

# 1 Assessment criterion 5: Productivity improvements and cost containment strategies

Criterion 5 in the Guidelines is:

*The IP&R documents or the council's application must explain the productivity improvements and cost containment strategies the council has realised in past years, and plans to realise over the proposed special variation period.*

In this section, you must provide details of any productivity improvements and cost containment strategies that you have implemented during the last two years (or longer) and any plans for productivity improvements and cost containment over the duration of the proposed special variation.

These strategies, which may be capital or operational in nature, must be aimed at reducing costs and/or improving efficiency. Indicate if any initiatives are to increase revenue eg, user charges. Please include below whether the proposed initiatives (ie, cost savings) have been factored into the council's Long Term Financial Plan.

Where possible, the council is to quantify in dollar terms the past and future productivity improvements and cost savings.

The council may also provide indicators of efficiency, either over time or in comparison to other relevant councils. We will make similar comparisons using various indicators and OLG data provided to us.

Council has achieved some operational efficiency with the significant improvement in the reduction of depreciation costs as a result of the revaluation of council assets. This is currently saving ratepayers \$2million per year. It is expected that a review of service delivery and operational processes and procedures will result in cost savings of \$25,000 per annum. User Fees and Charges will also increase by \$70,000 per year, and operating expenses will reduce by \$20,000 per year through better management of the Retirement Hostel. Despite these savings, there are not sufficient funds to meet the costs of providing ongoing services at the current levels while addressing the asset backlog issue.

Council has very limited capacity to deliver significant ongoing productivity improvements. However, in preparing this LTFP, a service review program has been included which will see the review 1 to 2 services each year. Council is currently reviewing its aged Care operations with a view of eliminating the operating deficit. Council also plans to review its rating structure which may lead to further re-categorisation of properties. It will also develop and adopt S94 plans for the Shire and review fees and charges.

In addition, Council will be implementing the 39 actions identified to address the Performance Improvement Order issued by the Local Government Minister. Contained in these actions is to implement the Business Improvement Plan.