

PARLIAMENT OF VICTORIA

**PARLIAMENTARY DEBATES
(HANSARD)**

LEGISLATIVE COUNCIL

FIFTY-EIGHTH PARLIAMENT

FIRST SESSION

Tuesday, 20 June 2017

(Extract from book 12)

Internet: www.parliament.vic.gov.au/downloadhansard

By authority of the Victorian Government Printer

The Governor

The Honourable LINDA DESSAU, AC

The Lieutenant-Governor

The Honourable Justice MARILYN WARREN, AC, QC

The ministry

(from 10 November 2016)

Premier	The Hon. D. M. Andrews, MP
Deputy Premier, Minister for Education and Minister for Emergency Services	The Hon. J. A. Merlino, MP
Treasurer	The Hon. T. H. Pallas, MP
Minister for Public Transport and Minister for Major Projects	The Hon. J. Allan, MP
Minister for Small Business, Innovation and Trade	The Hon. P. Dalidakis, MLC
Minister for Energy, Environment and Climate Change, and Minister for Suburban Development	The Hon. L. D'Ambrosio, MP
Minister for Roads and Road Safety, and Minister for Ports	The Hon. L. A. Donnellan, MP
Minister for Tourism and Major Events, Minister for Sport and Minister for Veterans	The Hon. J. H. Eren, MP
Minister for Housing, Disability and Ageing, Minister for Mental Health, Minister for Equality and Minister for Creative Industries	The Hon. M. P. Foley, MP
Minister for Health and Minister for Ambulance Services	The Hon. J. Hennessy, MP
Minister for Local Government, Minister for Aboriginal Affairs and Minister for Industrial Relations	The Hon. N. M. Hutchins, MP
Special Minister of State	The Hon. G. Jennings, MLC
Minister for Consumer Affairs, Gaming and Liquor Regulation	The Hon. M. Kairouz, MP
Minister for Families and Children, and Minister for Youth Affairs	The Hon. J. Mikakos, MLC
Minister for Police and Minister for Water	The Hon. L. M. Neville, MP
Minister for Industry and Employment, and Minister for Resources	The Hon. W. M. Noonan, MP
Attorney-General and Minister for Racing	The Hon. M. P. Pakula, MP
Minister for Agriculture and Minister for Regional Development	The Hon. J. L. Pulford, MLC
Minister for Women and Minister for the Prevention of Family Violence	The Hon. F. Richardson, MP
Minister for Finance and Minister for Multicultural Affairs	The Hon. R. D. Scott, MP
Minister for Training and Skills, and Minister for Corrections	The Hon. G. A. Tierney, MLC
Minister for Planning	The Hon. R. W. Wynne, MP
Cabinet Secretary	Ms M. Thomas, MP

Legislative Council committees

Privileges Committee — Ms Hartland, Ms Mikakos, Mr O’Sullivan, Ms Pulford, Mr Purcell, Mr Rich-Phillips and Ms Wooldridge.

Procedure Committee — The President, Dr Carling-Jenkins, Mr Davis, Mr Jennings, Ms Pennicuik, Ms Pulford, Ms Tierney and Ms Wooldridge.

Legislative Council standing committees

Standing Committee on the Economy and Infrastructure — #Mr Barber, Mr Bourman, #Ms Dunn, Mr Eideh, Mr Finn, Mr Gepp, Ms Hartland, Mr Leane, #Mr Melhem, Mr Ondarchie, Mr O’Sullivan and #Mr Rich-Phillips.

Standing Committee on the Environment and Planning — #Mr Barber, Ms Bath, #Mr Bourman, Mr Dalla-Riva, Mr Davis, Ms Dunn, Mr Elasmr, #Ms Hartland, Mr Melhem, #Mr Purcell, #Mr Ramsay, Ms Shing, #Ms Symes and Mr Young.

Standing Committee on Legal and Social Issues — #Mr Barber, #Ms Crozier, #Mr Elasmr, Ms Fitzherbert, #Ms Hartland, Mr Morris, Mr Mulino, Ms Patten, Mrs Peulich, #Mr Rich-Phillips, Mr Somyurek, Ms Springle and Ms Symes.

participating members

Legislative Council select committees

Port of Melbourne Select Committee — Mr Barber, Mr Mulino, Mr Ondarchie, Mr Purcell, Mr Rich-Phillips, Ms Shing and Ms Tierney.

Fire Services Bill Select Committee — Ms Hartland, Ms Lovell, Mr Melhem, Mr Mulino, Mr O’Sullivan, Mr Rich Phillips, Ms Shing and Mr Young.

Joint committees

Accountability and Oversight Committee — (*Council*): Mr O’Sullivan, Mr Purcell and Ms Symes. (*Assembly*): Mr Angus, Mr Gidley, Mr Staikos and Ms Thomson.

Dispute Resolution Committee — (*Council*): Mr Bourman, Mr Dalidakis, Ms Dunn, Mr Jennings and Ms Wooldridge. (*Assembly*): Ms Allan, Mr Clark, Mr Merlino, Mr M. O’Brien, Mr Pakula, Ms Richardson and Mr Walsh.

Economic, Education, Jobs and Skills Committee — (*Council*): Mr Bourman, Mr Elasmr and Mr Melhem. (*Assembly*): Mr Crisp, Mrs Fyffe, Ms Garrett and Ms Ryall.

Electoral Matters Committee — (*Council*): Ms Patten and Mr Somyurek. (*Assembly*): Ms Asher, Ms Blandthorn, Mr Dixon, Mr Northe and Ms Spence.

Environment, Natural Resources and Regional Development Committee — (*Council*): Mr O’Sullivan, Mr Ramsay and Mr Young. (*Assembly*): Mr J. Bull, Ms Halfpenny, Mr Richardson and Mr Riordan.

Family and Community Development Committee — (*Council*): Mr Finn. (*Assembly*): Ms Britnell, Ms Couzens, Mr Edbrooke, Ms Edwards and Ms McLeish.

House Committee — (*Council*): The President (*ex officio*), Mr Eideh, Ms Hartland, Ms Lovell, Mr Mulino and Mr Young. (*Assembly*): The Speaker (*ex officio*), Mr J. Bull, Mr Crisp, Mrs Fyffe, Mr Staikos, Ms Suleyman and Mr Thompson.

Independent Broad-based Anti-corruption Commission Committee — (*Council*): Mr Ramsay and Ms Symes. (*Assembly*): Mr Hibbins, Mr D. O’Brien, Mr Richardson, Ms Thomson and Mr Wells.

Law Reform, Road and Community Safety Committee — (*Council*): Mr Eideh and Ms Patten. (*Assembly*): Mr Dixon, Mr Howard, Ms Suleyman, Mr Thompson and Mr Tilley.

Public Accounts and Estimates Committee — (*Council*): Ms Patten, Ms Pennicuik and Ms Shing. (*Assembly*): Mr Dimopoulos, Mr Morris, Mr Pearson, Mr T. Smith, Ms Staley and Ms Ward.

Scrutiny of Acts and Regulations Committee — (*Council*): Ms Bath and Mr Dalla-Riva. (*Assembly*): Ms Blandthorn, Mr J. Bull, Mr Dimopoulos, Ms Kilkenny and Mr Pesutto.

Heads of parliamentary departments

Assembly — Clerk of the Parliaments and Clerk of the Legislative Assembly: Mr R. W. Purdey

Council — Clerk of the Legislative Council: Mr A. Young

Parliamentary Services — Secretary: Mr P. Lochert

MEMBERS OF THE LEGISLATIVE COUNCIL
FIFTY-EIGHTH PARLIAMENT — FIRST SESSION

President:

The Hon. B. N. ATKINSON

Deputy President:

Mr K. EIDEH

Acting Presidents:

Ms Dunn, Mr Elasmarr, Mr Finn, Mr Melhem, Mr Morris, Ms Patten, Mr Ramsay

Leader of the Government:

The Hon. G. JENNINGS

Deputy Leader of the Government:

The Hon. J. L. PULFORD

Leader of the Opposition:

The Hon. M. WOOLDRIDGE

Deputy Leader of the Opposition:

The Hon. G. K. RICH-PHILLIPS

Leader of The Nationals:

Mr L. B. O'SULLIVAN

Leader of the Greens:

Mr G. BARBER

Member	Region	Party	Member	Region	Party
Atkinson, Mr Bruce Norman	Eastern Metropolitan	LP	Mikakos, Ms Jenny	Northern Metropolitan	ALP
Barber, Mr Gregory John	Northern Metropolitan	Greens	Morris, Mr Joshua	Western Victoria	LP
Bath, Ms Melina ²	Eastern Victoria	Nats	Mulino, Mr Daniel	Eastern Victoria	ALP
Bourman, Mr Jeffrey	Eastern Victoria	SFFP	O'Brien, Mr Daniel David ¹	Eastern Victoria	Nats
Carling-Jenkins, Dr Rachel	Western Metropolitan	DLP	O'Donohue, Mr Edward John	Eastern Victoria	LP
Crozier, Ms Georgina Mary	Southern Metropolitan	LP	Ondarchie, Mr Craig Philip	Northern Metropolitan	LP
Dalidakis, Mr Philip	Southern Metropolitan	ALP	O'Sullivan, Luke Bartholomew ⁴	Northern Victoria	Nats
Dalla-Riva, Mr Richard Alex Gordon	Eastern Metropolitan	LP	Patten, Ms Fiona	Northern Metropolitan	ASP
Davis, Mr David McLean	Southern Metropolitan	LP	Pennicuik, Ms Susan Margaret	Southern Metropolitan	Greens
Drum, Mr Damian Kevin ³	Northern Victoria	Nats	Peulich, Mrs Inga	South Eastern Metropolitan	LP
Dunn, Ms Samantha	Eastern Metropolitan	Greens	Pulford, Ms Jaala Lee	Western Victoria	ALP
Eideh, Mr Khalil M.	Western Metropolitan	ALP	Purcell, Mr James	Western Victoria	V1LJ
Elasmarr, Mr Nazih	Northern Metropolitan	ALP	Ramsay, Mr Simon	Western Victoria	LP
Finn, Mr Bernard Thomas C.	Western Metropolitan	LP	Rich-Phillips, Mr Gordon Kenneth	South Eastern Metropolitan	LP
Fitzherbert, Ms Margaret	Southern Metropolitan	LP	Shing, Ms Harriet	Eastern Victoria	ALP
Gepp, Mr Mark ⁶	Northern Victoria	ALP	Somyurek, Mr Adem	South Eastern Metropolitan	ALP
Hartland, Ms Colleen Mildred	Western Metropolitan	Greens	Springle, Ms Nina	South Eastern Metropolitan	Greens
Herbert, Mr Steven Ralph ⁵	Northern Victoria	ALP	Symes, Ms Jaelyn	Northern Victoria	ALP
Jennings, Mr Gavin Wayne	South Eastern Metropolitan	ALP	Tierney, Ms Gayle Anne	Western Victoria	ALP
Leane, Mr Shaun Leo	Eastern Metropolitan	ALP	Wooldridge, Ms Mary Louise Newling	Eastern Metropolitan	LP
Lovell, Ms Wendy Ann	Northern Victoria	LP	Young, Mr Daniel	Northern Victoria	SFFP
Melhem, Mr Cesar	Western Metropolitan	ALP			

² Appointed 15 April 2015

³ Resigned 27 May 2016

⁵ Resigned 6 April 2017

⁶ Appointed 7 June 2017

¹ Resigned 25 February 2015

⁴ Appointed 12 October 2016

PARTY ABBREVIATIONS

ALP — Labor Party; ASP — Australian Sex Party;

DLP — Democratic Labour Party; Greens — Australian Greens;

LP — Liberal Party; Nats — The Nationals;

SFFP — Shooters, Fishers and Farmers Party; V1LJ — Vote 1 Local Jobs

CONTENTS

TUESDAY, 20 JUNE 2017

ACKNOWLEDGEMENT OF COUNTRY	3447	<i>Heyfield timber mill</i>	3466, 3467
CONDOLENCES		<i>Elder abuse</i>	3467
<i>Margaret Elizabeth Ray</i>	3447	<i>Police search powers</i>	3468
ROYAL ASSENT	3447	<i>Rooming houses</i>	3468
PETITIONS		<i>Written responses</i>	3469
<i>Queen Victoria Market development</i>	3447	QUESTIONS ON NOTICE	
<i>Collingwood heritage buildings</i>	3447	<i>Answers</i>	3469
<i>Tatura police station</i>	3448	CONSTITUENCY QUESTIONS	
CRIMES AMENDMENT (RAMMING OF POLICE VEHICLES) BILL 2017		<i>Western Metropolitan Region</i>	3470, 3471
<i>Introduction and first reading</i>	3448	<i>Northern Victoria Region</i>	3470
SCRUTINY OF ACTS AND REGULATIONS COMMITTEE		<i>South Eastern Metropolitan Region</i>	3471
<i>Alert Digest No. 9</i>	3448	<i>Eastern Victoria Region</i>	3471
STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING		<i>Western Victoria Region</i>	3471, 3472
<i>Rate capping policy</i>	3448, 3449	<i>Southern Metropolitan Region</i>	3471, 3472
DISTINGUISHED VISITORS	3449, 3465, 3504	ADJOURNMENT	
ENVIRONMENT, NATURAL RESOURCES AND REGIONAL DEVELOPMENT COMMITTEE		<i>Midland Highway upgrade</i>	3524
<i>Control of invasive animals on Crown land</i>	3450	<i>Swimming pool safety</i>	3525
OMBUDSMAN		<i>Plastic bag ban</i>	3525
<i>Metropolitan Fire and Emergency Services</i> <i>Board</i>	3452	<i>Melbourne Regional Landfill</i>	3525
PAPERS	3452	<i>Victorian Institute of Sport</i>	3526
PRODUCTION OF DOCUMENTS	3453	<i>Metung Road, Metung</i>	3526
LEGISLATIVE COUNCIL STANDING COMMITTEES		<i>Ballarat police resources</i>	3526
<i>Membership</i>	3454	<i>Bellarine Peninsula Neighbourhood Watch</i>	3526
BUSINESS OF THE HOUSE		<i>Future Voices</i>	3527
<i>General business</i>	3454	<i>Yarragon primary school site</i>	3528
MINISTERS STATEMENTS		<i>Police resources</i>	3528
<i>Aboriginal maternal and child health services</i>	3454	<i>Responses</i>	3529
MEMBERS STATEMENTS			
<i>Refugee Week</i>	3455, 3456		
<i>Shepparton East Primary School</i>	3455		
<i>Latrobe Valley home energy upgrade program</i>	3455		
<i>Sale Field and Game Association</i>	3456		
<i>Melbourne Regional Landfill</i>	3456		
<i>Queen's Birthday honours</i>	3456		
<i>Mildura visit</i>	3457		
<i>Ambassador of the Arab Republic of Egypt</i>	3457		
<i>Younger onset dementia</i>	3457		
<i>Australia Arab Chamber of Commerce and</i> <i>Industry</i>	3457		
<i>Ramadan</i>	3457		
<i>Geoff Torney</i>	3458		
<i>June Taylor</i>	3458		
<i>Drug rehabilitation services</i>	3458		
<i>Muhammed Yucel</i>	3459		
STATE TAXATION ACTS AMENDMENT BILL 2017			
<i>Second reading</i>	3459, 3472, 3504		
<i>Committee</i>	3512		
QUESTIONS WITHOUT NOTICE			
<i>Brighton incident</i>	3464, 3465, 3466		
<i>Police vehicle ramming</i>	3466		

Tuesday, 20 June 2017

The PRESIDENT (Hon. B. N. Atkinson) took the chair at 12.05 p.m. and read the prayer.

ACKNOWLEDGEMENT OF COUNTRY

The PRESIDENT — Order! On behalf of the Victorian state Parliament I acknowledge the Aboriginal peoples, the traditional custodians of this land, which has served as a significant meeting place of the first people of Victoria. I acknowledge and pay respect to the elders of the Aboriginal nations in Victoria, past and present, and welcome any elders and members of the Aboriginal communities who may visit or participate in the events or proceedings of the Parliament this week.

CONDOLENCES

Margaret Elizabeth Ray

The PRESIDENT — I have a statement which, sadly, I must convey to members of the Parliament. I wish to advise the house of the death on 31 May 2017 of Margaret Elizabeth Ray, a member of the Legislative Assembly in the electoral district of Box Hill from 1982 to 1992. I ask members to rise in their places as a mark of respect to the member who has passed.

Honourable members stood in their places.

The PRESIDENT — I knew Margaret Ray very well because she served in an electorate that overlapped with Nunawading council, which I served on at that time. She was a particularly strong contributor in committees, especially in matters of social policy. We join with her friends and family in expressing our sorrow at her passing.

ROYAL ASSENT

Messages read advising royal assent to:

14 June

**Family Violence Protection Amendment
(Information Sharing) Act 2017**

20 June

**City of Greater Geelong Amendment Act 2017
Sex Offenders Registration Amendment
(Miscellaneous) Act 2017.**

PETITIONS

Following petitions presented to house:

Queen Victoria Market development

Legislative Council electronic petition:

The petition of certain citizens of the state of Victoria draws to the attention of the Legislative Council the City of Melbourne's proposal to redevelop the Queen Victoria Market that will dismantle and remove heritage-listed structures at Queen Victoria Market in order to excavate and construct underground storage space and convert the market into an entertainment, dining and event precinct — none of which is in the interest of a fresh food market. The Queen Victoria Market is where family businesses provide personal contact, quality fresh produce and merchandise, colour and noise, and diversity and price competitiveness, and it provides the opportunity for tourists to join the people of Melbourne in an internationally recognised cultural activity.

The petitioners therefore request that the Legislative Council call on the Victorian government to —

- (1) urgently legislate to prevent the dismantling and excavation of the Queen Victoria Market;
- (2) put a moratorium on future market development until there has been proper consultation with the market traders and the community at large;
- (3) affirm the Queen Victoria Market as a historic, working market serving local Melbourne and Victorian residents and visitors, which reflects the cultural history, diversity and palates of Melbourne and Victoria; and
- (4) consider the impact of any changes to the market on the livelihoods of traders and the heritage value and ongoing viability of the Queen Victoria Market.

**By Ms PATTEN (Northern Metropolitan)
(1444 signatures).**

Laid on table.

