

# **ENVIRONMENT, NATURAL RESOURCES AND REGIONAL DEVELOPMENT COMMITTEE**

## **Inquiry into the sustainability and operational challenges of Victoria's rural and regional councils**

Bendigo — 25 October 2017

### Members

Mr Josh Bull — Chair

Mr Simon Ramsay — Deputy Chair

Ms Bronwyn Halfpenny

Mr Luke O'Sullivan

Mr Tim Richardson

Mr Richard Riordan

Mr Daniel Young

### Witnesses

Mr Craig Niemann, Chief Executive Officer, and

Cr Rod Fyffe, Deputy Mayor, City of Greater Bendigo.

**The ACTING CHAIR (Ms Halfpenny)** — Our next witnesses are representative of the Greater Bendigo City Council: Mr Craig Niemann and Cr Fyffe. Welcome and thank you for your attendance today to provide evidence at this hearing. This is an inquiry into the sustainability and operational challenges of Victoria's rural and regional councils. I will just go through a few of the formalities and then hand it over to you.

First of all thank you for coming in. The set-up is that you introduce yourselves and then provide a short presentation so there is plenty of time for us to ask questions. The evidence that you give today is being recorded, and a transcript of that evidence will be provided to you as a proof to check for accuracy before it is made public. Also, anything you say during the hearings is protected by parliamentary privilege, but anything you say outside the hearings is not protected by parliamentary privilege. Perhaps just for the transcript you could state your name, title and background.

**Cr FYFFE** — I am Rod Fyffe, deputy mayor of the City of Greater Bendigo, and thank you, Chair, for inviting us to speak. On behalf of our mayor, Cr Margaret O'Rourke, who unfortunately cannot be with us today, I do offer you and your committee members are very warm welcome to Bendigo.

**The ACTING CHAIR** — Thank you.

**Mr NIEMANN** — And I am Craig Niemann, chief executive officer at the City of Greater Bendigo.

**The ACTING CHAIR** — Okay, thank you. Over to you.

**Cr FYFFE** — Thank you very much indeed. To start I would like to acknowledge that Greater Bendigo is on both Dja Dja Wurrung and Tungerong country, whose ancestors and their descendants are the traditional owners of this place, and I acknowledge their elders past and present.

The question that you are looking at really is a very, very important one as far as we are concerned: how to ensure local government can continue to provide the services our rural and regional communities want, need or are entitled to expect, at the right standard and in a way that is economically sustainable into the future.

As an experienced councillor for this community I have watched local government become more complex amidst the increasing expectations of the communities we serve. It is my belief that the demand on local government has increased in line with the steady contraction of federal and state activity. This contraction, combined with the persistence of cost shifting onto local government, resource-thirsty reporting requirements and now rate capping, is placing a tremendous strain on the third sphere of government.

There are many examples in Greater Bendigo of what can be achieved when all three spheres — state, federal and local — work together for an agreed outcome. One of the great ones that we can cite at the moment is the transformation of an idle but vacant jail into the 950-seat, state-of-the-art Ulumbarra theatre. We are also, in combination with other spheres of government, building a new indoor aquatic and wellbeing facility, and we are transforming our Bendigo Airport creating new opportunities for industry, leisure and tourism along the way.

We need to forge a new, more equitable partnership between the three spheres of government: state, local and federal. Greater Bendigo wants to be part of any conversation exploring how we make our rural and regional councils sustainable into the future. We want to be part of the solution, working in partnership with our state and federal counterparts, particularly the state counterparts seeing as you are running the inquiry. I would now like to hand over to our chief executive officer, Craig Niemann, to present the detail of our submission.

**Mr NIEMANN** — Thanks, Cr Fyffe, and thank you, Chair and panel members. I think you have got a copy of our submission, so I am not going to go through it in complete detail — just an overview, if that is okay — because I think there is value in a conversation we can have following that.

