



GENERAL MANAGER'S REPORT

11th September 2007

GM5	EFFICIENCIES AND SAVINGS	{Folio No. *}
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SUMMARY:

To outline the efficiencies introduced during the 2006 / 07 year.

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DESCRIPTION:

Council in July 2006 resolved "that a report be submitted on an annual basis providing a summary of efficiencies and savings achieved throughout all operational areas of Council for the year in question".

Council is heavily committed to resource sharing with other Councils in the MIDGOC Alliance. Savings and efficiencies have been achieved in this way but they are dependent on the co-operation and the commitment of other Councils. A report on MIDGOC achievements was presented to Council in July this year.

I have in operation a continuous program of workplace improvement. Process Improvement Teams are formed to investigate specific operations and each department is required to report to me on a monthly basis the initiatives that have or are being undertaken to drive performance. Additionally, every member of staff is involved in benchmarking. KPI's are in place for each section and achievement targets are improved when compared to the previous year. A full set of the KPI's were provided to Councillors as part of my performance appraisal process on 27th July 2007. Quarterly reports are presented to Council on correspondence and complaints handling.

Identified savings or efficiencies for 2006 / 07 include.

General Manager's Unit

Increased hits on Internet	16,469
Increased hits on Intranet	2,857
Staff Training Participation as % of total staff	23.28%
Number of media releases published	100
Number of media enquiries field	433
Reduction in employee turnover costs	\$356,250
Reduction in workers compensation premium	\$150,340
Rebates on workers compensation premium	\$88,703

Rebates in lost time (injuries)	\$24,560
Reduction in sick leave	\$27,200
Recruitment cost savings through use of Job Network	\$41,400
Training savings	\$6,450

Corporate and Community Services

Updating of the cemetery database by using <u>Work for the Dole workers</u> . Updating cemetery database for burials carried out prior to 1967 into the CivicView database. 14 hrs p/wk @ \$20.00 p/hr over 10 months = \$11,200	\$11,200
Use of departmental photocopiers as printers is ongoing.	\$5,000
Internet Expenses. Reconfiguration of account has reduced usage costs	\$3,000
In-house drafting of plans for Saleyard upgrade.	\$1,500
Reuse of soil stockpiles at Saleyards for ground levelling of camp sites within holiday parks.	\$2,000
New air conditioner at VIC to be an Inverter – energy savings	\$1,200
Several sections use recycled paper. Saving on paper and cost to the environment.	\$50
New supplier for IT equipment for library	\$1,000
Sanitary & Hygiene services - Contract services re-negotiated in light of availability of Hunter Council's tender from 1 st July 2007. Resultant quote from existing supplier (Advantage Hygiene Services) gives a saving to Council of \$2,745 p.a.	\$2,745
Aged Care Services Co-ordinators - With the commencement of the three new staff members, the field workers rosters have been scrutinised to reduce the amount of travel the field staff are required to do and the costs associated with this travel. We now have another permanent South West Rocks staff member and one person travels to Stuarts point one day a week for a full day of work.	Est. savings \$10,000. (Grant)
Advertising - Use of ETC for job ads has reduced cost of advertising saving \$10,000 in Admin budget to January 2007.	\$10,000
Reduction in Telephone calls - Allowing more time to deal with outstanding issues and hence outstanding correspondence is reducing.	\$1,500pa
Airport serviceability inspections are being carried out in standard working hour - Reducing the cost of overtime.	\$2,100pa
Sale of Council properties - Negotiated an additional \$25,000.	\$25,000
Negotiation of new lessee for Saleyard Kiosk – obtained higher rental return to Council.	\$2,100pa
Welding equipment inspections now carried out every 12 months as per Australian Standards requirement instead of 6 monthly.	\$1,606
Delivery of Book Tubs as part of Library Cooperative - Making sure tubs to Port Macquarie Library are not half full, as delivery of empty tubs is much cheaper.	\$250
Dedicated South West Rocks Field Worker (Aged Care	\$4,500

