



Imagine

GREATER BENDIGO

Imagine Greater Bendigo 30 years from now. What do you see?

City of Greater Bendigo: Our financial story

Key points

- The City of Greater Bendigo is currently in a financially sustainable position but to remain so services will need to change
- Whilst savings are continuously looked for across all services, expenditure is a significant challenge for the City that limits our ability to fund all existing services and new initiatives we would like to deliver
- Maintaining our current assets will require a significant increase in investment, \$33M per year in 2020 to \$40M in the future, or a decrease in the buildings and infrastructure we maintain
- The City's population is expected to grow by 37% to 156,000 by 2036 and 200,000 by 2050
- How do we ensure that services are delivered in line with the needs of our growing and changing community in an equitable and accessible way?
- With increasing costs we need to have a conversation with the community focused on:
 - Considering the number of services the City delivers
 - Creating more multi-use facilities and reducing the number of facilities the City maintains
 - Whether a small increase in rates may be necessary to maintain all current services

Introduction

The City of Greater Bendigo currently provides 69 different services to the local community and maintains over \$1.8B worth of community assets to support both residents and visitors to the region.

This summary shares some of the financial challenges faced by Council and is intended to support consultation for the development of a community vision, Council Plan, Financial Plan, Asset Plan and annual Budgets. By sharing these challenges with the community, we hope to

inform and engage residents to assist in providing input into our long-term planning.

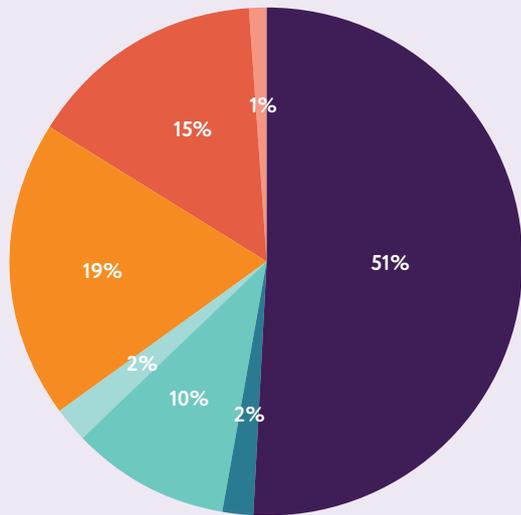
In 2020 the Victorian State Government passed a new Local Government Act. It is a principles-based act highlighting that Council's role is to make decisions that will achieve the best outcomes for the municipal community, including future generations, informed by comprehensive community consultation and that are financially sustainable. In delivering our services we need to consider the following principles:

- Services should be provided in a fair manner and be responsive to the diverse needs of the municipal community
- Services should be accessible to the members of the community for whom the services are intended
- Quality and cost standards for services set by the Council should provide good value to the community
- A Council should seek to continuously improve service delivery to the community in response to performance monitoring
- Service delivery must include a fair and effective process for considering and responding to complaints about service provision

Background

Income

In 2020/2021 the income received by the City was budgeted to be \$208M. As outlined in the chart over the page, the main source of this income comes from rates and charges, representing 51 per cent. The City also receives grants from State and Federal governments that fully or partially fund a range of services and programs, e.g. aged care support, maternal and child health, Healthy Heart of Victoria, and infrastructure upgrades such as the Gurri Wanyarra Wellbeing Centre.



- Rates notice (incl. charges)
- Statutory (by-law) fees and fines
- Other fees, ticket sales and charges
- Contributions - monetary
- Asset contributions - non-monetary
- Government grants
- Other revenue

Some of our services are provided at full cost recovery e.g. childcare, whilst some charges are made for services that are set by the State government e.g. planning permit applications and fire services levy. Some of these fees are passed back to the State Government.

Each year we also receive a range of new assets to look after such as roads, footpaths, parks and open spaces as a result of new developments across the City. These are classified as non-monetary contributions.

From time to time Council will also take out a loan to fund significant infrastructure projects. These funds are then paid back over subsequent years.

