

13. CITY OF GREATER BENDIGO BUDGET 2021/2022

13.1. City of Greater Bendigo Proposed Budget 2021/2022 and Draft Revenue and Rating Plan

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Purpose

The purpose of this report is to provide Council with the City of Greater Bendigo's proposed Budget for the 2021/2022 – 2024/2025 financial years (proposed Budget) and the Draft Revenue and Rating Plan for consideration. The report includes a recommendation that Council adopts the proposed Budget and Draft Revenue and Rating plan and invites the community to provide feedback and submissions to the documents.

Summary

Following an extensive period of development which has included seven workshops with Councillors, the preparation of the proposed Budget for the 2021/2022 – 2024/2025 financial years and Draft Revenue and Rating Plan is complete and available for release to the community. Annual actions for 2021/2022 are included as part of this consolidated document.

Council encourages input, comments and submissions to these documents. This can be provided via the *Let's Talk Greater Bendigo* website.

The City's budget proposes to raise total income of \$223M, which includes \$132.9M in general rates and service charges. The Draft Revenue and Rating Plan increases the vacant land differential from 125% to 200% of the general rate and decreases the farm differential from 85% to 75% of the general rate.

This Budget is, for the purposes of Section 94 of the Local Government Act 2020, the draft budget to be presented to the Council for adoption prior to 30 June 2021.

RECOMMENDATION

That Council adopt the proposed Budget in-principle and:

1. In accordance with the Local Government Act 2020 and the City's Community Engagement Policy make the proposed Budget available for public comment
2. Display the proposed Budget on the City's website and Let's Talk Greater Bendigo website
3. Note the fees, charges, borrowings and capital works discussed as part of this report and attachments
4. Receive comment/submissions on the proposed Budget until close of business on 18 May 2021.
5. Appoint a committee of the Council to hear and consider any submissions received on the proposed Budget tentatively scheduled for 5.30pm on Thursday, 20 May 2021.
6. Endorse the Draft Revenue and Rating Plan (Appendix D in the proposed Budget) and in accordance with the City's Community Engagement Policy seek the community's input to the Draft Revenue and Rating Plan.

Policy Context

Community Engagement Policy

The City is committed to ensuring that the Community is as well informed as they can be on major issues, plans and projects. Where the Community can influence part or all of a decision, that they are provided the necessary information to form an opinion and opportunity to provide input through a community engagement process.

Imagine Greater Bendigo

The City of Greater Bendigo is in the process of developing Imagine Greater Bendigo, a long-term planning project where residents are asked to imagine Greater Bendigo in 30 years' time. This will help Council to prepare a Community Vision, Council Plan, Financial Plan, and Asset Plan to guide Council's future work.

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 2020*, Council must:

Prepare and adopt a budget for each financial year and the subsequent 3 financial years by 30 June (Section 94).

Declare the amount it intends to raise by general rates (Section 94).

Comply with guidelines established under Sec 161; *Ministerial Guidelines for Differential Rating*.

In accordance with the City's adopted Community Engagement Policy, after Council has prepared its budget, the Council will advertise that the proposed Budget has been prepared and invite the community to provide comments/submissions to the proposed Budget.

The proposed Budget will be available on the City's website for 28 days.

Note that printed copies will be available for collection at Council offices.

Background Information

The City of Greater Bendigo is in the process of developing *Imagine Greater Bendigo*, a long-term planning project where residents are asked to imagine Greater Bendigo in 30 years' time. This is a requirement of the new Local Government Act and will help Council prepare a Community Vision, Council Plan, Financial Plan, Municipal Public Health and Wellbeing Plan and an Asset Plan. This Budget supports the six key goals outlined in the existing Greater Bendigo Community Plan 2017-2021.

Report

The proposed Budget seeks to build on existing initiatives to support Greater Bendigo's recovery from COVID-19 prioritising significant long-term infrastructure projects to enhance the liveability of our community. This includes allocating funds to initiatives to attract additional major events, increased tourism destination marketing and funds for new business innovation grants.

This proposed Budget has been prepared using available information to inform assumptions and forecasts. Council's proposed Budget has also been prepared ahead of the release of the Federal and State Government budgets, the release date for which is yet to be set.

As with previous years a degree of flexibility will be adopted with the implementation of the 2021/22 proposed Budget, particularly to incorporate funding that may be made available from the Federal and State Governments later in the year. Council will continue to provide regular quarterly updates for the community of the progress of implementing the budget during the year.

Key external and economic influences include:

- The impacts of the COVID-19 pandemic on the City, businesses and community.
- Managing a growing city, aging infrastructure and community needs.
- The increasingly complex regulatory environment requiring the City to meet expanding legislative standards and reporting.
- The Victorian State Government rate cap increase in 2021/2022 has been set by the Minister at 1.5%.
- 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).

The City is in the process of developing *Imagine Greater Bendigo*, whilst this work is underway this proposed Budget continues 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 the City's workforce capability.
- COGB's Enterprise Agreement, which will be renegotiated in 2021/2022.

2021-2022 proposed Budget

The proposed Budget has been prepared in accordance with relevant statutory requirements, including the *Local Government Act 2020* (the Act) and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations).