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Services) - The additional field workers have allowed one worker to be entirely dedicated to clients in the South West Rocks area. This will significantly reduce the cost of travel reimbursement.	
East Kempsey Cemetery - Ground penetrating radar survey identified 80 available positions so far.	\$24,800
Records Disposal - A new contract has been negotiated with Disposal Company – Intershred to dispose of old records.	\$751 pa
Rationalisation of desktop printers – ongoing	\$2,000 pa
Ceased to use DX mail services - This saving was identified in June 2006 and a decision made for Council to withdraw from the DX mail courier service from 1st August 2006. This will result in savings in staff delivery time & membership fee costs.	\$4,000
Administration Salaries - Funded third trainee position was not used due to efficient re-allocation of duties and workloads	\$17,000
Printing & Stationery - Anticipated stationery use was reduced by more use of electronic messaging saving in paper usage. Efficient use of website has reduced number of documents being produced.	\$7,000
Public Liability Insurance - Risk Management rebate received due to audit results all risk areas of organisation	\$26,000
Insurance Excesses - Savings in payment of insurance excesses due to minimising of claims against Council through efficient risk management practices.	\$5,000
CFC is raising awareness of the internet. More customers are downloading information and forms saving KSC the cost of printing and posting the information to customers.	N/A
CFC - Current year arrears pay arrangement are being calculated and entered by CFC.	N/A
CFC -Where possible letters are sent by email	N/A
CFC – 67% enquiries resolved to service level agreement.	
CFC Manager not replaced	\$60,000
Savings in the purchase of new PC's as a result of renegotiation of pricing in line with the IT Alliance Buying Group pricing - 45 PC's at a saving of approximately \$500 each	\$22,500
Mid North Coast Council Procurement Alliance: Kempsey Shire Council has participated in a number of joint procurement initiatives with fellow member Mid North Coast Council's. The joint tender and procurement agreements have yielded estimated savings of:	
- G M Holden rebate	\$1,180
- Water Meter Tender	\$5,077
- Concrete Pipes	\$9,393
- Ready Mix Concrete	\$1,885
Council has recently entered into two new tenders for the supply of traffic signage and pipes and associated fitting	\$8,000 pa
Finance Process Improvements: - Payment of creditors by EFT. Council paid 58.38% of creditors by EFT in the 2006 / 07 year, an increase of 1.25% over the previous year.	Annual savings in staff time and postage are estimated at

	\$13,200 annually whilst Council's suppliers benefit be a marked improvement in cash flow.
Council has continued with the implementation of revised debt recovery procedures resulting in a further decline in the level of outstanding rates from 7.76% (30 June 2006) to 7.26% (30 June 2007).	Increased cash flow of \$107,000 delivers an investment return of \$6,751.

Shire Services

- The establishment of Customer First Centre and the ongoing development of the Knowledge Management System has ensured that the majority of enquiries from the public are being handled and resolved first hand. As a result, in the various sections within Shire Services there has been a significant reduction in phone calls and customer contact allowing the staff to focus on their core functions including responding to correspondence and following up Work Orders requests.
- Concerted efforts by staff including the development and refinement of systems relating to the recording, communicating and processing of work orders has resulted in the number of Work Orders outstanding during the year reducing from 1217 to 174 in June 2007. These successes have offered efficiency gains to staff in both Customer First and the various sections within Shire Services and has resulted in a much improved response to and service for the ratepayers. Staff are continuing to refine the systems further and give appropriate priority to Work Orders in order to continue to reduce the number of Work Orders outstanding even further.
- Similarly the number of correspondence outstanding for more than 14 days has been more than halved during the year from 94 to 40 at 30th June 2007.
- The second year of the Macleay Water-Hunter Water Australia partnership has offered a reduced rate on consultancy fees, both in operational support and capital project delivery.
- As part of the NEWE (North East Water Education) Group a grant was obtained to develop lesson plans that met Dept of Education curriculum outcomes. This meant that the uptake of water education information by the various schools was significantly heightened. The funding also allowed each utility's local content to be included. Grant funding was \$20,000 shared amongst 6 utilities, effectively a savings of \$3,300 in demand management communication costs.

