs are being planted, along with the installation of nesting boxes to provide homes and breeding spaces for a variety of birds, mammals, and insects. The corridor will also be used as an outdoor classroom teach future generations about wildlife and native vegetation.



## Community Safety Plan engagement

Safety and feeling safe can have a significant impact on people's health and their ability to participate in community life, which is why safety is a key priority of our integrated Council Plan 2017-2027 and Health and Wellbeing Implementation Strategy 2017-2021.

We're developing a Community Safety Plan in response to community safety concerns identified through Victoria Police Community Safety Forums, our formal governance processes and community engagement activity such as community safety audits.

On Wednesday 17 and Thursday 18 April our Community and Economic Development team ran a two-part roundtable session to better understand different aspects of community safety and identify how the different roles and functions of Council can be coordinated to maximise safety for everyone in our community.

## Connecting people and places more sustainably

With our City's population estimated to grow 23 per cent to 136,000 by 2027 we recognise the need for a long-term, sustainable plan to help alleviate the traffic and parking challenges.

Car sharing is an ideal travel choice which helps make it easier to move around and keeps the City moving.

Currently we have 199 car bays dedicated to share vehicles, with more being put in place by June this year. We're proud to be a local government leader in providing more transport choices for our residents and I'm pleased to report that our car sharing policy is on track to meet its target of 330 car share bays across the City by 2021.

Our estimates show that one car share vehicle results in 10 privately owned vehicles being taken off our streets. Not only does car sharing help connect people to places, it is another more sustainable transport option.

# 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

### Transforming Fishermans Bend

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Fishermans Bend represents an unparalleled opportunity to reshape how Australia thinks about urban growth, housing, working and sustainable transport.

It is a Council priority to ensure that the Fishermans Bend Framework and precinct plans maximise outcomes for current and future Port Phillip residents, including employment, housing choice, quality public space and community facilities, and early delivery of fast frequent public transport.

### Highlights

- Streetscape works along Douglas Street are completed and the road was reopened to traffic. Works in Ferrars Street are now completed and the project is practically completed.
- Planning for engagement on precinct planning was completed and will start on 13 May.
- Council continues to work with the Victorian Government to develop the precinct plans and to agree how the Infrastructure Contributions Plan will be formalised.

### Challenges

- Potential costs of contaminated soil for the streetscaping project. Full costs have exceeded the original estimate and officers are looking at ways to keep total project costs within budget.
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## Don't Waste It! - Waste Management Strategy 2018-28

### Transforming waste management

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The Don't Waste It! – Waste Management Strategy 2018-28 was endorsed by Council on 17 October 2018 and outlines 25 actions to commence in 2018/19.

The strategy provides a blueprint for how Council and the community will work together to create a more sustainable future for Port Phillip, ensuring it has a sustained reduction in waste.

### Action progress

Below shows a progress update of the actions due for completion in 2018/19.



### Highlights

- Review of the Council's street and beach cleaning, hard waste collection and dumped waste collection are near completion.
- More businesses, less waste program to rescue surplus food and create food rescue opportunities has commenced.

### Challenges

- We continue to work with the Metropolitan Waste and Resource Recovery Group to negotiate contract solutions for recycling for the community. We are also strongly advocating for an action plan and looking for opportunities to partner with other councils and the Victorian Government to find a better, more sustainable way forward for our community.

### Actions not started

One action will commence in May 2019:

- Action 11 - We will seek grant funding to trial insinkers within existing apartments.
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## Act and Adapt - Sustainable Environment Strategy 2018-28

Transforming waste and water management

The Act and Adapt - Sustainable Environment Strategy 2018-28 was endorsed by Council on 20 June 2018 and outlines 29 actions to be delivered in 2018/19.

This strategy was developed to help address waste and water management as well as other sustainable environment challenges.

### Action progress

Below shows a progress update of the actions due for completion in 2018/19.



### Highlights

- Upgrade of solar hot water systems and lighting at Bubup Nairn.
- Installation of five new electric vehicle charging stations at St Kilda Town Hall to charge fleet vehicles.
- Commenced construction of raingardens at the intersection of Foote and Reed streets, Albert Park.
- Commenced installation of street trees under Council's Greening Port Phillip program.
- Commenced design for redevelopment of the EcoCentre.
- Commenced design of solar panels on three council buildings.
- Released a tender for the upgrade of heating and cooling systems in St Kilda Town Hall.
- Commenced community engagement on the development of the Water Sensitive City Implementation Plan and Climate Response Plan.

### Challenges

- Construction of solar panels on the roof of South Melbourne Market has been delayed slightly as changes to the design are required to meet roof safety requirements.

### Completed actions

- Actions 40 - Development of the Waste Management Strategy.

## Move, Connect, Live - Integrated Transport Strategy 2018-28

Transforming transport and parking

The Move, Connect, Live - Integrated Transport Strategy 2018-28 was endorsed by Council on 20 September 2018 and outlines 30 actions to be delivered or commenced in 2018/19. Three actions have been brought forward to 2018/19 and one has been deferred to be completed in later years.

The strategy was developed to make it easy for people to move around and connect with places in a way that suits them as our City grows.

### Action progress

Below shows a progress update of the actions due for commencement in 2018/19.



### Highlights

- Fifteen Port Phillip schools participated in Ride2School Day in March 2019, being Council's highest participation number so far. Overall, the Council Plan 2018/19 target of an average of 12 schools participating across the Walk to School Month and Ride2School Day initiatives has been achieved.
- Completion of round two of the car share scheme, with continued support from car share providers. It is expected that 25 new car share bays will be installed in this round.
- Continued working with our partners in Victorian Government to progress the delivery of St Kilda Road central bike lanes, 'Shrine to Sea' corridor, Park Street Tram Link and the development of a Movement and Place Strategy for St Kilda Junction.

