

RESPONSE TO THE BANJUP RESIDENTS GROUP SUBMISSION

No.	Submission	Comment
1.	Statistics <div style="border: 1px solid red; padding: 5px; width: fit-content; margin: 10px auto;"> We can substantiate our numbers. </div>	<ul style="list-style-type: none"> • Inflation for Perth did fall in the March quarter to 0.7% but this is expected to rebound to within the RBA target range of 2% to 3% • Unemployment for Perth was 5.8% for the March 16 quarter • Wage price index for 2015/16 was 3.25% and is to fall to 2.0% in 2016/17 • Public sector wage index was 3.30% in 2015/16 and is expected to remain the same in 2016/17
2.	Job losses/pay cuts/reduced working weeks/businesses cutting costs by 20%/retailers cutting prices <div style="border: 1px solid red; padding: 5px; width: fit-content; margin: 10px auto;"> Everything has been "on sale" for a year or more. To say it is just EOFY is to deny reality. </div> <div style="border: 1px solid red; padding: 5px; width: fit-content; margin: 10px auto;"> The mining sector drives much of the WA economy through the multiplier effect. </div>	<ul style="list-style-type: none"> • There have been job losses in the mining sector and associated commodity based industries. These industries enjoyed significant income and cost increases through the mining boom and now that the boom has ended, they have trimmed their costs accordingly. • Retailers have been cutting their prices in the lead up to the end of financial year so as to clear stock as retailers do each year. • None of the major contractors or suppliers to the City has reduced its cost of goods or services by 20%. The recent 'basket of goods' increase to State Government charges averaged 5.82% for the City. • The continuing freeze on Federal Government Financial Assistance Grants (which goes for 4 years) has also reduced the City's grant income by 0.8% • However, with lower inflationary pressure cost increases are expected to be less, which has been factored into the City's budget. • There has not been a widespread practice of reduced working weeks.
3.	Business seeking price cuts from suppliers/costs been driven down/WA Government has a hiring freeze	The Council has been seeking reduced pricing: <ul style="list-style-type: none"> • Roads tenders – The last two road tenders has seen Council save \$2.5m • Electricity – Council has renegotiated lower prices from suppliers for contestable sites saving \$150k pa for next two years • Credit card surcharging has been removed from the payment of rates and other Council fees and charges for 2016/17 • State Government has ended its hiring freeze on state government

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	<p data-bbox="383 331 837 507">So, how many staff have been saved, reassigned? What is the dollar benefit?</p> <p data-bbox="383 579 848 810">What evidence is there that the existing waste truck drivers are fully utilised during their current working day? Has there been an independent review of their practices?</p>	<p data-bbox="1093 196 1249 225">budget day.</p> <ul data-bbox="1043 233 2007 810" style="list-style-type: none"> <li data-bbox="1043 233 1962 325">• The City practiced staff hiring restraint during the LG reform period, leading to increased productivity and efficiency from existing staff resources. <li data-bbox="1043 333 1973 426">• Technology is used to have a paperless accounts payable process. Greater use of EFT and other online technologies is improving other accounting activities. <li data-bbox="1043 434 2002 501">• Self-checkout, RFID and other technological improvements in libraries has capped staff increases and driven efficiency. <li data-bbox="1043 509 2007 601">• Mobile technology has improved the effectiveness of rangers, pool inspectors and for park services. Continued use of this technology will drive efficiencies in other business units. <li data-bbox="1043 609 2007 810">• Staffing increases proposed for the new FY are to meet specific requirements such as Cockburn ARC or the acquisition of assets such as the Port Coogee Marina. Other staff increases are to meet service expansion such as more waste truck drivers or staff to service more public open space (parks and bushland) as developers hand it over to the City.
4	<p data-bbox="241 850 965 943">Materials/services to be sourced cheaper/discretionary services scaled back/do more with less/best use of staff resources.</p> <p data-bbox="405 1038 748 1171">Measuring against a cartel is disingenuous.</p>	<ul data-bbox="1043 850 2007 1326" style="list-style-type: none"> <li data-bbox="1043 850 2007 981">• The City looks to ensure that all services are sourced for the cheapest possible price based on value for money. Almost 80% of the City's expenditure is tendered or subject to quotation as per Local Government Act/Regulations/Policy. <li data-bbox="1043 989 1973 1056">• Discretionary services are always reviewed each year as part of the budget process. <li data-bbox="1043 1064 1984 1224">• As can be seen in the budget report, the City efficiently uses its staff resources when compared with other Councils in the South West Group and the Outer Metro Growth Council Group. The City has one of the lowest residents to staff ratios and uses less dollars of rates/income collected to deliver services to the community. <li data-bbox="1043 1232 2007 1326">• The City is also about to commence benchmarking with other councils in Australia/NZ to ensure that it operates as efficiently as possible and delivers value for money.