Collingwood heritage buildings

Legislative Council electronic petition:

The petition of certain citizens of the state of Victoria draws to the attention of the Legislative Council that the Victorian government planning scheme does not currently meet community expectations about the protection of heritage and adequate height controls. Collingwood is losing, at a rapid rate, its unique fine grain heritage urban streetscapes. Retaining the facade of heritage buildings as a way of protecting heritage is no longer enough for our community. The explosion of high-rise apartment and office buildings has had a detrimental impact on local amenity, and the overshadowing of gardens and solar investments is no longer acceptable to the community. We demand change.

The petitioners therefore request that the Legislative Council call on the Minister for Planning, the Honourable Richard Wynne, and the Minister for Local Government, the Honourable Natalie Hutchins, to save Collingwood from

overdevelopment. We request that immediate and effective action be taken to —

- (1) ensure the meaningful preservation of our heritage buildings and streetscapes;
- (2) introduce height limits, in all zones, to protect Collingwood's traditional low to mid-rise urban landscape;
- (3) ensure new developments include a greater level of family-friendly units and affordable housing; and
- (4) increase green spaces to enhance community amenity and reduce heat island effect.

By Ms DUNN (Eastern Metropolitan)
(235 signatures).

Laid on table.

Tatura police station

To the Legislative Council of Victoria:

The petition of certain citizens of the state of Victoria draws to the attention of the Legislative Council the overwhelming concern of members of the Tatura district community about the reduced police presence in the township of Tatura.

The petitioners therefore request that the Legislative Council of Victoria ensures that the Andrews government provides, as a matter of urgency, a significantly improved permanent police presence assigned to the Tatura police station, to service:

- (a) the immediate township and community of Tatura, and
- (b) the outlying and neighbouring communities.

By Ms LOVELL (Northern Victoria)
(60 signatures).

Laid on table.

CRIMES AMENDMENT (RAMMING OF POLICE VEHICLES) BILL 2017

Introduction and first reading

Mr O'DONOHUE (Eastern Victoria) introduced a bill for an act to amend the Crimes Act 1958 to create an offence relating to ramming police vehicles, to amend the Sentencing Act 1991 to make provision for sentencing for that offence, and for other purposes.

Read first time.

SCRUTINY OF ACTS AND REGULATIONS COMMITTEE

Alert Digest No. 9

Mr DALLA-RIVA (Eastern Metropolitan)
presented *Alert Digest No. 9* of 2017, including appendices.

Laid on table.

Ordered to be published.

STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING

Rate capping policy

Mr DAVIS (Southern Metropolitan) presented fourth report, including appendices, together with transcripts of evidence.

Laid on table.

Ordered that report be published.

Mr DAVIS (Southern Metropolitan) — I move:

That the Council take note of the report.

In doing so I want to record in the first instance my thanks to the committee staff for the work they have done on this report and to the submitters to the inquiry. I particularly thank secretary Michael Baker, Prue Purdey, and also Kieran Crowe, who has done good work as a research assistant on this report. I note that the work he has done on this report is of a high standard for someone beginning this process. I want to also put on the record the peak bodies that have provided input — the Municipal Association of Victoria, the Victorian Local Governance Association and others — as well as the various submitters.

There are a number of key points I would make here. The committee noted a number of key things through this process. First and most important is some commentary the committee made about the issue of valuers that will come to the fore in the forthcoming period in this chamber, noting that what is not in the public domain is the number of valuers employed by councils and how many will be made redundant by the state tax bill and the cost of those redundancies to each council.

The committee also noted the cuts to the Growing Suburbs Fund in the May 2017 budget, the \$50 million a year over the first two years — \$100 million — now cut to \$50 million over the two succeeding years. That

is a cut of \$25 million a year with no funding in the two out years, so in effect it is a cut of \$150 million in total to councils across the interface areas — the 10 interface councils. They are growing councils, many growing at up to 5 per cent a year, and they need that infrastructure very seriously, so I certainly want to put on record my view and I think the view of many that this was an unwise cut that is going to have a very significant and negative impact.

I note also the matter of the City of Yarra: its attempt with waste service charges came to the fore in the period in which we were taking evidence, and the Essential Services Commission (ESC) had quite a bit to say on this when it gave evidence to the inquiry. The committee notes in its findings that whilst the City of Yarra has not broken any rules in respect of the proposed waste service charge, and in fact we will look at this further, it is in effect a loophole in the arrangements that the government has put in place. Councils should not use the service charge as a means to circumvent the rate cap. What is important here is the aggregate that people pay, however it is denominated, and that councils do not use the waste service charge as a way to jump over any rate capping attempt that is in place. We made those points quite clearly in the report.

There is also in the report a focus, as I said, on the issues around the cuts to the interface councils and the very significant effects that the cuts will have on those interface councils. We will have more, I think, to say about that. I do want to make the point that there have been a number of changes made by the ESC and the government in the sequence of rate cap variation applications, and the committee has been reasonable and generous in indicating that there are some improvements in that process. Whilst it remains a cumbersome and costly process for councils, the fact is that there have been some changes which follow the committee's earlier reports. We have said that there should be credit where credit is due, but there is a way to go on that key matter.

I think the broader point on the rate capping regime is that the community does support the rate capping approach. The question is whether it is being delivered in a way that the government said it would be delivered, and certainly the CPI is not the basis for this. I note that the government uses a forecast CPI, which is a very different matter from the promise it made in the May 2014 announcement of the rate capping policy it sought to introduce. That is a different basis and a basis that is necessarily prospective rather than based on the actual CPI as published by the Australian Bureau of Statistics.

Debate interrupted.

DISTINGUISHED VISITORS

The PRESIDENT — Order! Before I call any further speakers I would just like to acknowledge that a former member for Waverley Province and the secretary of the Victorian Parliamentary Former Members Association, the Honourable Andrew Brideson, is with us this afternoon in the gallery.

STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING

Rate capping policy

Debate resumed.

Mr MELHEM (Western Metropolitan) — I also rise to speak on the rate capping report. We are entering, I think, the third year of rate capping, an initiative that was introduced by the Andrews Labor government that is now enjoying the support of ratepayers all over Victoria. It has been quite a successful enterprise, and it is good to see that councils are now looking at ways to improve productivity and efficiency and at how services can be enhanced.

Among the successes coming out of the rate capping policy is, for example, the transfer to the state government of the costs in relation to running the State Emergency Service, and the government is looking at other options to absorb some of the costs of councils. School crossing programs are now going to be funded 50 per cent by the state government and 50 per cent by the councils. Also the mental health program is going to be further funded by the state and federal governments.

Where councils were looking at how to improve services and share the cost of these services it was picked up by the state government, and I think that is a great effort. But most importantly what rate capping has delivered is to make sure councils can now actually have proper planning and delivery of services instead of taking the soft option by simply increasing rates every year. In some cases it was 9 per cent or 10 per cent, which is double or triple what the CPI cost was. The rate capping policy, based on the various reviews and what we have heard from the Essential Services Commission as well, is working reasonably well. There is always room for improvement — there is no question about that — but I think early indications two years into the system are that it has delivered, and I commend the report to the house.

Mr DALLA-RIVA (Eastern Metropolitan) — I am also pleased to make a brief contribution as one of the committee members of the Standing Committee on the

Environment and Planning. Particularly given that this is the fourth report into rate capping policy I thought I would take a different approach, and that is to say that it is unusual for committees to undertake ongoing reporting or an ongoing process of review as allowed by the chamber. Often we get a referral and then it is dealt with in one go. For this to be an ongoing process I think is innovative for the chamber and innovative for the committee. It also allows for development. As we know, in the committee process you often do reports, they get tabled and they gather dust nicely. At least with this approach we can review the issues and the findings and recommendations of the previous three reports and now the fourth report and keep building to try and establish a clearer understanding of the rate capping that has occurred in Victoria.

With that in mind I am also conscious that the secretariat have done a lot of work. The chamber here has allocated reference after reference, and we did in the preceding weeks spend a number of days going through a range of committee inquiries that had to have reports tabled in this last sitting week. I think it is incumbent upon the chamber to understand — and particularly the Presiding Officers just so they are aware — the workload that the secretariat have been undertaking. In particular Michael Baker has been doing an outstanding amount of work for this particular committee, with a whole range of very detailed inquiries, including this one and one that I believe will have its report tabled later on this week. I also acknowledge Kieran Crowe and Prue Purdey for their assistance in our work.

Ms DUNN (Eastern Metropolitan) — I rise to talk about the fourth report into rate capping policy and just to make a couple of observations in relation to that report. One is around exploring the issue of garbage charges in the City of Yarra, in relation to which we saw the Essential Services Commission, in a response requested by the Minister for Local Government, talk about the particular charge being considered for levy on its constituency by the City of Yarra as being not in the spirit of the law, which struck me as a most interesting comment — a new benchmark on which to test legislation in this state by talking about ‘the spirit’. I wonder when we are actually going to go to the ‘vibe’ of the thing as well, because the reality is it either complies with legislation or it does not. In relation to what was proposed it most certainly did comply with the laws as they stand now.

I thank Ms Hartland for attending the hearing on my behalf because I was busy at another inquiry that evening. The other thing I wanted to give commentary on is that I am not sure that everyone is in fact

welcoming rate capping — and I note that the Greens were the only party to not support it — particularly if you are a farmer in Ararat, because you will find that you will be paying a lot more in rates at the moment because of the way that council have redistributed their rating across farming, industrial, commercial and general rates. There are winners and losers when it comes to rate capping, and truly it is communities who should determine the amount of rates they pay and the sorts of services they want for what they pay. I thank the secretariat too. They have done an extraordinary job. They have an enormous workload and produce very high quality reports, so thank you so much to them for their support too.

Motion agreed to.

ENVIRONMENT, NATURAL RESOURCES AND REGIONAL DEVELOPMENT COMMITTEE

Control of invasive animals on Crown land

Mr RAMSAY (Western Victoria) presented report, including appendices, together with summary booklet and transcripts of evidence.

Laid on table.

Ordered that report and summary booklet be published.

Mr RAMSAY (Western Victoria) — I move:

That the Council take note of the report.

I want to make some brief comments on this inquiry. There were hearings in metropolitan Melbourne and also a number of regional hearings across the state of Victoria looking at the impact of invasive animals not only on public Crown land but also on private holdings, particularly in relation to the agricultural industry or the farming industry. We noted from the regional hearings and the many submissions that were received that some invasive pests and animals are having a significant impact on the productivity and financial viability of our farming communities.

Before I go into any detail I would like to acknowledge the significant work of our secretariat, given that we had a number of inquiries running concurrently — and we still do, I might add. With the number of inquiries running under a single joint committee it is a juggling act to find appropriate times, so I congratulate Chris Gribbin for leading the charge and Kieran Crowe, Annemarie Burt and Sarah Catherall for helping us deliver this report today under interesting

circumstances. It has been an interesting inquiry to be involved in.

I would also like to thank the committee members. The membership of the committee changed midway through the inquiry, and that changed the dynamic somewhat in relation to new members coming up to speed with the inquiry. Josh Bull in the Legislative Assembly now chairs this committee, and I thank him for his contribution. Bronwyn Halfpenny in the Legislative Assembly was the previous chair of the committee prior to Mr Bull coming on board, and I thank Bronwyn for the work that she did. Tim Richardson in the Legislative Assembly has been an ongoing member. Luke O'Sullivan — a new member — has made a good contribution to the committee. Richard Riordan in the Legislative Assembly, also a new member, has made a good contribution to the committee. Daniel Young, I am sure, will make a significant contribution in his right of reply in relation to the presentation of this report because it is a significant interest of his and given that recreational shooting played a major part of some of our discussions in relation to this report on the control of invasive pests and animals.

Just briefly in the time I have left, given I have thanked everyone, we know invasive animals are a significant problem in Victoria. We do not know what their current impact is both on Crown land and in agriculture. More work needs to be done on managing invasive animals. We need to have more robust data to tell us about the increasing population numbers of invasive animals. Certainly sambar deer were a focal point of this inquiry; we know the numbers go from anywhere between half a million and 1 million deer in the state of Victoria. There are so many bodies and agencies taking responsibility for the control of these invasive species that the committee was of a view that we need to consolidate all of them into the one body, which would have oversight and responsibility for managing and controlling the impact of invasive animals in the state.

As I said, we focused our attention on deer because in the spirit of the inquiry reference it was obvious from Field and Game Australia, the Sporting Shooters Association of Australia and the Game Management Authority that the increasing populations of deer are causing a significant problem not only on our Crown lands but in our recreational and agricultural areas. The committee did focus on that. In the report we also mentioned other animals — we have got feral pigs, we have got wild dogs and we have got foxes — and we looked at how we could add value to some of these animals in terms of their disposal and whether they are fit to be used for animal food.

What I would like to say, though, is we concentrated a lot of time on the role of the recreational shooter in helping with and supporting the control of these invasive pests, as we did with the professional shooters. I am sure Mr Young will say more about the difference in techniques in relation to the use of recreational shooters and professional shooters. There is no doubt shooters have a role in controlling and managing invasive pests, and I encourage anyone with an interest in this area to read the report because they will see the significant contribution that shooting has made to the control of invasive pests.

Nevertheless, we need a more coordinated and cohesive approach to managing invasive pests. They are a cost to the economy and shooting will not solve the problem. It will help, but we actually need a more robust collection of data to show us what the pattern is across the state. As I said, we need a single body to have sole responsibility, a role for the Game Management Authority in providing coordinated programs and a greater use of our shooting fraternity.

Mr YOUNG (Northern Victoria) — I also rise to speak on the report that has just been tabled in the house by Mr Ramsay and to reflect some of the sentiments that he has brought to us, including his thanks to all the people involved in the work that was done on this inquiry. There was quite a lot of work and quite a number of submissions that had some interesting views, in many ways some very consistent views and in many ways some opposite views. The secretariat did a great job of compiling all of that into something that we could use and would enable us to present a report today.

What this inquiry did for me is provide a very stark contrast in many ways between the people who made submissions and the people who provided evidence at the hearings, and even between members of the committee. That contrast is between people who live in regional areas and people who live in the inner city. We did find there was a very big difference of opinion on the realities of how these things work in regional areas.

When we are talking about invasive species and pest animals it really is something that for the most part affects regional areas, not only Crown land — public land — but also private land. In particular it has a devastating impact on farmers' properties. That was very much a focus of parts of this inquiry given the amount of evidence we heard relaying concerns about the impacts of invasive species on private land. It was very obvious that a lot of that land that is close to public land. So there has to be a big crossover between what we do on those land tenures and how we approach that,

and obviously the management of invasive species is going to improve.

This inquiry did have a big focus on deer, and obviously recreational shooting did play a large role in that. It is well recognised that there are things that we can do better, possibly by changing land tenure rules that are just quite silly. Bureaucratic processes need to change to allow hunters to have more of an impact on what is going on with the control of invasive species. When there is no good reason not to allow hunters to play a part in controlling such species on public lands, then we should proceed with that.

That is evidenced by the success of some of the trial programs that have taken place. We had a very detailed look at those trial programs, and they are going along great. The relationship between hunters and the land managers who are managing those trial programs is improving. I have no doubt that it will get to a stage where that kind of oversight will not be needed anymore and hunters can have more of an impact in helping land managers with their pest animal problems.

Mr O’SULLIVAN (Northern Victoria) — I would also like to stand to make some brief comments in relation to the inquiry into the control of invasive animals on Crown land. It is a very detailed report. I came to the committee part way through the inquiry. I would certainly like to thank the other committee members and also the committee staff for the work that they did.

It is a very extensive report. The inquiry looked at a whole range of areas, but it is probably fair to say that in terms of a report into invasive animals, this report really only touches the surface because it mainly concentrates on deer. While we did look at the impact of some of the other invasive animals, this report does not go into detail in relation to the management of other pest animals such as rabbits, foxes, pigs and wild dogs.

In relation to deer, one thing that was very clear was that it is fair to say people who live in the built-up suburban areas do not have an understanding of the significant impact that deer are having in Victoria. The data that we have in relation to the prevalence of deer is flimsy at best — somewhere between 500 000 and 1 million; it could be more than that. The deer are mainly in the High Country, but they are starting to spread right across the whole of the state, with reports of sightings up around Swan Hill and certainly getting into the Grampians as well. These animals are certainly a pest and increasingly will become so into the future. There is a resourcing issue in terms of understanding exactly what we are dealing with with the deer, so there

would be more resources required from government to understand it and more resources required for the Game Management Authority as well.

One of the things that concerned me was the legislative framework in terms of the management of invasive plants and animals. There are something like 25 different acts of Parliament which have to be adhered to in relation to trying to go about ridding this state of pest animals and weeds. It is bureaucracy gone absolutely mad, and it is something that we need to have a look at and try and simplify so we can get the job done.

Motion agreed to.

OMBUDSMAN

Metropolitan Fire and Emergency Services Board

The Clerk, pursuant to section 25AA of the Ombudsman Act 1973, presented report concerning allegations of conflict of interest of an officer at the Metropolitan Fire and Emergency Services Board, June 2017.

Laid on table.

Ordered to be published.

PAPERS

Laid on table by Clerk:

Federation Training — Report, 2015.

Planning and Environment Act 1987 — Notices of Approval of the following amendments to planning schemes —

Brimbank Planning Scheme — Amendment C157.

Maribymong, Melbourne, Port Phillip and Stonnington Planning Schemes — Amendment GC67.

Melton Planning Scheme — Amendment C143.

Yarra Planning Scheme — Amendment C260.

Road Management Act 2004 — Code of practice for operational responsibility for public roads, dated 30 May 2017.

Statutory Rules under the following acts of Parliament —

Crimes Act 1958 — No. 39.

Judicial Commission of Victoria Act 2016 — No. 38.

Road Safety Act 1986 — Nos. 41 and 42.

Transport Accident Act 1986 — No. 40.

Subordinate Legislation Act 1994 —

Documents under section 15 in respect of Statutory Rules Nos. 37, 39 and 47

A Legislative Instrument and related documents under section 16B in respect of — Kardinia Park Stadium Act 2016 — Event management declaration for Kardinia Park events, dated 16 May 2017.

Victorian Electoral Commission — Report on the 2016 Local government Elections.

Wildlife Act 1975 — Wildlife (Prohibition of Game Hunting) Amendment Notice, Gazetted 5 June 2017.

Proclamation of the Governor in Council fixing an operative date in respect of the following act:

Mineral Resources (Sustainable Development) Amendment (Latrobe Valley Mine Rehabilitation Commissioner) Act 2017 — Whole Act (other than Part 3) — 15 June 2017 (*Gazette No. S195, 14 June 2017*).

