

Greater Bendigo City Council

Group: regional city

This fact sheet uses graphs and data to examine this council's revenue, expenditure and financial sustainability over recent years. This information is intended to help readers understand the impacts of rate capping, which was introduced in 2016–17 to restrict the amount councils can increase their general rates and municipal charges in each financial year.

You can compare this council's data against its 'group' by looking at the fact sheet for regional city councils. Further information is available at <http://www.esc.vic.gov.au/outcomes-reports>, including an interactive version of this fact sheet, a reader's guide to help you understand key terms used in this fact sheet, and information about the sector as a whole.



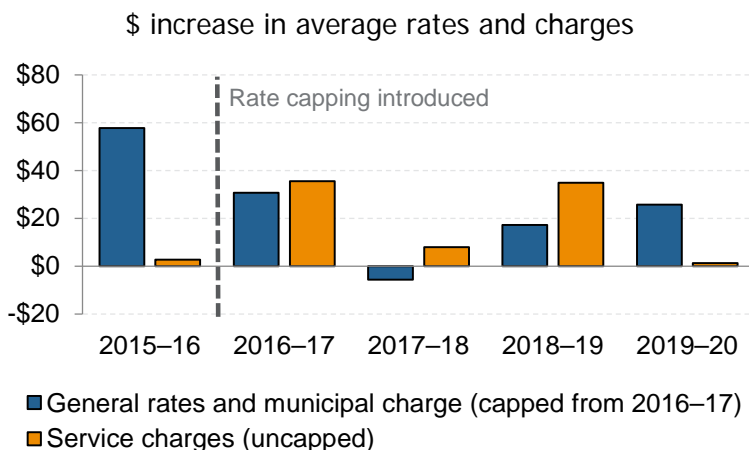
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Key facts

Population (June 2019):	118,093
Size (km ²):	3,000
Length of local roads (km):	3,136
Population per km of roads:	38
Council employees (FTE, 2019–20):	715
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

What has happened to average rates and charges (2019–20 dollars)?



Year	Average rates and charges	Applicable rate cap
2015–16	\$1,861	n/a
2016–17	\$1,927	2.50%
2017–18	\$1,929	2.00%
2018–19	\$1,981	2.25%
2019–20	\$2,008	2.50%

Rates (continued)



See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Have council's average rates complied with the applicable rate caps?

2018–19 (2.25%)	2019–20 (2.50%)	2020–21 (2.00%)
Yes	Yes	Yes

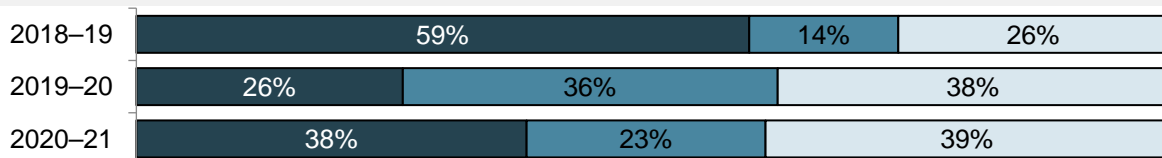
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 6 differential rates (for different types of property) and uses service charges to recover the cost of waste services. More information about council's differential rate categories and charges can be found in council's adopted budget.

Distribution of rates increases and decreases

The applicable rate cap is applied to council's average rate, which means some individual rates increased by more and some increased by less than the applicable cap (or even decreased).



- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

Ratepayers by property class (2019–20 dollars)

	Residential ratepayers	Commercial & Industrial ratepayers	Rural ratepayers
	91% of ratepayers	7% of ratepayers	2% of ratepayers
	\$94.8m (78%) of rates and charges revenue in 2019–20	\$24.1m (20%) of rates and charges revenue in 2019–20	\$2.9m (2%) of rates and charges revenue in 2019–20
	1.7% average annual increase between 2015–16 and 2019–20	1.7% average annual increase between 2015–16 and 2019–20	2.7% average annual increase between 2015–16 and 2019–20

Source: Victorian Local Government Grants Commission (unaudited data). Includes both capped and uncapped rates and charges. 'Other' category of property class has been omitted.