### Challenges

- Following paid parking occupancy in the Fishermans Bend precinct falling below the target 75-85 per cent range, Council agreed to reduce the hourly parking fee from \$1.90 to \$1.00. The new rate commenced on 12 March 2019. Monitoring of the parking availability, transactions and community feedback will occur over the next 12 months.







# Council scorecard

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

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

	Outcome indicators	Service measures	Areas for focus
<p>Direction 1 We embrace difference, and people belong</p>	<p>2 on track 1 at risk 0 off track</p>	<p>6 on track 6 at risk 0 off track</p>	<ul style="list-style-type: none"> <li>The outcome indicator at risk relates to residents that agree Port Phillip is welcoming and supportive for everyone (annual survey conducted in February 2018) which remained stable and just below target (93 per cent compared to &gt;95 per cent).</li> <li>Four of the service measures at risk relate to community satisfaction survey results conducted in February 2018 (recreational facilities, services contributing to health and wellbeing of the community, supporting older people and people with disabilities and family, youth and children), where a slight decrease was experienced and results dropped below target. Participation in first MCH home visit and participation in MCH service fell slightly below target in quarter two (95.62 per cent and 62.17 per cent respectively compared to 100 per cent). These measures are cumulative measures and are expected to increase as the year progresses, although slightly below the same period last year.</li> </ul>
<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"> <li>Two of the service measures at risk relate to the community satisfaction survey conducted in February 2018 (transport planning policy, safety and design and sealed local roads), where a slight decrease was experienced and results dropped below target. The third measure related to cost of sealed local road resealing, which has increased above target due to increased resealing of higher traffic roads which require a thicker seal from 40mm to 60mm (\$59.45 compared to target of \$50.00).</li> </ul>
<p>Direction 3 We have smart solutions for a sustainable future</p>	<p>5 on track 0 at risk 0 off track</p>	<p>8 on track 5 at risk 0 off track</p>	<ul style="list-style-type: none"> <li>Three service measures at risk relate to the community satisfaction survey conducted in February 2018 (making Port Phillip more environmentally sustainable, street cleaning and waste and recycling), where a slight decrease was experienced and results dropped below target. One annual measure at risk relates Council waste production, data from 2017/18 year end indicates that 59.6T of waste is produced.</li> </ul>



	Outcome indicators	Service measures	Areas for focus
<p>Direction 4 We are growing and keeping our character</p>	 <p>2 on track 2 at risk 0 off track</p>	 <p>13 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> <li>• Results from the community satisfaction survey conducted in February 2018 related to residents who feel a sense of security in Port Phillip experienced a decrease and dropped below target. The cumulative quarter two result for Council planning decisions upheld at VCAT also fell short of our target (65 per cent compared to 70 per cent). However, we have experienced an increase from quarter one (63 per cent) and when we include mediated and withdrawn outcomes upheld at VCAT the result would be 77 per cent (and above target).</li> <li>• Community satisfaction results from the survey conducted in February 2018 show resident perception of planning services decreased and results dropped below target (78 per cent compared to 80 per cent). The cumulative quarter two result for cost of planning service was above annual target (\$2,700.58 compared to \$2,500.00). The cumulative quarter two results for planning applications decided within timeframes have remained at 54 per cent below our target of 60 per cent. While less applications have been received, a combination of complex applications and difficulties in recruiting experienced staff has contributed to the timeframes.</li> </ul>
<p>Direction 5 We thrive by harnessing creativity</p>	 <p>1 on track 3 at risk 0 off track</p>	 <p>6 on track 3 at risk 0 off track</p>	<ul style="list-style-type: none"> <li>• Two of the outcome indicators at risk relate to community satisfaction survey results conducted in February 2018 (culture of creativity and opportunity to participate in affordable events or activities), where a slight decrease was experienced and results dropped below target. The third outcome indicator relates to the percentage of people employed in the top five industries of total employment (50 per cent compared to 54 per cent).</li> <li>• Two of the service measures at risk relate to community satisfaction survey results conducted in February 2018 (visitor management and good range of business services), where a slight decrease was experienced and results dropped below target. The two remaining measures relate to our libraries, library collection usage (4.42 compared to 4.50) and visits to library per capita (5.85 compared to 6.50). Visits continue to decrease, with the cumulative visits year to date nearing 20,000 under the same time last year.</li> </ul>
<p>Direction 6 Our commitment to you</p>	 <p>3 on track 2 at risk 0 off track</p>	 <p>15 on track 6 at risk 1 off track</p>	<ul style="list-style-type: none"> <li>• Two of the outcome indicators at risk relate to community satisfaction survey results from the survey conducted in February 2018 (community engagement and overall performance), where a slight decrease was experienced and results dropped below target.</li> <li>• Three service measures at risk results relate to the community satisfaction survey conducted in February 2018 (advocacy, Council decisions, and website ease of use and navigation), where a slight decrease was experienced and results dropped below target. The asset management and project maturity scores (assessed annually) fell slightly short of target (asset maturity 952 compared to 1000 and project maturity 20.4 compared to 21). Staff turnover remained above target (cumulative result of 8.42 per cent compared to 6.67 per cent).</li> <li>• Material legislative breaches was considered off track with four recorded relating to the disclosure of employee details.</li> </ul>

# Project delivery update

The Council Plan 2017-27 commits us to a project portfolio worth more than \$66 million in 2018/19. This section provides a detailed update on the status of each major initiative identified in the plan and the overall project portfolio for each of the six directions as at the end of March 2019.