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- Macleay Water has entered a cooperation arrangement with DNR to reduce the cost of the bores in the SWR borefield. DNR were placing 4 water quality monitoring bores and MW were to also place a number of bores in a similar area. The DNR contract drillers will now continue onto the MW project offering savings in travel and establishment costs. There was also duplication on a number of the bore locations and DNR are now paying for those bores with Council having access to the data.
- A continued effort with the water account debt recovery process has enabled the outstanding debt to remain at less than 1% of total income.
- An otherwise redundant Moisture Analyser has been made operational once again, to obtain good advance information for the centrifuge operation. The assistance of the polymer salesperson has proved vital. Savings attributed approx \$3,000.
- Council has entered a contract in conjunction with Port Macquarie – Hastings Council for the supply and delivery of Pipes and Fittings. The savings for most material is 10 - 15%
- The joint contract with the Hunter Group of Councils for the supply of water meters was continued with cost savings of approximately 10%. \$7,500 which was used to purchase additional meters.
- A system was devised to enable the greasing of rotors at the STW (i.e. pasveer channel style). The greasing system will be remote (not over channel itself) and will be 'automatic' (small gas system pressure to activate). The system dealt with both OH&S issues as well as enabling reduced visitations for the sole purpose of greasing. The implications are that smaller STWs (Frederickton and Gladstone are not visited on the weekend roster) and may not require as long or as frequent visits during the week.
- Macleay Water staff are participating in the critical review of Fleet now that the restructure has occurred. This to date has included consideration of the following points :-
 - truck replacement for 2 utes to enable separation of personnel and better efficiencies (more concurrent work completed), particularly in the process and maintenance teams
 - form of fleet replacement i.e. critical review of best performing vehicle type for duties completed
 - replacement of 2 older large plant items for one newer more versatile machine
- The Maintenance Team and the Infrastructure Coordinator have devised a unique on-call roster system (enabling the upskilling of staff for independent on-call work and multi-skilling across both water and sewer) which also enables good rotation (i.e. free weekends for reasonable periods and shared remuneration). The multiskilled maintenance team members will result in a more flexible efficient workforce
- After upskilling on the various Water Treatment & Sewer Treatment operators across the various plants the process teams have moved to a 'milk-run' to all plants resulting in the scheduled

overtime being reduced to a period of approximately 5 hours for one water operator & one sewer operator on each weekend day and public holiday.

- Sulo bins were trialled at North St STP to enable the grit removal by garbage trucks. This removes an OH&S risk with the 'little tipper' (effectively making this plant redundant), reduces the environmental impact of burying waste material onsite and achieves long term efficiencies in labour input. The success of these trials has seen this trial extended to South Kempsey, Frederickton, Gladstone and Crescent Head Plants.
- Water account letters templates have been established to assist in the debt recovery process and the leak identification process for customers. This has resulted in staff time savings and enabled previously postponed strategic issues to be completed.
- An improvement process / investigation occurred with the centrifuge operation within the MW Process Team. The result has been a establishment of peer links and advice from other water utilities, a purpose built truck, significant time savings (6 weeks efficiency saving on one plant alone), daily sludge production from 3m³/day to 9m³/day with the new operator with balance against centrate return to the STP process tanks
- Process Improvement Team finalised the Design Process Documentation. The implementation of the new process is improving efficiency and quality in the design process as well as, the ability to provide documents in a more timely manner, to allow significant lead time for the Works Section to program the projects. This continued process improvement will be an ongoing objective of the design section.
- The small ride-on with catcher has been in operation for over a year – more efficient, much quicker and cheaper to maintain small high profile areas and a neater finish
- Purchased small boom spray – spraying for broadleaf weeds and other weeds in lawns and on sports fields is now done in-house – with much better results and at ideal times
- Cemetery maintenance undertaken across OS&R staff particularly for outlying cemeteries – maintenance done when rest of village maintenance undertaken so can service a few more times per year – complaints relating to cemetery maintenance are significantly reduced
- Contracted tree work now involves two quotes (regardless of expected cost), contractors are aware of this and we now receive more competitive quotes and better outcomes. Over the year we have attended to outstanding Priority One trees and cleared a backlog of stump grinding around the Shire.
- Changes to cultivation practices has reduced pesticide usage (a costly material) and the need to spray (again a costly exercise due to Notification requirements and OH&S) has been reduced.

