

Submission to Essential Service Commission  
regarding  
**Hepburn Shire Council's Application for a Rate Variation for 2025**

I have been a ratepayer and resident of Hepburn Shire for 19 and 18 years respectively

During that time I have been active in various community organisations and projects several of which have required involvement with Council, including participating in various community consultations. As an advocate for my community I have been a keen observer of Council.

My background includes being Chair of the North-Central Catchment Management Authority (6 years), Chair of the Central Victorian Area Consultative Committee (federal regional development body – 4 years) and Chair of the Central Victorian Regional Enterprise Network (small business incubator – 2 years) all of which involved extensive interaction with regional Councils, including Hepburn.

**The problem :** Hepburn Council's application for a rate variation of 10% (7% plus the 3% cap) together with proposed reductions in spending (circa \$2.4M), simply stated, means that **ratepayers will be paying more for less.**

Note also that even with a 10% increase in rates and achieving the proposed savings Hepburn will only be in a 'holding pattern'. Council won't have the capacity to take any new initiatives, respond to natural disasters or have funding to match grant applications.

Council has submitted voluminous and well-rehearsed support for its application. This documentation rests heavily on external reasons for Council's current financial situation and only refers indirectly to two significant problems I would like to raise, one fundamental and the other self-inflicted:

1. Hepburn Council is structurally not viable – approval of the 10% increase will not resolve this; and
2. Council has over recent years added significant 'nice-to-have' services and corresponding increases in staffing.

### **Hepburn Council is structurally not viable**

In making this contention I refer to the amalgamations of the mid-1990s which first addressed the regional centres (I was a resident of Bendigo then and describe the outcome as the best thing that happened to Bendigo in the last 50 years). Then, with none of the process of time, engagement and acceptance allowed to the regional centres, a 3-4-5 (or parts thereof) approach was rolled out across rural Victoria. In the regional roles noted above, I saw new Councils make either a good fist of their new arrangements or engage in unproductive squabbling to the disadvantage of their residents. Given the relative proximity of Bendigo and Ballarat the designated new Councils in the rural areas between them presented considerable challenge for creating cohesive and viable entities.

I have on good authority that only a week before the official announcements, Hepburn did not include Trentham (which was part of Macedon Ranges). A last minute scrutiny showed that Hepburn without Trentham was not viable, a condition that has persisted ever since.

Fifteen years later, the Whelan Report (2010) identified Hepburn as one of 14 non-viable Councils.

### **Core vs nice-to-have activities and services**

Non-core business activities have accumulated over time as championed by either Councillor or staff interests. While some of these may reflect wider and real social concerns (and yes, in response to cost-shifting or neglect by State and Federal Governments) they have not been subject to what I believe should be sufficient scrutiny – or a vote by ratepayers. A good example was the appointment last year of a Housing Officer – at a time when the scale of the financial challenge was evident and under discussion within Council.

The more general problem of a small rural Council on the outer edge of the peri-urban region is that it is subject to expectations and comparisons much higher than for more remote rural municipalities. In its public statements Council makes much of the precarious state of many rural municipalities – yet only one other Council has made application for a rate variation. To the extent that others are in financial stress is relevant, it does not justify a unilateral hike in Hepburn rates, rather it points to a systemic problem requiring root-and-branch review.

### **Other matters:**

There are other related problems that have not been acknowledged. Staff turnover is high and specialist staff (e.g. planning staff) are difficult to recruit. From past experience in another large regional organisation I know that in any cost-cutting exercise it tends to be the more able staff who leave, exacerbating the loss of quality of service and morale.

Hepburn Council consistently scores below average in its category in the Annual Customer Satisfaction Survey.

Council also attracts considerable criticism for its consultation processes which are too often reliant on consultants – and seen by many as tick-the-box exercises. As a member of a Hepburn Structure Plan panel last year, I observed participants voting with their feet such that the number who completed the exercise was less than half of starting number.

I understand the current Council Deliberative Engagement Panel formed to help frame the Council Plan and Budget has already lost half its intended members.

Note that late last year Council conducted, in-house, what I thought was a thorough review of where cost savings could be made. I participated in that review and indicated I was prepared to pay some additional rates subject to knowing what services would be reduced – that information is still not available. Council's use of a figure of 61% willing to pay higher rates – without qualification – is misleading and doesn't justify a 10% rate increase. [See also personal note below.]

Raising these matters could easily be dismissed as 'Council-bashing' – that is not my intention. Hepburn Shire is faced with an extremely serious challenge to just hold on and it is my contention that approval of the 10% rate variation will not address the fundamental viability question or, with too many uncertainties unresolved, project any level of confidence for the future.

Notwithstanding the 2024 'Financial Vision Survey: Help Shape Our Financial Future' exercise, the current situation has generated considerable unrest. A recent Public Meeting in Trentham saw 90+ people expressing their alarm about the situation and increased rates: the possibilities for redrawing municipal boundaries was raised. Trentham has many ties to the Macedon Ranges and that was a popular outcome canvassed by many attending. In the course of discussion it was noted that the Macedon Ranges Council rate-in-the-dollar was significantly lower than the Hepburn rate-in-the-dollar. The Hepburn CEO attended the meeting and stated that Hepburn was a much lower rating council than Macedon Ranges, based on the average rate income per property. I contend that the comparison the CEO was using is a Council-focused 'ranking' and not the true rate comparison for the ratepayer. It is as much a measure of the average valuation of properties and size of a Shire. (This raises an interesting point of discussion: does Council exist to serve the interests of its ratepayers or is it the role of the ratepayers to sustain the financial viability of Council?)

[A personal note: as stated I am willing to pay some increase in rates subject to knowing what services might be cut or reduced. I also need to know why I am paying a premium to live in Hepburn Shire when I could be paying less for more if my house was as little as five kilometres away in Macedon Ranges. One distinct advantage I have had until now is a resident local Councillor – someone I can eyeball in the street on a regular basis. Following the VEC's abolition of Wards that is no longer assured [incidentally that change has enabled 4 (of 7) Councillors to be elected from one town at the extreme south west of the Shire with only 2 Councillors representing the central, northern and eastern parts of the Shire]. Furthermore the decision by the State Government to remove non-resident ratepayers from the electoral role will lead to further distortion of the voting balance across Hepburn making it highly likely that my part of the Shire might never have local representation.]

**Recommendations:**

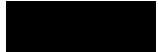
- 1. That the ESC not approve the 10% rate variation applied for by Hepburn Shire Council.**
- 2. That, if the ESC is inclined to approve the application, it should do so for one year only reverting to the current plus 3% cap base for setting the 2026 rate.**

Approving the full 10% rate does not address the fundamental structural viability issue – it prolongs an untenable situation, uncertainty and unrest.

Allowing a one-year variation could enable the Council to work with its communities to resolve the structural issue with the State Government.

Thank you for the opportunity to make this submission- I would be happy to discuss or elaborate my comments as might be required.

Ian MacBean OAM



10 April 2025