In 2016 the Victorian Government introduced rate-capping and since then rate revenue increases have been capped to State Government inflation forecasts.

Figure A below is a snapshot of the changing nature of the City's rates income.

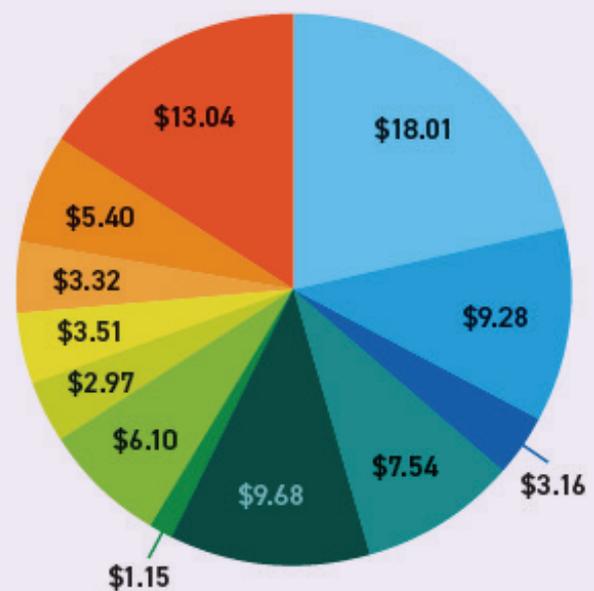
Whilst acknowledging that household affordability is important, the introduction of rate capping has

significantly constrained income for Local Government. Council must carefully consider the allocation of its financial resources and continue to find savings.

Since the COVID-19 pandemic, the City has been focused on identifying a range of initiatives to support our community and businesses that were impacted by COVID-19, including easing the financial strain by enabling deferral of a range of payments and charges. This has decreased some revenue streams. The City introduced specific hardship measures to support community members, including the ability for those experiencing financial hardship to defer payments until 30 June, 2021.

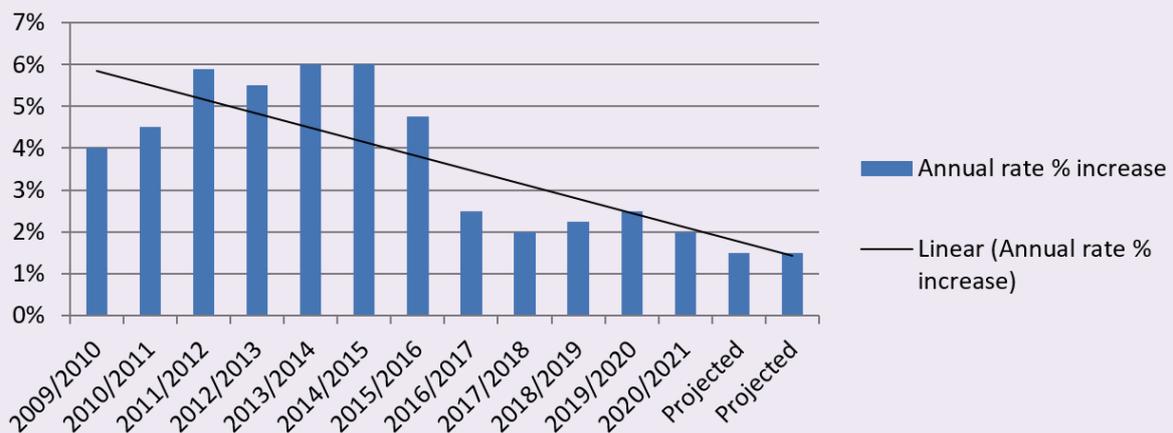
Expenses

The chart below provides information on our current service expenditure for every \$100 in rates.



