

## 1. BUDGET 2020/2021

### 1.1 PROPOSED BUDGET FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021

#### Document Information

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#### Purpose

The report recommends that Council give public notice that it has prepared a proposed budget for the financial year ending 30 June 2021 for public comment.

#### Summary

Formal documentation has been prepared and Council is in a position to proceed with the adoption of the proposed Budget for the purpose of public advertisement and the consideration of public submissions.

#### **RECOMMENDATION**

That Council adopt the proposed 2020/2021 budget in-principle and:

- a. Give public notice of the proposed Budget and Strategic Resource Plan in accordance with Section 129 of the *Local Government Act*, and make available for public inspection the information required by the *Local Government Act 1989* (as amended) and the *Local Government (Planning and Reporting) Regulations 2014*.
- b. Display the proposed Budget at City of Greater Bendigo offices and on the City of Greater Bendigo website.
- c. Receive submissions on the Budget until close of business on 17 June 2020.
- d. Appoint a committee of the Council to hear and consider any submissions received on the proposed Budget at a date to be advertised.

And that Council note the following within the proposed 2020/2021 budget:

- e. A General Rate and nine (9) differential rates will be struck, noting that the final differential rates may change when final revaluation figures are received from the Valuer General.
- f. A nil rate in the dollar will be levied for the properties eligible to be rated under the provisions of the Cultural and Recreational Lands Act (1963).

- g. Service charges under Section 162 of the Act will be declared as detailed on page 29 of the proposed Budget document.
- h. A discount of 1.5% on current year rates and charges will be granted, if full payment (including any arrears and interest) is received on or before 1 October 2020.
- i. That the Budget and Strategic Resource Plan are, for the purposes of Section 126 and 127 of the *Local Government Act 1989*, the budget to be presented to the Council for adoption prior to 30 June, 2020.
- j. The fees and charges for 2020/2021 detailed in the appendix of attached Budget document, noting that certain fees may be waived or amended by the CEO in line with the City's Revenue & Debt Collection policy to support Relief & Recovery efforts over the coming year.
- k. No changes are required to the Community Plan, which has been reviewed. Annual actions for 2020/2021 are included as part of this consolidated document.

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## Policy Context

*City of Greater Bendigo Community Plan 2017-2021:*

### Strategic Goal

### Lead and govern for all

Objective:

Be innovative and financially responsible

### Legislative Requirements

In accordance with the *Local Government Act 1989*, Council must:

- Prepare a budget for each financial year commencing 1 July (Section 127).
- Declare the amount it intends to raise by general rates (Section 158).
- Comply with guidelines established under Sec 161; *Ministerial Guidelines for Differential Rating*.
- Adopt a Strategic Resource Plan not later than 30 June (Section 126).

As soon as practicable after Council has prepared its budget, the Council must advertise that the budget has been prepared. The notice must:

1. State that a person has a right to make a submission under Section 223 of the *Local Government Act 1989* on any proposal contained in the budget.
2. Advise that copies of the budget are available for at least 28 days after the publication of the public notice.

Note that normally printed copies would be available for pick-up at Council offices. This year, dependent on restrictions in force at the time, copies will be available (on request) by post of the full budget document.

## Background Information

The draft Community Plan 2017-2021 includes a Strategic Resource Plan (SRP). The key objective of the SRP is to achieve the Council's strategic objectives, while ensuring financial sustainability in the medium to long term.

The Budget has been developed based on the SRP, to facilitate the achievement of the Annual Actions to deliver the Community Plan.

## Report

The 2020/2021 Budget is a balanced and optimistic budget that seeks to support the Greater Bendigo community and helps residents and businesses to recover and thrive following the COVID-19 pandemic.

A key consideration in drafting this budget has been responding to and planning for recovery from the COVID-19 pandemic which has caused significant disruption to the Greater Bendigo economy and put financial strain on many households. The budget is focused on identifying a range of initiatives to support our community and businesses that are impacted. This includes easing the financial strain on households and businesses by enabling deferral of payments and charges. Funding has been allocated for infrastructure projects and additional events to boost the economy and create local jobs.

More broadly, the budget features a range of initiatives across different sectors including sport and recreation, tourism and events, business, economic development, the arts and creative industries as well as the broader community. Alongside ongoing capital investment and renewal, the City seeks to provide assurance for our businesses and residents that they can have confidence in the direction of our community and our economy.

The budget also needs to be responsible and not create any financial sustainability risks for the City in the short, medium or long terms. The challenge lays in appropriately balancing the ambitions outlined above.

The City set out early in the financial year aiming to deliver a near breakeven 2020-21 budget. The City is now forecasting an underlying deficit of \$14.0 million – which includes decreased expected revenues for the year. This is the approach to be taken given the circumstances, as the broader community will continue to have services delivered. The State Government has urged us to follow the lead of both the State and Federal Government's, who have indicated they will also be expecting deficits.

The true impacts of COVID-19 on our local communities, businesses and Council's own operations have been estimated as accurately as possible and will continue to be refined during the year as further information is obtained.

Council's budget has also been prepared ahead of the release of the Federal and State Government budgets which are set to be released in October 2020. Council considered delaying this release of its budget until July or August, however it was felt that this delay would create additional uncertainty at our time when our community is seeking clarity.