Just to put Greater Bendigo into perspective and context, we are 3000 square kilometres; we are not just urban Bendigo. Our municipality is in fact larger than some of the rural municipalities that surround us in size. Of our rural population, there are 15 000 people who live outside the urban area of Bendigo in our municipality, which is again greater than some of the populations of our rural neighbours. That is just to paint a picture because we are seen as Bendigo-centric sometimes, but we are a much larger municipality than that.

There is a lot of history in Bendigo — gold, the Bendigo Bank. There is a lot of great manufacturing that has happened in our region over the years, which is still very strong. Bendigo is going pretty well as a regional city

that is growing and developing all the time. It is changing. I think local government amalgamations of the mid-90s enabled rural and regional places to grow and develop more, and I think Bendigo is a fine example of where bringing five municipalities together has created an opportunity where we can plan and grow this municipality in a much more strategic and positive way. There are many examples of positive outcomes from that process. Our largest employers are health, education and finance. Obviously the retail sector is also significant. That is going through its own challenges and changes, and we are trying to work with those communities to make sure that retail is a positive economic driver in the future.

Local government ends up having to manage a lot of infrastructure, and we have built and been handed that infrastructure over time. We have got 304 bridges, nearly 3000 kilometres of roads and many, many buildings. Our infrastructure in value works into the billions of dollars, something that we as a municipality have to manage and look after on a yearly basis. Can I just use sport as an example? Traditionally it was football, cricket, netball and tennis in regions. Now we are seeing a greater and positive influx of women in sport, which is fantastic, so we are now seeing women playing cricket, football and soccer. We are seeing more people take up soccer at all levels — basketball, hockey et cetera. So that just adds to the different needs of the community in terms of their recreational pursuits, which is great. We want people to be physically active, but it means that we have got to think about changing the way we fund and manage facilities and playing surfaces in the future and building capacity to help make that happen.

The Epsom Huntly Recreation Reserve, for example, has six soccer pitches on it. We needed to build that to add to the existing complement of soccer pitches that we had, because they were not coping. That is a \$15 million project. It has got two AFL ovals and some tennis and netball courts. It is a \$15 million project, of which the city put in \$14 million. There were two \$500 000 grants from the state. It is a regional facility providing local services and regional services. That is just an example of managing growth and providing for the changing needs of our community. We think it is great to do, but the impact of rate capping, the impact of cost shifting and even the freezing of federal grants at times will impact on our ability to deliver projects like that going forward.

Can I just talk about those three matters? The commonwealth assistance grants that were frozen for three years have a financial impact of \$2.7 million in lost income to the City of Greater Bendigo. We calculate our rate income increase per annum was averaging about 5 per cent, and the reason for that was to manage growth as well as provide high-quality services to our community. So on a projection of 5 per cent now versus 2.5 per cent last year, 2 per cent this year and projecting 2 per cent going forward, we calculate that that is a reduction in rate revenue of \$194 million over that 10-year period. If you think about what could be done with \$194 million in terms of investment in renewal of infrastructure, building new infrastructure, creating opportunities for growth and development and building opportunities for jobs, all those things start to play out because it will, not necessarily in year 1 or 2 but as those years go on, have a greater impact on our ability to deliver the services we need for our community.

You have probably heard a fair bit about cost shifting over the years. Cr Fyffe has been in council for 30-years plus. He has been on library boards for probably that long. What was a 50-50 split between state funding and local government funding I think is now more like 20 per cent state and 80 per cent local government. If you accumulate that over a long period of time, it is a pretty significant amount of resources we are having to apply to provide a very basic but important service to our community through libraries, but we are now carrying the brunt of that cost shifting. There are many examples of cost shifting, and I am happy to talk in more detail about those at another time.

All local governments across the state — all 79 — have to comply with the Local Government Act and the reporting requirements, governance requirements et cetera, and it is fair to say that some municipalities and councils are going to be better prepared and able to respond to those demands than others. We at the city are probably reasonably well resourced to manage governance, the local government performance reporting framework and those sorts of things, but our rural municipalities — I am talking on their behalf now — really struggle to manage that part of their business, making sure the internal workings of the business are managed with respect to all of the legislation we are required to comply with, as well as do the economic development, the growth and development of their communities and the support of their communities. It is a really challenging environment when you are in those rural areas.

