

Hepburn Shire Council higher cap application

Submission received via email

Date submitted: 14 March 2025

Submission written by: Dr Trevor Armstrong

I understand the Hepburn Shire Council has applied to the Essential Services Commission for a rate cap of 10 per cent, viz. the approved State-wide rate cap of 3 per plus an additional 7 per cent, principally to help the Council address a projected shortfall of \$4 million for the financial year 2025/2026.

As a ratepayer of the Hepburn Shire, I am totally opposed to the Council being granted any increased rate cap over and above the State-wide cap of 3 per cent for the following reasons:

1. The Council's submission relies largely on generalities and provides no evidence as to why its finances are so different to more than 90 per cent of the Local Government Councils in Victoria, which it seems will be able to operate within the State-wide cap of 3 per cent. Other councils have faced similar inflationary pressures and been impacted by natural weather events: the Council has not made a case as to why it deserves special consideration.
2. The Hepburn Shire Council's difficult financial position is of its own making and is largely attributable to poor management and questionable decision making.
3. Council's submission fails to make any mention of the estimated \$6 million which was expended by Council on the purchase, partial re-development and ultimate sale of the former Rex Cinema in Daylesford, for absolutely no benefit whatsoever to the ratepayers. This futile expenditure is an underlying factor for the unsatisfactory financial position the Council now finds itself in.
4. As I understand it, even if the Council is successful in its application for a 10 per cent rate cap, the additional rate revenue generated would only partly offset the projected \$4 million cash shortfall.
5. I further understand that Council is currently seeking to identify savings to bridge the \$2.6m remaining shortfall, but I understand this process is far from complete, and it is unlikely any savings through a reduction in services will be identified or agreed to before the ESC's submission closure date of 10 April.

In addition to the highly dubious loss on the Rex project, Council has embarked on an extensive program of studies by outside consultants: studies which have to-date failed to produce few, if any, tangible results. The significant cost of these consultancies has been concealed from rate-payers. The consultancy reports commissioned include:

- a. Affordable housing - a home in Hepburn Shire, which has not led to one affordable housing unit being constructed in the Shire.
- b. Hepburn Aquatics Strategy, which merely recommended a further consultancy, while the existing swimming pools operated by the Council have experienced significant shortcomings during the current summer season.
- c. Arts and Culture Strategy, which did not include any plan for the actual delivery of improvements for the creative arts community.
- d. Integrated Transport Strategy: Getting around Hepburn Shire, which has not led to any improvement in transport services within the Shire.

In addition, Council has spent considerable funds, again undisclosed to ratepayers, for outside consultancies associated with a rushed new Hepburn Shire Planning Scheme: unfortunately the planning scheme produced only minor changes and failed to address in any meaningful way the major issues governing the future development of the Shire.

Council claims in its submission it has consulted widely on the additional rate-cap, and that those consulted were supportive of an increased cap: these claims are spurious. Council could have asked all ratepayers about the proposal when it issued its rates notices, but it did not. The so called 'public consultation' is verging on the duplicitous.

Irrespective of whether the Commission grants the Hepburn Shire Council its requested additional 7 per cent cap on rates, the fundamental problem facing the Hepburn Shire will remain: the Shire's rate-base is too small to provide the range and sophistication of services that many residents, particularly those moving into the Shire from metropolitan areas, are used to. Land use is largely agricultural and the largest urban centre is Creswick with a population of just 3279.

Granting an increased rate cap to the Hepburn Shire will be detrimental to the residents of the Shire in the short term and will not improve the long-term interests of ratepayers. In addition, such an increase will have little impact on the Council's financial capacity to perform its duties and functions and exercise its powers: unfortunately the solution is much more fundamental.

The only long term solution to the Shire's financial problems is for the Shire to be incorporated into adjoining local government areas so as to create local government areas with a sustainable rate-base.

I would be pleased to elaborate on any the matters I have raised.

Yours faithfully