A degree of flexibility will need to be adopted with the implementation of the 2020/21 budget, particular to incorporate important stimulus funding that we all hope will be made available from the Federal and State Governments later in the year. This flexibility may include formal budget adjustments during the year. Council will continue to provide regular updates for the community of the progress of implementing the budget during the year.

Key external and economic influences include:

- As noted above, the impacts of the COVID-19 pandemic on the City, business and community.
- Managing a growing city, aging infrastructure and community needs.
- The increasingly complex regulatory environment requiring the City of Greater Bendigo to meet expanding legislative standards and reporting.
- The Victorian State Government introduced a cap on rate increases in 2016/17. For 2020/2021, the Minister has set this cap at 2.00%.
- The Fire Service Property Levy will continue to be collected by Council on behalf of the State Government in line with the *Fire Services Property Levy Act 2012*
- Significant increase to the landfill levy administered by Environmental Protection Agency (EPA).

In continuing to deliver on the Community Plan 2017-2021, internal influences have also included:

- A commitment to maintain service standards in a growing municipality.
- Principles set by Councillors in guiding the development of the Budget.
- Ongoing focus on greater efficiency.
- The need to replace and upgrade ageing infrastructure.
- Investment in developing City of Greater Bendigo's workforce capability.
- COGB's Enterprise Agreement.

### 2020/2021 Budget

The proposed Budget has been prepared in accordance with relevant statutory requirements, including the *Local Government Act 1989* (the Act) and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations).

The key features of the proposed Budget are:

1. COVID-19 support initiatives:

- Ratepayers financial hardship support arrangements significantly extended (including waiver of interest)
- Continue to lead local Relief and Recovery efforts in partnership with local agencies and with a particular focus on the social and economic impacts.
- Council assistance to community agencies where their services are in great demand (e.g. FoodShare).
- A reduction in rent by 50% for affected tenants of Council owned buildings or facilities from 30 June 2020 to 31 December 2020
- Marketing campaign for attracting increased events to Bendigo and the region
- Continuing to make more regular payments to suppliers;
- Regular webinars on a variety of topics targeted to local business

- Waiving various fees for advertising signs (A-frame); Goods for Display and Reduced costs for food premises and health premises fees & set-ups
- Continue to lobby the State and Federal Governments to allow local Councils to provide targeted relief and projects / programs for residents and businesses.

## 2. Capital works of \$44M.

During 2020/2021, Council will continue to deliver on capital projects which improve the liveability of the City. These include a new pavilion at Kennington Recreation Reserve (Harry Trott Oval), stage 2 of the Bendigo Town Hall renewal, further work on the Bendigo Botanic Gardens central hub and the implementation of Stage 1 of the Wolstencroft Reserve Masterplan.

Capital works consists of additional commitments of \$34M in 2020/21, and expected carry-forward projects of \$9.5M from prior years.

Investment in maintaining the City's existing infrastructure will continue in 2020/2021 with \$11.4M allocated to the Sealed and Unsealed Road Network; \$1.5M on Drainage; and \$4.1M on Land Improvements.

3. Repayment of debt of approximately \$4.3M resulting in total forecast borrowings of \$40.4M as at 30 June 2020.
4. An amount of \$126.6M to be raised by general rates and service charges as follows:
 

|                      |                                                 |
|----------------------|-------------------------------------------------|
| General Rates        | \$104.6M                                        |
| Service Charges      | \$20.3M                                         |
| Supplementary Rates* | \$1.6M (estimated to be raised during the year) |

*\* Supplementary rates are a result of Supplementary Valuations. A Supplementary Valuation occurs when there is a change to a property that will affect the Valuation such as construction of a dwelling or shed, installation of a swimming pool or a demolition.*
5. An increase in budgeted income from Rates and Charges of \$5M, made up of a rate cap of 2.00% on residential rates; an increase in the general waste and landfill charges of between \$8 and \$17; an increase in recycling waste charges of \$0.95c; a \$0.90c increase in organics waste charges.
6. The Budget includes a General Rate and nine (9) differential rates to be declared.
7. A full year's funding of the financial assistance commonwealth grant is included in the 2020/2021 Budget, in line with the timing of payments in previous years.

### Priority/Importance:

The Council must adopt its Budget by 31 August 2020 and forward a copy to the Minister for Local Government within 28 days of adoption.

## **Consultation/Communication**

### Internal Consultation

The draft Budget has been prepared on behalf of the Council by the Financial Strategy unit. There has been extensive input from Councillors, EMT and all service unit managers.

### External Consultation

The Council is required to give public notice of its intention to declare the rate and adopt the draft budget. Section 223 of the Local Government Act provides that any person can make a submission to Council for consideration in respect to the draft budget within a 28 day period of formal notification. Council must hear any person requesting to be heard in respect of their submission.

Formal notification of the availability of the draft budget will be given in the Bendigo Advertiser in May 2020. Submissions will close on 17 June 2020. During the public exhibition process, posted copies of the draft budget will be available on request and it will be published on the City of Greater Bendigo's website at [www.bendigo.vic.gov.au](http://www.bendigo.vic.gov.au).

A hearing of submissions is currently planned from 5.30pm on Thursday 18 June 2020, noting that the format will be heavily dependent on COVID restrictions in place at this time.

## **Attachment**

1. Proposed City of Greater Bendigo 2020/2021 Budget