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

## Direction 1 - We embrace difference, and people belong

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
<b>In Our Backyard strategy implementation</b>						
Deliver	✔	Project is on track. Following adoption of the IOBY Action Plan 2018-19, implementation has progressed focussing on investigation of governance mechanisms, planning controls and a housing investment portfolio. A Housing Needs framework report, which informs the preparation of program delivery guidelines is completed. Investigations into a Council property pipeline is almost completed, and an initial assessment of the planning application for the Marlborough Street project has commenced.	Jun 2021	Jun 2021	226	226
<b>JL Murphy Reserve Pavilion upgrade</b>						
Deliver	✔	Project is on track. Demolition of the building is completed and the area for the new slab has been excavated and a new slab poured.	May 2020	May 2020	1,368	1,368
<b>North Port Oval upgrade</b>						
Plan	✔	Project is on track. The new playing surface was completed and fence installed in time for the third round VFL game, which took place on Saturday 20 April .	Jun 2019	Jun 2019	1,950	1,950
<b>Peanut Farm Reserve Sports Pavilion upgrade</b>						
Deliver	✔	Project is on track. Building works have been completed except for some minor items. Clubs have commenced using the new facility. Landscaping continues around the netball courts, cricket nets and front of the building. This will be completed in May 2019.	Mar 2019	Apr 2019	2,315	2,315
<b>South Melbourne Life Saving Club redevelopment</b>						
Deliver	✔	Project is on track. Construction works are 70 per cent completed, with the building's windows, doors and connections for water, electricity and telecommunications installed. Principles for the new tenancy agreements with the Club and Kiosk have been established.	Jun 2019	Jun 2019	100	100

## Overall project status



There are 22 projects contributing to the outcomes in this direction. At the end of March 2019 the Recreation Reserves Facilities Renewal Program was considered off track.

### Off track non-major initiative project status

#### Recreation Reserves Facilities Renewal Program

Project is off track. With the completion of the Alma Park Storm water tanks expected in June 2019, a final site analysis is underway to ensure that new cricket nets are integrated with the changed park landscape. In response, a park integration plan is required before construction of the nets and surrounding areas can take place. Works are now expected to take place in 2019/20. Project schedule will be rebaselined.

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

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
<b>Integrated Transport Strategy implementation</b> <span style="color: red;">T</span>						
Plan	<span style="color: green;">✔</span>	Program is on track. Refer to page 7 for details on progress.	Jun 2019	Jun 2019	300	300
<b>Kerferd Road safety improvements</b> <span style="color: red;">T</span>						
Plan		Project is on hold. The scope of the Victorian Government's funding commitment of \$13 million for the 'Shrine to Sea' corridor and its implementation is not yet determined. Council is currently awaiting the results of Parks Victoria's community consultation and proposed next steps. In the meantime, we are assessing the need for temporary interventions to address safety issues at intersections along Kerferd Road.			175	175

### Overall project status



There are 22 projects contributing to the outcomes in this direction. At the end of March 2019 the Wellington Street Upgrade Stage three project was considered off track.

#### Completed major initiative projects

##### Integrated Transport Strategy development ✔





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

#### Off track non-major initiative projects

##### Wellington Street upgrade stage three ✘

Project is off track due to delays in obtaining final VicRoads approval. Project schedule to be rebaselined.

## Direction 3 - We have smart solutions for a sustainable future

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
<b>Albert Park Stormwater Harvesting development</b> <span>T</span>						
Deliver		Project is at risk due to delays in completing the final assessment tasks, including potential governance models, the social and environmental impact investigation and dry condition modelling assessments. Investigations into the location and sizing of the buffer tanks that would be required at each of Port Philip's reserves are well advanced. A consolidated report on the scheme's viability will go to all partners in May 2019.	Jun 2019	Jun 2019	100	100
<b>Alma Park Stormwater Harvesting development</b> <span>T</span>						
Deliver		Project is on track. Construction of the two 500,000 KL storage tanks is completed, the area has been backfilled, levelled and turf established on the playing surface of the oval. The soccer pitch was returned for competitive sports use on 1 April 2019. We have excavated the area the bioretention system and will begin excavation for the stormwater diversion infrastructure in the coming weeks. We are working closely with oval users, including local sports clubs and schools, to minimise any interruptions. A tender process is underway to engage a consultant to prepare an Augmented Reality representation of the stormwater harvesting system. This will be an important communications tool that will bring the hidden underground assets to life.	Jun 2019	Jun 2019	2,815	2,815
<b>Sustainable Environment Strategy implementation</b> <span>T</span>						
Deliver		Program is on track. Refer to page 7 for details on progress.	Jun 2019	Jun 2019	280	280
<b>Waste Strategy implementation</b> <span>T</span>						
Plan		Program is on track. Refer to page 6 for details on progress.	Jun 2019	Jun 2019	280	280

### Overall project status







There are 23 projects contributing to the outcomes in this direction. At the end of March 2019 no projects were considered off track.