Revenue



See the reader's guide for data sources and useful information.
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Where is council's money coming from?

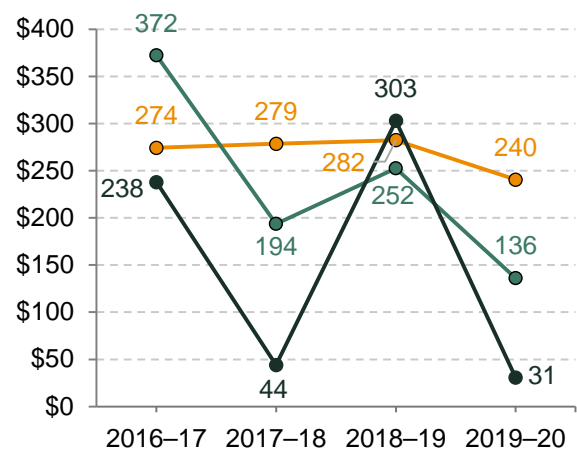
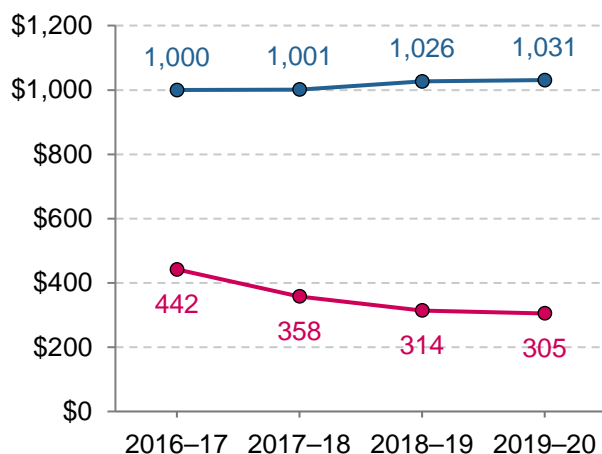
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	112.3	(43%)	114.3	(53%)	119.1	(47%)	121.7	(59%)
User fees and statutory fees and fines	30.8	(12%)	31.8	(15%)	32.8	(13%)	28.4	(14%)
Grants	49.6	(19%)	40.8	(19%)	36.5	(14%)	36.1	(18%)
Contributions	41.8	(16%)	22.1	(10%)	29.3	(12%)	16.1	(8%)
Other	26.7	(10%)	5.0	(2%)	35.1	(14%)	3.6	(2%)
Total	261.2		214.0		252.8		205.9	

In real terms, Greater Bendigo City Council's total revenue fluctuated between 2016–17 and 2019–20, largely reflecting changes in revenue from contributions and 'other' revenue (related to the recognition of assets). In 2019–20, council's revenue from user fees and statutory fees and fines decreased in real terms due to the closure of leisure facilities during the coronavirus pandemic.

Rates and charges was the largest source of council's revenue, accounting for between 43 and 59 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



- Rates and charges
- Grants
- Other
- User fees and statutory fees and fines
- Contributions

In terms of revenue per person (which adjusts for population growth), council's revenue from contributions and grants decreased in real terms between 2016–17 and 2019–20, while council's 'other' revenue fluctuated. Revenue per person from user fees and statutory fees and fines was relatively stable in real terms until a decrease in 2019–20.

Expenditure



See the reader's guide for data sources and useful information.
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How much money is council spending?