- Introduced daily cost sheets for Team Leaders controlling the capital works program. This improves the efficiency of the provision of timely cost information relating to projects.
- Implemented a single point control for Works orders and allocated a small team to address requests for reactive maintenance
- Closely coordinate general weed spraying with roadside street spraying
- Improved recycling at transfer stations has resulted in;
 - a) Less waste going to the landfill resulting in savings
 - b) Increased income from the sale of products e.g. steel

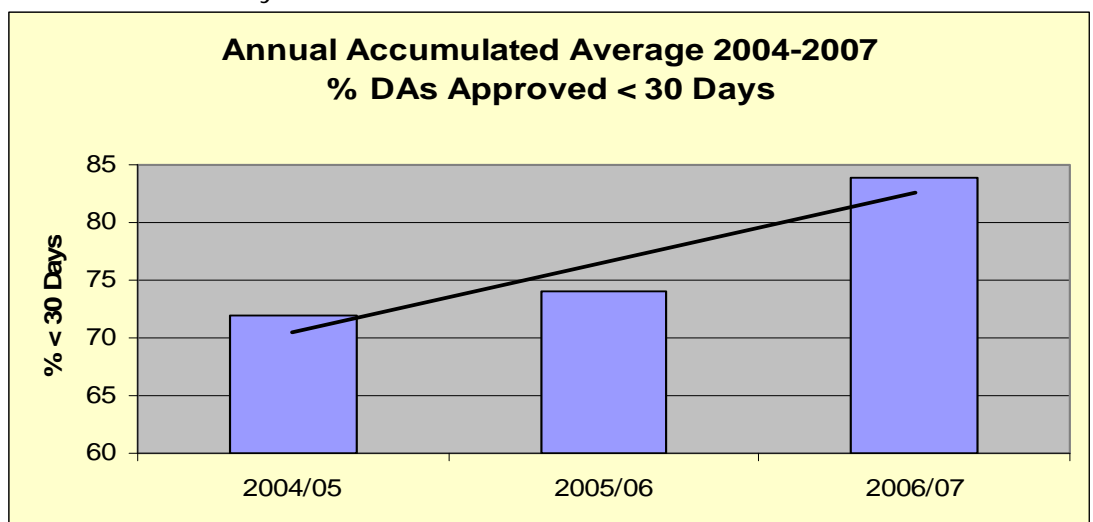
Sustainable Development Services

Significant efficiencies continue to be achieved as a direct consequence of the implementation of performance measurement systems which underpin the management of functions performed by Sustainable Development Services.

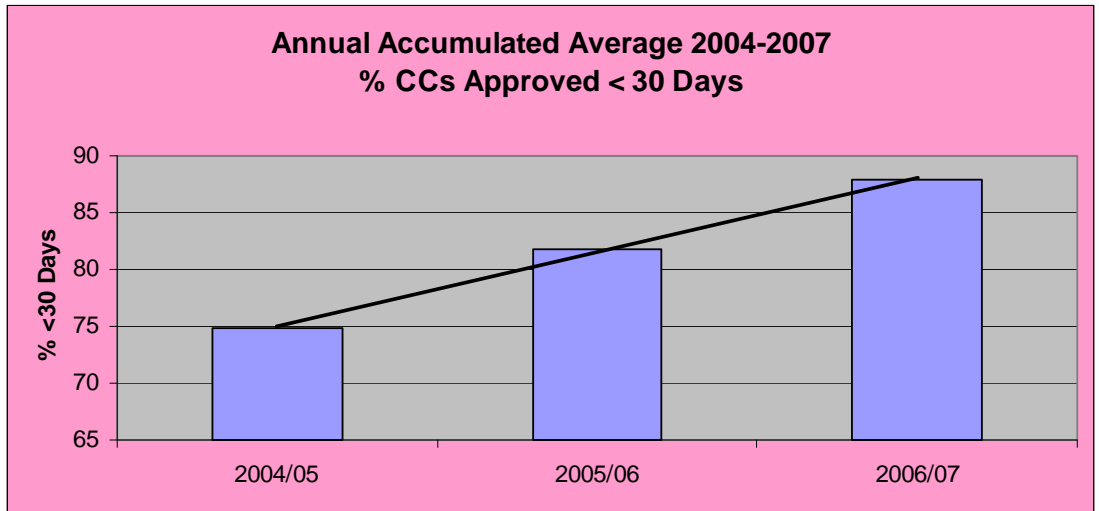
In addition, the advent of the Customer First Centre has resulted in a significant increase in resources available to concentrate on service delivery by providing a much more efficient method of dealing with customer contacts. It is estimated that as a result of the introduction of the Customer First Centre, the number of telephone calls received directly by SDS has decreased by up to 70% with direct contact reduced by up to 80%.

