



Information pack

Engagement on priorities to support the
2022/2023 Budget

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INTRODUCTION

This document has been prepared to support engagement on the City's planning for the 2022/2023 budget process.

Community members can submit in November via our online platform on specific projects, or have their say again on broader priorities and principles in the Council Plan or this document.

The 2022/2023 prioritisation and annual budget will deliver on the second year of the Council Plan and Financial Plan. These plans are the culmination of a large amount of engagement across the City earlier in 2021. There are a number of elements to the City's planning – including looking at community needs and aspirations over the long term (Community Vision), medium term (Council Plan and Budgets) and then holding itself accountable (Annual Report).

THE CITY'S COUNCIL PLAN

The City of Greater Bendigo has endorsed the Community's vision and [Council plan – Mir wimbul](#). Through the development of the vision, the community has told us their desire for Greater Bendigo to be sustainable, prosperous and to have a bright and happy future. The Council plan includes actions to deliver on this vision.

The Council Plan is the key guiding document over this Council term, and submissions or actions prioritised into 2022/2023 will need to align with the objectives identified.

The adopted Council Plan, along with 2020/2021 actions, can be seen at the City's website.

Greater Bendigo celebrates our diverse community. We are welcoming, sustainable and prosperous. Walking hand-in-hand with the traditional custodians of this land. Building on our rich heritage for a bright and happy future.

Greater Bendigo Community Vision

THE CITY'S FINANCIAL STORY

The City of Greater Bendigo has prepared the [10 year Financial Plan](#) (Financial Plan) to support the Community's vision and [Council plan – Mir wimbul](#).

Our Financial Plan outlines the resources required to deliver the Council plan and ensure we are investing in assets the community values; our services remain affordable and accessible for the community; and our organisation remains financially sustainable.

Increases to rate revenue are currently capped under the State Government's Fair Go Rates system, determined by the State Minister for Local Government. This limits revenue available to fund new projects and initiatives.

The City must continue to reinvest in our existing assets so our roads, parks, gardens, pools and buildings that we value stay in a condition we are proud of. As we bring on new assets, to remain sustainable we must also review to assess whether they are still valued by the community.

Services also evolve, and the City will assess the performance and future for current services to understand whether they are relevant and whether the City needs to continue to deliver them or whether there is a role for an alternative delivery model. To remain sustainable over the life of the financial plan, some City services will have to change

The City has a commitment to achieving zero carbon through the life of the financial plan and there are a number of actions in the Council Plan that will support this aspiration. This will have generational benefit, but also short-term financial impacts.

2022/2023 BUDGET ENGAGEMENT PROCESS AND TIMELINES

The timeframes for community members to provide input to the prioritisation of the Council Plan outcomes is different to previous years. Councillors have expressed an interest in engaging earlier with the community to understand their priorities, and to inform the upcoming Budget. The table below provides details of the upcoming community engagement:

Engagement	Details	Date
Let's Talk Greater Bendigo	Online Engagement Platform will open for community members to submit details or input to priorities for the 2022/2023 Budget	November 2021
Councillors hearing member priorities	Opportunity for community members to present to Councillors on specific priorities or feedback on principles, following the Let's Talk Greater Bendigo Engagement	December 2021
Draft Budget endorsed by Councillors	The draft 2022/2023 Budget will be endorsed by Councillors and made available for feedback from the community on the Let's Talk Greater Bendigo Platform	April 2022

Following community engagement the priorities will be collated and reviewed by officers and Councillors, including consideration of the Council Plan and the Financial Plan parameters recently endorsed by Council.

