

City of Port Phillip

Performance Statement

For the year ended 30 June 2023

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 2020* and Local Government (Planning and Reporting) Regulations 2020.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g., Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2020 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have been provided for all service indicators to provide clarity of comparison with other councils, while for financial performance indicators, explanations are provided only if the variations are below the materiality thresholds.

The forecast figures included in the performance statement are those adopted by Council in its 2021-31 Council Plan (Volume 2- Year 3) which was adopted on 20 June 2023. The plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Council Plan can be obtained by contacting Council or referring to our website.

About City of Port Phillip

The City of Port Phillip is located south of Melbourne's city centre on the northern shore of Port Phillip Bay. The foreshore stretches over 11 kilometres. A network of public open spaces makes the City a desirable place for residents and visitors to enjoy. Significant employment areas within Port Phillip include the St Kilda Road office district, and the industrial, warehousing and manufacturing districts in South Melbourne, Port Melbourne and Fishermans Bend.

The City of Port Phillip is one of the smallest and most densely populated municipalities in Victoria, covering an area of 20.6 kilometres and being home to 103,836 people. After experiencing steady growth of population, we like all other areas of Greater Melbourne had experienced a decline due to impact of COVID-19 pandemic. However, we expect a steady increase in population with Fishermans Bend expecting to be home to around 80,000 residents and provide jobs for 40,000 over the next four decades.

Sustainable Capacity Indicators

For the year ended 30 June 2023

<i>Indicator / measure / [formula]</i>	Results				Comment
	2020	2021	2022	2023	
Population					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$ 1,989.31	\$ 1,831.72	\$ 1,935.21	\$ 2,218.10	Increased due to the significant impact of CPI and inflation on expenditure, specifically on materials and contract charges, where costs have significantly increased as a direct result of the economic climate.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$ 6,175.51	\$ 6,070.61	\$ 6,599.59	\$ 7,558.25	Increased from prior years due to the formal revaluation of roads, footpaths, bridges and building assets, as well as the completion of capital projects (increased spend from prior years).
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	436.23	437.88	421.40	386.01	While length of local roads remained consistent, estimated resident population decreased by 7% in 2022/23. This attributed to the reduction in population density per length of road this year.
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$ 1,827.14	\$ 1,728.81	\$ 1,881.44	\$ 2,222.38	Increased from prior years as a result of higher income received from user and statutory fees and charges and interest on investment, which were reduced in prior years due to waivers and deferrals in response to COVID-19 restrictions.
Recurrent grants					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$93.40	\$83.12	\$111.85	\$110.96	Impacted by the allocation of grant funding to unearned income (liability) in 2022/23 in accordance with Australian Accounting Standard AASB 15, as well as the timing of the receipt of funding from the Victorian Grants Commission.

<i>Indicator / measure / [formula]</i>	Results				Comment
	2020	2021	2022	2023	
Disadvantage					
<i>Relative socio-economic disadvantage [Index of Relative Socio- economic Disadvantage by decile]</i>	10.00	10.00	10.00	9.00	The SEIFA relative Socio-Economic Disadvantage score is measured every five years. It indicates that there has been an increase in disadvantage when compared to other local government areas in Victoria in 2022/23. The score summarises a range of information about the economic and social conditions of people and households within the City.
Workforce turnover					
<i>Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</i>	14.24%	14.95%	20.25%	17.40%	Permanent turnover has seen a decrease in 2022/23 following an increase in 2021/22 due to the pandemic. While this number is still higher than pre pandemic times, it is welcoming to see this reduction this year. We do however still face labour market challenges and competitive environments with other organisations both public and private sector. City of Port Phillip continues to be a sought after organisation and holds a good reputation in the market.

Definitions

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"infrastructure" means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"population" means the resident population estimated by council

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Service Performance Indicators