These efficiencies are reflected in the results being achieved in respect to service levels: -

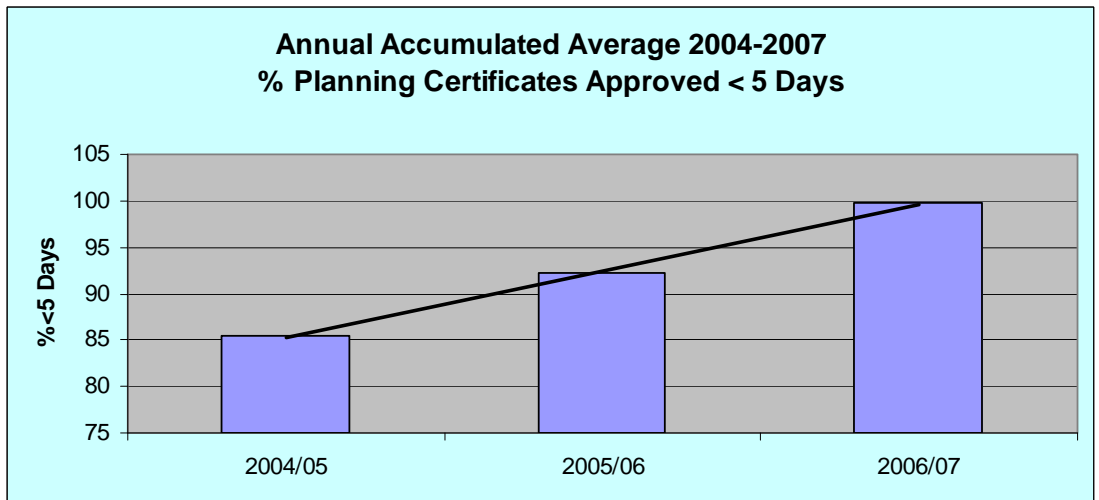
- DA processing times continue to decrease with 83.9% approved within 30 days in 2006 / 07.



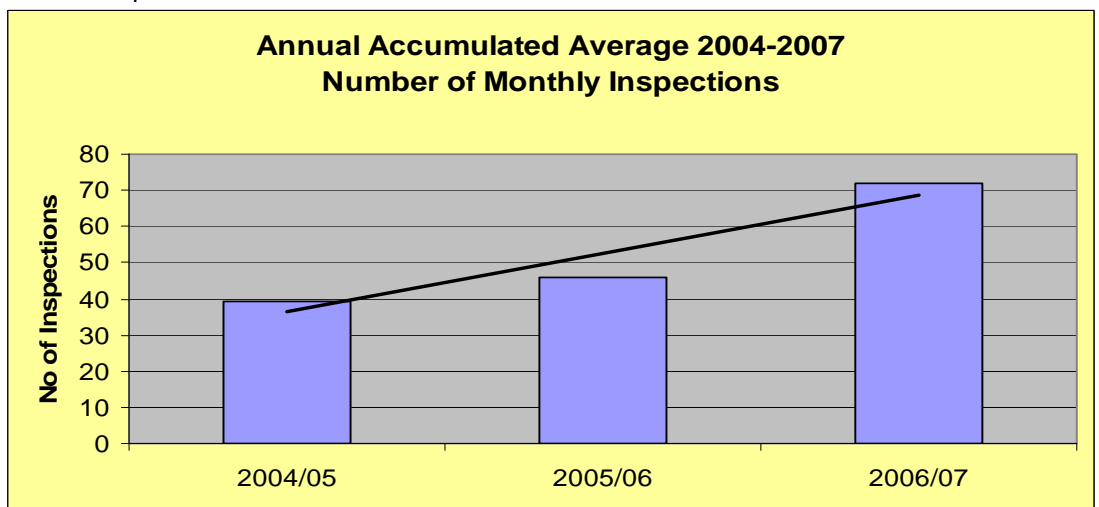
- The time taken to release Construction Certificates has also decreased significantly with 88% approved within 30 days in 2006 / 07.