We see our role partly as playing a supportive role to them to help deliver on those outcomes, so where we develop policy we share it with our neighbours. Where we have procedures and processes in place, we try to increase training, increase development of staff, training of councillors — whatever that might be — to try and help make sure our regional neighbours are supported in as much governance and process as we possibly can.

One example of a policy piece of work across the region is that we have Hazeldenes and other poultry manufacturers in Bendigo; they are big. We have looked at Greater Bendigo in terms of intensive animal industries, but that bit of work is only worth taking out to the neighbouring municipalities and putting a larger lens over that and saying, ‘What can happen in the region, not just within our municipality?’. We then developed policy and strategy around how it works across all of the region, not just within our own region, and we lead that at the City of Greater Bendigo. We think that is a shared service type of arrangement where we can help each other deliver better outcomes for our communities.

**The ACTING CHAIR** — We do not have a lot of time, and we have a lot of questions. Is there anything in particular you would like to —

**Mr NIEMANN** — I am happy to stop there. There is a change to the Local Government Act coming. That is a real opportunity to enable local government to help make decisions. The biggest challenge of rate capping, in my opinion, is that councils are elected to make decisions on behalf of their communities. They develop council plans, creating the world’s most livable communities, and then they are restricted in how they can deliver on that plan because their finances and resources are restricted, so I think that rate capping in particular is taking away the decision-making ability of locally elected councillors.

**The ACTING CHAIR** — Thank you. I will start off. In your submission you said the population growth in the municipality is about 1.6 per cent.

**Mr NIEMANN** — It actually got to just over 2 last financial year. We got that number out of the new census data. It actually went up to 2100 new residents in the last financial year. It has been consistently about 1.7-plus, though.

**The ACTING CHAIR** — And do you see that as strong, high growth?

**Mr NIEMANN** — Sustainable, strong growth, yes. High, not compared to some metro councils, but certainly —

**Mr RIORDAN** — Not gold rush high.

**Mr NIEMANN** — Not gold rush, no. You do not want growth at high levels, because you cannot prepare for and keep up with it. We think that 1.5 to 2 per cent is a pretty good range, and we are pretty happy with it.

**The ACTING CHAIR** — I am asking about that because you talked earlier about needing extra resources and rate capping does not allow it because you have got this population growth, but as we understand it, the information we have — I think it is based on the information from the Victoria Grants Commission — is that the revenue from rates and charges at the Greater Bendigo council over the last four years has increased on average by 8.1 per cent. That is the information received from them, which seems an incredibly high rate of increase for ratepayers to bear.

**Mr NIEMANN** — 8.1 per annum, are you saying, on average?

**The ACTING CHAIR** — Yes, on average.

**Mr NIEMANN** — It sounds high. There would be some 5 per cent figures in the first couple of years of that pre rate capping. We do have supplementary growth in rates. Our increase in revenue is about \$1.6 million per annum as a result of new property development. They come onto our system each year. They are outside the rate cap, but we need those to help maintain the infrastructure that comes with those developments.

**The ACTING CHAIR** — I suppose the thing is: do you really think that ratepayers can continue to sustain that? This is the issue when you are talking about rate capping and all the things that you will not be able to do. It just seems that that is a very high rate that people had to wear over a number of years.

**Mr NIEMANN** — That is not per property, I do not think; that is in total.

**The ACTING CHAIR** — I think it is 4.6 per cent per person, and then maybe a number of people live in one property.

**Mr NIEMANN** — My view is that I think that is for the council to determine. It is best for the council to determine what the community needs are and then how to respond to that need. Rate capping is very popular, do not get me wrong. I ask staff even when they are inducted into our organisation who pays rates and who enjoys paying any rates. No-one enjoys it. I do not think people understand the value they get from it, and the diversity of the hundreds of services that they get as a result.