The overall timeline for the 2022/2023 Budget development through to adoption is planned as follows:

Month	Description
October 2021 to December 2021	Service unit budget development and identification of business requirements, community and Council priorities and preparation of project proposals
January 2022 to March 2022	Councillors review and endorse draft budget positions
April 2022	Draft Budget released for community feedback
May/June 2022	Final Budget Adopted

2022/2023 DRAFT BUDGET SETTINGS – ALIGNING TO THE FINANCIAL PLAN AND COUNCIL PLAN

Our Vision: *Greater Bendigo celebrates our diverse community. We are welcoming, sustainable and prosperous. Walking hand-in-hand with the traditional custodians of this land. Building on our rich heritage for a bright and happy future.*

The following budget framework and settings enable the development of a draft 2022/2023 Budget. These settings compliment the key financial assumptions set out in the City's (draft) Financial Plan 2021-2031.

No.	Item	Framework / draft base assumption
1.	General rates charges	The increase in revenue from general rates will be set in line with the rate cap announced by the Minister (typically in line with CPI). Other differentials will be amended in line with the Revenue and Rating plan approved in 2021.
2.	Rates relating to general waste, recycling & organics	Charges will be set in line with the requirements of the service on a cost recovery basis. This will be in accordance with a multi-year waste reserve model, developed in consultation with Councillors.
3.	Operational budgets	Base budgets will seek to absorb municipal growth, maintaining the net cost of services (operational increases require additional revenue or reduced costs across the City). These will seek to ensure increases, excluding waste, can be aligned to the increase in rates.
4.	Councillor and public engagement	Enable earlier engagement with community and Councillors. Investigate earlier public priorities input; a tool-kit to support budget engagement; and additional 'our financial story' resources to assist with managing expectations.
5.	Capital Works – prioritisation and delivery	City contribution allocated to Capital Works – New/Upgrades program initially set at \$18.3M, in line with the draft Financial Plan. Of this, \$4M has not been formally committed. When deciding upon the program consideration to be given to: <ul style="list-style-type: none"> Affordability, sustainability and deliverability Project Prioritisation in accordance with the Capital Investment Framework and Environmental sustainability principles Alignment with the City's endorsed strategies and Council Plan Finishing what we've started
6.	Capital works - Renewal of assets	The amount allocated to asset renewal will be in accordance with the Financial Plan 2021-2031 (\$36.2M). Note: The development and adoption of an Asset Plan, a new requirement of the Local Government Act, through to June 2022 will incorporate additional discussions on asset investment.
7.	Borrowings	Council will incorporate a level of borrowings to the budget for Development Contribution Programs (in line with the 10 year financial plan); strategic property acquisitions; and selected capital projects providing inter-generational community benefit.

BUDGET PRINCIPLES DEVELOPED IN RESPONSE TO COVID-19

In addition to the above Budget settings, Council will have regard to the following principles. These were developed in 2020 in response to the current and potential future impacts of the COVID-19 pandemic:

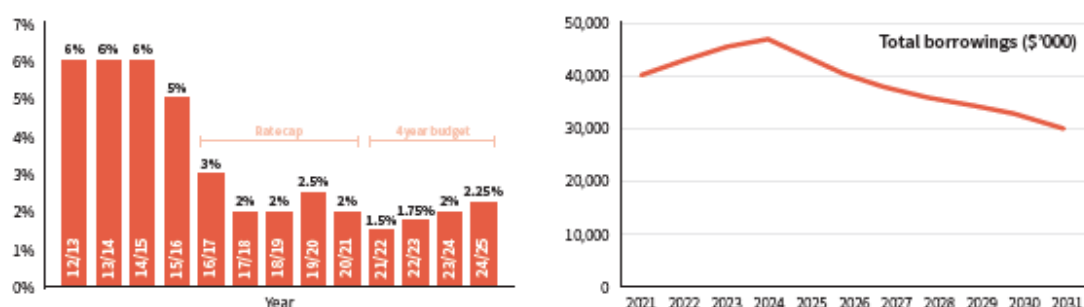
No.	Item	Framework / draft base assumption
1.	Hardship	Support those that need it most - some in the community are affected more than others.
2.	Social & Economic Support	Address and advocate on key social and economic needs of our community focus on people, communities and business
3.	Long term community sustainability	There are short-term issues that requires a long-term response – our response will be across multiple budgets and will consider people, environment and finance.
4.	Operational efficiency	Our operations must be efficient - only commit to new initiatives that deliver the essential outcomes for our community
5.	Capital delivery	Deliver on our promises and commitments - we need to be ambitious and realistic