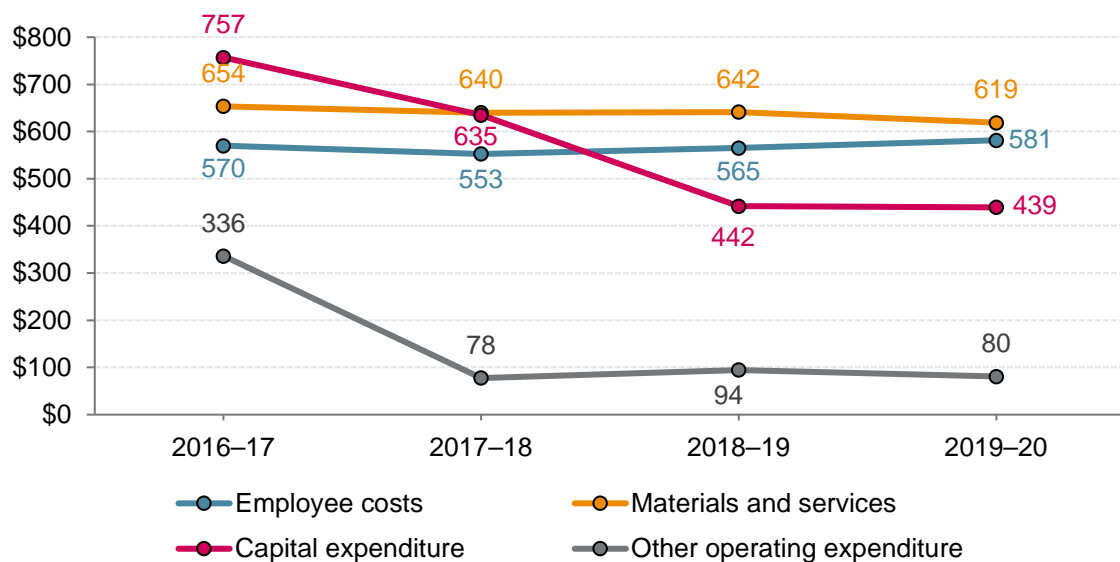
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	175.1	(67%)	144.9	(67%)	151.0	(75%)	151.2	(74%)
Employee costs	64.0	(25%)	63.0	(29%)	65.6	(32%)	68.7	(34%)
Materials and services	73.4	(28%)	73.0	(34%)	74.4	(37%)	73.1	(36%)
Other operating expenditure	37.7	(15%)	8.9	(4%)	10.9	(5%)	9.5	(5%)
Capital expenditure	85.0	(33%)	72.4	(33%)	51.3	(25%)	51.9	(26%)
Total	260.0		217.4		202.2		203.1	

In real terms, Greater Bendigo City Council's total expenditure decreased between 2016–17 and 2019–20, reflecting changes in capital expenditure. Employee costs increased in real terms over this same period while expenditure on materials and services remained relatively stable.

In 2016–17, capital expenditure was council's largest area of expenditure. However, following a decrease in capital expenditure, materials and services was council's largest area of expenditure between 2017–18 and 2019–20.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), capital expenditure and expenditure on materials and services trended downwards in real terms between 2016–17 and 2019–20. Employee costs per person trended upwards in real terms between 2016–17 and 2019–20.



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Has council's capital expenditure pattern changed?

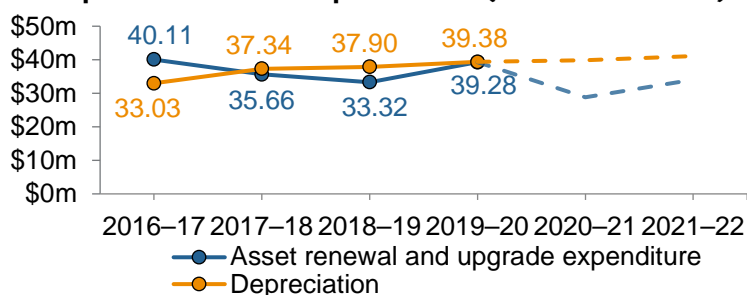
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	31.2	(37%)	32.6	(45%)	29.8	(58%)	32.6	(63%)
Upgrade	8.9	(11%)	3.0	(4%)	3.5	(7%)	6.7	(13%)
Expansion	12.1	(14%)	0.3	(0%)	0.1	(0%)	0.4	(1%)
New	32.8	(39%)	36.4	(50%)	17.8	(35%)	12.2	(24%)
Total	85.0		72.4		51.3		51.9	

Greater Bendigo City Council's capital expenditure trended downwards in real terms between 2016–17 and 2019–20, reflecting drops in spending on asset expansion in 2017–18, and on new assets in 2018–19 and 2019–20. As a result, spending on asset renewal (which remained relatively stable in real terms), increased as a share of capital expenditure from 37 per cent in 2016–17 to 63 per cent in 2019–20.