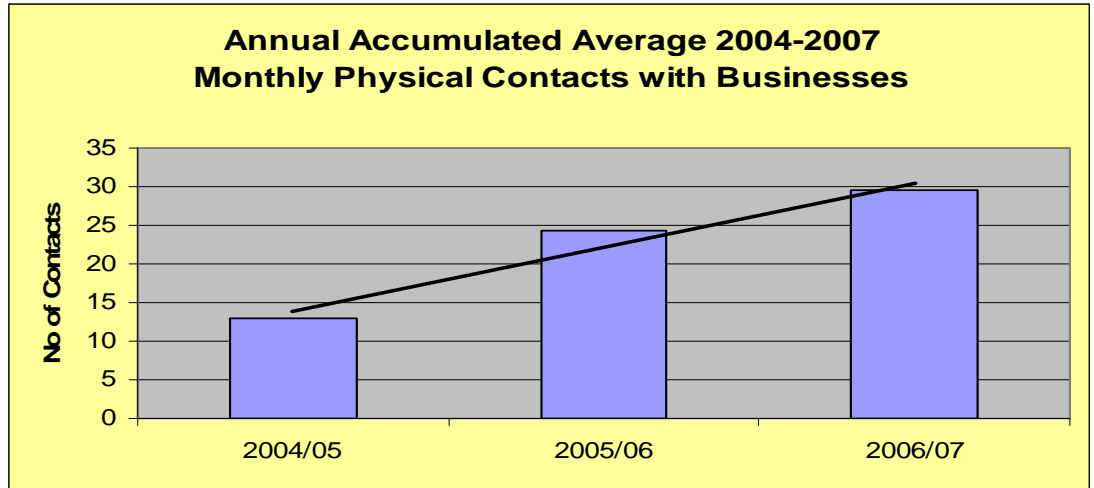
- The system developed to process Planning Certificates represents Best Practice with certificates now being released within an average of 1.1 days with 99.74 being issued within 5 days.



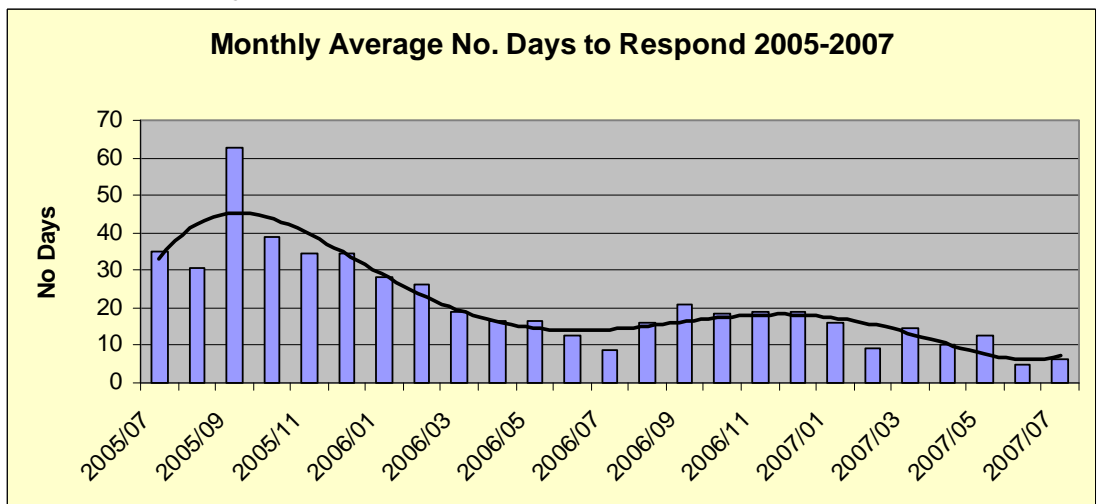
- Efficient systems are being employed to support the implementation of Council's On Site Sewerage Management Strategy resulting in greater resources being devoted to inspections.