### Completed major initiative projects

#### Waste strategy development

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

## Direction 4 - We are growing and keeping our character

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
<b>Ferrars Street Education and Community Precinct - Streetscape Upgrade</b> <span style="color: purple;">T</span>						
Deliver		Project is at risk. Refer to page 6 for more details on progress.	Dec 2018	Mar 2019	2,434	2,434
<b>Gasworks Arts Park Contamination Management Plan</b>						
Deliver		Project is on track. Council officers continue to work with the Victorian Government to develop a draft park plan in accordance with the draft Contamination Management Action Plan (CMAP).	Jun 2018	Jan 2020	20	20
<b>Public Spaces Strategy development</b>						
Plan		Project is off track in relation to schedule, while remaining on track with respect to scope and budget. A new project manager has been appointed and work re-allocation has occurred to ensure the project is back on track for completion in December 2019. Community engagement to inform development of the strategy will take place in May/June 2019, aligned with Council's new neighbourhood engagement program.	Jun 2020	Oct 2019	125	125
<b>St Kilda Marina</b>						
Plan		Project timeline is at risk due to additional time required to work through complex issues to inform development of the Site Brief and procurement approach. This additional work has also placed pressure on the budget. The budget will be monitored carefully to manage the additional costs. Council on 3 April 2019 approved a three-year lease for the St Kilda Marina with Australian Marinas (A'Asia) Pty Ltd to support continued operations of the site whilst work is undertaken to procure a new long-term lease. The stage three community engagement report will be presented to Council on 15 May 2019 summarising the outcomes of the Community Panel and broader community survey.	Jun 2021	Jun 2021	460	460

## Overall project status



There are 27 projects contributing to the outcomes in this direction. At the end of March 2019 Public spaces strategy development, Elwood wall and play space upgrade and Fitzroy Street Streetscape Upgrade Stage two and Visitor summer management signage were considered off track.

### Completed major initiative projects

#### Ferrars Street Education and Community Precinct - Construction of Montague Park (proposed name Kirrip Park) T ✓

Project works were completed and Kirrip Park officially opened on 20 October 2018 attended by members of the community, Mayor, Councillors and Hon. Martin Foley, MP.

### Off track non-major initiative projects

#### Elwood wall and play space upgrade ✗

Project is off track due to alterations required to the design of the proposed wall, which were completed in January 2019. A public tender commenced in February 2019 and it is anticipated that construction will start in May 2019 with an expected completion date in August 2019. Project schedule to be rebaselined.


#### Fitzroy Street streetscape upgrade stage two ✗

Project is off track. Public Transport Victoria has confirmed the Fitzroy Street tram stop upgrade will not be delivered this financial year. Council's contribution to streetscape upgrades, which is contingent on the PTV works, will be deferred into 2019/20 and this is reflected in the updated Council Plan and draft Budget 2019/20.

#### Visitor Summer Management Signage ✗

Project is off track due to a delay in the installation of emergency foreshore signage to August 2019. Project schedule to be rebaselined.

## Direction 5 - We thrive by harnessing creativity

Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2019/20 Forecast \$'000
<b>Creative and Prosperous City Strategy implementation</b>						
Plan	✓	<p>The Art and Soul - Creative and Prosperous City Strategy 2018-22 was endorsed by Council on 20 June 2018 and outlines 18 actions to be delivered in 2018/19. The strategy outlines the cultural change and collaborative actions required across a range of Council services.</p> <p><b>Action progress</b></p>  <p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>• Long term planning to develop South Melbourne as an innovation district has commenced.</li> <li>• The Creative Cluster Advisory Panel met on 9 April 2019 and received a detailed presentation on the relationship between Council, Gasworks Arts Park and Linden Gallery.</li> <li>• Creative eco-system mapping is underway with Request for Quotes completed.</li> <li>• A website template has been developed as part of the City of Port Phillip's website for the introduction of a digital Creative and Prosperous City Prospectus.</li> <li>• Work has progressed on the Library Action Plan with a Request for Quotes currently live.</li> <li>• The website <a href="http://FitzroyStreet.com.au">FitzroyStreet.com.au</a> went live in April</li> <li>• The third Fitzroy Street Place Planning session, held at Junction Oval, took place on 8 April.</li> <li>• We conducted our South Melbourne Place Audits across four days with community members.</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Council is sourcing alternative accommodation for Arts Access, due to DDA compliance issues with the current building.</li> </ul> <p><b>Actions not started</b></p> <ul style="list-style-type: none"> <li>• All actions to commence in 2018/19 have started.</li> </ul>	Jun 2019	Jun 2019	640	640

### Overall project status



There are 19 projects contributing to the outcomes in this direction. At the end of March 2019 South Melbourne Town Hall Lifts upgrade was considered off track.

### Completed major initiative projects

#### Linden Gallery ✓

Project has been completed.


### Off track non-major initiative projects status

#### South Melbourne Town Hall Lifts upgrade ✗

Project is off track due to the closure of the Town Hall following the collapse of an internal ceiling, impacting access to the building to undertake works and causing a delay in project completion. The western lift works are practically completed with minor items to be finalised. Project schedule to be rebaselined.