Is council renewing its assets (such as roads, parks and buildings)?

Council assets: comparing renewal and upgrade expenditure with depreciation (2019-20 dollars)



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	121%
2017–18	96%
2018–19	88%
2019–20	100%
2020–21	72% (forecast data)
2021–22	83% (forecast data)

Council's spending on the renewal and upgrade of its assets trended downwards in real terms between 2016–17 and 2018–19, followed by an increase in 2019–20.

Renewal and upgrade spending decreased to a level equal to or below the amount of depreciation (the decline in value of council's assets caused by age and use) from 2017–18, and was forecast to remain below 100 per cent of depreciation in 2020–21 and 2021–22.



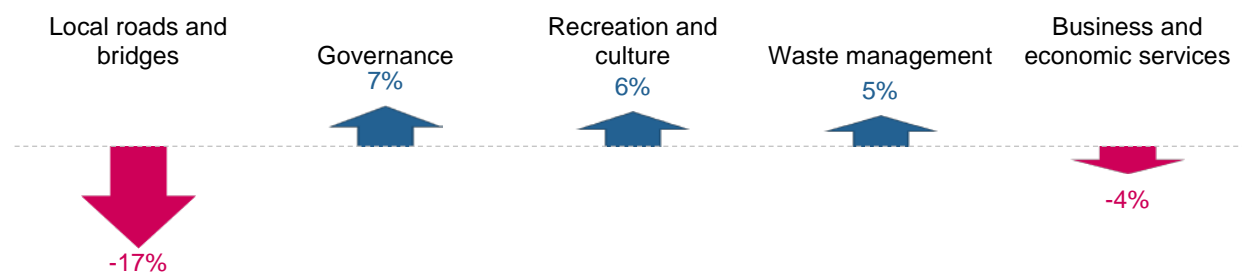
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Which service areas is council spending its money in?

Expenditure by function (2019–20 \$m and % of total services expenditure)

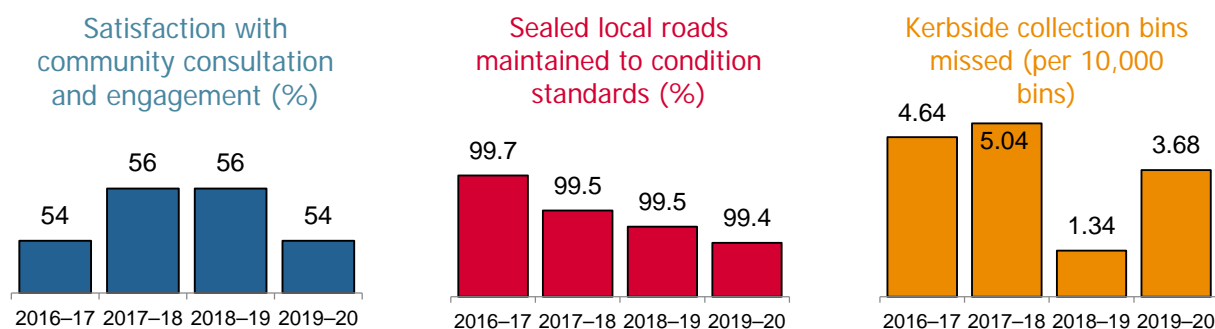
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	7.6 (4%)	7.4 (4%)	6.2 (3%)	4.9 (3%)
Business and economic services	21.0 (10%)	15.9 (8%)	18.3 (10%)	18.3 (9%)
Environment	9.9 (5%)	9.1 (5%)	8.8 (5%)	9.2 (5%)
Family and community services	11.4 (5%)	12.0 (6%)	12.5 (7%)	11.9 (6%)
Governance	25.8 (12%)	25.7 (14%)	26.1 (14%)	31.3 (16%)
Local roads and bridges	67.7 (32%)	45.8 (24%)	41.0 (21%)	38.9 (20%)
Recreation and culture	37.0 (17%)	41.9 (22%)	44.3 (23%)	43.6 (22%)
Traffic and street management	11.1 (5%)	11.6 (6%)	11.0 (6%)	11.8 (6%)
Waste management	21.0 (10%)	20.6 (11%)	22.5 (12%)	24.4 (13%)
Other	0.1 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	212.6	190.0	190.6	194.4

Which service areas have experienced the biggest changes in spending?