PRODUCTION OF DOCUMENTS

The Clerk — I have received the following letter dated 19 June from the Attorney-General relating to the resolution of the Council of 10 May 2017 relating to the Minister for Families and Children Public Accounts and Estimates Committee briefing folders:

I refer to the Legislative Council's resolution of 10 May 2017 requiring the Minister for Families and Children to table in the Council copies of the Public Accounts and Estimates Committee (PAEC) briefing folders provided to and used by the Secretary of the Department of Health and Human Services when appearing before the PAEC inquiries into financial and performance outcomes of 2013–14 and 2014–15 on 18 February 2016, and of 2015–16 on 15 February 2017.

The government has identified two briefing folders that fall within the scope of the Legislative Council's order and has assessed these documents against the factors listed in my letters to you of 14 April 2015 and 29 April 2016, which note the limits on the Council's power to call for documents and the government's approach to claiming executive privilege.

In final satisfaction of the Council's order, the government has determined to not produce the documents.

The government considers that producing the documents would be prejudicial to the public interest. Accordingly, the government, on behalf of the Crown, makes a claim of executive privilege in relation to the documents, on the grounds set out in the enclosed schedule.

Ordered to be considered next day on motion of Ms WOOLDRIDGE (Eastern Metropolitan).

I have received a further letter dated 19 June from the Attorney-General relating to the resolution of the Council of 24 May 2017 relating to the listing of Anakie Youang on the Victorian Aboriginal Heritage Register:

I refer to the Legislative Council's resolution of 24 May 2017, seeking the production of documents relating to the listing of Anakie Youang on the Victorian Aboriginal Heritage Register.

The Legislative Council's date for production of the documents of 21 June 2017 does not allow sufficient time for the government to respond to the Council's resolution. The government is in the process of reviewing and assessing the documents for the purpose of responding to the order. The government will endeavour to provide a final response to the order as soon as possible.

I have received a further letter dated 19 June from the Attorney-General relating to the resolution of the Council of 7 December 2016 relating to the 2015 and 2016 grand final eve public holidays and Christmas 2016 public holiday:

I refer to the Legislative Council's resolution of 7 December 2016 ordering the production of documents relating to the 2015 and 2016 grand final eve and Christmas Day 2016 public holidays.

The government has identified 389 documents that fall within the scope of the Legislative Council's order and has assessed these documents against the factors listed in my letters to you of 14 April 2015 and 29 April 2016, which note the limits on the Council's power to call for documents and the government's approach to claiming executive privilege. In final satisfaction of the Council's order, the government has determined to:

- (1) produce 346 documents in full (enclosed);
- (2) produce 12 documents in part (enclosed);
- (3) not produce 31 documents in full; and
- (4) not produce parts of 12 of the documents referred to in (2) above.

The government considers that producing the documents, or the parts of the documents, referred to in (3) and (4) above would be prejudicial to the public interest. Accordingly, the government, on behalf of the Crown, makes a claim of executive privilege in relation to those documents or parts of those documents, on the grounds set out in the enclosed schedules.

Some of the documents produced by the government contain the personal information of individuals. In the interests of personal privacy, those details have been excluded.

LEGISLATIVE COUNCIL STANDING COMMITTEES

Membership

Mr DALIDAKIS (Minister for Small Business, Innovation and Trade) — By leave, I move:

That —

- (1) Mr Eideh be discharged from the Standing Committee on the Environment and Planning;
- (2) Mr Elasmr be discharged from the Standing Committee on the Economy and Infrastructure;
- (3) Mr Elasmr be appointed to the Standing Committee on the Environment and Planning; and
- (4) Mr Gepp be appointed to the Standing Committee on the Economy and Infrastructure.

Motion agreed to.

BUSINESS OF THE HOUSE

General business

Ms WOOLDRIDGE (Eastern Metropolitan) — By leave, I move:

That precedence be given to the following general business on Wednesday, 21 June 2017:

- (1) second reading of the Crimes Amendment (Ramming of Police Vehicles) Bill 2017 introduced and first read today by Mr O'Donohue;
- (2) notice of motion 410 standing in the name of Mr Rich-Phillips seeking to establish a select committee in relation to the restructuring of Victoria's fire services;
- (3) notice of motion given this day by Mrs Peulich seeking to refer a matter in relation to anti-radicalisation strategies and programs to the legal and social issues committee;
- (4) notice of motion 406 standing in the name of Mr Young in relation to the production of certain documents;
- (5) notice of motion given this day by Mrs Peulich seeking to refer a matter in relation to TAFE programs and outcomes to the economy and infrastructure committee; and
- (6) order of the day 33, resumption of debate on Victoria's training system.

Motion agreed to.

MINISTERS STATEMENTS

Aboriginal maternal and child health services

Ms MIKAKOS (Minister for Families and Children) — I rise to inform the house on progress on the Aboriginal maternal and child health (MCH) initiative. The Andrews Labor government is committed to improving access to and participation in maternal and child health services for Aboriginal families. Last year's budget included a record \$133 million for our world-class MCH service, and this included \$1.6 million over two years to deliver an MCH service delivery model that is a more culturally responsive and high-quality MCH service for Aboriginal families following an extensive co-design process with Aboriginal community-controlled organisations and local government. I recently opened a funding round for the Aboriginal MCH initiative service model trials.

Victorian data from 2014–15 shows Aboriginal children traditionally have lower participation rates in MCH services. The gap increases from 4.8 per cent at the initial home visit to an 18 per cent difference at the 18-month consultation. Through the service model trials the Andrews Labor government is working to close this gap by identifying better ways to improve the responsiveness of the universal MCH service for Aboriginal families and children. The Aboriginal maternal and child health initiative is about empowering Aboriginal families to choose where and how they access universal MCH services and to ensure the service they receive is high quality, tailored to families' preferences and well connected to other services.

As our MCH service celebrates its 100th birthday this year, it is more important than ever that the whole community benefits from this world-class service. The early years can shape a child's entire life. That is why our MCH support is so critical for first-time parents. I encourage local councils and Aboriginal community-controlled organisations to apply for grants to trial different ways of delivering the universal MCH service for Aboriginal children and families. Applications close on Wednesday, 26 July.

MEMBERS STATEMENTS

Refugee Week

Mr MELHEM (Western Metropolitan) — This sitting week coincides with Refugee Week, and today in particular is World Refugee Day. Celebrated from Sunday, 18 June, to Saturday, 24 June, Refugee Week is an annual event which seeks to raise awareness about the issues affecting refugees and to celebrate the positive contributions that the 800 000 Australians who were once refugees have made to our society over the past 70 years.

Promoting the theme ‘With courage let us all combine’, Refugee Week this year encourages Australians to strengthen our country’s welcome to refugees and to acknowledge the value that refugees bring to their new home. While we rarely hear of the valuable contributions that people from refugee backgrounds make to their new home, society is quick to judge all refugees as troublemakers when a distant descendent of a refugee, for example, commits a crime. Refugee Week aims to end this way of thinking by promoting a positive image of refugees.

The theme ‘With courage let us all combine’ derives from the second verse of the Australian national anthem. It celebrates the courage of refugees and of those who speak out against injustice and persecution. Refugees are brave. They face persecution in their home countries because of their race, nationality, faith or membership of a specific group, yet they are often faced with similar discrimination in the places where they seek refuge. Defenders of refugees, in turn, are equally as commendable as they tirelessly speak out against violations of human rights and assist people at their time of greatest need.

To date there are approximately 21.3 million refugees around the world. As a developed, prosperous and generous country, Australia could and should do more to bring in more refugees and help end this growing humanitarian crisis. In the spirit of Refugee Week — —

The ACTING PRESIDENT (Ms Patten) — Order! The member’s time has expired.

Shepparton East Primary School

Ms LOVELL (Northern Victoria) — Shepparton East Primary School has for some time had issues regarding the safety of students at the school in the drop-off and pick-up area, which is located on a dirt service road on the Midland Highway and which needs

to be paved and made suitable for drop-offs, pick-ups and parking.

Unfortunately the school has consistently been sent back and forth between the local council, the Department of Education and Training and VicRoads, none of which will take responsibility for addressing and rectifying the issue. At the start of February, in an attempt to help the school out of the impasse in which they are stuck, I raised the matter with the Minister for Education on the adjournment in this place, asking that funding be made available through his department to address this issue. In his response the minister denied any responsibility for the matter and pushed it back onto the council and VicRoads to deal with. However, VicRoads and the council just keep pointing the finger at each other or at the education department, with no-one willing to take responsibility for the issue.

So I raised the matter with the Minister for Education again, this time asking that he exhibit leadership and work with all involved to find an actual solution to the issue. Last week I received an extremely disappointing response from the minister, fobbing me off by referring me back to his previous response and placing the school back on the merry-go-round of local government, VicRoads and the education department.

The minister is in a position where he can and should show leadership and assist the school community — which falls under his jurisdiction as Minister for Education — by taking charge of the situation, yet he is shirking responsibility by throwing it in the too-hard basket. This is an extremely disappointing result for the school community.

Latrobe Valley home energy upgrade program

Ms SHING (Eastern Victoria) — I rise today to congratulate everybody who came along to provide their input at the Latrobe Valley home energy upgrade program information session that occurred last week in Traralgon. This was a really good opportunity for the 50-odd people who came along representing organisations and businesses, which included the Clean Energy Council along with various private enterprises from across the valley and Gippsland more broadly, as part of the work that we are doing to make sure that the tender to deliver \$5 million in home energy upgrade programs and retrofitting for greater energy efficiency in homes across the Latrobe Valley will be done to the best extent possible by local business. I am looking forward to seeing the outcomes of this as far as the tender workshop goes. It is a great endorsement of the strength and endurance of local business to grow a market share in this sector.

Sale Field and Game Association

Ms SHING — I rise today to congratulate Sale Field and Game Association for the work they have done in securing the \$100 000 grant that I was really pleased to be able to congratulate them on personally on Sunday. Thank you to Rob Treble from Sale Field and Game as well as John Hirt and his wonderful wife, Eva, who were there to escort me down Chessum Road while I enjoyed the native wildlife, which included a couple of startled emus, a wallaby, some kangaroos and many cockatoos, who were amused at my lack of direction.

Mr O’Sullivan — Did you get lost?

Ms SHING — I absolutely did get lost, but I was pleased to recover and to join everybody to then get a couple of targets out of the way, proving that once you focus your mind on something, you can achieve just about anything.

Refugee Week

Ms SPRINGLE (South Eastern Metropolitan) — I stand to acknowledge today as World Refugee Day, which since 2001 has been celebrated by the UN and more than 100 countries around the world. Coinciding with World Refugee Day is our national Refugee Week, which runs from 18 to 24 June. I want to acknowledge the more than 65 million people who are currently displaced around the world and the thousands more who flee their homes daily. I am struck by the statistic that more than half of refugees worldwide are under the age of 18. This is the highest number of child refugees since the Second World War. I am also shocked by the statistic that 86 per cent of the world’s refugees are hosted by developing countries.

As we go about our work today, please take some time to consider these statistics and most importantly the people who are often lost behind statistics such as these. As state parliamentarians there is a limit to our ability to address the root causes of the conflict and oppression that cause people to flee their homes. Nonetheless, Victoria typically receives around one-third of Australia’s refugees. All parliamentarians, and indeed all Victorians, have an important role to play in welcoming refugees and enabling them to rebuild their lives within our communities.

Melbourne Regional Landfill

Mr FINN (Western Metropolitan) — Voting Labor in Melbourne’s west is a particularly perverse form of sadomasochism. A vote for Labor means more of the

same neglect the west has experienced for generations. An iconic example of such neglect is the St Albans level crossing on Main Road. Its removal was first promised by Labor over 40 years ago, but it took a Liberal government to actually get on and remove the thing.

Of more recent times we have seen the Andrews government cancel the road project that would solve traffic congestion on the West Gate, Calder and Tullamarine freeways, and try to dump a youth jail in Werribee South, and now they are trying to dig a tunnel to nowhere at the cost of \$5.5 billion — a tunnel that will only benefit Transurban.

Arguably the most outrageous assault on Melbourne’s west is the recent decision by the Minister for Planning, Mr Wynne, to expand the stinking hole in the ground at Ravenhall, a decision that was announced on the Friday afternoon before the long weekend, presumably in the hope that nobody would notice. Well, we did notice, and the people of the west are furious. They remember Labor’s con job at the last election when it intimated it would call in the project and stop it, and they rightfully feel betrayed. Labor stinks as much as this tip, and I call on all members from the west to put aside their party allegiances and join me in fighting to overturn this putrid decision. Melbourne’s west deserves better than further contempt from a government that takes its residents for granted.

Queen’s Birthday honours

Ms TIERNEY (Minister for Training and Skills) — I rise to congratulate the 26 residents of Western Victoria Region whose achievements and contributions to their communities have been recognised in the Queen’s Birthday honours recently. Three were awarded AMs, 22 received OAMs and one was awarded the Australian Fire Service Medal. These western Victorians cover the full gamut of community life — lawyers, authors and businesspeople; some drawn from health, sport and service organisations; disability workers and advocates; Country Fire Authority and emergency workers; farmers; and people from cultural and artistic fields. Three — Ian Black of Hamilton, Lorraine Stokes of Portarlington and Peter Driscoll of Barwon Downs — reflect this diversity.

Ian Black, the 2014 Southern Grampians Shire Australia Day citizen of the year, has written extensively on the local history of the Hamilton area, always working to preserve our heritage and understanding of our history. Barwon Downs’s Peter Driscoll has given 28 years of exceptional fire-line leadership, starting in 1988 with what is now Forest

Fire Management Victoria. In the Colac region and beyond, including the Wye River-Separation Creek fire in 2015, he has demonstrated the skills and qualities which saw him awarded the Australian Fire Service Medal. Portarlington's Lorraine Stokes continues to contribute to her community, playing a key role in establishing a neighbourhood house and the now annual Portarlington Mussel Festival, writing a definitive Portarlington history and providing leadership for the local arts network.

These 26 western Victorians are the backbone of our communities, and I note the importance of their work to the fabric of our lives.

Mildura visit

Mr O'SULLIVAN (Northern Victoria) — Last week I had the pleasure of spending two days in the Mildura electorate with my colleague Peter Crisp, the member for Mildura in the Legislative Assembly. We went to the new cafe and rowing pavilion down at the riverfront, which was funded by The Nationals when we were in government with the Liberals. Some \$13 million went into that project, so it was terrific to see the cafe and rowing club up and running in that spot. We also visited the State Emergency Service to hear about the impacts the Country Fire Authority bill will have on them. There is no doubt that there is some uncertainty about their operations, particularly around the road rescue aspects of their current role.

We also held 'Pollies in the pub' at the Sandbar hotel. We listened to all the people who came and had a pot with the pollies and a chat with us. They were particularly concerned about the crime rate and drug use in the Mildura area and the lack of effort being shown to try to bring down crime rates. We went to Ouyen and caught up with the president of the Ouyen lake committee to hear about the progress of the Ouyen lake. Tenders are out at the moment. They will close very shortly. A successful tenderer will be announced soon, and works will progress. That will be terrific.

We went to a charity golf day for Georgia Fraser, who is suffering from a disease which is limiting her at the moment. It was good to be part of that event to raise some money to help her out.

We also went to the Robinvale Country Fire Authority station to speak to the captain about the impacts of the current bill before the house.

Ambassador of the Arab Republic of Egypt

Mr ELASMAR (Northern Metropolitan) — On 5 June I was delighted to meet with the Ambassador of the Arab Republic of Egypt, His Excellency Mr Mohamed Khairat. The Deputy President of this chamber, Mr Eideh, and I spoke with him about our mutual interests in furthering greater economic opportunities and fostering good relations between his country and the state of Victoria. I wish His Excellency every success in his continuing diplomatic role.

Younger onset dementia

Mr ELASMAR — On Thursday, 8 June, I attended a special briefing on younger onset dementia and the national disability insurance scheme (NDIS). The information session was organised by Alzheimer's Australia in collaboration with the Victorian Parliamentary Friends of Dementia. The facilitators explained the many challenges caused by the onset of dementia in people under the age of 65. The NDIS is an important program, and the facilitators really stressed the importance of this scheme and its beneficial impact on the families and carers of those people stricken with this awful disease.

Australia Arab Chamber of Commerce and Industry

Mr ELASMAR — Last night I attended with other colleagues the annual Australia Arab Chamber of Commerce and Industry iftar celebration. It was a great night, and I was happy to see the friendly interaction of all the attendees. I thank the chairperson in Australia, Mr Roland Jabbour, and the organisers for their splendid efforts.

Ramadan

Ms HARTLAND (Western Metropolitan) — During the last few weeks, because it is Ramadan, I have had the privilege of being able to attend a number of iftar celebrations, from the Islamic Council of Victoria to the Islamic welfare society. My colleagues Nina Springle and Richard Di Natale had both hosted very successful iftars. My colleague Janet Rice had organised an iftar in Coburg for a group of women. Last night I should have been at the Australian Intercultural Society's home iftar, but unfortunately as a result of the sickness I suffered last week and having lost my voice once or twice, I was not able to attend. But the theme that came across in all of these is the fact that the Muslim community are a peaceful community.

They are a community that should be regarded with respect in Victoria, and they are continuously under attack for the behaviour of a minority. They are not responsible for the evil acts of a few people. These are my friends. I respect them, and they should be respected by the rest of the community. They should not be vilified by the tabloid press. Look behind what is actually happening and look at the whole community rather than a few.

Geoff Torney

Mr MORRIS (Western Victoria) — I rise to acknowledge the enormous contribution Geoff Torney made to the community. Mr Torney was a giant of Ballarat in so many fields. In racing he was a leading figure. He became a Ballarat Turf Club life member after having served two terms as president of the club. Mr Torney's contribution to racing also extended to Melbourne, serving as chairman of the Moonee Valley Racing Club, and the Geoff Torney Cup event at the Moonee Valley Racecourse is named in his honour. He was also a founding director of Racing Victoria.

Mr Torney also made a significant contribution to Catholicism and Catholic education. He assisted in establishing the Australian Catholic University (ACU) and was a founding member of Aquinas College, which is now ACU's Ballarat campus. In 2011 he was awarded the university's highest honour, being appointed doctor of the university. He was also knighted by the Vatican for services to the Catholic Church.

Geoff studied at St Patrick's College in Ballarat. I note his grandson John Wystan Harris remarked in his obituary that St Patrick's College was a place which instilled in Geoff his enduring faith. Geoff had later confessed that he took to the idea largely due to the religious education teacher appealing to his inner punter — prayer today may pay significant dividends tomorrow.

