

06 March 2025

The Local Government Team
Essential Services Commission
Email: localgovernment@esc.vic.gov.au

Subject: Application for a Higher Rate Cap – Hepburn Shire Council 2025/26

I am writing to submit Hepburn Shire Council's application for a higher rate cap for the 2025/26 financial year. This application is the result of comprehensive financial analysis and extensive community engagement, culminating in our Financial Vision 2024-27. This vision outlines a responsible and sustainable approach to addressing our long-term financial challenges.

As detailed in our submission, we are seeking a rate cap variation of **10%**, which comprises:

- **7.0%** for financial viability and long-term sustainability; and
- **3.0%** in line with the State Government's announced rate cap.

Our application details the significant financial pressures facing Hepburn Shire Council, including rising costs, natural disaster recovery expenses, and the increasing gap between revenue and service delivery costs. Despite identifying \$1.5 million in savings within the 2024/25 Budget, we are projecting an annual cash shortfall of \$4 million from 2025/26 onwards, underscoring the necessity of this rate cap variation.

This request is not made lightly. The Council has carefully considered all financial levers available, including operational efficiencies, asset rationalisation, and revenue diversification. However, due to the significant financial pressures and Hepburn Shire being a traditionally low-rating Council, without this variation, we will be unable to maintain critical services, meet community expectations, and uphold our statutory obligation under the Local Government Act 2020 to ensure financial sustainability.

We take pride in the fact that the Financial Vision and the ESC Rate Cap variation application has been developed using internal resources. This significant effort by our officers and Councillors was crucial due to our deep understanding of Hepburn Shire's unique situation, the strong skill set of our officers, and the absence of additional funding to hire external consultants for assistance.

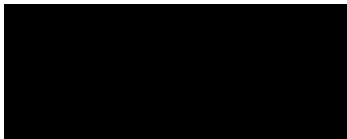
We appreciate the Essential Services Commission's role in assessing rate cap applications and are committed to working collaboratively throughout the process. I would welcome the opportunity to discuss our application further in person and provide any additional information required. I believe this would be extremely worthwhile for the commissioners.

Our current timetable for Council to consider our draft 2025/26 budget and other related documents, including the Council Plan, is at the 29th April Council Meeting.

Understanding the outcome of the commission's findings well before this date would be greatly appreciated.

Please feel to reach out to me directly on [REDACTED] or [REDACTED] at any time to discuss or clarify any matter of our application.

Yours sincerely



Bradley Thomas
Chief Executive Officer