CITY OF GREATER BENDIGO FINANCIAL PLAN AT A GLANCE

City of Greater Bendigo Financial Plan at a glance

- \$223.5M in total operating revenue in 2021/2022
- \$158.5M in operating expenditure (excluding depreciation)
- \$66.2M in capital projects (then between \$50M and \$70M annually)
- \$133M in rates and charges (increasing with CPI)
- \$5M-\$10M in borrowings annually after 2021/2022 supporting capital expenditure
- 766 full time equivalent staff in 2021/2022
- Average 1.95% increase on rates (1.5% in 2021/2022 budget)

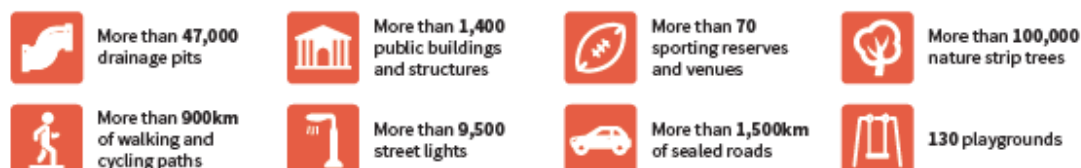
The City of Greater Bendigo publishes a 10-year Financial Plan to support the community vision and Council Plan. Revenues over the period are forecast to increase from \$223M to \$269M, and borrowings will continue to be used to support capital expenditure. The graph below on the left shows the percentage that rates have increased in past years as well as the projected increase based on CPI for the next four years. The graph on the right shows the projected borrowings for the next 10 years. The City's borrowing policy ensures money is borrowed sustainably, so that future repayments are manageable.



The following categories of service and capital costs are planned in 2021/2022. More details are available in the City's 10-year Financial Plan 2021-2031 at www.letsstalkgreaterbendigo.com.au/imagine



A snapshot of other responsibilities:



SUMMARY OF CITY OF GREATER BENDIGO FINANCIAL PLAN 2021-2031

City of Greater Bendigo Financial Plan 2021-2031

Summary version

This is a shortened, summary document to supplement the City of Greater Bendigo's 10-year Financial Plan document required under the Local Government Act 2020. Full details, including financial statements, can be seen in the longer 10-year Financial Plan document.



Key points

- The Financial Plan outlines resources to support the Council Plan by investing in assets the community values; ensuring services remain affordable and accessible; and keeping the City financially sustainable
- The City's population is expected to grow by 37 per cent to 156,000 by 2036 and reach 200,000 by 2050
- The City is in a financially sustainable position but to remain so, it will need to prioritise services to operate within the State Government's rate cap
- Rates increases are forecast to be limited. These mirror increases in the forecast Consumer Price Index (CPI)
- Borrowings will continue to be used to support capital expenditure and managed growth
- There are environmental risks and opportunities which will impact on future budgets, including responding to the challenges of a changing climate and reducing the City's carbon emissions

Introduction

The City of Greater Bendigo has prepared the 10-year Financial Plan from 2021 to 2031 to support the community vision and Council Plan. Through the development of the vision, the community has told us of its desire for Greater Bendigo to be sustainable, prosperous and to have a bright and happy future. The Council Plan includes actions to deliver on this vision.

Our Financial Plan outlines the resources required to deliver the Council Plan and ensure we are investing in assets the community values; our services remain affordable and accessible for the community; and our organisation remains financially sustainable.

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

The City's context

The City enters the 10-year Financial Plan in a stable financial position. The City has sufficient cash reserves, a sustainable level of current borrowings and an efficient workforce. This position has been achieved through a level of financial discipline over many previous years.