Mr Torney was a foundation director with the Victorian Securities Corporation and served on the Australian Securities and Investments Commission.

Despite all of Geoff's remarkable achievements, his love for his family reigned above all. Geoff met his wife, Janet, in 1953 at the University of Melbourne and they were married at St Patrick's Cathedral in 1959. Geoff was blessed with 58 years of marriage to Janet, five children and 14 grandchildren. Geoff was a man of true integrity and an honourable yet humble man. My sincerest condolences are extended to Geoff's family and friends. We have lost a true gentleman.

June Taylor

Mr RAMSAY (Western Victoria) — Today June Taylor will be remembered and buried in Colac; in fact it happened a couple of hours ago at 11 o'clock. I had a very strong bond with June. June was an extremely devoted and interested member of the Colac community who had a good ear for local issues, which held the members for the Assembly seat of Polwarth that she served in good stead, and I mention the Honourable Ian Smith, whom she worked with for many, many years, and the Honourable Terry Mulder, whom she worked with for over 16 years, looking after their respective electorate offices in Colac.

Her raspy laugh was legendary, as was her sternness if she thought any of us had stepped out of line, so it was with great sadness that I learned of June's passing last Thursday. As I said, I always had a good and happy relationship with June. She always called a spade a spade, so I knew where I stood with her in a character analysis.

June's rapport with stakeholders and Liberal Party members was important, as both required constant massaging to ensure the member for Polwarth's office was well informed and supported. This often takes a skill that requires knowledge and understanding, not to mention a degree of psychology, which I believe in June's case was always underestimated. Going into the Bromfield office will not be the same without June there. But life moves on and June's life has moved on. I hope she is resting in peace knowing that she made a significant contribution to the betterment of others and left a legacy of devoted commitment to the members of Parliament she served. Vale June Taylor.

Drug rehabilitation services

Ms BATH (Eastern Victoria) — Alarming this week we have seen that the ice epidemic is totally out of control, with Victorian schoolchildren, including primary school-aged children, struggling with addiction. Victoria Police have been called to investigate more than 450 drug offences on school grounds and at school events since 2014. A police assistant commissioner has acknowledged that children as young as 11 have been picked up with ice pipes on them.

Last week the Latrobe Valley hosted a community presentation by Glenn Munso, who runs a program called Youth You. As a former addict and dealer Glenn knows too well the consequences of drug use. During his time on a community correction order Glenn was able to determine why people reoffend and what is

lacking in the current system. Attended by local residents, the Latrobe Valley presentation highlighted the terrible and dire need within the community for real programs for our youth. The Youth You program works specifically with youth who are currently involved in or recovering from drug abuse, have a violent or criminal history, have stopped going to school and have disengaged with family.

The Andrews Labor government needs to get real and connect with the community about how to solve this drug problem and provide drug rehabilitation options. In Victoria we have only 208 rehabilitation beds, unlike New South Wales which has more than 800. Victoria has recorded a 32 per cent increase in drug crime since 2014. Our kids deserve a future and they are worth it.

Muhammed Yucel

Mrs PEULICH (South Eastern Metropolitan) — There is nothing more precious than life, and there is nothing more devastating than the premature taking of an innocent life, so today my statement is to honour the life of a young man called Muhammed Yucel of Keysborough, who lost his life prematurely as a result of a case of mistaken identity. This particular event, which happened on 2 May 2017 as Muhammed was leaving a garage where he had been playing video games with his friends, has left his mother and father, Bekir and Fadine Yucel, his brother, Mustafa, and his sister, Nuray, as well as his aunt and uncle, Hanife and John Busby, his cousins and extended family and many friends absolutely devastated.

Muhammed was a young man who was educated locally at Mount Hira College and had his entire life before him. He had completed a real estate course to become an agent's representative and had plans to continue his studies as of next year. He was a young man of ambition. I have met his family and they were ambitious for him. They were devoted to Muhammed and devastated by the loss of his life, which was cut short, as I mentioned, when he was murdered by killers who mistook Muhammed for a former Mongols bikie gang member when they opened fire, killing Muhammed and injuring two of his friends. Three thousand people turned up to his funeral.

The Turkish community has been left shocked and devastated. Muhammed's family has called for the government to do more to smash the gangs responsible for this callous crime, which is a sad reflection of the escalation of crime across the south-east of Melbourne and across this state. My family, my staff and I, as well as the broader community, send our thoughts and

prayers to Muhammed, his family, his friends and all of those who loved him.

STATE TAXATION ACTS AMENDMENT BILL 2017

Second reading

Debate resumed from 25 May; motion of Ms MIKAKOS (Minister for Families and Children).

Mr RICH-PHILLIPS (South Eastern Metropolitan) — If you reflect back on the election of 2014, we saw lots of interesting things, one of which was — —

Mr Barber — A lot of Greens got elected.

Mr RICH-PHILLIPS — It is not surprising Mr Barber starts with Greens being elected. There were a few perverse outcomes in 2014, and that may well have been one of them, but that was not the one I was referring to. I was contemplating the creation, the development of Daniel 'Call me Dan' Andrews, dare I say, 2.0 — the focus-group-tested Leader of the Opposition. We had the focus-group-tested new blue suit. We had the focus-group-tested haircut —

Mr Finn — The open-neck shirt; don't forget the open-neck shirt.

Mr RICH-PHILLIPS — the focus-group-tested open-neck shirt and no doubt the focus-group-tested opinions and values.

Honourable members interjecting.

Mr RICH-PHILLIPS — We had this focus group model of Daniel Andrews, Daniel 'Call me Dan', designed to reflect what the focus groups told the Labor Party the community wanted. On election eve we saw 'Call me Dan' Andrews on Channel 7 with — —

Ms Mikakos — On a point of order, Acting President, the member is taking a very interesting line on what is a taxation bill, but I do ask him to refer to the Premier in a respectful way. We do have a practice in this house of not referring to members by their first names.

Mr Finn — On the point of order, Acting President, it is very, very clear that Mr Rich-Phillips is building a case. He is taking his time to establish a few facts on which he can build that case. He has only had 2 minutes. I mean, fair suck of the sauce bottle.

The ACTING PRESIDENT (Ms Patten) — Order! Thank you, Mr Finn. I agree that Mr Rich-Phillips is just starting, but I ask him to refer to the Premier as the Premier.

Mr RICH-PHILLIPS — I am very happy to refer to the Premier as the Premier. I make the point that this was his branding as ‘Dan Andrews’ in opposition — his self-imposed new branding, focus group tested. This is who he wanted to be; this is how he wanted to present himself.

On election eve the then Leader of the Opposition, now the Premier, fronted Channel 7, and he was there with his focus-group-tested fake sincerity talking about what he would do if he formed government. Peter Mitchell, a Channel 7 newsreader, asked a very direct question:

... do you promise Victorians ... tonight that you will not increase taxes or introduce any new taxes?

A very straightforward question. And the then Leader of the Opposition —

Ms Symes — I am going to hear that 11 times today.

Mr RICH-PHILLIPS — At least. The then Leader of the Opposition stood there in front of the Channel 7 camera, he mustered all his focus-group-designed fake sincerity and he looked down the camera and said:

I make that promise, Peter, to every single Victorian.

He might have even been rehearsing it, standing in front of the mirror enunciating the words to get that line out, and it is something that has resonated because to this day you can still see that clip doing the rounds on social media. In fact I saw it come up in a feed last night, and no doubt over the next 18 months we will see that clip come forward time and time again.

Ms Symes interjected.

Mr RICH-PHILLIPS — I am sure, to take up the interjection from the Government Whip, the government does not want to resile from that, does not want to walk away from those comments made by the now Premier when he made that promise to every single Victorian not to increase taxes or introduce new taxes, but the bill we have before the house confirms that Victorians were lied to on the eve of the last election because we have seen since that election the government break that promise not once, not twice, not three times but on 11 separate occasions.

We have seen the government, despite the now Premier’s commitment not to increase taxes or introduce any new taxes, introduce a \$252 million

energy tax on coal royalties in last year’s budget. We are seeing the taxi and Uber tax, which this house will deal with later in this week. We saw the land tax surcharge introduced for absentee landowners, initially introduced at the rate of half a per cent and then subsequently increased to 1.5 per cent. We saw the stamp duty surcharge for foreign buyers introduced, initially at a rate of 3 per cent and then increased to 7 per cent. We saw increases in the fire services property levy. We are seeing an increase in stamp duty on new car purchases. We are seeing new stamp duties on off-the-plan property purchases. We are seeing new stamp duties on the transfer of property between spouses. We are seeing an increase in tax revenue flow from the proposed annual valuation of properties and the consequential flow-on effects through land tax and council rates. We are seeing the new vacant residence land tax, which is one of the subjects of this bill, and we have seen the point of consumption wagering tax.

So despite that commitment from the now Premier on the eve of the last election —

Mr Barber — ‘Read my lips: no new taxes’.

Mr RICH-PHILLIPS — ‘Read my lips: no new taxes’. Absolutely. ‘Do you promise Victorians tonight that you will not increase taxes or introduce any new taxes?’; ‘I make that promise, Peter, to every single Victorian’. Despite that commitment on the eve of the last election, we have now seen 11 new or increased taxes put in place by this government. We are seeing with this bill today the latest raft of tax increases that the government is proposing.

Before I get to the detail of this bill I would like to refer to a press release which was issued by the Treasurer’s office this morning at 8.56 a.m. — just before 9 o’clock.

Mr Barber — Early riser.

Mr RICH-PHILLIPS — Early riser. It is titled ‘Liberals blocking tax cuts and home ownership support’. It waffles on about what the government is doing in this budget and then goes on to say:

It’s time for the Liberal Party to stop playing politics and pass the bill, which will put the dream of home ownership in the grasp of more Victorians and save local businesses thousands of dollars a year.

It goes on to actually quote the Treasurer; it ties the Treasurer into this:

The Liberal Party need to stop playing politics and pass these reforms — which are good for business, good for our economy and good for Victorians wherever they live.

Until today — until 9 minutes ago — the government had not even brought the bill on in this place. This thing has been bouncing around in Parliament since the budget, and the government has not been able to get its act together and even get it into this place. So to be putting out press releases this morning at 4 minutes to 9 saying the Parliament should pass this bill when the government does not even know what it wants to do with this bill is just ridiculous.

There is a story that appeared in the *Herald Sun* online this morning at about 10.40 a.m., so a couple of hours ago. The title of the story is in relation to the fire services bill, and just for the record the title from the online story is, ‘MFB restructure: Democratic Labour Party MP Rachel Carling-Jenkins concerned about fire services bill’. The story is largely about that, but when you get three-quarters down this story about the Country Fire Authority bill there are a couple of paragraphs about today’s state tax bill. The story says:

The government is also hoping to pass a taxation bill that effectively sets its budget, which includes stamp duty concessions for first home buyers and payroll tax relief for businesses in regional Victoria.

Mr Pallas said there would be a number of amendments moved by the government as a result of negotiations with the Greens around the ‘centralised valuation issues’ on a new land tax.

‘Just to make it a little bit clearer how we will deal with those matters’, Mr Pallas said.

So according to this story in the *Herald Sun* this morning, Mr Barber has done a deal with the government — because the *Herald Sun* says so this morning — about some amendments which we have not seen. To go on from this story, which reports the Treasurer announcing that there are a number of government amendments which have been agreed with Mr Barber to satisfy Mr Barber’s interest in this matter — —

Mr Barber — Do you want to borrow my copy?

Mr RICH-PHILLIPS — I note Mr Barber offers to lend me his copy of the government’s amendments. Following this story appearing in the *Herald Sun* this morning my office was in contact with the Treasurer’s office about the government amendments and about getting a copy of the government’s amendments, and the government — no more than an hour ago — said it was not sure if it was proceeding with those amendments. It does not know if it is introducing its own house amendments. So we have got a press release from the Treasurer this morning telling the Parliament to get on with it and we have a government that does

not even know if it is amending its own bill. What an absolute sham this Treasurer is.

We have seen time and time again when we have Treasury matters come to this house, be it the port of Melbourne sale 18 months ago or be it I think the first state taxation bill this government introduced back in 2015, a completely botched handling of the process by the Treasurer and his office. I suspect yet again we will see by the end of the day the Leader of the Government having to come in and step into this process and hold the Treasurer’s hand to try and get an outcome, because we have a Treasurer who is completely inept and out of his depth in dealing with legislation through this place. We are seeing it yet again today, with the government not even knowing if it is going to proceed with its own amendments at the same time as putting out a press release telling the house to get on with it. That is the sort of approach we have come to expect from this Treasurer and this government.

I say to the Treasurer and his office today: if he expects this house to pass this legislation to deal with his amendments when this bill progresses to committee, he had better make damn sure he knows what they are about, because this house and the Victorian community have a number of concerns about this bill. I do not think I have seen a state tax bill which has generated as much angst in the community as this particular bill has around a number of the provisions — in very large measure around the change of valuation provisions. So if the Treasurer is intending for this bill to advance today, he and his advisers and his office had better be in a position to answer this house’s questions about those provisions and how they are going to work. Otherwise it is going to be a long day and this bill will not progress very far at all. A starting point for that would be to understand whether the government intends to bring forward these amendments it has foreshadowed to the *Herald Sun* this morning. This is a typical debacle from Treasurer Pallas and his office, which I anticipate the Leader of the Government will be in here later today cleaning up, as we have seen time and time again over the last three years.

One of the interesting things which emerged from the Public Accounts and Estimates Committee hearing process this year was a discussion with the secretary of the Treasury, Mr Martine, and coalition committee members around the level of state debt and the fact that in the pre-election budget update (PEBU) the forecast for net state debt as a proportion of gross state product for the then financial year, 2014–15, was at the time of the PEBU 5.9 per cent. Subsequently we saw the budget, which reported outcomes from the 2014–15 financial year, and it showed net state debt at 6.2 per

cent of gross state product. Not surprisingly the government's rhetoric in the budget around state debt was that under the previous government it had been, in the 2014–15 financial year, 6.2 per cent, which was simply untrue. PEBU set down where net debt was going to be under the previous government. That was the marker across the change of government. That was the secretary of the Treasury's independent view on the level of debt for the 2014–15 financial year at the time of the change of government.

Yet we had a figure being bandied around by the government in the Public Accounts and Estimates Committee (PAEC) hearing process suggesting that state debt for that change of government year was actually 6.2 per cent, not the 5.9 per cent that had been reported in PEBU. That was significant, because one of the thresholds we talk about with state debt at the moment is 6 per cent of gross state product. The fact that it had been under, as reported in PEBU, but now suddenly a figure appeared suggesting it was over, generated considerable interest among the committee. When asked about that discrepancy and the inconsistency between the PEBU prepared by the Secretary of the Department of Treasury and Finance and the budget, the secretary, Mr Martine, was quite diplomatic in his response. Mr Smith asked:

So why does this budget say something different, to 6.2 per cent? That is not correct. That is rubbish.

In his response, Mr Martine said:

The best way to answer that question is this essentially, as you will note on the front page, is a government budget.

Essentially what Mr Martine was saying is the budget papers are a document of the government, and they put in whatever they like. They make it up however convenient. We see the Treasurer's speech is accepted as a political document. Three quarters of it is the rhetoric of the government of the day. That is the practice; that is accepted. Everyone recognises that is what it is.

Until now we have actually expected a degree of integrity in the budget papers, that they can be relied upon for their accuracy. Yes, the wording around them may reflect the priorities of the government. The government may choose to exclude numbers they do not like and include numbers they do like, but they do not make the numbers up. Yet in his testimony to PAEC David Martine is essentially saying that with respect to the state debt figures, the government made them up. It is a government document, and it made up a number — 6.2 per cent — because it was convenient for its narrative. That is notwithstanding the fact that the

Treasury estimate was actually 5.9 per cent — under 6 per cent. That calls into question the integrity of the entire budget documents, documents that this house will consider later this week in terms of the consideration of the two appropriation bills and indeed of this tax bill, where estimates are included with respect to the measures that the house is dealing with today.

Coming on the back of what we have seen from the Treasurer's office with this bill and that disclosure from the secretary of the Treasury, it really calls into question how this Treasurer is operating — and frankly calls into question what the Treasury is allowing him to get away with. But it really calls into question the integrity of the measure that is coming before this house today and what degree of confidence this house can have in the numbers that we are being asked to look at. We place the Treasurer and his office on notice. When this bill goes into committee, given the public statements from the Treasurer about passing this bill today, notwithstanding he does not know himself what he wants to do with his amendments, we would expect the Treasurer and his representatives here to actually be able to answer the questions about how this bill is going to operate with respect to the measures it is seeking to introduce.

I now turn to those measures which are included in this state tax bill. There are a number of measures. There are some minor reductions in some levies and duties. There is a substantial one with respect to stamp duty for first home buyers. There are also a number of significant increases in taxation. The tax measures which are included in this year's budget include the abolition of insurance duty on agricultural products. That is something that was called out in the Treasurer's press release this morning, which says:

Farmers won't miss out either with the removal of insurance duty on agricultural products, making it cheaper for farmers to insure against crop, livestock and equipment damage.

That is a welcome measure, but it is only \$4 million a year. It is not a massive reduction in duty imposed on the agricultural sector. The next line item in the revenue measures in this year's budget is described as aligning motor vehicle duty rates, which is in fact increasing motor vehicle duty rates for new motor vehicle purchases. Against the \$4 million cut on duty for agricultural products we see a \$94 million increase in duty arising from the purchase of new motor vehicles. Over the four years of the forward estimates that is \$391 million in revenue that is generated.

Again something that was trumpeted in the Treasurer's press release this morning — I might add that the

increase in motor vehicle duty was not called out in that press release — is bringing forward the increase in the payroll tax-free threshold. That is highlighted as an initiative in the budget, which is \$24 million a year over two years because it has been brought forward from a previously announced initiative. That is something that is welcome, as is the reduction in payroll tax rate applicable to regional businesses, which is \$41 million in the budget year and increasing to \$46 million over the forward estimates.

I will go on to deal with stamp duty on first home buyers. The government is proposing through this bill to abolish stamp duty for first home purchases valued up to \$600 000 and to apply a tapered concession for purchases between \$600 000 and \$750 000. The cost of that is \$150 million for the first year, rising to \$250 million in the fourth year of the forward estimates. That is a measure the coalition is happy to support. It builds on a reduction and a halving in stamp duty for first home buyers which was introduced under the coalition government. The benefit of that is an interesting one. I am sure Mr Barber will comment on the value of that stamp duty cut on first home buyers actually improving affordability of housing for first home buyers. What it does clearly is provide a relative advantage to people who are not first home buyers operating in the same market. As to whether it provides an advantage to first home buyers relative to other first home buyers, of course it does not; it is only a relative advantage compared to people who are not first home buyers in that particular market.