## Direction 6 - Our commitment to you

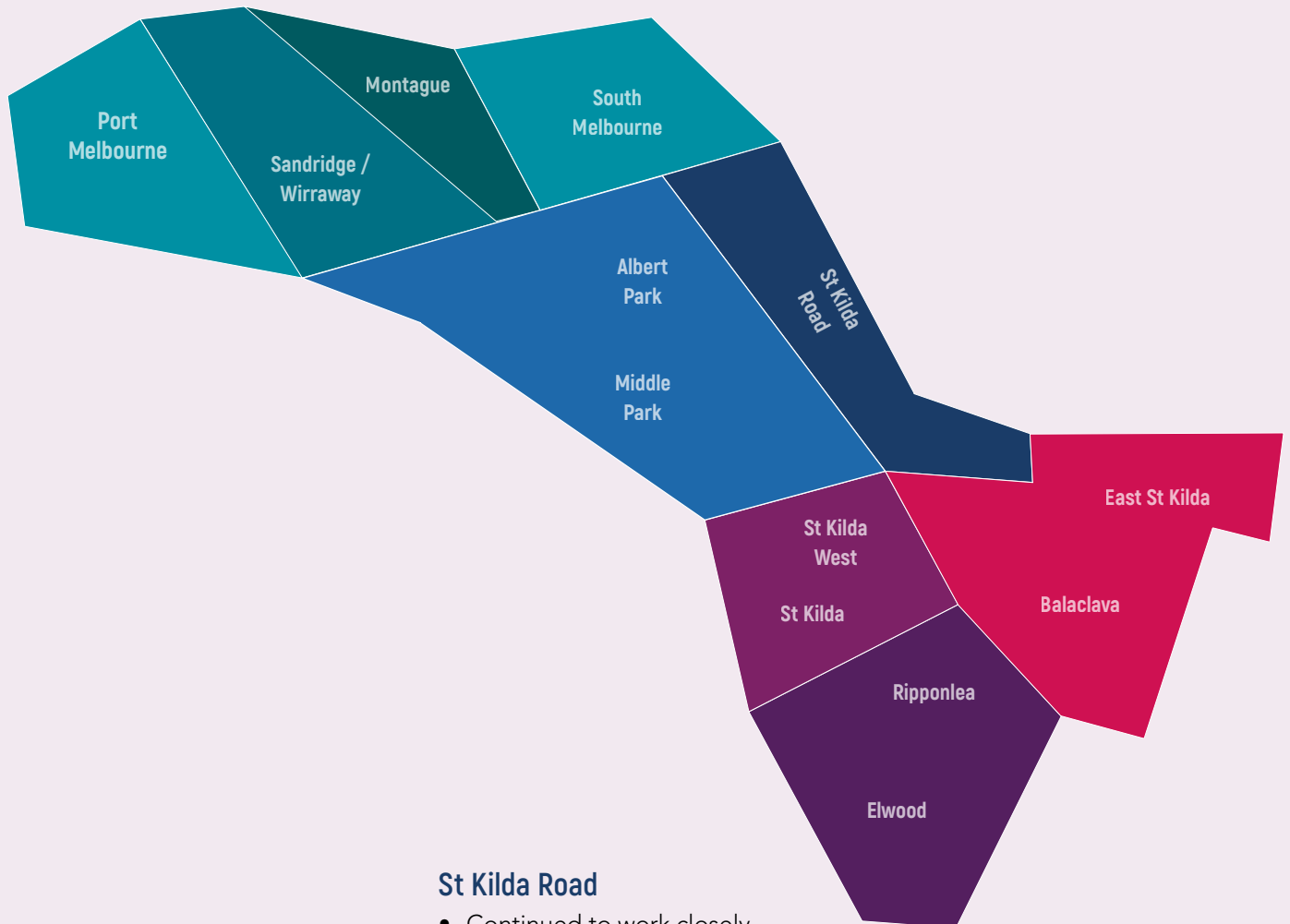
Stage	Status	Comments	Original completion	Forecast completion	2018/19 Budget \$'000	2018/19 Forecast \$'000
<b>Customer Experience Program</b>						
Deliver		<p>Program is at risk due to additional time required to undertake further diligence through the procurement phase for the technology solutions. The solutions include Finance, Procurement, Asset Management, Property and Rates, Customer Systems and an integration layer that connects these and other systems. Procurements are also being undertaken to support a new website and facility booking and events management system. Other areas of the program remain on track including the implementation of select new and improved processes (non-technology reliant) aimed at providing staff and customers with simpler information to navigate complex requests.</p> <p>We are reviewing some of the most used Council forms and have established a guide for new and improved form design that better meets customer needs.</p>	Jun 2021	Jun 2021	8,180	8,180

### Overall project status



There are 15 projects contributing to the outcomes in this direction. At the end of March 2019 no projects were considered off track.

## What's happened in our local neighbourhoods?



### Sandridge/Wirraway

- Completed demolition works at JL Murphy Reserve Pavilion.
- Continued development of the final playspace concept for JL Murphy play space upgrade based on community feedback.

### Montague

- Completed works on streetscape works at Douglas Street and continued work on Ferrars Street intersection.

### South Melbourne

- Continued works to upgrade South Melbourne Town Hall.
- Submitted building permit for contractor to install solar panels at South Melbourne Market.

### Port Melbourne

- Completed playing surface of North Port Oval.

### St Kilda Road

- Continued to work closely with partners to deliver on the Metro Tunnel project.
- Completed field work for the Public Life Survey and Accessibility and Safety Audits as part of the St Kilda Road Junction upgrade.
- Planned for community design response workshops in May for the Domain Precinct.

### Albert Park/ Middle Park

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

### St Kilda / St Kilda West

- Completed building works on the pavilion at Peanut Farm Reserve. Continued landscaping work around netball courts, cricket nets and the front of the building.
- Completed reconstruction of the rock wall along Shakespeare Grove at O'Donnell Gardens and rock wall along Pier Road at Catani Gardens.

### Elwood / Ripponlea

- Continued development of concept design work for a new adult fitness station at Elwood Foreshore.
- Altered plans for Elwood wall and play space upgrade, with construction commencing in May.

### Balaclava / St Kilda East

- Installed two storage tanks for the stormwater harvesting project at Alma Park.

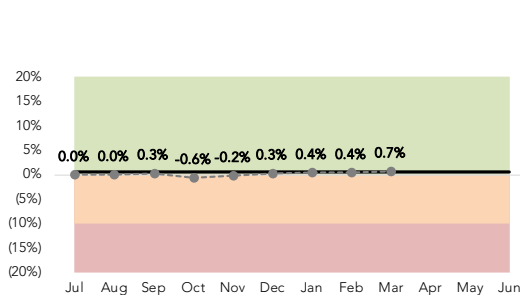
# Financial performance

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

- As highlighted by the six VAGO financial indicators below, the full year forecast as at March indicates an overall low risk financial sustainability rating for Council.
- Council expects to achieve a cumulative cash surplus of \$1.2 million for 2018/19.