- Capital and Major Works
- Waste, Recycling and Environment
- Safe and Healthy Environments
- Recreation and Parks
- Asset Maintenance
- Maternal and Child Health
- Community Services
- Property Services
- Planning and Regulation
- Business Development and Tourism
- Art, Culture and Libraries
- Corporate Services

Figure A - Rate % increases



Expenditure categories across all services can also be summarised as contract payments, materials and services, employee costs and other expenses. The balance between these categories often depends on the most efficient approach to service delivery. For some services we employ staff directly, e.g. maternal and child health, whilst for others we contract with an external skilled provider, e.g. pool operations.



As can be seen in the chart on the previous page (under Expenses), Council spends a significant amount on waste, recycling and environment. Much of this cost is covered by the waste charges that are charged separately on your rates notice. These funds are put into a reserve (a separate account) so that over time we can deliver a comprehensive approach to waste management including the remediation and monitoring of previous landfill sites across the City.

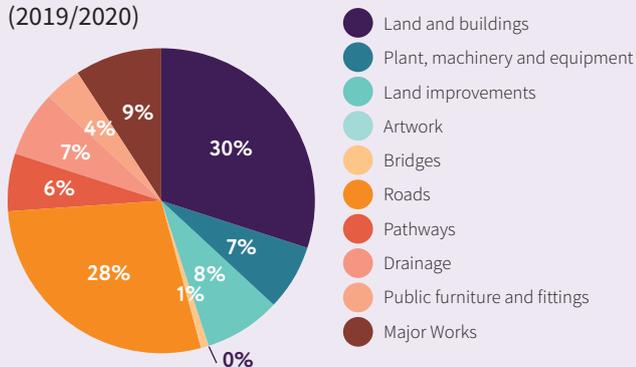
Total operational expenditure has increased slightly from the prior years as the City responds to increasing demand for services. Some expenditure reduced in the last quarter of 2019/2020 alongside reduced revenues where certain services closed (including the Bendigo Easter Festival, Bendigo Art Gallery and Bendigo Venues and Events) due to COVID-19 restrictions.

More detail can be found in previous budget documents and annual reports on the Council website.

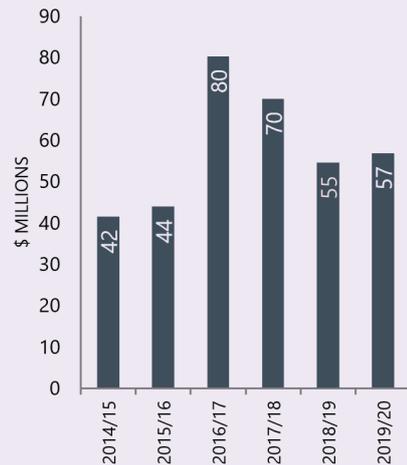
Capital works expenditure

Capital works expenditure is divided into funds to maintain our assets or renewal (approx. \$32M in 2020/2021) and new capital projects (approx. \$20M in 2020/2021). As with our own homes, it is important to maintain and repair current assets to ensure they remain safe and fit for purpose before investing in new ones.

Capital works by type (2019/2020)



Capital works expenditure



The most significant areas of capital investment are on buildings and roads.

Assets include, but are not limited to: roads, bridges, footpaths, drains, libraries, town halls, parks, play spaces, recreational centers and other community facilities.

The City's delivery of services significantly depends on maintaining its assets in good condition for as long as the community needs them.

The City's Asset Management Strategies recognise the additional investment that is required to maintain its ageing assets. Current modelling shows that at a minimum, an ongoing increase of 3 per cent to 5 per cent in funding for annual asset maintenance and operations is required every year for the next 10 years. This equates to an increased allocation of funds from \$33M per year in 2020 to \$40M per year in the future.

The challenge

The City has a responsibility to current and future communities that leads to significant demands on its financial resources. These include:

- Higher expectations of a growing community for new and upgraded services – including the ability to interact digitally with services
- An asset renewal requirement that is increasingly demanding
- New development growth in Maiden Gully, Huntly and Marong and associated costs

As highlighted in the key points at the start of this paper, Council will need to plan for:

- Considering the number of services the City delivers
- Creating more multi-use facilities and reducing the number of facilities the City maintains
- Whether a small increase in rates may be necessary to maintain all current services