The real challenge on housing affordability is addressing the supply issues, be they red tape issues or be they planning restrictions on land availability. Addressing the issue of supply and demand is what will address the issue of housing affordability. Simply making more money available into the pool will not of itself increase affordability, even if it does change the relativities between people who are first home buyers and those who are not.

The other measures on a taxation front that the bill seeks to introduce are some very substantial increases in taxation. We have got the \$391 million arising from increasing stamp duty on new motor vehicle purchases. We have the decision of government to remove the duty exemption in respect of transfer of certain properties between spouses, which is estimated to raise \$20 million a year flat for each of the four years of the forward estimates period. We have the introduction of a new vacant residential property tax, which has been somehow promoted as a measure of housing affordability — I will be fascinated when this bill gets into committee to understand the government's

rationale for believing that this will drive housing affordability, quite apart from the mechanics of how the government thinks it is going to work — which will raise \$80 million over the forward estimates, starting at \$10 million, doubling to \$20 million and then \$25 million in the subsequent years.

Of course we have the single largest measure in this bill which is described as a retarget of the off-the-plan stamp duty concession, which in reality is a removal of the off-the-plan stamp duty concession on certain residential developments. It will raise \$51 million in the first year, rising to \$156 million, \$260 million and subsequently \$372 million in the fourth year of the forward estimates period. So we have a number of relatively modest tax cuts which the coalition is quite happy to support, and we have those well and truly outweighed by a number of tax increases, with no justification given by the government as to why those tax increases are required.

The other element of the bill which I will come back to in more detail later is in relation to part 9 of the bill, which is not directly a tax measure but relates to the government's decision to centralise the valuation process for council rates which has flowthrough to land tax assessments. The intention of those provisions in part 9 of the bill — which is where the government may or may not have amendments if it sorts out what it is trying to do — is essentially to require valuations to be undertaken on an annual basis rather than on a two-yearly basis and for those valuations not to be undertaken by councils and their contracted valuers but to be undertaken by the valuer-general, or under contract by the valuer-general.

So the government is seeking to centralise the way in which valuations are undertaken — to take it away from councils, take it away from local valuers working with local government and put it in the hands of the valuer-general, which of course is an agency of government — and require valuations to be undertaken annually. Why would the government require them to be undertaken annually? Because of course for 18 of the last 20 years we have had a rising property market, and if you can have an annual valuation, an annual uplift, you can get an increase in land tax revenue. It is interesting that the government has not reflected that in the revenue initiatives in this budget, and it will be fascinating to see what impacts the government or the Treasury believe that measure will actually have once we get to consider that in detail in committee.

The question needs to be asked: why do we have this bill before the house today? Why do we have measures which are raising \$841 million in the case of cutting the

off-the-plan stamp duty concession, \$80 million in the case of the new vacant residential property tax, \$80 million in the case of removing the exemption on stamp duty transfers of property between spouses and \$390 million on increasing motor vehicle duty on new motor vehicle purchases? Why is this necessary? What is the government's justification for coming forward with tax increases of more than \$1 billion over the forward estimates period? The Victorian budget does not have a revenue problem. We are not short of revenue in the state of Victoria. In fact we have seen over the life of this government record revenues flow through to the Treasury, compared to what had been forecast in the pre-election budget update. We have seen some \$12 billion of revenue flow from the 2014–15 financial year — the first half year of this government's term — through to the 2017–18 financial year that is currently under consideration. That amount is above that which had been forecast in the pre-election budget update.

So the Treasurer has not been in an environment where revenues have been soft; he has not been in an environment where he has had to adjust to falling GST revenues, falling stamp duty revenues, falling payroll or falling land tax revenues. He has been in an environment where each and every year, each and every six months with a budget update, he has had more revenue in hundreds of millions of dollars — in total, billions of dollars over the three years — than was forecast when he became Treasurer, yet we still have a bill coming into the house today that seeks to impose tax increases of more than a billion dollars. The question has to be asked: why? Indeed the government needs to answer why. Could it be because in the same period of time that we have had \$12 billion in unbudgeted revenue we have also seen \$16 billion in overbudget expenditure, above and beyond that which had been forecast in the pre-election budget update back in November 2014?

In that period we have seen expenditure on the public service increase from some \$18.5 billion to \$23 billion in the current financial year. This is a massive increase in the cost of running the public service — and in the volume and size of the public service — in Victoria. It is increasing at an unsustainable rate.

We have seen in the financial year we are about to conclude — the 2016–17 financial year — expenditure forecast to grow by just under 10 per cent compared to the previous financial year. With a 10 per cent growth in expenditure in one financial year, is it any wonder that at a time of record windfall revenue the government is coming forward asking for more than \$1 billion in additional taxation?

We have seen very substantial unbudgeted taxation receipts compared to the pre-election budget update and the actualities which have been recorded since. In the 2017–18 financial year — the new budget year — we will see some \$21.8 billion in tax revenue flow through to the general government sector. When we look back to 2014–15 and compare the pre-election budget update for that year with the two subsequent financial years, where the Treasury forecast in the PEBU what the tax revenue would be, and with the current budget year that we are considering this week with a number of bills, we see that tax revenue is \$5.5 billion higher than the secretary of the Treasury said it would be back in November 2014. The Treasurer will be the beneficiary of \$5.5 billion in additional tax revenue that both he and the Treasury did not expect on the day he became Treasurer, yet here we are with a bill seeking to increase a number of taxes that are already on the books and to impose a number of new taxes.

If we compare this year's estimates with last year's estimates, we see an increase in a number of individual taxation line items. We see payroll tax in this year's budget estimated at \$5.89 billion — an increase of some \$170 million compared to the financial year about to be completed. We see land tax increase to \$2.366 billion. We see the fire services property levy — and I will come to that in a bit more detail shortly — increase to \$674 million. We see stamp duty on property transactions now forecast at \$6.164 billion — an increase in 12 months of \$144 million. We see stamp duty on motor vehicle purchases, both new and used, of \$925 million, which is an increase of \$118 million in just 12 months. We see stamp duty on insurance contracts forecast this year at \$1.289 billion — an increase of more than \$73 million in just one budget year. We see a number of increases in virtually all of the major tax line estimates in this year's budget. What we do not see is a justification from the government as to why it needs the tax measures that it is seeking to introduce in this bill today.

One thing we do not see in this budget — to move on to my next area — is tax reform.

Business interrupted pursuant to sessional orders.

QUESTIONS WITHOUT NOTICE

Brighton incident

Mr O'DONOHUE (Eastern Victoria) — My question is to the Minister for Corrections. Minister, last week you said that Yacqub Khayre complied with his parole conditions and the Premier said that he met

the conditions set for him whilst on parole. However, it has now been revealed that the shotgun used in the Brighton siege was purchased for \$2000 on 19 May in a car park in Greenvale. Minister, how is it that someone supposedly closely monitored by parole authorities was able to purchase and hold for two weeks an illegal shotgun, therefore breaching his parole, without the knowledge of those charged with supervising him?

Ms TIERNEY (Minister for Corrections) — I thank the member for his question. In terms of matters that deal with the incident that occurred just over two weeks ago in Brighton I will not be dealing with details. They are matters that are being dealt with by the courts, they are being dealt with by reviews and indeed they are being dealt with by a coroner's investigation.

Supplementary question

Mr O'DONOHUE (Eastern Victoria) — By way of a supplementary, Minister, Yacqub Khayre had in his possession for over two weeks an illegal shotgun before he killed an innocent young father and injured three police officers. Given this tragic loss of life, what immediate actions have you taken to ensure potentially fatal breaches of parole such as this do not occur again?

Ms TIERNEY (Minister for Corrections) — I thank the member for his question. My answer to his supplementary question is the same as to his substantive in that there are reviews and an inquest and there are court proceedings. I cannot provide and I am advised not to provide further detail.

Questions interrupted.

DISTINGUISHED VISITORS

The PRESIDENT — Order! Members, it is my pleasure to advise that the High Commissioner for Fiji, His Excellency Mr Yogesh Punja, is currently in the public gallery for question time. The high commissioner is accompanied by Mr Zarak Khan, Fiji's trade commissioner, and a good friend of this Parliament, Mr Reg Hodgson, the Honorary Consul for Fiji here in Victoria. Welcome today.

QUESTIONS WITHOUT NOTICE

Questions resumed.

Brighton incident

Mr O'DONOHUE (Eastern Victoria) — My question is again to the Minister for Corrections. Minister, measure 13 of the Callinan report says:

... no person ... should be granted parole who has not behaved satisfactorily for at least the second half of that person's time in prison. Failure to meet these requirements should be clear disqualification for parole.

Minister, on 1 April 2015 the then corrections minister, Wade Noonan, endorsed this recommendation and said that it would be enacted that day, stating:

No violent or sexual offender can be granted parole who has not undertaken the required prison programs and behaved satisfactorily for at least the second half of that person's time in prison.

Minister, the midpoint for Yacqub Khayre's jail time was August 2014. He set fire to Barwon Prison on 21 February 2015 during the second half of his prison sentence. Minister, why was he released?

Ms TIERNEY (Minister for Corrections) — I thank the member for his question, but similarly to the first substantive and the first supplementary, my answer remains that I will not provide details that are subject to inquiries, investigations and inquests.

Supplementary question

Mr O'DONOHUE (Eastern Victoria) — Minister, does the government accept that if Callinan measure 13 had been implemented as intended and as Minister Noonan told the Victorian community it would be, then Yacqub Khayre would have been in prison on 5 June? That is not subject to the review. It is the view of the government.

Ms TIERNEY (Minister for Corrections) — I thank the member for his question. I will not be drawn on this issue, and again, my answer is consistent with my responses to previous substantive and supplementary questions.

Brighton incident

Mr O'DONOHUE (Eastern Victoria) — My question is to the Minister for Corrections representing the Minister for Police. Minister, the Brighton terrorist was able to purchase with apparent ease a shotgun that had been previously legally registered, which he then used to kill a young father and injure three police officers. Since the registration of that gun expired, what had Victoria Police and other relevant authorities done to secure the return of this firearm?

Ms TIERNEY (Minister for Corrections) — I thank the member for his question. Obviously I am prepared to refer that question to the Minister for Police.

Supplementary question

Mr O'DONOHUE (Eastern Victoria) — By way of supplementary, Minister, this is one particular case of a legally registered firearm having its registration lapse, so I ask: what is the total number of known firearms in Victoria that have previously been registered but the current registration has lapsed?

Ms TIERNEY (Minister for Corrections) — I thank the member for his question, and of course I will refer that supplementary to the Minister for Police.

Police vehicle ramming

Mr O'DONOHUE (Eastern Victoria) — My question is for the Minister for Corrections representing the Minister for Police. Minister, the number of police vehicles rammed by criminals seeking to harm and/or evade police has soared from just 30 in 2013–14 to 118 so far this financial year. Minister, what has been the cost to the taxpayer to repair or replace the police vehicles rammed on these 118 occasions?

Ms TIERNEY (Minister for Corrections) — I thank the member for his question, and of course I will refer that question to the Minister for Police.

Supplementary question

Mr O'DONOHUE (Eastern Victoria) — Minister, how many police officers have been injured as a result of these ramming offences in 2016–17?

Ms TIERNEY (Minister for Corrections) — I thank the member for his question. Indeed I will refer that question to the Minister for Police.

Heyfield timber mill

Ms BATH (Eastern Victoria) — My question is to the Minister for Agriculture. Minister, Australian Sustainable Hardwoods states that the offer from your government for the mill's purchase was a walk-in, walk-out offer of about \$20 million. The business has around \$50 million in stock, over \$10 million in debtors, valuable machinery and considerable land and infrastructure, with an independent valuation quoting a value of \$38 million to \$42 million. Why was the government's offer so far from commercial reality?

Ms PULFORD (Minister for Agriculture) — I thank Ms Bath for her question in relation to this matter. The government's discussions with the owners of the mill at Heyfield are ongoing. As Ms Bath well knows, it is not my intention or that of any other member of this government to be running a

commentary in the house or in other forums about the detailed nature of these negotiations, but what I would indicate to Ms Bath is that we are working very hard to secure the best possible outcome for staff at Heyfield. I think it is regrettable that there has been on occasions over the last few months a desire by the company to undertake their part in the negotiations in the public domain. Our concern here is about the welfare of the workers and achieving the best outcome for the workers, and so we will not be drawn on this in public forums, but I can certainly assure the house that our efforts to achieve the best outcome that we possibly can for the workers at Heyfield are ongoing and negotiations are ongoing.

Supplementary question

Ms BATH (Eastern Victoria) — I note the minister's response. My supplementary question is this: if the Andrews government was serious about purchasing the mill, why did it not make a commercially realistic offer that would have allowed the mill to remain open and all 260 workers to continue in their jobs?

Ms PULFORD (Minister for Agriculture) — I completely reject the assertion made by Ms Bath that the government is not entering into these negotiations in a serious way. We are. We have continued to engage with this company. We continue to negotiate in good faith. We certainly hope very much that they continue to do so as well, and as I said in answer to the substantive question, we will not be providing a public commentary on these negotiations while they are ongoing.

Heyfield timber mill

Mr O'SULLIVAN (Northern Victoria) — My question is to the Minister for Agriculture, with responsibility for forestry. Minister, what is your direct role in the discussions with Australian Sustainable Hardwoods and Hermal Group over the proposed sale of the Heyfield mill?

Ms PULFORD (Minister for Agriculture) — I thank Mr O'Sullivan for his question and his interest in these matters. As I indicated, the government will not be providing public commentary on the negotiations that are currently underway. The situation that we inherited from the former government — —

Honourable members interjecting.

Ms PULFORD — Well, you did, and you know that you did. You know that the member for Warrandyte put in place an arrangement that puts

constraint on the resource; and you know that the former Treasurer, the member for Malvern in the Legislative Assembly, would not sign the indemnities; and you know that the former Minister for Agriculture and Food Security, Peter Walsh, told this company that they could have something that even Mr O'Brien would not sign, and we know he will sign just about anything.

Supplementary question

Mr O'SULLIVAN (Northern Victoria) — Minister, despite being the minister responsible for forestry in this government, you have been benched by the Premier in the discussions about the future of the Heyfield mill. There has been prolonged industrial action locking workers out of Myrtleford's mill, and Morwell's sawmill is slated for closure. If the Premier does not have confidence in your capacity as minister with responsibility for forestry, instead handballing it to your cabinet colleagues, how can the forestry industry trust you in this time of turmoil?

Ms PULFORD (Minister for Agriculture) — I thank Mr O'Sullivan for his question and his interest in the future of the workers who have been locked out at Myrtleford. We would very much like to see a resolution to that matter involving a private company, a significant employer, in an industrial dispute with their workforce in Myrtleford. Mr O'Sullivan was also interested in talking about Carter Holt Harvey and the situation they find themselves in in Morwell following a decision that is a direct consequence of the loss of around 7 million trees as a result of fire. Mr O'Sullivan also asked about who was undertaking the negotiations on behalf of the government.

What I would indicate to Mr O'Sullivan is that while we will not be drawn on the nature of the discussions, what I can assure him of is that very senior and appropriately experienced and qualified representatives of the Victorian government are directly engaging in these discussions, and the person who has been predominately leading these discussions is the chief executive officer of Regional Development Victoria.

Elder abuse

Dr CARLING-JENKINS (Western Metropolitan) — My question is for the Minister for Health, represented in this house by the Minister for Families and Children, Ms Mikakos. The recent groundbreaking report by the Australian Law Reform Commission (ALRC) on the subject of elder abuse requires a response from all levels of government in Australia, including the states. The ALRC report noted a number of important findings, including that:

As a person's cognitive ability declines, so their vulnerability to pressure may increase —

and that disability in later life is a common experience, making ageism and ableism a potent cocktail for abuse. Considering this vulnerability and that a sense of burden is one of the known drivers for people seeking to access assisted suicide and euthanasia, as noted in many reports from Oregon as well as a recent study from Canada, my question is this: what is the minister's response to this report, particularly in relation to the relationship between elder abuse, vulnerability and the coercion to commit suicide?

Ms MIKAKOS (Minister for Families and Children) — I thank the member for her question. The issue of elder abuse was actually an issue that I did look at in opposition as the then shadow minister for seniors and ageing. It is a very concerning issue in our community in that some people, particularly adult children, seek to take advantage of their elderly parents, particularly when it comes to financial abuse. This is obviously an issue that we all need to be aware of in the broader community. The Minister for Housing, Disability and Ageing, Mr Foley, would obviously have a very keen interest in the broader issue of elder abuse, and I know that he has been doing some work with the commissioner for senior Victorians around broader issues of the rights of elderly members of our community.

The member of course has posed her question in a very specific sense in terms of an upcoming bill that the Minister for Health is involved in developing. That will obviously be very well canvassed and ventilated in this house and in the broader community at that time. She has asked about the specific consideration the Minister for Health has given to this Australian Law Reform Commission report, so I think I will refer the specifics of the member's question to the Minister for Health. I will be very happy to provide Dr Carling-Jenkins with a written response in relation to the specific issues she has posed.

Supplementary question

Dr CARLING-JENKINS (Western Metropolitan) — I thank the minister for her response and her obvious compassion and her understanding of the issue of elder abuse. The report by the Australian Law Reform Commission discusses at length the witnessing of legal documents such as wills and concludes that even third-party or independent witnessing does not decrease the risk of coercion and abuse. This is again a significant matter in euthanasia and assisted suicide where a doctor and perhaps the witness to the request are asked to attest that they

believe there is no evidence of coercion. However, as noted in other inquiries, like the New South Wales parliamentary inquiry into elder abuse last year, by way of example, picking up on cues is not a simple matter. Will the minister, as part of her response to this report, instruct the ministerial advisory panel investigating supposed safeguards for state-sanctioned suicide to consider the implications and recommendations of the report into elder abuse, with particular reference to the issues of decision-making under duress or through coercion?

Ms MIKAKOS (Minister for Families and Children) — I thank the member for her supplementary question. I know the Minister for Health is giving a great deal of thought to the issues around consent and appropriate safeguards, particularly around the issues of how she will ensure through her proposed legislation that there is every possible safeguard put in place to prevent exactly the type of scenario the member is articulating. However, I do think it is best that I seek further advice from the responsible minister and provide a written response to the member around the specific issues that she has posed.