Source: Victorian Local Government Grants Commission (unaudited). Council Annual Reports may provide further explanation of these expenditure changes.

Has there been a change in service quality and community satisfaction?



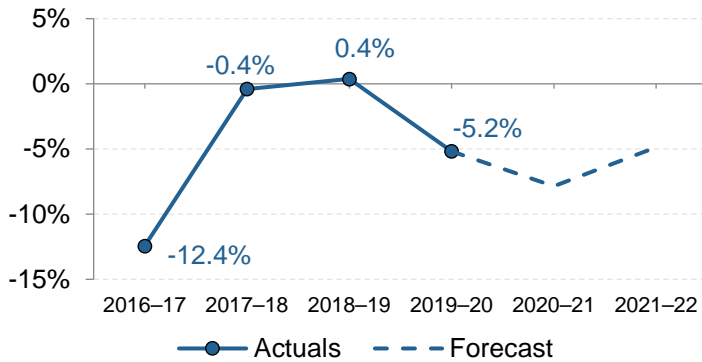
Financial position



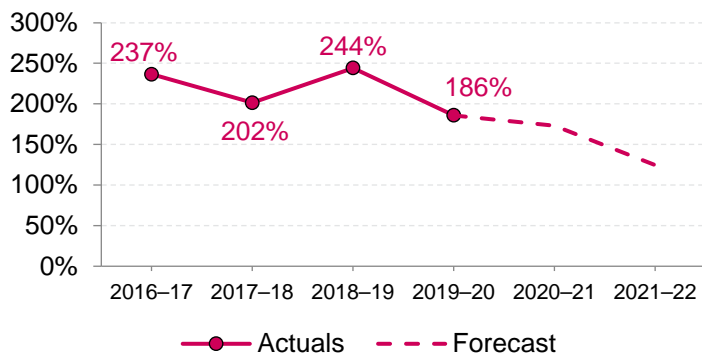
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Is council operating sustainably?

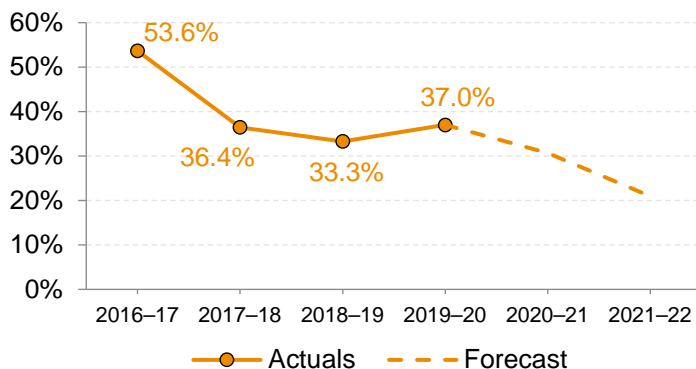
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



Working capital (current assets as a percentage of current liabilities)



Indebtedness (non-current liabilities as a percentage of own-source revenue)



Between 2016–17 and 2019–20, Greater Bendigo City Council reported an average **adjusted underlying result** of –4.4 per cent. An ongoing negative result, or deficit, suggests that, without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to fund the range and level of services it has been providing. The decrease in 2019–20 reflects the impacts of coronavirus (both reduced revenue and increased costs).

Council could meet its current financial obligations with a reported average **working capital ratio** of 217 per cent between 2016–17 and 2019–20. The decrease in 2019–20 reflects the use of cash to reduce borrowings, and an increase in current liabilities (due to a change in accounting standards relating to recognition of leases and grants).

The reported average **indebtedness ratio** of 40.1 per cent between 2016–17 and 2019–20 places the council in the Victorian Auditor–General’s medium risk category for this indicator, which means there is some concern over council’s ability to repay debt from the revenue it controls.

Note: Some of the year-on-year changes in these financial indicators may be due to the advance payment of Commonwealth grants (particularly in 2016–17) and changes to accounting standards or the impact of coronavirus (in 2019–20). See the reader’s guide for more information.