For the year ended 30 June 2023

Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Animal management					
Health and safety					
<i>Animal management prosecutions</i> <i>[Number of successful animal management prosecutions /</i> <i>Number of animal management</i> <i>prosecutions] x 100</i>	100.00%	100.00%	100.00%	100.00%	100 per cent success rate on animal prosecutions through the Magistrate Court. All cases are thoroughly assessed to ensure accurate detail and evidence prior to being submitted for prosecution.
Food safety					
Health and safety					
<i>Critical and major non- compliance outcome notifications</i> <i>[Number of critical non- compliance outcome notifications and</i> <i>major non- compliance notifications about a food premises</i> <i>followed up / Number of critical non- compliance outcome</i> <i>notifications and major non- compliance notifications about a</i> <i>food premises] x100</i>	100.00%	100.00%	100.00%	100.00%	All major and critical non-compliance identified within registered food premises were followed-up within the registration period.
Governance					
Satisfaction					
<i>Satisfaction with council decisions</i> <i>[Community satisfaction rating out of 100 with how council has</i> <i>performed in making decisions in the interest of the</i> <i>community]</i>	58.00	60.00	55.00	50.00	Council's performance in community decisions rated lower compared to both the Metropolitan group average and State average. Greater focus will be placed on data analysis and reporting in the coming year, ensuring transparency and accountability as well as supporting improved decision making on behalf of the community.

Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Libraries					
Participation					
<i>Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100</i>	18.46%	17.62%	17.13%	16.48%	The 2022/23 calculation of this measure has changed due to an error in reporting in previous years. The actual variance in 2022/23 is a decrease of 1.7% from 2021/22. Council anticipates that this figure will increase as the service recovers from the impacts of COVID-19.
Maternal and child health					
Participation					
<i>Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</i>	87.38%	83.49%	78.58%	76.71%	Participation in the MCH Service has declined slightly due to the increased number of appointment cancellations following on from COVID-19. Families are advised to not attend their appointment if anyone in the family is unwell. In 2022/23 the MCH Service had 1,197 appointments that were cancelled. In 2021/2022 there were 1,195. Enrolments in the MCH Service have decreased in the past 12 months with 200 less children enrolled for 2022-2023 period.
Participation					
<i>Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100</i>	95.00%	94.29%	83.72%	84.44%	The MCH service continues to develop and grow its cultural capabilities to ensure Aboriginal children and families feel welcome and safe within the service. In 2022/23, of the 22 children who are identified as Aboriginal, 19 were engaged with the service and had at least one Key Age and Stage consultation.

Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Roads					
Satisfaction					
<i>Satisfaction with sealed local roads</i> <i>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</i>	69.00	67.00	66.00	59.00	The 2022/23 result could be attributed to an increased amount of large development works within the municipality and an increase to the service authority works within road reserves. Council is continuing to work on improving the maintenance response time and the road renewal program to help improve community satisfaction with sealed local roads.
Statutory Planning					
Decision making					
<i>Council planning decisions upheld at VCAT</i> <i>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</i>	77.13%	75.00%	74.19%	83.33%	The 2022/23 result could be attributed to an increased amount of large development works within the municipality and an increase to the service authority works within road reserves. Council is continuing to work on improving the maintenance response time and the road renewal program to help improve community satisfaction with sealed local roads.
Waste Collection					
Waste diversion					
<i>Kerbside collection waste diverted from landfill</i> <i>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</i>	30.47%	31.99%	32.54%	34.91%	The number of planning decisions upheld at VCAT in 2022/23 has seen an increase on previous years and exceeds our target of 70 per cent. If we took into consideration the mediated and withdrawn outcomes, Council decisions upheld at VCAT is increased to 94.5 per cent.

Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Definitions					
"Aboriginal child" means a child who is an Aboriginal person					
"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006					
"active library borrower" means a member of a library who has borrowed a book from the library "annual report" means an annual report prepared by a council under section 98 of the Act					
"class 1 food premises" means food premises, within the meaning of the <i>Food Act 1984</i> , that have been declared as class 1 food premises under section 19C of that Act					
"class 2 food premises" means food premises, within the meaning of the <i>Food Act 1984</i> , that have been declared as class 2 food premises under section 19C of that Act					
"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health					
"food premises" has the same meaning as in the <i>Food Act 1984</i>					
"local road" means a sealed or unsealed road for which the council is the responsible road authority under the <i>Road Management Act 2004</i>					
"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken					
"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age					
"population" means the resident population estimated by council					

