

TOWN OF COTTESLOE



BUDGET WORKSHOP 1 NOTES

COUNCIL CHAMBERS, COTTESLOE CIVIC CENTRE
109 BROOME STREET, COTTESLOE
THURSDAY, 26 MAY 2022, 6PM

1. Introduction

At this stage the 2022/23 Budget is in draft format, with this Workshop proposing to discuss the Capital Works Program, Workforce Plan/EBA costs and Rates to assist in the further development of the Budget.

Additional Budget Workshops will follow this session as determined by Council, for the budget to be recommended for adoption at the 26 July Ordinary Council Meeting.

2. Intended Workshop Outcome

To confirm (prior to Council adoption) principle details with the Capital Works Program, Workforce Plan/EBA costs and Rates for application to the 2022/23 budget.

The Mayor led a strategic discussion on the issues relevant to the preparation of the 2022/23 budget, with a view to developing some over-arching principles as a tool to guide Budget decision-making.

The following assumptions, risks and opportunities were discussed in relation to the Budget development:

Assumptions:
<ul style="list-style-type: none"> • Workforce capacity (internal and external). • Supply chain issues (major). • Inflationary Pressures. • Outdated Integrated Planning Framework. • Workforce cost. • Political environment (funding opportunities). • State Government personalities and expectations. • Increasing demands State Government (eg. SDAU and Audit). Additional costs. • Service levels and community expectations. • Increased Rate base. • Limited opportunities to diversify income streams. • Delays in project delivery. • Pandemic impact. • Outdated Planning Scheme and Strategy. • Reconciliation Action Plan resources. • Climate attitude by community. • High expectations held by the community for service quality. • Risks to be considered – reputational and financial.
Risks/Opportunities:
<ul style="list-style-type: none"> • Reserve Funds. • Alternative revenue sources. • Car Park number 2. • Developer Contributions.

Overarching Principles were suggested as tools for Budget decision making as follows:

- Time frame for Principles – this Budget period ie 2022/2023
- Service levels to be maintained at current levels
- Focus to be on core business
- No new projects to be initiated unless already committed to by Council
- Must budget for statutory compliance on Planning and Integrated Planning Framework – these are “must haves”
- Diversification of income streams to be prioritised
- Work and materials on projects and all repairs to be carried out to standard to optimise “whole of life” costing

3. Capital Works Program

The draft 2022/23 Capital Works Program is attached. It is anticipated that Council will desire to discuss the individual projects contained in the draft Capital Works Program.

Two points brought to Council’s attention are the Main Roads WA Road funding attributable to works, and the Street Tree Program which is anticipated to conclude at the end of the 2022/23 financial year.

Additionally there are a number of other Major Projects that are not termed Capital which will impact on the Town’s resources over the coming year. These include the upgrade of the ERP computer software system, the development of a new Strategic Community Plan, the development of a new Town Planning Scheme and Strategy, an increase in Events activity and the Cottesloe Precinct Plan among a number of others. The Town’s resources will be stretched throughout this time.

Options on funding various Capital items from Reserve funds is a consideration that the Administration is presently reviewing.

4. Workforce Plan/ Enterprise Bargaining Agreement (EBA) Costs

The draft salaries and wages changes proposed for 2022/23 are based on the Workforce Plan. Please note that this does not mean this will translate into the final Budget. It is presented for discussion purposes only, with the Chief Executive Officer ultimately making a recommendation to Council as part of the Budget the salaries and wages proposed.

The part time Events Booking Officer has not been included in the Draft Budget and will be reviewed once a new officer commences in the Events Coordinator position as well as reviewing how the new Booking system is operating.

The anticipated Enterprise Bargaining Agreement implications proposed above and discussed in the meeting are not finalised at this stage. The introduction of a new Events Bookings Officer role may be considered with additional funding from bookings revenue, which would commence as a casual role initially to ascertain justification.

5. Rates

- Inflation in Western Australia is currently running at just over 7.6% and Councillors would be well versed in cost of living expenses such as fuel, building costs, insurance, utilities and the like. The extent of the continuation of the rise in inflation is not known.
- Valuation growth rates in the Town's draft Long Term Financial Plan have been increased slightly however are still considered conservative. This refers to future Developments that occur in the life of the Plan which will lead to a greater rate intake due to higher valuations. This is more likely commencing from 2023/24.
- An increase in rates of 2% per year over and above any normal increase in rates would go some way to addressing the Town's Asset Replacement gap. Ideally these funds generated would be transferred to Reserve and called upon as assets identified require replacement.
- Various possible rate increases discussed.
- A 1% increase in Rates approximates \$112,000.