## Financial sustainability indicators

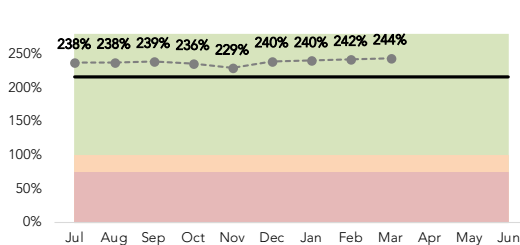
### 1.1 Net Result % (Net Surplus over Total Income)



Target: Greater than 0%      Year-end forecast: (0.7%)      Status:

Comments: This financial indicator assesses Council's ability to generate sufficient funds for asset renewals. A small surplus is budgeted for 2018/19 which includes non-recurrent Customer Experience Program expenditure. Council is expected to deliver an operating surplus of \$1.5 million, 0.7 per cent of total income.

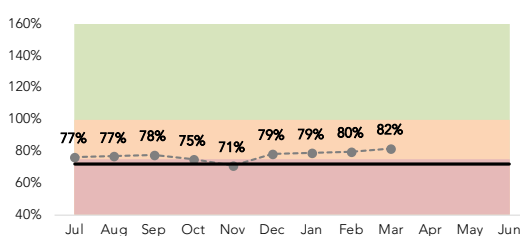
### 1.2 Working Capital % (Current Assets over Current Liabilities)



Target: Greater than 100%      Year-end forecast: 244%      Status:

Comments: This financial indicator assesses Council's ability to pay short term liabilities as they fall due. The Budget 2018/19 had a working capital ratio of 216%. The actual financial position for 2017/18 compared favourably to the forecast position for 2017/18 when the 2018/19 budget was prepared. This will continue for the rest of the 2018/19 which is reflected in the current full year forecast as at March of 244%. Council has no issues in paying suppliers and employees when payments fall due.

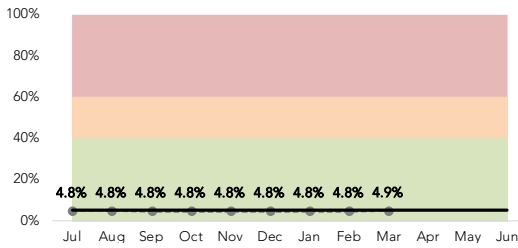
### 1.3 Internal Financing % (Net Operational Cashflows compared to Net Cash Capital Outlay)



Target: Greater than 100%      Year-end forecast: 82%      Status:

Comments: This financial indicator assesses Council's ability to finance capital works using cash generated from its operations. A ratio below 100% means cash reserves or borrowing are being used to fund capital works, which is acceptable on occasions. The Budget 2018/19 includes the Customer Experience program expenditure, non-recurrent operating expenditure to improve systems and processes for external and internal customers in a cloud-based platform which could not be classified as capital expenditure. This program is partly funded from a drawdown on general reserve. The full year forecast as at March shows Council is on track to achieve better than budget.

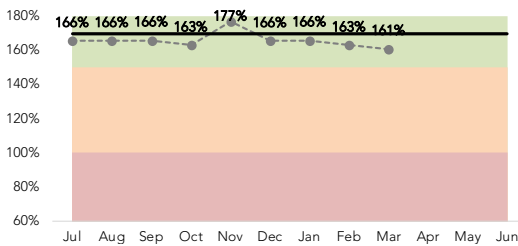
**1.4 Indebtedness % (Own Sourced Revenue compared to Non Current Liabilities)**



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

Comments: This financial indicator assesses Council’s ability to repay its non-current debt from its own source revenue. This indicator shows a low risk for Council as the ratio of 4.8 per cent for Budget 2018/19 is significantly lower than the 40 per cent target.  
The full year forecast as at March shows Council is on track to achieve budget.

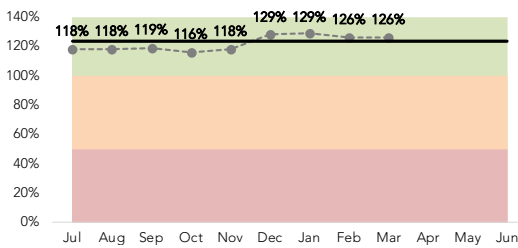
**1.5 Capital Replacement % (Total cash capital outlay / Depreciation)**



Target: Greater than 150%      Year-end forecast: 161%      Status: ✔

Comments: This financial indicator assesses whether Council’s spend overall in renewing, growing and improving its asset base is sufficient. The Budget 2018/19 ratio of 170 per cent included our planned strategic land acquisition.  
The full year forecast as at March shows a ratio of 161 per cent, which is a relatively high ratio. A 16 per cent decrease since November mainly due to the \$3 million deferral for the Sustainability Hub Land Acquisition project to 2019/20.

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



Target: Greater than 100%      Year-end forecast: 126%      Status: ✔

Comments: This financial indicator assesses if Council’s spend on its asset base is keeping up with the rate of asset depletion. The Budget 2018/19 ratio of 124 per cent indicates sufficient provision in the capital program for asset renewal and upgrade.  
The full year forecast as at March shows a ratio of 126 per cent mainly due to the South Melbourne Life-saving club redevelopment spend ahead of budget.