Police search powers

Ms PATTEN (Northern Metropolitan) — My question is to the Minister for Training and Skills representing the Minister for Police. Just weeks ago police hit the streets with sniffer dogs as part of so-called Operation Safenight. Then over the weekend there was the announcement that new no-reason stop-and-search powers will apply to music festivals. These measures are billed as harm minimisation. Experts and music venue operators are desperately warning that, far from harm minimisation, these policing policies are directly increasing risk, and that is what is happening. People are now using substances that are far more potent and not detectable by sniffer dogs, such as GHB. On the long weekend there were numerous ambulance and police call-outs as a result of these substances. Why is the minister not waiting for the findings of the inquiry into drug law reform before making decisions that are clearly increasing risks?

Ms TIERNEY (Minister for Training and Skills) — I thank Ms Patten for her question, which is for the Minister for Police. I acknowledge her interest in the music industry and music venues and indeed her ongoing interest in the distribution of drugs, and I will refer this matter to the Minister for Police.

Supplementary question

Ms PATTEN (Northern Metropolitan) — I thank the minister. Given that the government has decided that it will not wait, I ask the Minister for Police: what evidence does she have to support the decision to introduce no-reason stop-and-search powers that she claims will reduce harm to young people?

Ms TIERNEY (Minister for Training and Skills) — I thank the member for her supplementary question, and of course I will also refer that supplementary question to the Minister for Police.

Rooming houses

Ms SPRINGLE (South Eastern Metropolitan) — My question is to the Minister for Small Business, Innovation and Trade representing the Minister for Consumer Affairs, Gaming and Liquor Regulation. The rooming house outreach program supports people living in rooming houses, many of whom have experienced homelessness, family violence and other significant trauma. Data shows that our homelessness system continues to rely heavily on rooming houses. The number of people exiting services into rooming houses has gone up by 41 per cent in five years. In the past year the Tenants Union of Victoria and the Peninsula Community Legal Centre have supported over 1200 rooming house residents in over 500 different rooming houses, with up to one-third operating illegally. My question to the minister for consumer affairs is: why is she cutting funding to this program that not only helps protect Victorians from exploitation but also drives the identification of illegal operators and brings them into the government's own licensing scheme?

Mr DALIDAKIS (Minister for Small Business, Innovation and Trade) — I thank the member for her question. I will pass that matter on to the minister in the other place for an answer.

Supplementary question

Ms SPRINGLE (South Eastern Metropolitan) — I thank the minister for his answer. The government has said it has increased funding for tenancy advice and that this has an outreach component. However, there is no requirement for funded services to run dedicated outreach to rooming house residents or even to visit a single rooming house. The fact is Victoria's only specialist outreach service is going to close its doors within two weeks because of this government's decision to defund it completely and reallocate money to mainstream tenancy services. How will the minister

ensure that this work continues and continues to be carried out by appropriately skilled outreach workers with the knowledge and experience to navigate Victoria's illegal housing market?

Mr DALIDAKIS (Minister for Small Business, Innovation and Trade) — I again thank the member for her question. As per the substantive question, I will take the supplementary question on notice for the minister in the other place.

QUESTIONS ON NOTICE

Answers

Mr JENNINGS (Special Minister of State) — The government has provided written responses to the following questions on notice: 7657, 9725–6, 9727–8, 10 185–7, 10 189, 10 490–1, 10 493–4, 10 505, 10 508, 10 525, 10 599, 10 608, 10 620–1, 10 948, 10 951, 10 965, 11 019–21, 11 033, 11 044–51, 11 053, 11 055, 11 059–62, 11 066, 11 071–3, 11 075–6, 11 078, 11 097–8, 11 102, 11 104, 11 119, 11 232, 11 238, 11 242.

QUESTIONS WITHOUT NOTICE

Written responses

The PRESIDENT — Order! On today's questions, in respect of Mr O'Donohue's first question to Ms Tierney, the supplementary question, one day. Mr O'Donohue's second question to Ms Tierney, the substantive and supplementary questions, one day. Mr O'Donohue's third and fourth questions, which were to be conveyed to the Minister for Police for a response, the substantive and supplementary questions in both cases, two days. Mr O'Sullivan's question to Ms Pulford, the substantive question, one day. Dr Carling-Jenkins's question to Ms Mikakos for a minister in another place, the substantive and supplementary questions, two days. Ms Patten's question to Ms Tierney, the substantive and supplementary questions, two days. Ms Springle's question to the Minister for Consumer Affairs, Gaming and Liquor Regulation, conveyed through Mr Dalidakis, the substantive and supplementary questions, two days.

Mr O'Donohue — On a point of order, President, I have received a response from Minister for Corrections, Ms Tierney, today in relation to the community integration support program regarding a question I posed on Thursday of the last sitting week. In the written response the minister has cited the Chief Commissioner of Police and it not being appropriate to

provide any more detail. The minister has not provided the words of the chief commissioner. I suggest that as the corrections minister she has responsibility for Victoria's prisons, and I would ask that a further written answer be provided.

The PRESIDENT — Order! Is that one of the questions to which I have already asked for a written answer?

Mr O'Donohue — Yes, this was for last Thursday of the sitting week. On that day you said the minister must provide a written response, and that has been provided. My point of order is that the written response does not respond to the question, and I would ask for a supplementary second — —

An honourable member interjected.

Mr O'Donohue — Yes, it is the first time a written answer has been provided.

The PRESIDENT — Order! What is the heading on the question?

Mr O'Donohue — It is 'Community integration support program' and was asked on 8 June.

The PRESIDENT — Order! I will reinstate that question for the minister to reconsider the response.

Mr O'Donohue — On a further point of order, President, on 6 June I asked a range of questions of the Minister for Corrections about the Brighton incident. On Thursday of the last sitting week following a point of order you reinstated those questions and asked the minister to provide written responses. The minister has provided written responses. In each of those responses she has referred to the Office of Correctional Services Review investigation. As I have mentioned before, this is a secret review that is unlikely to see the light of day. My point of order is that these answers are completely inadequate and do not respond to the questions being asked.

The PRESIDENT — Order! In two respects I rule out the point of order. The first one is on the basis that I cannot reinstate a question a second time. The second thing is that I am also not in a position to tell a minister how they should respond to a question. Whether or not you see the review as being inadequate in terms of its transparency is a matter that you can pursue in other ways.

Ms Crozier — On a point of order, President, in relation to responses to two questions that were reinstated that I received from the Minister for Families

and Children today, the first one goes to how many young offenders in the youth justice system have known terrorist links. I was not asking for any details; I was just asking her for numbers. I believe that question has not been answered properly or appropriately. The second question I asked was in relation to the Muir report, which was presented to the government well over a year ago. There are public accounts of it being made available, yet the minister and the government refuse to release it to the Parliament and to the Victorian public. I would ask that that question also be reinstated.

The PRESIDENT — Order! In respect of those two questions I will ask that they be reinstated and seek a further written response. I note in respect of the Muir report that the minister has provided an indication of some of the government's response to the report and what the government is actually doing about recommendations or matters that were raised in that report. But the question was specifically whether or not the report would be released, and that has not been satisfied by that answer. Based on the fact that the second question is about numbers rather than individuals, I would ask for reconsideration of that matter by the minister too.

CONSTITUENCY QUESTIONS

Western Metropolitan Region

Ms HARTLAND (Western Metropolitan) — My question is to the Minister for Roads and Road Safety, Mr Donnellan. Some of my constituents live on Hyde Street, Yarraville, south of the intersection of Francis Street. They are requesting that their properties be bought by the state for the following reasons. They are in the blast zone, also known as the kill zone, of the Mobil oil rig terminal; they are 20 metres away. Due to the off-ramps on the West Gate Bridge and the truck bans, they are now included as part of the government's West Gate tunnel project. They will experience increased truck traffic. They are also adjacent to a major industrial site.

I have met with representatives from VicRoads, and it is clear that several of my constituents will not qualify for voluntary acquisition. These houses exceed the minimum requirements for voluntary acquisition applied in other projects, including the nine level crossing removals on the Caulfield–Dandenong rail corridor. Given they exceed these requirements, will the minister consider having these homes bought?

Northern Victoria Region

Ms LOVELL (Northern Victoria) — My question is to the Minister for Roads and Road Safety. Greater Shepparton City Council and the Macedon Ranges Shire Council have both recently raised that they are struggling to cover the cost of maintenance of their local road networks. Roads in rural and regional areas have deteriorated significantly and have been the focus of many local campaigns over the past 12 months. The minister has acknowledged that council road maintenance is an issue, particularly in regional and rural areas, yet his government has made it very hard for local councils to fund works such as road maintenance by cutting grants and infrastructure programs that used to go towards road funding.

In the recently released local government community satisfaction survey Greater Shepparton scored only 40 per cent for satisfaction with local sealed roads, down from 48 per cent last year. Macedon scored 48 per cent, down from 58 per cent last year. Both are significantly lower than the state average of 69 per cent. The result for unsealed roads in Macedon was only 42 per cent. Will the minister provide additional funding to the Macedon Ranges shire and the City of Greater Shepparton as well as other local councils in Northern Victoria Region to assist with road maintenance?

Northern Victoria Region

Ms SYMES (Northern Victoria) — My constituency question is for the Minister for Education and relates to the Shared Facilities Fund. The information I am seeking is a date when decisions will be made. In particular I am interested in an application from Mitchell Shire Council which relates to Broadford Secondary College and the Mitchell Rangers Soccer Club. The soccer club and the school have agreed that lighting is overdue at that facility. Mitchell Rangers Soccer Club are the only soccer club in the Mitchell shire region and have about 220 players. They have got some really great initiatives going on this year, including a first-ever under 16 girls team and an all-abilities team that is getting on the field and having a real crack. This club could expand and have night-time training and games if the lighting was made available. I request that that decision be positive, and the club, school, council and I would like to know when the decision will be communicated.

Western Metropolitan Region

Mr FINN (Western Metropolitan) — My constituency question is to the Minister for Health. Numerous constituents in the Caroline Springs and Deer Park area have expressed to me their very deep concern about the health effects of the Ravenhall landfill — concerns exacerbated by the Minister for Planning’s decision to expand the tip significantly. Will the minister conduct an investigation into the health impacts on communities surrounding the Ravenhall tip that will include investigation into leukaemia, Parkinson’s disease, chronic breathing complaints, asthma in children and all forms of cancer?

South Eastern Metropolitan Region

Ms SPRINGLE (South Eastern Metropolitan) — My question is for the Minister for Roads and Road Safety. Exploratory work for the Mordialloc bypass has started, and according to VicRoads construction will begin in mid-2019. But despite the project continuing, it is still unclear what environmental impact assessments are being undertaken. A media release from the Premier stated that:

... VicRoads is ... undertaking ecological investigations to minimise potential impacts to the wetlands and the habitats.

John Merritt, chief executive of VicRoads, said during budget estimate hearings last month:

The issue now is whether there is a requirement for an EES, given the native vegetation issues that are in that land that we hold.

Will an environment effects statement be undertaken on this project, and if not, what exactly are the ‘ecological investigations’ we keep hearing about?

Eastern Victoria Region

Mr MULINO (Eastern Victoria) — My constituency question is to the Minister for Local Government in the other place, and it relates to the Growing Suburbs Fund, which will receive \$50 million over the next two years. It is \$50 million more funding than would have been the case had it been in the situation it was in before we came to office. My question is: could the minister please clarify what the timing is for councils to apply for grants under the next round of that fund?

Western Victoria Region

Mr MORRIS (Western Victoria) — My constituency question is for the Minister for Public Transport, and it relates to punctuality on the Ballarat

line. I note that the month of May has seen the very worst punctuality results that we have ever seen on the Ballarat line, being punctuality of 79.8 per cent. I went back and had a look at when we have seen similar poor results, and the last time we saw a similar result to this was in August 2010, again of course under a Labor government. The question that I would like to pose to the Minister for Public Transport is: now that we have seen a new low in punctuality on the Ballarat line, will the minister immediately provide all resources required to see that the Ballarat train service runs on time?

Western Metropolitan Region

Mr MELHEM (Western Metropolitan) — My constituency question is directed to the Minister for Families and Children, the Honourable Jenny Mikakos. I allude to the minister’s announcement yesterday that the next round of grants for the children’s facilities capital program has been opened. This amounts to a total of \$70 million that has been committed to early childhood care services from 2015 to 2019. This Labor government has placed early childhood education at the forefront of its agenda. With societal transformations such as increasing female participation in the workforce, quality early childhood care is essential to ensuring that our kids are cared for. These grants will go a long way to ensuring that our infrastructure capacity is maintained. Can the minister provide me with further information on how this new round of grants will support new and existing early childhood service providers in the Western Metropolitan Region?

Southern Metropolitan Region

Mr DAVIS (Southern Metropolitan) — My constituency question today is for the Minister for Police. Last night I was at the South Yarra and Toorak traders crime forum. There were about 50 people in the room, including two quite senior local police officers, and that was very welcome. What is clear is that there is a crime epidemic along Toorak Road and Chapel Street. The traders are bearing the brunt of it, with some jewellery stores having been robbed multiple times. There is violent crime, and people are fearful. The government has not been responding and the police have not had the resources they need to respond. CCTV was one of the key measures that was discussed on the night. The group is very keen to see full CCTV coverage along Chapel Street and Toorak Road, updating the current inadequate three cameras on Toorak Road. The council will also have a role, but the state government needs to take the lead to provide the support that is needed to ensure that people are safer as part of an overall package.

Western Victoria Region

Mr RAMSAY (Western Victoria) — My constituency question is to the Minister for Emergency Services, and it is in response to a request by the Queenscliff Country Fire Authority brigade, which has been waiting for a replacement for a pumper that is over 20 years old. The 20-year-old Mazda pumper has to service a number of tall heritage buildings and residences that populate the Queenscliff-Point Lonsdale region, and it has now reached the point of leaking more than it is pumping. Brigade members have raised the issue of new assets for career-based stations at the expense of a running down of CFA trucks in volunteer brigades under the new proposed firefighting service model. So I ask the minister if he could check the replacement timetable for this pumper so the brigade can have confidence in the government supporting their local volunteer brigade with appropriate firefighting equipment.

Southern Metropolitan Region

Ms FITZHERBERT (Southern Metropolitan) (*By leave*) — My question is to the Minister for Public Transport, although the Minister for Planning may have an interest in this issue as well considering he considered the report of the environment effects statement panel in relation to Melbourne Metro and Domain station. I was contacted on the weekend by a constituent who raised the issue of noise on the Domain station building site and said that outside 418 St Kilda Road they have a huge amount of Yarra Trams work and Melbourne Metro Rail Authority early works. Last Tuesday, 6 June, they had chainsawing and mulching that started at about midnight and went on until 4.00 a.m. Last night they were digging up the road to replace water pipes that started at about 10.00 p.m. and went on for most of the night. I believe this is going to be repeated. She said:

I feel that as residents who are affected by noise at night we should be offered some form of compensation and relocated if and when the night works have to happen, as happened with the level crossing removal.

I understand there is no plan for compensation or relocation for residents around Domain station. I ask whether the minister will reconsider this in light of the severe effect of night-time noise on local residents.

STATE TAXATION ACTS AMENDMENT BILL 2017

Second reading

Debate resumed.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Before we broke for question time I started to talk about the issue of tax reform. Of course allied to that is the issue of tax competitiveness, and one of the things that became evident during the presentation of this year's budget and the consideration of Victoria's tax competitiveness was that Victoria under this government has been falling in competitiveness over the last three years. Victoria is now at the bottom of the states on tax competitiveness.

What do we mean by tax competitiveness? It is looking across the states and comparing the tax revenue of the states as a share of their gross state product to get a comparative measure. Comparing that across the states, Victoria now ranks the worst of the states in Australia. This is something that a state that is seeking to attract investment from interstate and a state that is seeking to attract investment from overseas to create investment and employment should be aspiring to avoid. We should be seeking to make the level of Victorian taxation as competitive as possible relative to states like New South Wales and Queensland.

There will always be challenges with some other states — for example, Western Australia and Tasmania, which have very different economies, very different tax bases and very different distributions of commonwealth grants — but for states which are comparable to Victoria, such as New South Wales in particular and Queensland, Victoria needs to be equally as competitive, if not more competitive, and the budget settings we are seeing under this government fail to deliver that competitiveness. As at the date of the budget last month Victoria was in the lowest position on competitiveness, with no sign of that improving. We have seen from the New South Wales government today a budget which is apparently going to deliver a substantially greater surplus than New South Wales forecast and with that, I suspect, every prospect of tax cuts, which will put Victoria even further behind in a relative sense on tax competitiveness.

These are the sorts of issues the government should be addressing. It has had \$5.5 billion of windfall tax revenue over its life to date and into the budget year under consideration and it has had \$12 billion overall in unbudgeted revenue, both tax and grant revenue, from the commonwealth, with the GST distribution coming in very positively for the state ahead of what was forecast in the PEBU back in November 2014, so with this upcycle in revenue the opportunity has been there for the government to embark on tax reform. The time to undertake tax reform is when you have an upcycle in revenue — something that the previous government did not have at all over its four years in government.

Mr Mulino — Excuses.

Mr RICH-PHILLIPS — I would happily take that from Mr Mulino if his government was actually doing something other than raising taxes. The previous government actually did initiate reform in the fire services property levy, which was instructive as to the complexity of tax reform in making a fundamental shift in the case of the funding of fire services, shifting the base of that levy from insurance policies, which was a restricted cohort of people, to property owners via municipal rates, which obviously covered all properties. Seeking to avoid inequitable outcomes and seeking to ensure fairness in the way in which that levy was spread across the community required some complex policy decisions. Indeed for the previous government the policy decision was taken by cabinet, but that change from the fire services insurance levy to the fire services property levy would actually be at a cost to the budget, because the model created by the coalition did not seek to recoup the GST which was forgone in that levy coming off insurance. It also put in place concession mechanisms comparable with the concession mechanisms which were available on municipal rates. So implementing that tax reform was actually at a cost to the budget. It was a conscious decision of government not to seek to recoup the GST and to provide what I think was \$100 million in concessions relative to the introduction of that levy. That was done in an environment of contracting revenue, a contracting tax base and certainly a contracting grant space from the commonwealth.

What we have had with this government is \$5.5 billion of unbudgeted tax revenue — a total of \$12 billion of unbudgeted revenue above and beyond PEBU when you include grants revenue. What we have not seen is any tax reform. We have seen some tinkering with some tax rates and reductions, as we are seeing in this bill. We have seen some substantial increases, as we are seeing in this bill. What we have not seen is structural reform in tax. We have not seen structural reform.