The key features of the proposed Budget are:

- Capital works of \$56M
 - During 2021/2022, Council will continue to deliver on capital projects which improve the liveability of the City.
 - These include continuing construction of the new pavilion at Kennington Recreation Reserve (Harry Trott Oval), construction of the Bendigo Botanic Gardens central hub and funding for a key piece of the Rosalind Park Masterplan – the redevelopment of the municipal baths area.
 - Investment in maintaining the City's existing infrastructure will continue in 2021/2022 with \$15M allocated to the Sealed and Unsealed Road Network; \$2.9M on Drainage and \$3M in footpaths and shared paths across the municipality.
- An amount of \$132.9M to be raised by general rates and service charges as follows:
 - General Rates \$108.4M
 - Service charges \$ 22.9M
 - 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*

- An increase in budgeted income from Rates and Charges of \$6M, comprising a rate cap of 1.5% on residential rates, an increase in the general waste and landfill charge per rates notice of between \$27 and \$54 (dependent on bin size and location), and increase in organics and recycling waste charges of \$1.40.
- A General Rate and nine (9) differential rates to be declared, in line with the Draft Revenue and Rating Plan
- A full year's funding of the Commonwealth Financial Assistance Grant of \$14M is included in line with the timing of payments in previous years.

- Repayment of debt of \$11M, with a proposed upper limit to new borrowings of \$19.4M. These borrowings support long term strategic land purchases assisting the development of industrial and residential land in the municipality (\$9M); key open space and sporting capital works projects (\$6.1M); and other capital works (\$4.3M). This will result in total forecast borrowings of \$43.5M as at 30 June 2022.

The Budget includes the following initiatives to support the community and our businesses through the COVID-19 recovery period:

Community

- Deferrals remain available on rates payments for individuals experiencing financial hardship as a result of the COVID pandemic, including waivers of interest for those eligible
- A freeze on fees and charges on a variety of facilities and services
- Commercial rent charge waivers available for commercial or arts & culture tenants experiencing financial hardship through to December 31, 2021
- Community Grants program – including Community Group essentials grants supporting recovery

Business

- Waiver of any interest or late payment penalties for businesses experiencing financial hardship
- A waiver of various fees under the Local Law such as A-frame, goods for display permit fees for businesses experiencing financial hardship
- Reductions in food, health and accommodation registration fees for businesses experiencing financial hardship
- Increased funding to attract a range of sport and leisure, food and wine, arts and culture and business events
- Additional regional destination marketing support, including City of Gastronomy initiatives and marketing promoting local food, wine and other beverages
- Support to attract new exhibitions to Bendigo Art Gallery over the next financial year
- Business and Community group grants program

Advocacy

- Advocate to State and Federal Governments for stimulus funding for local infrastructure projects and support for residents and businesses
- Partner with State and Federal Governments to identify ways for our community to access new and existing funding programs
- Continue to provide coordination and assistance for regional relief and recovery efforts

Draft Revenue and Rating Plan

A requirement of the new Local Government Act 2020 is that all Victorian local governments adopt a Revenue and Rating Plan by 30 June 2021. The Rating Strategy along with the 2018 Pricing Policy have been reviewed to ensure compliance with the Act, with the intention of ensuring the fair and equitable distribution of the rating burden.

The review has included:

- Benchmarking our rating structure against other similar councils.
- A review of the capacity of each class of ratepayer to pay rates.
- Review of the City's current Community Plan and other key strategies and plans.
- Review of the City's current Pricing Policy and Rating Strategy against legislative requirements.

Based on the analysis Council is proposing to increase the vacant land differential from 125% to 200% of the general rate and decrease the farm differential from 85% to 75% of the general rate. The change to the vacant land differential is to provide a greater incentive to develop vacant residential land. The decrease to the farm differential is based on the evidence that farm property valuations are increasing due to mining activity and strategic farm purchases which do not translate to capacity to pay. Council is seeking the Community's input on these changes.

Other Rating and Charges information

Within the proposed 2021/2022 budget:

- 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 Victoria.
- 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).
- Service charges under Section 162 of the Act will be declared as detailed on page 31 of the proposed Budget document.
- 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 30 September 2021.
- The fees and charges for 2021/2022 detailed in the appendix of attached Budget document, noting that certain fees may be waived or amended in line with the City's Revenue & Debt Collection policy to support Relief & Recovery efforts over the coming year.

Priority / Importance

The Council must adopt its Budget by 30 June 2021 and forward a copy to the Minister for Local Government within 28 days of adoption.

The Council must adopt a Revenue and Rating Plan by 30 June 2021.

Consultation/Communication

Internal Consultation

The proposed Budget has been prepared on behalf of the Council by the Financial Strategy Unit. There has been extensive input from Councillors, the Executive Management Team and all Service Unit Managers.

The Draft Revenue and Rating Plan has been developed in consultation with Council.

External Consultation

The new Local Government Act 2020 requires that, where a Council has adopted a Community Engagement Policy the Council will engage the community in a consultation process in line with the adopted policy.

The Council has adopted its Community Engagement Policy and as such will provide the community with the opportunity to engage on the proposed budget in line with the Community Engagement Policy.

The proposed Budget will be available for feedback and submissions on the Council's website and engagement platform *Let's Talk Greater Bendigo* until 5pm 18 May 2021.

Notification of the availability of the proposed Budget will be given in the Bendigo Advertiser in April 2021. During the public engagement process, copies of the draft budget will be available from Customer Services and it will be published on the City's website at www.bendigo.vic.gov.au.

A hearing of submissions is currently planned from 5.30pm on Thursday 20 May 2021. Council will then consider the feedback received and prepare a final Budget which will be presented to a future Council meeting, currently scheduled for 21 June 2021.

Resource Implications

The proposed Budget has been developed in conjunction with the City's draft Financial Plan. The proposed Budget considers the long-term resource implications and the City's ongoing financial sustainability.

Attachments

- Proposed City of Greater Bendigo Proposed Budget 2021/2022
- Draft Revenue and Rating Plan