Financial Performance Indicators

For the year ended 30 June 2023

Results Dimension / indicator / measure	Results				Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Efficiency									
Expenditure level									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$ 3,142.99	\$ 2,865.36	\$ 2,892.64	\$ 3,034.63	\$ 3,316.48	\$ 3,384.62	\$ 3,432.82	\$ 3,489.99	Increased from prior years due to the impact of inflation and CPI across expenditure, most significantly materials and contract payments, and employee costs. Future years forecast will see this ratio continue to rise in line with CPI increases.
Revenue level									
<i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments]	\$ 1,754.55	\$ 1,773.54	\$ 1,813.14	\$ 1,667.33	\$ 1,733.46	\$ 1,772.50	\$ 1,810.53	\$ 1,855.56	Decreased from prior years due to the separation of waste charges from rates for the 2022/23 year under Councils new rating strategy. This ratio is forecast to increase in line with future years rates increases.
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	360.39%	309.49%	390.11%	451.50%	350.81%	301.96%	225.77%	189.91%	Council continues to comfortably meet its short term financial commitments. This ratio has increased due to higher short term cash holdings as a result of delays in project spend as well as strong investment returns, larger debt balances and no borrowings. It is forecast to decline in future years as we draw down on our cash and financial assets to fund the delivery of our long term capital works program (\$58 million 23/24, \$69 million 2024/25).

Results Dimension / indicator / measure	Results				Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	-207.81%	-104.41%	-141.12%	-183.73%	-113.38%	-75.07%	-35.07%	-33.37%	Councils unrestricted cash ratio has decreased as surplus funds are placed in longer term (>93 days) investments as a result of Councils ongoing commitment to increasing investment returns and sourcing green products where possible to meet our policy benchmarks. Council holds \$150 million in cash and other financial assets, with \$89 million of this being restricted or allocated for specific purposes. This will allow Council to fund the completion of projects in future years ensuring Council continues to remain in a strong financial position to meet its obligations (further evidenced in the working capital ratio).
Obligations									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i> [Interest and principle repayments on Interest bearing loans and borrowings / Rate revenue] x100	5.81%	5.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Council fully repaid their borrowings in 2021/22 with no new borrowings planned in the future, so ratio will remain at 0%.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.27%	0.26%	5.56%	0.00%	0.00%	0.00%	0.00%	0.00%	Council fully repaid their borrowings in 2021/22 with no new borrowings planned in the future, so ratio will remain at 0%.
Indebtedness									
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	5.52%	1.46%	1.11%	1.08%	1.30%	1.60%	1.51%	1.52%	Low percentage trend continuing as Council has a low proportion of non-current liabilities and can easily meet these obligations as a result of increased own source revenue from interest on investments and fines, fees and charges
Asset renewal and upgrade									
<i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and upgrade expense / Asset depreciation] x100	72.32%	75.37%	100.44%	101.33%	198.74%	219.73%	151.45%	195.26%	Council spent \$29 million in 2022/23 to renew, upgrade and expand community infrastructure assets. The increase in this ratio indicates Councils asset management is appropriate and is expected in further increase in future in line with the significant forecasted capital works program.

Results Dimension / indicator / measure	Results				Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Operating position									
Adjusted underlying result									
Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	-2.89%	3.50%	5.00%	6.64%	0.51%	0.87%	0.92%	1.21%	This has improved due to a favourable operating surplus resulting from increases in recurring income from interest, fines, user fees and charges which were lower in prior years due to fee waivers and deferrals in response to the pandemic. This is forecasted to remain consistent in future years.
Stability									
Rates concentration									
Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	57.73%	60.46%	60.12%	57.03%	57.82%	57.92%	58.33%	58.66%	This has declined slightly from prior years due to improvements in revenue streams such as fees, fines and user charges and interest indicating Council can rely on multiple sources to fund our services. This is expected to remain consistent in future years.
Rates effort									
Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.19%	0.19%	0.20%	0.19%	0.19%	0.20%	0.20%	0.20%	This result is consistent with prior year results and long term forecasted targets.

Definitions

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to above "adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants "population "means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant "means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Certification of the Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the **Local Government Act 2020** and the **Local Government (Planning and Reporting) Regulations 2020**.

Peter Liu CPA
Principal Accounting Officer

September 2023
St Kilda

In our opinion, the accompanying performance statement of the *(council name)* for the year ended 30 June 202X presents fairly the results of council's performance in accordance with the **Local Government Act 2020** and the **Local Government (Planning and Reporting) Regulations 2020**.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the **Local Government (Planning and Reporting) Regulations 2020** to certify this performance statement in its final form.

Heather Cunsolo
Mayor and Councillor

September 2023
St Kilda

Andrew Bond
Deputy Mayor and Councillor

September 2023
St Kilda

Chris Carroll
Chief Executive Officer

September 2023
St Kilda