Mr Mulino interjected.

Mr RICH-PHILLIPS — I take it from Mr Mulino's interjection that at least he knows what he is talking about. There is nothing this government has done that is changing the structural basis of tax in this state. Yes, the government has tinkered with rates and put rates up, as we are seeing with the more than \$1 billion in extra tax revenue in this year's budget, and there has been some reduction in rates, as I outlined earlier. What we have not seen is structural changes to deliver meaningful tax reform and more efficient tax reform for this state in an opportunity and in an

environment where the government has had substantial tax revenue above and beyond that which it expected to receive when it came to government. So on reform it is a missed opportunity. This is merely a grab bag of tax increases with no justification as to why the government is making them.

It is the coalition's intention when this bill moves to the committee stage to seek to introduce amendments. I can be quite definitive: the coalition has foreshadowed amendments and will bring those amendments in. The government does not seem to know what it is doing with amendments: whether it is going to bring them forward, not bring them forward or give them to Mr Barber and talk about them in the *Herald Sun* and then not proceed with them.

Mr Mulino interjected.

Mr RICH-PHILLIPS — Mr Mulino suggests he knows. I suspect he does not because I doubt the Treasurer knows; he usually does not. Mr Jennings might tell him what he is doing, but we will see in due course whether the government proceeds with the amendments that it has drafted apparently for Mr Barber's benefit, although Mr Barber might have something to say about that. We can be very clear: the coalition has a number of amendments to this bill which it will be seeking to proceed with when the bill gets into the committee stage, and the essence of these amendments is to omit the tax increases in this bill.

There is the increase in stamp duty on new motor vehicles which I spoke about earlier, which is a revenue measure in the order of \$400 million over the forward estimates period. What has not been made clear with this increase in stamp duty revenue is what the government expects the impact of that to be on the number of new motor vehicles that are purchased and how that reconciles with the government's Towards Zero policy in respect of road deaths and the policy position of encouraging the purchasing of new motor vehicles to replace older motor vehicles on the basis that new vehicles have higher safety ratings.

We have a tax measure which removes the relative incentive for new vehicles over old and will certainly increase the overall price of new vehicles. It is a measure that has been condemned by the Victorian Automobile Chamber of Commerce as placing Victorian motor vehicle retailers at a relative competitive disadvantage with other states. It is also being introduced as a measure which will impact people who have already made commitments to buy motor vehicles but will have them delivered after 1 July. This increase in tax is something that may have

an impact on people who have already made buying and financing decisions. We believe that is an inappropriate step, and we will be seeking to have it omitted when the bill is debated in committee.

Perhaps one of the most extraordinary measures in this bill is the new vacant residence land tax, which has been pitched as some type of housing affordability measure. It tells some property owners in some areas what they should do with their properties — that is, they should be making them available to the rental market — by imposing a disincentive not to. The bill imposes a land tax of 1 per cent on residential properties in what have been termed inner-Melbourne or middle-Melbourne suburbs which are not occupied for six months in a calendar year, with a whole range of convoluted criteria around that. We will be expecting, given the government is ready to proceed with this bill today, that the government can provide some answers about how that is going to work.

We have this mechanism that is being imposed ostensibly as a housing affordability measure to basically direct behaviour around the use of certain residential properties by imposing a 1 per cent stamp duty on them where they are not being used in the way that the government believes they should be used. Because this is to be applied to inner-Melbourne and middle-Melbourne suburbs as defined, it raises issues of equity. A person that lives in inner Melbourne but owns vacant property in regional Victoria or in the outer suburbs is apparently not affected, but somebody who might live in a regional area and own a flat in Melbourne is affected. We will be looking for some clear indication from the government as to how it sees those measures working both mechanically and also from a policy perspective. However, that is something we believe there is no justification for in this bill and we will be seeking by amendment to have it omitted.

Likewise we see the new constraint on duty exemptions on the transfer of some property between spouses and partners as unjustified. Again this is something which has come out of the blue. It has come as a revenue-raising measure with no policy rationale behind it, and the unintended consequences of this, the impact this could have on established arrangements within families, could be significant. Again we will be seeking from the government an understanding of the policy rationale and the mechanics of how this will work, but it is our view that, given the budget settings that are evident in this year's budget, the case has not been made for this revenue initiative, and it will be opposed by the coalition in committee.

Likewise the removal of the planned stamp duty concession for the purchase of properties other than by owner-occupiers. This is the single largest revenue item in this bill — it accounts for \$840 million over the forward estimates period — and it is one which will have a significant impact on the apartment development market in this state. It is a fact that I would hope the government is now aware of, because it would have been lobbied by every significant high-rise property developer in Melbourne and every peak body representing the development industry in Melbourne about the fact that the need for certainty around development, the need for presales in high-rise developments and the need to be able to provide the incentive of off-the-plan stamp duty concessions as a reason for people to buy off the plan and therefore precommit to the purchase of an apartment in a building that is not yet constructed is very real and is very significant.

Some developers have indicated that in the order of 60 to 70 per cent of a building may need to be precommitted through off-the-plan sales from people who are seeking to benefit from stamp duty concessions before financing is made available. Yes, it is a nice \$840 million kick into the Consolidated Fund, but the implications the removal of this exemption will have by removing the incentive for people to buy properties off the plan and therefore removing the capacity for developers to have the presales necessary to get finance are potentially going to be devastating to the construction industry. If people are not buying off the plan and committing prior to construction and finance is not available, these constructions will not take place. The impact that would have on the construction sector in Victoria would be enormous, and frankly far bigger than the \$800 million the Consolidated Fund is going to benefit from over a four-year period.

In many respects that is like the step we saw with the coal royalty. In the budget last year, or the year before, the government thought it would be a nice lurk to impose a new coal royalty — it clipped the ticket on the way through the Latrobe Valley — and what did we see? We have seen one of the major electricity generators in the valley shut down. That is now having a significant impact on the electricity market on the east coast of Australia far beyond the revenue benefit that the state was ever going to generate from that increase in coal royalties. We had in that example a short-term ill-considered decision to increase revenue — to clip the ticket on coal royalties — which has had a significant impact on generators and a significant downstream effect on the electricity market on the east coast of Australia. We can see the measure of the off-the-plan stamp duty having a similar impact on

high-rise construction in Victoria. For that reason the coalition will oppose it, and we will have amendments to reflect that when the bill gets to committee.

The other matter that I will touch on briefly in the time available is not a direct tax matter, but it relates to the decision by the government to centralise property valuations. This is something which we believe the government has undertaken in order to benefit from a rising property market. It is mandating that property valuations not be undertaken by local government and local government-contracted valuers but rather be undertaken by the valuer-general and done on an annual basis rather than every second year. Every year we have seen an increase in property values, and data suggests that in 18 of the last 20 years we have seen increases in annual values rather than decreases. So the Treasury will get the benefit of an annual increase, and therefore an annual increment from land tax, rather than having to wait for the two-year revaluation, which is the current practice. It is a cynical grab for revenue by the Treasurer. It is interesting the government has not reflected this revenue measure in the budget, but there is no doubt around the intent of that policy position.

I have to say this has been one of the measures that has been most strongly opposed. The fact that this has been so contentious highlights the government's mishandling of this legislation. We are here in the last sitting week of the autumn session with the Treasurer running around putting out stupid press releases calling on the Parliament to pass a bill he had not even brought on until today and not even being able to give an indication to this house of whether he is going to proceed with amendments to fix the mess he created, particularly related to the concerns that we have seen from local government since he first brought the bill in back in May.

Since this blew up on him post budget we have seen the Treasurer trying to do a deal with the Municipal Association of Victoria (MAV) around principles to address the concerns which have been set out by many local councils. Extraordinarily, I would have to say because I do not know that I have seen this to this extent before, the Treasurer has done a deal with the MAV around principles for these valuation changes, but we are actually seeing individual members of the MAV, individual municipalities, walking away from that MAV position. The number of councils that have independently approached the coalition saying they do not support the principles that have been put together between the Treasurer and the MAV, and putting in some detail the rationale for that, has been extraordinary.

The most recent one landed on my desk on Friday. It is from Hume City Council, and it goes through in detail — and we will get to that in committee — the council's reasons for rejecting the principles which were laid down between the MAV and the Treasurer. An earlier email, which I will quote from briefly, is from Southern Grampians Shire Council. It came in on 7 June from the mayor, Mary-Ann Brown, and it also goes through the principles. Without getting into the detail, the relevant paragraph is, and I quote:

You may have received a copy of correspondence sent from the Treasurer Tim Pallas to Rob Spence, CEO of the Municipal Association of Victoria (MAV).

MAV circulated a copy of the letter to councils late yesterday seeking feedback. This was the first time we were aware of the draft principles agreement as we had not been consulted before the release of it. Whilst we appreciate the work of MAV, these proposed principles do not address the serious concerns that our council has regarding part 9 —

which is the valuation changes.

In summary, our council doesn't believe that the proposed principles agreement will cover all the costs associated with the move to annual valuations.

In addition, there is absolutely no benefit to our council of moving to an annual valuation cycle. In all likelihood, it will impose an additional cost burden on our council and on our ratepayers.

We strongly support the position of Rural Councils Victoria who support a four-year valuation cycle.

Back at the beginning of June Southern Grampians Shire Council walked away from the MAV position, the agreement on principles between the Treasurer and the MAV, and since then we have seen council after council come forward saying they do not support the principles and they do not support whatever position has been reached between the MAV and the government. That is something we will no doubt tease out in some detail in committee.

We have also had representations from valuers. I received an email from a valuer, Steven Bailey of Gippsland, who I understand is a long-time and well-respected valuer in the Gippsland region working for local government and also working on private sector valuations. He made a number of comments, but the relevant summary is:

I make some obvious comments that may not necessarily flow but hopefully will give you a better understanding and add to the debate:

there seems to be some sort of unnecessary rush to get this through without calling for consultation from all interested parties or referring it to daresay I don't like to use the words, a committee;

a commitment from the Treasurer that local government will not be financially worse off. All well and good, but this is going to be a relatively costly exercise and when you say local government you actually mean to a large extent the ratepayer which Tim Pallas is replacing with the state taxpayer who are essentially one and the same;

when put into context this whole thing appears to be about revenue raising via land tax.

I think Mr Bailey has hit the nail on the head.

We have had the Treasurer trying to reach agreement with the MAV, and we have had councils jumping ship at a rate I do not think I have ever seen before from an MAV position, and this letter from Hume, which I will refer to later, is just one example of dozens and dozens. We have had the private sector valuers also expressing their concern.

The coalition does not oppose the measures in this bill which provide tax relief, but we certainly do oppose the tax increases that are being proposed. There is no justification for them, given the budgetary position this government inherited and the direction it has taken it. There is no justification for the revenue measures that have been proposed and the level at which they have been set, and there is no justification for the centralised valuation system which is undermining local government and independent valuers and is simply designed to underpin the government's land tax base. The revenue measures will be opposed by the coalition by way of amendment and the valuation provisions will be opposed by the coalition by way of amendment. Unlike the government I can actually confirm to the committee that we will proceed with our amendments, and I hope at some point today we will have clarity as to what the government thinks it is doing.

Mr BARBER (Northern Metropolitan) — A lot has already been said about this bill, but the one thing we should all be able to agree on is that this does not represent tax reform. Unfortunately for the last 11 budgets when I have had to stand up and face similar bills, I have had to say the exact same thing: this does not represent tax reform. It was never going to because, as the previous speaker noted, on the eve of the last election the then opposition leader, now Premier, stood on the steps of Parliament, looked straight into the beady eye of one of those TV cameras and said words to the effect of 'Read my lips: no new taxes'. So if the Premier at that point did make a pledge that there would be no increases to taxes, no new taxes, then he did in fact rule out right then for the entirety of his government any tax reform, because any tax reform would inevitably lead to new taxes and some increase in taxes in return for the removal of other types of taxes, and heaven knows we need tax reform in

Victoria. In fact it is an urgent economic priority. Maybe it is the kind of thing that government, as it does for so many other areas, just lets drift on year after year after year.

Maybe the average voter out there is not completely aware of exactly how much state tax they are paying. It is not like when local council turns up and gives you a rates bill. It is not like the federal government taking it out of your pay packet before you ever see it. State taxes are a weird grab bag of different taxes that you pay at different times according to your circumstances, so you can understand why the ordinary voter does not pay too much attention to it.

A series of reviews and studies, including most famously the Henry tax review, have pointed to the really regressive, inequitable, distorting and productivity killing nature of state taxes. According to some reviews, Victoria's particular mix of taxes is the worst of any state, so it is an urgent priority that we address this issue. It is something the Greens have talked about in this chamber many times. But really if you think about it, when the Premier stood there and ruled out new tax increases he was ruling out state taxation reform and making a solemn pledge that he would not do any for four years. Of course that pledge came all very late in the day, and instead we get this grab bag of taxes. It takes you quite a while to understand what they all are and what they are meant to do.

Mr Dalidakis — I have a point of order, Acting President, but before I raise the point of order on Mr Barber's contribution I want to acknowledge his service in this place. He has indicated he is leaving in 2018, and I just want to thank him for his service. As to the point of order, I think he has unwittingly misled the house by claiming that there had been no tax reform, because in fact the Treasurer in the recent budget cut payroll tax for rural and regional Victoria by 25 per cent — the lowest regional payroll tax in Australia. I do not suggest that Mr Barber did that wittingly — I think it was unwittingly — but nonetheless, he has misled the house.

The ACTING PRESIDENT (Mr Elasmarr) — Order! Thank you, Minister. There is no point of order.

Mr BARBER — We get this list of tax changes, tax increases and tax cuts. I do not know where this list came from. Maybe the Treasurer just needed a bit more money to finish off his budget. If you look at it, it is like that stuff you find behind the refrigerator. It is pretty unedifying when you consider the pressing urgency to actually start reforming state taxes in order to boost

productivity, to boost equity and to actually start getting some efficiency in the way taxes are collected. I will get into this a little bit more as we actually go down the line.

The concerns of Mr Rich-Phillips seem mainly to be that the Premier lied. Perhaps I am getting a bit cynical in my old age and have started to think that kind of thing would be normal, but in fact there is a bigger question here that we really ought to be addressing, and that is the question of why it is that we are not doing some serious tax reform in this budget or, as I said, in the last 10 budgets that I have addressed.

As to the concept of a huge revenue grab, I am not sure the Liberals can necessarily sustain that claim. In fact in the first two years of these four out years this is actually a negative in terms of revenue. It is a net loss of \$43 million of revenue in the first year and a \$13 million gain in the following year. That is not exactly a huge tax grab when you consider that the government will actually have less revenue in the first couple of years, but it is certainly hoping to increase that revenue in later years.

Mr Dalidakis — I have got work to do.

Mr BARBER — I am not sure anyone is convinced of that. The first one on the list is to abolish insurance duty on agricultural products at a cost of \$4 million a year to the budget. That is an appropriate measure, albeit a very small one. What we should be doing is coming up with a scheme whereby we can remove stamp duty on all insurance products in Victoria. It is frightening that we would still consider it appropriate to collect more than \$1 billion by taxing insurance policies when in fact what we want people and small businesses, particularly farms, to do in Victoria — —

Mr Dalidakis interjected.

Mr BARBER — You're the cliché, mate.

The ACTING PRESIDENT (Mr Elasmarr) — Order! Mr Barber will continue through the Chair, please.

Mr BARBER — Four million dollars a year to abolish insurance duty on agricultural products is a worthy measure.

Honourable members interjecting.

Mr BARBER — Like Mr Rich-Phillips, I am looking forward to the committee stage of the bill. Too often we see natural disasters and other tragedies, and afterwards we find that homes and businesses have not

been adequately insured. It is clearly a regressive measure to be taxing insurance policies when they are an efficient economic measure to share risk. If we were going to start reforming taxes, I think we would be starting by taking stamp duty off insurance policies.

In relation to the motor vehicle duty rates, yes, they are another revenue grab. If we wanted to bring in efficient taxation to collect money from the use of our roads by motor vehicles, we would be introducing a comprehensive congestion charge. The Premier set up a body known as Infrastructure Victoria (IV), and broadly what he promised was that that would depoliticise infrastructure. We were certainly all looking forward to that outcome. Unfortunately, though, on the day IV brought down its major report it recommended a tax-efficient measure — a useful adjunct to infrastructure investment — and that was a congestion charge.

Mr Rich-Phillips — How long did it last?

Mr BARBER — That lasted about 5 milliseconds. That lasted about as long as an ice cube would if it was thrown at the sun, and Infrastructure Victoria should not have lasted much longer. Frankly, if after a long process involving many members of the public they recommended to the Premier fundamentally, number one on a list of three, a congestion charge and the Premier knocked it on the head the minute it was announced, the Premier should have gone ahead and knocked Infrastructure Victoria on the head. That would have saved us a little bit of money that we could feed back into consolidated revenue.

In the absence of an efficient and well-designed congestion charge, as recommended by IV, what we have got is a much more crude measure of charging people for the cost burden that they place on the roads, and that is a car registration fee. It is probably not a terrible regressive tax — motorists may disagree — but in terms of taxes on efficiency and equity, it is one that does slightly better than most.

Bringing forward increases in the payroll tax threshold is going to cost the government \$24 million per year over two years. Some people say payroll tax is a job stopper and that we should look to abolish payroll tax. Other economists say that the economic effect of payroll tax is akin to income tax. Yes, it adds to the cost of labour. However, it is not universally agreed that payroll tax is necessarily a bad or inefficient tax. Probably if we were going to reform payroll tax in Victoria we would do it in a way that would remove some of the jumps between brackets or perhaps lower

the bottom level so that more businesses did not have to comply with it.

Unfortunately we hear too many stories about broadscale avoidance of payroll tax — that is, where companies actually reclassify employees as contractors in order to avoid the company paying a payroll tax bill. The number of payroll tax inspections that were occurring actually started to fall, you may not be surprised to hear, under the last Liberal government — never a big priority for them, cracking down on that particular form of payroll tax avoidance — but I gather that in the last couple of years the number of inspections has started to rise again.

On this question of the exemption for certain transfers of property between spouses, I have read various arguments about it and various claims about it. I do not think it is possible right now to actually say whether this will or will not have regressive effects. It is going to depend entirely on whether people adjust their behaviour as a result of this new measure being brought in, and that is not something we are going to know until sometime down the track. This is a small amount of extra revenue that is being collected in this way.