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5.	<p data-bbox="241 193 880 225">Comparisons/Target to cut 2% of operating costs</p> <div data-bbox="338 328 813 595" style="border: 1px solid red; padding: 5px;"> <p data-bbox="344 336 801 405">We said drive down costs, NOT cut budgets. There is nothing in Cockburn's plans that suggest there are any continuous improvement strategies or any promise of a review of processes.</p> </div>	<ul data-bbox="1043 197 2011 738" style="list-style-type: none"> <li data-bbox="1043 197 2011 395">• Council benchmarks itself against a range of councils in both the South West Group and Outer Metro Growth Councils. As noted above, the City will then benchmark with other Councils in Australia and NZ. Benchmarking with the private sector is not feasible (many of the services provided by local governments are neither provided by the private sector nor by the State Government Sector). <li data-bbox="1043 400 2011 635">• Cutting 2% of operating costs net of depreciation would mean cutting \$34m over five years, which is \$2m in 2016/17 and \$12m in 2020/21. Approximately 45% of the City's net operating costs are linked to external income such as grants, statutory expenditure (power/gas/water/state & federal taxes/waste collection/disposal costs; a 2% reduction targeting the remaining 55% of net operating costs would require a 3.8% cost reduction target). <li data-bbox="1043 639 2011 738">• The City is continuing its efforts to achieve savings. The recommended restructure of the SMRC is intended to reduce the cost of processing waste.
6.	<p data-bbox="241 775 813 807">A rate increase of 1% for the next five years</p> <div data-bbox="353 898 775 1094" style="border: 1px solid red; padding: 5px;"> <p data-bbox="360 906 768 1086">We never mentioned rate capping. Again it is disingenuous to suggest this would be the result of driving down costs.</p> </div>	<ul data-bbox="1043 775 2011 1185" style="list-style-type: none"> <li data-bbox="1043 775 2011 844">• A 1% rates increase will reduce rates income by \$31m over the next five years. <li data-bbox="1043 849 2011 1118">• This proposal is similar to rate capping in NSW, which will lead to under expenditure of asset management and increase the back log of maintenance on community assets such as roads/parks/buildings. This is what has happened in NSW, which now has the lowest level of asset reinvestment of all local governments across Australia. This form of rate capping is not effective. It may be popular in the short term, but can't be reversed in the long-term without substantial rates increases such as experienced at the City of Rockingham. <li data-bbox="1043 1123 2011 1185">• Growth of new properties will provide \$12.5m in new rates income over the next five years .
7.	<p data-bbox="241 1227 439 1259">Share the pain</p>	<ul data-bbox="1043 1227 2011 1361" style="list-style-type: none"> <li data-bbox="1043 1227 2011 1361">• Cockburn is a growing community. Residents and communities want services now. Cockburn has exercised restraint in rate increases when compared with other local governments and other levels of government. All rates raised are invested back into the community.

We are lobbying Council because we care.

We have good reason to review Cockburn's rates proposals as we have shown twice in recent years. We have had to develop some skills in analysing Cockburn's numbers.

We believe that there are better and more transparent ways of managing Cockburn's business.

Our message is simple: Drive down Cockburn's internal costs and pass the benefits back to ratepayers. Don't preserve inefficiencies and look to ratepayers always to fund them. This is not the same as reducing the budget by cutting services. Deliver the same services at reduced costs.

Councillors, on behalf of ratepayers, must be assured that their employees are good cost managers. Put cost management at the centre of Cockburn's plans where it should have been in the first place but has been omitted for years.

Under the direction of Council, undertake an independent external review of Cockburn's processes and practices to find better and more efficient means of delivering services.

Establish a programme of continuous improvement to realise more benefits and reduced costs for the same services over the coming years.

Every other business does this as a matter of course.

Don't wait to be legislated to be forced to be good managers.