**Key**

— Budget 2017/18      ●— Year end forecast

## Comprehensive Income Statement Converted to Cash - March 2019

We use the Comprehensive Income Statement Converted to Cash to ensure prudent financial management by maintaining a cumulative cash surplus. The current forecast for 2018/19 is a cumulative cash surplus of \$1.2 million which compares favourably against the budgeted cash surplus of \$0.68 million.

	Year to date		YTD Variance		Full Year		Variance	
	Actual	Forecast	Actual to Forecast		Forecast	Budget	Forecast to Budget	
	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	(\$'000)	%
<b>Income</b>								
Rates and Charges	94,465	94,375	90	0%	125,295	124,899	396	0%
Statutory Fees and Fines	16,981	17,265	(284)	(2%)	23,185	23,896	(711)	(3%)
User Fees	29,010	29,117	(107)	(0%)	37,701	38,254	(553)	(1%)
Grants - Operating	7,904	7,861	42	1%	10,249	9,233	1,016	11%
Grants - Capital	1,830	1,852	(22)	(1%)	4,124	3,573	551	15%
Contributions - Monetary	7,447	7,440	7	0%	9,938	7,124	2,814	40%
Contributions - Non Monetary	0	0	0	0%	0	0	0	0%
Other Income	10,951	10,449	502	5%	14,455	14,477	(22)	(0%)
<b>Total Income</b>	<b>168,588</b>	<b>168,358</b>	<b>230</b>	<b>0%</b>	<b>224,947</b>	<b>221,456</b>	<b>3,492</b>	<b>2%</b>
<b>Expenses</b>								
Employee Costs	70,038	69,953	(85)	(0%)	92,673	95,582	2,909	3%
Materials and Services	45,879	46,736	857	2%	74,665	75,047	382	1%
Professional Services	7,638	7,972	334	4%	13,701	7,989	(5,712)	(72%)
Bad and Doubtful Debts	2,887	3,050	163	5%	3,961	3,464	(497)	(14%)
Depreciation	19,004	19,004	(0)	(0%)	25,338	25,338	0	0%
Borrowing Costs	205	220	15	7%	420	450	30	7%
Other Expenses	6,349	5,919	(431)	(7%)	8,357	8,214	(143)	(2%)
Net (Profit) or Loss on Disposal of Assets	449	451	2	0%	4,283	4,335	52	1%
JV Equity Accounting	0	0	0	0%	0	0	0	0%
<b>Total Expenses</b>	<b>152,449</b>	<b>153,304</b>	<b>854</b>	<b>1%</b>	<b>223,398</b>	<b>220,419</b>	<b>(2,979)</b>	<b>(1%)</b>
<b>Operating Surplus / (Deficit)</b>	<b>16,139</b>	<b>15,055</b>	<b>1,084</b>	<b>7%</b>	<b>1,549</b>	<b>1,037</b>	<b>512</b>	<b>49%</b>
<b>Income Statement Converted to Cash</b>								
<b>Adjustments for non-cash operating items:</b>								
• Add back depreciation	19,004	19,004	0	0%	25,338	25,338	0	0%
• Add back written-down value of infrastructure assets disposals	526	527	(1)	(0%)	4,950	4,950	0	0%
• Add back written-down value of fleet asset d	143	144	(0)	(0%)	323	500	(177)	(35%)
• Add back balance sheet work in progress reallocated to operating	345	0	345	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%
	<b>20,018</b>	<b>19,674</b>	<b>344</b>	<b>2%</b>	<b>31,811</b>	<b>31,988</b>	<b>(177)</b>	<b>(1%)</b>
<b>Adjustments for investing items:</b>								
• Less capital expenditure - Infrastructure	(23,016)	(23,891)	876	4%	(37,719)	(39,706)	1,987	5%
• Less capital expenditure - IT, Plant and Equip	(1,491)	(1,611)	120	7%	(3,155)	(3,244)	89	3%
	<b>(24,507)</b>	<b>(25,502)</b>	<b>995</b>	<b>4%</b>	<b>(40,874)</b>	<b>(42,950)</b>	<b>2,076</b>	<b>5%</b>
<b>Adjustments for financing items:</b>								
• Add New Borrowings	0	0	0	0%	0	0	0	0%
• Less Loan Repayments	(311)	(502)	191	(38%)	(600)	(670)	70	10%
	<b>(311)</b>	<b>(502)</b>	<b>191</b>	<b>(38%)</b>	<b>(600)</b>	<b>(670)</b>	<b>70</b>	<b>10%</b>
<b>Adjustments for reserve movements:</b>								
• Discretionary Reserve Drawdown/ (Replenish)	9,399	9,399	0	0%	7,438	7,324	115	2%
• Statutory Reserve Drawdown/ (Replenish)	0	0	0	0%	(753)	1,560	(2,312)	(148%)
	<b>9,399</b>	<b>9,399</b>	<b>0</b>	<b>0%</b>	<b>6,686</b>	<b>8,883</b>	<b>(2,197)</b>	<b>(25%)</b>
<b>Current Year Surplus/(Deficit)</b>	<b>20,737</b>	<b>18,123</b>	<b>2,615</b>	<b>14%</b>	<b>(1,428)</b>	<b>(1,712)</b>	<b>284</b>	<b>17%</b>
Opening balance carry forward surplus	2,595	2,595	0	0%	2,595	2,389	206	9%
<b>Accumulated Cash Surplus</b>	<b>23,332</b>	<b>20,718</b>	<b>2,615</b>	<b>13%</b>	<b>1,167</b>	<b>677</b>	<b>490</b>	<b>72%</b>

## 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 \$3.49 million:

- ➕ \$0.35m Increased Open space contributions due to greater developments for the year. The income are quarantined in the open space reserve to be used for enhancement of open space infrastructure.
- ➖ (\$0.41m) Utilisation of Barring Jinang Kindergarten lower than budgeted. This is partially offset by operating expenditure reductions.
- ➖ (\$0.12m) Demand for hall hire has reduced. A plan is being prepared to uplift utilisation including hire fee reductions and increased promotion/marketing of our facilities.
- ➕ \$0.22m Additional \$0.22 million of interest income expected due to: 1) \$0.11 million from higher investment yields from active treasury management - currently average yield at 2.7 per cent which is higher than budgeted yield of 2.4 per cent; and 2) \$0.11 million relates to greater quantum of funds available for investment.
- ➕ \$0.10m Supplementary rates income increased reflecting new developments that come on board. Officers are working through valuation objections, which may result in rates income adjustments.