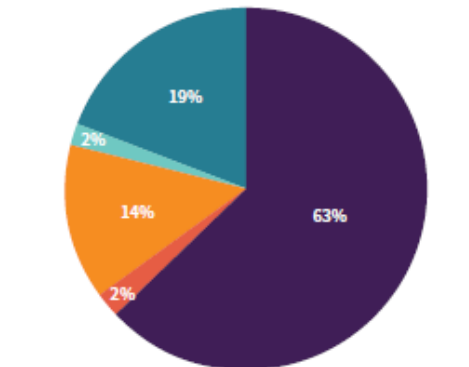
The new Local Government Act introduces principles that include priority being given to achieving the best outcomes for the municipal community, including future generations, and that strategic planning must consider the resources needed for effective implementation.

Underlying income

The main source of income for the City comes from rates and charges, which represents 63 per cent of underlying income for the 2021/2022 financial year. The City focused in 2020/2021 on identifying a range of initiatives to support our community and businesses that are impacted by COVID-19, including easing the financial strain by enabling deferral of a range of payments and charges, which 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.

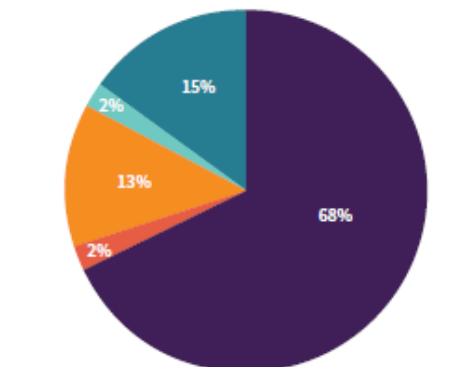
Source of underlying income

Estimate 2021-2022



Source of underlying income

Estimate 2030-2031



Expenses

Expenditure relates to delivering services for the benefit of the community.

Our current break-up of service expenditure, at a high level, is:

Where every \$100 of rates and charges goes



Expenditure categories across all services can also be summarised as contract payments, materials and services, employee costs and other expenses, which can be accessed in the full 10-year Financial Plan document. Total operational expenditure has increased slightly from the prior years, reflecting increased spending on salaries, materials, contracts and services.

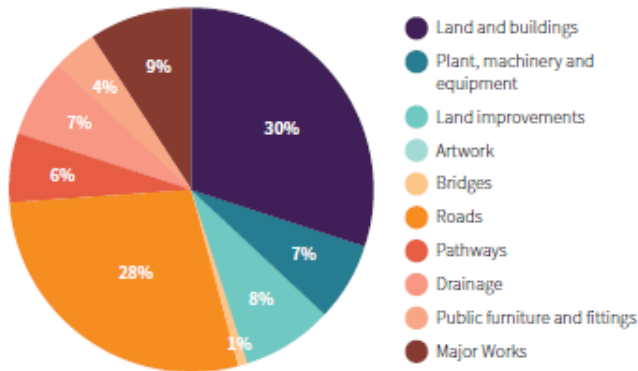
There is a break-up of the cost of various service units in the City's 2021/2022 Annual Budget (www.bendigo.vic.gov.au/budget) on pages 10-19. Operational expenditure includes \$29.2M for Resource Recovery and Education; \$12.8M for Parks and Open Spaces; and \$11.8M in Community Wellbeing unit supporting Immunisation, Early Childhood and Aged Care services.

Many of these services make use of other income including grants from State and Federal governments. For example, the total expenditure for the City is \$11.8M but the net cost after other income of the Community Wellbeing unit is \$0.89M (i.e. after childcare fees, aged care grants and other grants and fees are taken into account).