**The ACTING CHAIR** — We have heard from some people, not necessarily here but in some submissions, that they believe that councils do a whole lot of extra things rather than concentrating on the core business of the council. What is your answer to those sort of concerns?

**Mr NIEMANN** — I think we, the council, understand the broad community needs. Not everyone uses the library, but we have got —

**The ACTING CHAIR** — Libraries were never one of the examples. I think councils have always been responsible for libraries, haven't they? That would be a core business. We are talking about core business versus extra others.

**Mr NIEMANN** — We provide art galleries, performing arts centres and tourism. They are all economic drivers, they are all important to people in our community and they are important to bringing people to Bendigo that generate economic activity. They are clear council decisions each year when we go through a budget as to what is important to our community. We had a complete review of our home and community care services a couple of years ago, looking at, 'This is costing the council a lot of money. Is there another service provider that can do it better and more efficiently?'. We are still in the service, because the response from the community and the response from clients, carers and their families was pretty extreme. It is really difficult for local government to make those decisions to take away a service that has been there that is highly regarded by the community.

**Cr FYFFE** — Because council has a trusted name. Backing up what Craig said, throughout that home and community care consultation it was quite clearly articulated by many, many people that council is trusted and council provided a great service. Yes, there are areas where they would like to see extra services being delivered as well. The expectation is continuing, and our ability to meet that expectation is diminishing.

**Mr NIEMANN** — Could I also add to that that we are reviewing every service. We are undertaking service reviews across our organisation to make sure we are providing the right service to the right people at the right price on the right accessibility level. We are not just doing, 'This is the way we've always done it; let's keep doing it'. We are reviewing all of that in terms of trying to make sure we can deliver on the needs of the community. The different parts of the committee have different needs of course, which is always very challenging.

**The ACTING CHAIR** — Of course. Okay, thank you.

**Mr O'SULLIVAN** — Thank you for coming and appearing in front of the hearing this morning. I have just got a couple of quick questions. Mr Niemann, you mentioned that rate capping has made it difficult, or your words were, 'Rate capping has taken away the decision-making capacity of the council'. Can you elaborate on what you mean by that?

**Mr NIEMANN** — Again, the council is visionary. It wants this place to be the best place in the world. That is high level. You have got to have the resources to be able to do that. The council has had the ability to say, 'With a 2 per cent, 3 per cent, 4 per cent or 5 per cent rate increase, how are we going to fund the work we need to do in this plan?'. That is being restricted by the state rate cap saying, 'You can only have 2 per cent'. Yes, we could go to the state and advocate for a higher level. We know the community is not going to be accepting of that, so we have got to try and balance the funds to meet the demands and the goals. My view is that local government is representative of the community. They are elected by the local people. They are held accountable to the local people. They should have the opportunity to set their own rates and charges and to be able to deliver the services they think are necessary for their community.

**Mr O'SULLIVAN** — Okay, I accept that. In terms of that proposition, one of the things that we have seen throughout these hearings is, in particular, you can have a \$2 million house in Hawthorn that gets charged \$1500, \$1600, \$1700 a year in rates, and you can have a \$300 000 property in Shepparton that gets charged \$3000 in rates. I guess it is one of those difficult balancing points to try to find the sweet spot in terms of how that rate is charged. I know a farmer who lives in Hopetoun who was telling me only a few months ago that he has to spend \$50 000 a year in rates. He does not even get his rubbish collected and he gets his road graded once a year — for \$50 000.

It is almost the case that local government has progressed beyond being local and is now a regional government, because essentially we have heard examples where councils are providing over 100 different services. I guess that is just following on from what the Chair said, that councils are in a position where you have to decide whether you are going to provide everything to everyone, as everyone would want, or stick to your core business. It seems that councils are taking on more and more responsibilities, some of them in a voluntary sense and some of them in an involuntary sense in terms of cost shifting. To follow that line of thinking, if you were to put everything in place that is in that document, you would have to be probably increasing your rates by 6 or 7 per cent every year.