### Note 2: Operating expenditure forecast increased by \$2.98 million:

- ➕ \$0.23m Lower staffing requirements at Barring Jinang Kindergarten due to lower utilisation (offsets lower income).
- ➖ (\$0.15m) Council is rolling out a \$1.5 million Stormwater Pipe Maintenance/Cleaning program over the next four financial years to ensure they operate at 90 per cent capacity to mitigate flooding issues and public safety risks. \$0.15 million is to be expended in 2018/19.

### Note 3: Capital expenditure forecast decreased by \$2.02 million:

- A number of projects identified for deferral to 2019/20 financial year included:
- ➕ \$0.62m
    - South Melbourne Town Hall Lift Renewal (project completed with savings reprioritised for DDA compliance (ramp works)
    - Town Hall Security Upgrade - due to delays in extended stakeholder consultation on concept designs to improve security and functionality of the Assist Counters with minimum infrastructure changes.
    - Elwood Public Space Wall - construction to be expended over two financial years.
  - ➕ (\$0.27m) Funds allocated for the redesign and fit-out of an area of St Kilda Town Hall and 232 Carlisle Street to support activity based working and improved work space utilisation.

### Note 4: Net drawdown on reserves increased by \$2.20 million:

- A number of projects identified for deferral to 2019/20 financial year included:
- ➡ \$0.62m
    - South Melbourne Town Hall Lift Renewal (project completed with savings reprioritised for DDA compliance (ramp works)
    - Town Hall Security Upgrade - due to delays in extended stakeholder consultation on concept designs to improve security and functionality of the Assist Counters with minimum infrastructure changes.
    - Elwood Public Space Wall - construction to be expended over two financial years.
  - ➡ \$0.35m Increased Open space contributions due to greater developments for the year. The income are quarantined in the open space reserve to be used for enhancement of open space infrastructure.

## Changes to the portfolio

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

The table below outlines significant changes to the project portfolio during March to April 2019.




<b>Project</b>	<b>Change</b>
Integrated Transport Strategy Implementation	Parking Permit Policy and Parking Controls Policy Development projects have commenced delivery. \$110,000 has been deferred to 2019/20 due to extended period to complete of the community and stakeholder engagement. Program completion date of June 2020 remains unchanged.
Domain Precinct Urban Realm Development	\$18,000 has been deferred into 2019/20 due to extended period to complete of the community and stakeholder engagement. Project completion has been extended by three months to end of September 2019.

# Organisational scorecard






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

The below table outlines the latest results for our organisational scorecard. Results with an \* are annual measures where results are from 2017/18 year end, all other measures are March 2019 results.





## Improving customer experience and technology, and being more innovative

	Latest Result	
Community satisfaction with Council's performance greater than 65*	63	
80% community requests responded to on time	91%	
80% calls answered within 30 seconds	78%	




## Improving community engagement, advocacy, transparency and governance

	Latest Result	
90% risk and audit actions completed on time	97%	
90% councillor attendance at Council meetings	100%	
90% Council decisions made in public	80%	
0 material legislative breaches	4	
Average community satisfaction rating for community consultation, advocacy and decision making above 60*	56	

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

	Latest Result	
100% performance plans completed	96%	
Total recordable injury frequency rate	67.59	
Unplanned Leave (days/EFT) below 0.9	0.95	
Staff turnover below 0.8%	1.69%	

## Ensuring sustainable financial and asset management, and effective project delivery

	Latest Result	
Financial sustainability rating of low*	Low	
Operating savings	\$71k \$152k to be banked	
80% of priority project delivery is on track	100%	



## Legislative update

### Legislative changes

No legislative changes were made during March 2019 that may affect the City of Port Phillip.

### Statutory Rule changes

Statutory Rule	Assent date	Impact
<i>Victorian Civil and Administrative Tribunal Amendment Rules 2019,</i> (Amending the <i>Victorian Civil and Administrative Tribunal Act 1998</i> )	22 March 2019	To amend the <i>Victorian Civil and Administrative Tribunal Rules 2018</i> .
<i>Fines Reform Amendment Regulations 2019</i> (Amending the <i>Fines Reform Act 2014</i> )	31 March 2019	To amend the <i>Fines Reform Regulations 2017</i> to amend the prescribed form of enforcement warrant for a natural person consequential to the commencement of Parts 3 and 4 of the <i>Fines Reform Amendment Act 2017</i> ; and to make a minor and technical amendment.

### Material legislative breaches

Year to date there has been four material legislative breaches. Three breaches of privacy occurred in August 2018 all relating to the disclosure of employee payroll details. One breach related to a Payment Summary being emailed to the wrong person. One incident related to payment slips being sent to the depot which were not in individual sealed envelopes. One other breach related to a pay slip being mailed to the wrong employee. One incident occurred in February 2019 related to an email being sent containing the personal reflections of the sender.