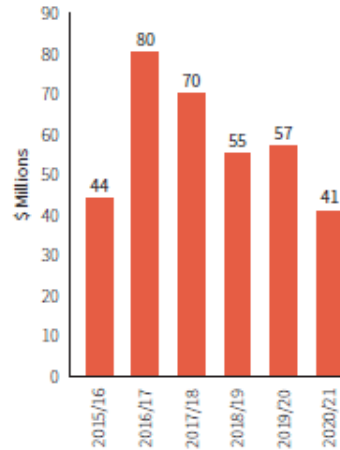
Capital works expenditure

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

Capital works by type



Capital works expenditure

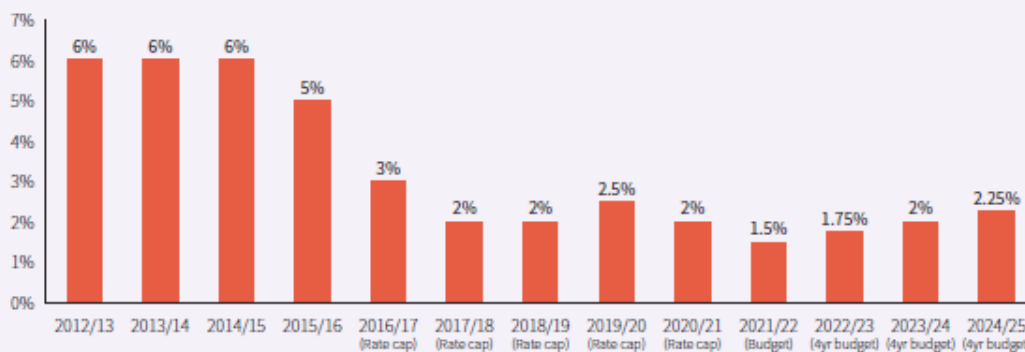


The challenge

The City has a responsibility to current and future communities that leads to significant demands on its finances, in particular:

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

The State Government introduced rate-capping in 2016 and, since then, rate revenue increases have been capped to State Government inflation forecasts. Here is a snapshot of the changing nature and forecasts for the City's rates income:



Whilst acknowledging that household affordability is important, the introduction of rate capping has reduced income for Local Governments to undertake asset renewal and services. The City must carefully consider the allocation of its financial resources and continue to find efficiencies.

Capital asset renewal and growth

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. Assets receive a condition review that feeds into the City's asset modelling. The condition review considers the asset's use and age and ensures we can plan for its renewal when required.

The growing need for this expenditure is a significant challenge for the City. Without major reform to services and operations, it will mean less money is available to fund new initiatives and existing services. This poses the question of how do we still service our growing and changing community and maintain our assets with increasing costs?

The following table gives some more details on assets the City seeks to maintain to support services to the community:

Asset Type	Number	Value of Assets
Sealed roads	1,514 kms	\$524M
Unsealed roads	1,427 kms	\$21M
Kerb and channel	1,222 kms	\$127M
Pathways	897 kms	\$145M
Car parks (sealed and unsealed areas)	104	\$10M
Bridges	91	\$76M
Buildings and structures	1,210	\$436M
Swimming pool structures	28	\$11M
Drainage and stormwater structures	1,225 kms	\$384M
Public furniture	3,193	\$33M
Land improvement	701	\$69M
Other (incl. tram tracks, parking infrastructure, airport, artworks)	-	\$41M
Total:		\$1.877B

New and upgraded assets

The City accesses other funding sources that help with new initiatives, including Developer Contributions, grants and new residential rates. However, all new and upgraded assets also create long-term commitments for future asset operation and renewal need. These new assets add to those the City must maintain in good working order over the long term.

City in transition

Despite the challenging financial situation and the longer-term impact of rate capping, the City begins this financial plan in a stable financial position. The 10-year Financial Plan allocates around \$3M-\$5M per annum for new and upgrade initiatives over the life of the plan to support the Council Plan.

Drawing on reserves or funding too many large projects will not be sustainable in the long term. To continue to operate within the rate cap, the City will need to review what it delivers to the community and at what cost.

More details

This summary is intended as a short summary for elements of the City's finances. More detail can be found in the full version of the City's 10-year Financial Plan and Council Plan which will be available via www.letstalkgreaterbendigo.com.au/imagine