**Mr NIEMANN** — I have not put the numbers over it. We will do our best to deliver within the resources we have got. That is important because we need to be accountable to the community for the funds that we raise. It is public money at the end of the day. We will do our best to raise other funds. We will look at our own internal user fees and charges. We will look to government for any support we can around capital works and programs. We have been very successful in that, and we will continue to ask government for support around particularly major projects.

It is a real challenge. The rating bit about who pays what is a real challenge. I have worked in a rural municipality as CEO, and trying to help make that work along with the equity of who pays what in some of those municipalities is really difficult, but you need a core amount of money to provide even core services in a rural municipality, and that is getting tougher and tougher.

**Mr O'SULLIVAN** — It seems that councils are just getting bigger and bigger all the time in terms of the amount of money you bring in but also the services you provide. To sustain that 10 or 20 years into the future is going to be very difficult. If you look at the stats for this city, you have got 304 bridges, and I would imagine a lot of those are starting to get old. Trying to maintain them would be horrendous, let alone trying to replace any, because obviously with so many services being provided your capital budget would be quite restricted.

What is the future for councils being sustainable if a rate cap stays in place yet all these capital infrastructure projects in particular jump on board? We had an example of one council that has got to put a levee bank up. Buloke council have got to come up with \$10 million for their share, which they have not got, and I think the maintenance is \$400 000 a year, which they have not even got, and that is before it is even built. So where is the future going to be in terms of funding all these services?

**Mr NIEMANN** — Absolutely. That is the challenge, isn't it. So we will look at every bit of our operating budget and every service and try to make sure we can manage that as best we can and limit the resources required to deliver the services that our community expects.

We have policy around asset renewal. The first probably \$34 million of our capital works program is allocated to asset renewal, so trying to make progress towards the renewal of those bridges, the roads, the footpaths, the drains, the buildings and the public toilets — all those things. We put that first in terms of our capital works program, and what is left is what we use to advocate for new. That amount of money is going to decline, so we have got to try to manage all those three elements, but for a couple of those we are a bit restricted in what we can do. The new bit is going to be the bit that might suffer, and we clearly want to do more, so that is where we are going to have to work really hard and that is where rate capping starts to impact because of that bit of money at the end. That — for us it is still \$7 million or something — is going to decline over time as the costs of providing the services impact on that end bit of money.

**Mr RIORDAN** — Thank you, Mr Niemann. I want to play devil's advocate a little bit. We have now heard from quite a few shires and cities — obviously the City of Greater Bendigo is one of our premium regional councils. Clearly there are struggles for organisations with only 5000 ratepayers. Or what is the smallest in the state? It is 5000 or 6000, I think. Hearing you today, it is not vastly different for a shire that has got 100 000 and

many more ratepayers. To me there is something structural, and something has got to change and something has got to give if we are going to get our local councils sort of on a more sustainable footing.

One of the questions we have been asking people like yourself is that on one hand we hear councils feel hamstrung by rate capping. I understand, certainly ideologically, that the concept of other people telling you how to run your business is never a good idea, but at the same time all the evidence tells us that country ratepayers are paying, relatively, twice as much as what their city cousins are, and basically there is very little room to move, so even without rate capping there was probably going to be a riot in the state if we kept having the rate rises we saw.

The next point is that the other thing we hear a lot about is cost shifting. So on the one hand, in the country we have got rate capping that is a problem; the next thing is cost shifting. The question I am going to ask you is: what are the services that local council really should not be involved in or need to stop taking responsibility for and hand back to either the state or the federal government if we are to try and get our head around what we are forking out?