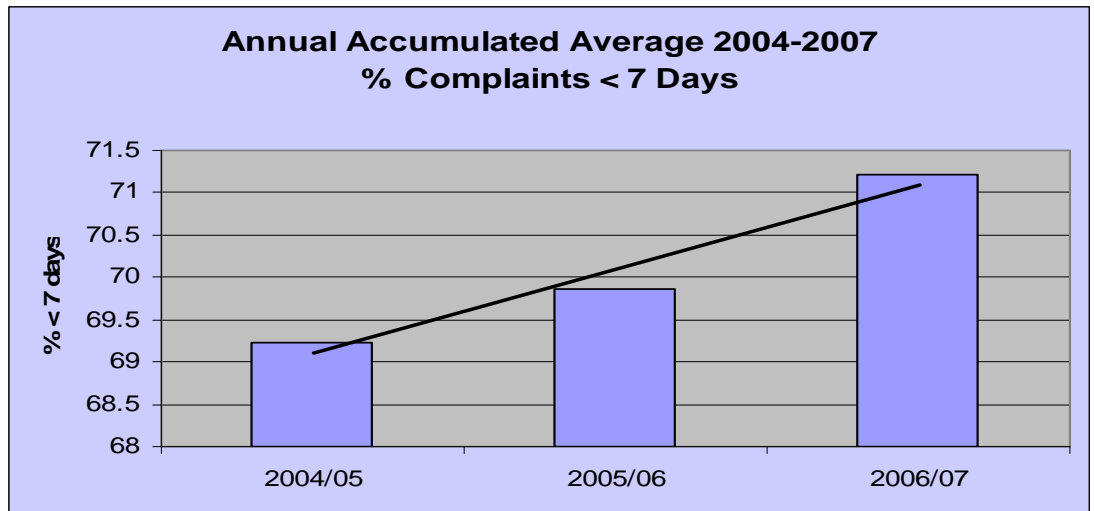
- The number of contacts with businesses continues to increase resulting in greater access to information.



- Greater time has been devoted to addressing correspondence in a timely manner with over 1000 letters responded to at an average of 15.1 days in 2006 / 07.



- Complaint handling which has long been the basis of criticism of Council has improved significantly and further innovations are planned to be implemented in 2007 / 08 to further improve the service.



Cost Savings

Opportunities for cost savings continue to be pursued in relation to services provided by Sustainable Development Services.

- The Joint Section 94 Project Officer employed by Kempsey, Nambucca and Bellingen councils has resulted in savings to Council of approximately \$100,000. In addition, opportunities for non-rate income that otherwise would not have been achieved will be significantly increased.
- Secondment of Port Macquarie Hastings Heritage Officer is estimated to have saved Council up to \$15,000. Additional savings have also been achieved through joint Heritage Week promotions with other indirect benefits flowing to businesses as a result of increased visitation through organised tours to the Shire.
- A set of standard development consent conditions has been produced for each Council in the MIDGOC at a saving to Council of \$7,500.
- Opportunities are being investigated for joint training for development assessment staff across the MIDGOC expected to result in savings to each council.
- \$4,000 per annum has been saved in advertising development matters to be considered at Council's monthly meetings through altered arrangements instigated by staff.

REPORT IMPLICATIONS:

- ***Environmental***

Nil

- ***Social***

Nil

- ***Economic (Financial)***

Nil

- *Policy or Statutory*

Nil

- *General Manager's Review*

Nil

RECOMMENDATION:

That the information be noted.

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A V Burgess
GENERAL MANAGER