I guess what I am saying is that councillors now for the last 30-odd years have taken on initiatives and programs from state and federal government with the inevitable knowledge that those grants will run out either when the government changes or at the end of the program, yet communities get welded onto these programs and keep them, so you just keep adding and adding and adding. The council of today does not look anything like the country councils we saw in the 1960s in the sense that to a certain extent councillors and council administrations have taken these burdens on with full knowledge that the state is not going to bail them out and they are going to have to keep taxing people more to do it or cut back on infrastructure, and we are seeing right across the state huge infrastructure deficit replacement programs — real things that matter.

So if you had a magic wand, we are here trying to find out what the suggestions are and what can be done to improve it. Something has got to change. I have not yet had any council say that they are prepared to give up anything — there seems to be a desire for everyone to keep their kingdom, if I can be as facetious as that. Do you see that there is room for consolidating the community health services, for example, with local hospitals or health organisations? Give it back to the state — school crossings should be with the education department, pools should be with sport and recreation? What are the opportunities that could streamline what council does?

**Mr NIEMANN** — Two that come to mind are maternal and child health services and school crossings, both of which are very much aligned with state-provided services. Nurses are providing very valuable services. This is not about the service; this is about —

**The ACTING CHAIR** — No, we are not talking about getting rid of the services.

**Mr RIORDAN** — No, we accept that the services are predominantly —

**Mr NIEMANN** — They could align with community health services or broader public health services. That could well be an area where that could be funded from a state level and not have to be managed at a local level. School crossings are really about the children who are going to school getting to school safely, and they are usually pretty close to the schools. It is education but a community safety outcome. That could be aligned.

Part of our challenges around statutory planning — you will always get the argument that, yes, some local input, some local decision-making, is important, but there are costs associated with them doing some large structural planning around that.

Roads — there has been funding for roads from state and federal governments, and there is still some federal government and state government money there, but we tend to pick up a lot of the complexities that come with that. One other one is the responsibilities for Crown land and community facilities on Crown land. So we end up, for example, at Malone Park, which is at Marong, with Crown land run by a community committee and the community committee said, ‘We can’t do this anymore. We’re going to walk away’, so we picked it up. It cost us an extra couple of hundred thousand dollars to get it up to a standard and then it costs us to maintain it, because we want to service the community the same as we service other communities.

There used to be state programs to manage or funding programs to enable those committees to apply for funds to do things which are not there anymore. So those sorts of things have deteriorated over time. If the state had

programs to fund those things, at least those community committee volunteers would be better off. There are a couple of examples. Every time we try to take something away from the community, we get the same response — close a pool, close a hall. I mentioned those 100 community care services before. It is really difficult because the community wants the service, and in a lot of ways local government is best placed to provide the service. It is about then where it is funded from, and if the community have to pay through their rates, then that is a real challenge.

Can I just talk about levee banks for a moment? We have got a bank that is not a formal levee bank on the Bendigo Creek to the north of Bendigo. It is between \$15 million and probably \$150 million to renew that whole bank. It is really just dredging out of the creek to form a bank, so it is not structurally made as a levee but it still protects quite a few residential properties. The state's proposition to us has been — we need to renew the bank, at least \$15 million — a third, a third, a third, the Buloke example. We are saying, 'That's not our responsibility to build the bank. Why should that sit with our local community?'. The feedback from the state has been, 'Who are the beneficiaries — your people'. Well, they are state people as well, so it should not just be shifted between us and the state as to who has got to pay.

The infrastructure is a bigger piece of infrastructure than just a local council one. If it has got to be built, it should be built. If we have got to maintain it ongoing, then let us come to an arrangement around that. But it just seems to be, 'Council, your community are beneficiaries, you've got to contribute'. Or even with changes to legislation without any local government contribution or consultation — the MOU between state and local government does not seem to matter much because we do not get consulted on most of the things that are important to us.

A recent example of that is the proposed centralisation of the valuations in local government. Really just to generate more revenue for the state through land tax, yet we have got a very strong and capable valuation team at the City of Greater Bendigo who provide a great service to our community and have great knowledge of the local property market et cetera so the valuations are very accurate. Yet we will probably have eight or 10 redundancies on our hands later in the year because of the proposed change to the state. That happened at budget time, as I understand it, with no real consultation or discussion with the councils.

**Mr O'SULLIVAN** — It is being sold off, isn't it?

**Mr NIEMANN** — Sorry?

**Mr O'SULLIVAN** — The state valuation office is being sold off, isn't it?

**Mr RIORDAN** — It is the statewide valuations.

**The ACTING CHAIR** — To do property valuations.

**Cr FYFFE** — Yes, statewide valuations.

**Mr RIORDAN** — Just lastly, on that question of rates as the form of tax — so if we assume a rate is a tax, it is done on a property valuation. Mr O'Sullivan referred earlier to the disparity with farmers, and that is probably the big message we are getting right across, that farmers seem to carry — when you just do it on rate valuation regardless of income generation or any other factor, it is a tax system that is highly skewed to punishing the poorest people in regional Victoria who pay relatively the most. Is there an opportunity, can you see another mechanism that could be generated? Is there another mechanism anyone else in the world uses at local government level? The third part to that question is as an idea, the concept of the state taking on generating a statewide tax that is more equitably configured but then is, like the GST, given back to local government on an as-needs basis. Would a model like that potentially work?

**Mr NIEMANN** — Like Cr Fyffe, I have worked in local government for 30-plus years, and that is raised probably nearly every year — that the valuation system does not seem fair to everyone. It is not built on capacity to pay; it is built on what you own.

**Mr RIORDAN** — For example, any other tax in the country that taxed the poorest people twice as much as the richest people would have them rioting in the street.

**Mr NIEMANN** — I agree, but I am not aware that there has been — there has been a lot of thinking about this: what is the best methodology to create the income required to provide services? In a ratings system I have not, or others have not, come up with a better methodology, so that is a challenge. Whether it could be generated at a state level through a broader population base or ability to pay, the devil would be in the detail in terms of how you then distribute that amongst municipalities.

**Mr RIORDAN** — Under parliamentary privilege and with your tongue in your cheek, do your city colleagues have more money than they deserve and you have less than you deserve?

**Mr NIEMANN** — I think that that has been built on history and their ability to raise revenue previously, that they probably have a pretty strong balance sheet. Ours is okay. Our rural municipalities would be pretty average in their balance sheets. Their foundation is pretty poor so I would expect that metro councils absolutely would have a stronger starting position than we would have.

**The ACTING CHAIR** — I just have to correct you on the state valuer. What is the basis of you saying that it is because of state taxation? I did not quite —

**Mr NIEMANN** — There has been no justification, as I understand it, given to local government as to why you would centralise the whole valuation system in the state.

**The ACTING CHAIR** — So that was just your assumption, it was not —

**Mr NIEMANN** — My assumption is based on it being an annual valuation that is then driving increases in valuations not biennially but annually to make sure that then the revenue generation through the land tax office is on an annual basis.

**The ACTING CHAIR** — Okay. We just heard evidence yesterday. I guess one of the issues that ratepayers have is the transparency in terms of local councils doing it themselves, and they gave an example where the valuer of the properties was also a developer and so there seemed to be a bit of a conflict of interest. I do not know the justification, but I just wanted to clarify that that was not the reason given to you and there may be other issues, you know, around —

**Mr NIEMANN** — We have an in-house team. Staff — qualified valuers — provide service.

**The ACTING CHAIR** — It was not an accusation against Bendigo for sure. That was certainly not the —

**Cr FYFFE** — Often, Acting Chair, it does highlight the fact that resources are not equitably distributed throughout the local government world either. It is relatively easy for us to attract specialists, yet for somebody like Buloke or Hindmarsh or something like that, they are going to really, really struggle to get people, so this is something. But getting back to the community, yes, our community keeps demanding more and more, and it is very hard when you are at the ballot box to say no.

**The ACTING CHAIR** — Yes. We understand that. Thank you very much for coming in and presenting today.

**Witnesses withdrew.**