Coming to some of the bigger items here, we have the abolition of stamp duty for first home purchases where those are valued up to \$600 000 and then a kind of a tapering reduction of stamp duty at levels above that. That is being offset against a new tax measure which is getting rid of the concession for off-the-plan purchases, which will be wound back in relation to investors but not, I understand, first home buyers. When you buy a house off the plan you are taking some risks. You are putting down a deposit on a house that is not even built yet, so you are in the hands of the developer as to whether it is going to be a good-quality product at the end. That was, as I understood it, the reason that we had a stamp duty concession for off-the-plan purchases; it was compensation for a form of risk that you would be taking.

Many developments these days seem to rely on pre-sales to get their financing in order to get up and moving. There is some concern out there that this measure will impact the financing and therefore the supply side of the housing market. At the current time there is a great deal of pressure on the housing market so we are alive to some of the risks, but as the measure indicates, the money saved is then given to first home buyers generally as a stamp duty cut. The government trumpeted this as a great moment for housing affordability, but unfortunately the measure was attacked and really discredited by a number of experienced economists.

I would just like to have a look at a few of those news articles and talk about what they were saying there. The main argument seems to be that reducing the tax on housing in that way was in fact going to push up house prices rather than reduce them. An article published on brokernews.com.au on 7 March 2017 titled ‘Victorian stamp duty exemptions could push up property prices’ states:

... leading economist and public commentator Saul Eslake has said the move will actually end up harming —

first home buyers —

by causing a spike in property prices.

Mr Eslake continued:

History shows that anything which allows buyers to pay more for a property than they otherwise would — as this proposal does — results primarily in people paying more for properties than they otherwise would ...

...

Assuming that there are other prospective buyers of this property, competition among them is likely to push the price up to the \$500 000 this would-be first-time buyer is now willing and able to pay —

he said, using a worked example. Mr Eslake went on to say:

Instead ... the state governments should focus on the following areas to help first home buyers into the market:

push the federal government into curtailing negative gearing and reducing the concessional rate of capital gains taxation ...

We all know the Labor Party — Johnnies-come-lately that they are — are now bringing up the rear behind the Greens’ push on negative gearing. We took the bold move of actually announcing that as a policy. A greatly watered-down version was then dribbled out by the federal opposition leader, Bill Shorten. Whether that ever actually makes its way into federal law will be a matter for Mr Shorten, I suppose, as he approaches what he hopes will be his impending prime ministership.

You will really like these other suggestions from Mr Eslake, Acting President. He suggests easing up on planning and building regulations which increase the cost or lengthen the time involved in building or redeveloping housing. I am not sure I would go quite that far. Building regulations that keep people safe in their homes are something that we should never ease up on. Building regulations that make those homes livable, comfortable and sustainable are an absolute necessity,

and it is a false economy, really, if we start cutting back on those particular measures.

Mr Eslake also suggests freeing up more unused government-owned land for property developments. It seems a lot of it is contaminated and that is why it is still unused. My favourite suggestion of his, though, is:

invest more in public transport and arterial roads to improve the accessibility of new housing estates to employment, recreation and entertainment.

The public transport investments in this budget barely keep pace with the amount of growth we are now experiencing, much less do some of the catch-up due to the decades of neglect that occurred under previous governments.

In fact I was fascinated to read a book recently by an ex-Labor staffer titled *Catch and Kill: the Politics of Power*. He documents pretty well what I think most people now understand, which is that the Bracks and Brumby governments took their eye off the ball on public transport. Massive overcrowding ensued and before they knew it they had been unceremoniously booted out of office. They are all geniuses in hindsight, but you would think that right now they would want to avoid ever finding themselves back in that situation.

A number of other articles came out around the same time. This measure was not exactly the triumph the Labor Party first thought it was going to be. In the Fairfax media, for example, there was an article on 24 March 2017 about stamp duty titled 'Stamp duty changes will drive away investors, says Charter Keck'. In 'Domain' of 4 March 2017 there was quite a comprehensive and well-argued piece by Adrian Lowe titled 'Why the government can't really help first home buyers'. There is a nice picture of the Treasurer in there, giving an expansive interview it seems — he is gesturing expansively. Unfortunately, though, underneath the picture there is a fairly comprehensive take-down along the lines of all the other times they have come in and tinkered with first home buyer grants and incentives. They have always received from economists the same puzzlement of 'You seriously don't think this is going to work?'

Then there is the vacant residential property tax. I have certainly spent some time turning my mind to this one. The government proposes that under a range of different scenarios where residential properties are not being used or are not being used sufficiently a new form of tax would actually be slapped onto the property. First of all we should certainly turn our minds to any incentive that gets new supply back onto the market and removes a lot of these houses that have

been sitting vacant because, as I said earlier, the other tax incentives associated with property are so perverse that in fact it makes sense financially for properties to remain vacant, even though we would think common sense would say, 'You should be collecting some rent'.

There are a number of different definitions in this section that say what a vacant house is and under what circumstances the tax would be applied. It worries me though, with an alleged 80 000 properties out there said to be vacant, that the government seems to think they are going to collect a fairly small amount of revenue through this tax by suggesting that maybe only about 20 000 properties might attract it. That leaves 60 000 people out there hopefully not receiving some sort of Centrelink-style robo-debt or automatically generated tax notice so that they then have to go through the information requirements of this bill in order to understand how they can demonstrate that their house was not vacant.

We are told that Vancouver, a city very similar to Melbourne in a lot of ways, has also introduced a similar tax designed to penalise people who seek to leave their properties vacant for a long time. The thing we should note about that is that Vancouver already has a broad-based land tax. Everybody who owns a house pays a land tax and a range of municipal taxes, so the compliance burden of adding a vacancy tax would be lesser, one would think, if many of those home owners are engaged with the property tax system already.

What we are going to have here in Victoria, it seems, is a bunch of home owners who have never paid any land tax — this is their principal place of residence — and who have never turned their mind to the fact that they may have to pay land tax, potentially being given a tax notice and then having to demonstrate through the provisions of this bill as to how, why and when the house was not vacant.

Certainly as a piece of public policy this is something of a cleft stick. We all recognise that we have a big problem with the housing market. We all recognise that the tax incentives are so great that people buy houses, speculate on their investment and do not worry about renting them out. Who knows where all that will end? On the other hand you have a tax which collects a small amount of money and which may produce a fairly large compliance burden. That is one of the dilemmas of tax design or tax reform. If you are collecting an amount of money from tax, you do not want to spend half that money on hiring inspectors to run around making sure that you are collecting the tax appropriately. The government says they will be able to handle it. Presumably they will be able to engage with the

community. They will have enough phone lines and enough people to answer the phones to be able to walk people through this provision.

Last on my list is the retargeting of off-the-plan stamp duty concessions, which I referred to earlier. Overall it is a rather perplexing set of taxes. It has been hard for the government to actually explain the benefits of these new taxes even if they had wanted to be up-front and say, 'Look, we just need more money because we've got a government to run'. In a way they have sold short their own measures, or at least they have not been able to sustain an argument as to why these are good taxes even if they do use the money to replace some bad taxes. I am afraid I am still very much in two minds as to which of these measures are worth supporting.

I understand the coalition has got some amendments. The coalition's approach is reasonably predictable: they want to get rid of all the tax increases but leave intact the tax cuts. If only they had adopted that approach when they were in government. After 11 years here you understand that the Liberals do not actually cut taxes in government, they increase taxes. They demand tax cuts when they are in opposition, but in government they increase taxes, they take the money and they give it to their mates, basically. They give it to the top end of town. Notwithstanding that, they did actually drive through the reform of the fire services levy. It took a royal commission to get them moving on it. Even the then Labor opposition I remember coming in here ranting that the whole implementation had been botched on the basis of about three people who got bills and thought that they got the wrong bill or something. Overall it was a reasonably successful measure. I think it now collects about \$700 million or so to fund those incredibly important fire services, and now that we are really facing up to the fact that we are in an environmental crisis we all know that there will be more extreme weather events and that those emergency services will have increasing demands on them. It is a good thing that we have come up with an efficient tax that is collected in a way that does not distort the economy but is also given over directly to those fire services and ensures that they are well funded.

That brings me to the last major measure that is in this bill, which is the changes to the regime of how valuations are conducted for both council rating and land tax purposes. As other speakers have noted, this led to an extraordinary backlash from local councils. It took them completely by surprise and left them in the era of rate capping, frankly, quite afraid that they would get new burdens placed upon them. These days if the government takes away a form of revenue or adds a new service to local government, under rate capping

councils have to immediately turn around and work out what services or capital works they will cut. Quite simply, if the government gets this particular reform wrong and councils are out of pocket, they will be turning around and working out how to put more water in the soup of Meals on Wheels or how to cancel a bike path or any one of a number of other important council projects that the community is demanding. The government has really reaped the effects of its own rate capping policy in this quite extraordinary but actually quite justified reaction from local government.

It was a bad mistake to spring this on local government when valuations and taxing are not only important services but important sources of revenue for local council. These are sovereign, democratically elected governments — there are 79 of them in Victoria — that are constitutionally protected, and you cannot simply treat them that way. You cannot simply drop something like this on them and then expect it all to get waved through the Parliament, in particular when there have been measures — and this was another initiative of the previous government — to sign up to a local government compact which was an attempt to set state and local government relations on an equal footing involving consultation.

As Mr Rich-Phillips and the *Herald Sun* now know, the government has put to the Greens some propositions in relation to how this tax could be reformed. I do not know if those amendments have yet been provided to other parties.

Mr Rich-Phillips interjected.

Mr BARBER — Mr Rich-Phillips indicates no. Just for the record so that people understand, I got those amendments at 6.30 p.m. last night. I was just about to open them up and read them when my iPad died. I know it sounds like a the-dog-ate-my-homework-type excuse, but anybody who knows how much I love my iPad would understand how bereft I was that it was just suddenly showing me a dead screen. Apparently it came good in the middle of the night and lit up, and I was able to actually get those amendments this morning and start to have a read of them, but literally as we were walking in here and as this bill was brought on for debate I was still cross-referencing what all of the measures are, and I have not had a chance to have someone from the public service sit me down and actually walk through what is a very large and complicated set of amendments.

Mr Rich-Phillips — Apparently you have to get on with it, so the press release says.

Mr BARBER — Mr Rich-Phillips just got the press release and the *Herald Sun* article.

Mr Rich-Phillips — The one saying ‘Get on with it’.

Mr BARBER — The one saying ‘Get on with it’. The thing about the measures in this bill is that a number of them like the payroll cuts do kick in on 1 July, and the government and perhaps all parties here would be keen for those to pass immediately, but other taxing measures such as the vacancy tax do not apply, I believe, until 1 January, so there is no great hurry on that one. In relation to this matter of council valuations, I think our best bet here would be to perhaps take that section out of the bill, put it to one side, pass the other measures or debate or vote on the other measures and then use the winter break to do some proper consultation with local government.

The government’s proposition has changed quite dramatically. The original bill was to actually remove councils’ role in valuation — to centralise them with the valuer-general — but then to also introduce annual valuations, because that will increase their land tax revenues. For all of those people writing to me saying that this is a secret plan to increase land tax, I say ‘Good’. The state should be more dependent on land tax. So the secret is out: the government will reap more land tax as a result of this measure, and that is a good thing. That comes from the annual revaluation of properties for land tax purposes. Instead of councils doing revaluations every two years, they will now be done every year, in line with a number of other states.

In relation to centralisation, though, councils were being told this function was to be taken off them and given to the valuer-general. The government is now looking at a different way of doing it in which it says, ‘Actually we’ll pay you to do it every year, and we’ll pay you in such a way that will make sure you’re not going to be out of pocket’. I do not have any ideological objections to these valuations being moved over time. To the valuers who have been writing to me saying they are worried they are going to get sacked: you are not going to get sacked. In fact the government is about to increase the amount of work available to the specialised profession of valuer. Certainly not in the next week are we going to suddenly strip away councils’ valuation powers and force them to sack all their in-house valuers.

We can turn what has been a rather negative experience from the point of view of local government and a range of other actors into a positive experience if we simply separate out this measure and spend the winter break

having some discussions. The government does not need this measure immediately. In fact they are not even looking at increased revenues until outside the next year because next year is in fact the regular council revaluation cycle anyway. It is impossible, I think, to bring on board a number of councils that may want to be more cooperative in relation to this matter. At the moment only about 18 councils, I am informed, use the services of the valuer-general to do their valuations. If the aim is to move them all over to the valuer-general, then you might catch a few more flies with honey than with vinegar. That is why I think it would be wise for the government to consider deferring this measure and perhaps bringing it in as a separate bill post the winter break.

At the moment I do not know how all of this is supposed to land. I have some preliminary discussions going on with the government. I of course want to involve the municipal association and individual councils in those discussions as well. Mr Rich-Phillips over here is gunning to strip the bill of all these provisions. I think if we act sensibly and have open dialogue over the coming sitting week, we can actually come up with a solution that would be a good one.

I am still not sure whether the government intends to just forge ahead with the committee stage of the bill tonight. If it does, we could be here for some time and there may have to be some breaks for deliberation. But I think it would be better, in the interests of good policy, if we perhaps finished up the second-reading debate here tonight and passed the second reading. I think all parties here are willing to support the bill at the second reading — some want to move some amendments later — and move on to perhaps some other pressing business while we talk about this over the next few days.

Mr MULINO (Eastern Victoria) — I rise to speak in support of the State Taxation Acts Amendment Bill 2017. This is an important bill in terms of taxation reform and the Victorian government’s Homes for Victorians strategy but also in terms of delivering on a range of budget initiatives and providing the stable revenue base that our budget requires. I am going to deal with each of those matters in turn.

But what I might deal with firstly — and I will probably focus on Mr Rich-Phillips’s comments but also to some degree some of Mr Barber’s comments — is this notion that there is no reform in this bill, which I think is completely untrue. There are two strong areas of reform — not only two but two particularly strong areas of reform. One is the housing affordability package. I will spend a bit of time on that. It is a

package that, I might say, has been copied in large part by the federal government and the New South Wales government, both of which are of the opposite political persuasion from the Victorian government. The ultimate form of flattery is imitation, and we have seen that with policy reform in the housing affordability package.

The second area of reform is in relation to business taxation. I think, just to give a headline figure, in just three years we have delivered tax cuts for business totalling over half a billion dollars, and our cuts for business are more than double what the opposition delivered over the entire term they were in government. Those are two areas of reform I want to highlight right from the start. There are others, but these indicate that we are not talking about just tweaking levels of tax here and there; we are talking here about very considered policy changes.

Let us start with Homes for Victorians. This government has talked about the housing affordability problem right from the start of this term. This is an issue throughout the Victorian community; in fact it is an issue right across Australia. Governments right across Australia — state governments but also the federal government — have talked a lot about this issue. Indeed we saw the federal government put this issue up in lights in the lead-up to their budget. They said, ‘Watch this space’. I believe it is clear that it is the Victorian government that has delivered when it comes to policy in this space. What is contained in this bill lies at the heart of the response that we have developed on housing affordability. There are a number of tax measures in this bill that are critical in terms of rebalancing from investor benefits to benefits for others, in particular for first home owners and for those in regional areas.

I do think it is worth saying from the outset that the housing affordability issue is an incredibly difficult one. The housing market is probably the largest single market in our economy, but I think almost all economists would say to you that it is one of the least understood. Almost all economists would say that it is a very complicated market which requires a multifaceted response.

The housing affordability package that the Victorian government pulled together, led by the Treasurer, contained many, many elements, and it was a package that reflected that complexity in the housing market. One has to have both supply and demand measures. One has to have measures that affect both metropolitan and regional areas. One has to have measures that deal with certain skews in the market — for example, the

intervention of foreign investors in some areas. One has to look at certain segments of the market — disadvantaged segments — like first home owners. One has to look at innovative financing measures such as, for example, affordable housing being financed through bond aggregators. What we see in our package is a whole raft of measures. Some of the key ones are in this bill, but there was of course much more than that.

On the supply side of course this government included a range of measures to release land at a far faster rate than we are seeing in other states, and that will put significant downward pressure on prices. We see that the price of new lots is materially lower in this jurisdiction than, for example, in a comparable jurisdiction such as New South Wales. There are some demand-side measures, but they are very targeted. For example, there are stamp duty reductions for first home owners. They will not pay stamp duty on a home if they are a first home owner purchasing it for up to \$600 000, and there will be stamp duty reductions on houses up to \$750 000. Given the kinds of house prices that we see in the outer urban fringe of Melbourne and in many regional areas, this means that many first home owners will have the opportunity to purchase homes and enter the market with no or little stamp duty. Indeed it has been estimated that this measure alone will help more than 25 000 people every year to purchase their first home. This is an absolutely critical aspect of the government’s *Homes for Victorians* package.

There is also the first home owner grant in regional Victoria doubling to \$20 000. We have seen all of the commentary on housing affordability. We have seen across all Western countries over recent decades that house-price-to-income ratios have increased significantly, while house-borrowing-to-income ratios have been more stable. But what is clear is that pulling together a deposit is an increasing barrier for many first home owners, so doubling the first home owner grant is a critical way of providing targeted assistance to help first home owners enter the market. Doubling it in regional Victoria achieves a number of policy goals. Firstly, it helps first home owners achieve their dream of owning their own home in an area where a \$20 000 supplement to their deposit will make a material difference. Secondly, it supports the government’s overarching policy agenda of supporting population growth in regional areas and supporting economic development in regional areas overall, so again it is a very targeted and very sensible measure.

In relation to the removal of off-the-plan concessions from 1 July, the off-the-plan stamp duty concession will only be available to homebuyers who intend to make the property their principal place of residence — it is

not for investors. Again this is a rebalancing. One cannot have serious tax reform if one does not have swings and roundabouts. Mr Barber made some references to the fact that he would like certain swathes of taxes on transactions, such as insurances, removed. We can debate tax reform in principle at that kind of high level all day long, but this is practical tax reform where we are rebalancing taxes on the housing sector in a way that will make a material difference by making the tax system friendlier to occupiers and friendlier to first home owners, which will help that part of the market relative to investors. I would argue that that is a very sensible move in light of the fact that the investment side of the housing market has become so overinflated.

Then there is the vacant residential property tax, which again I would argue is a question of balance. It is clear that there are funds coming into Melbourne in particular, and some pockets of Melbourne in particular, and that some of those funds are being parked. Some funds are being invested where properties are not necessarily being lived in. This is not to say that people should never do that. It is simply saying that our tax system should be rebalanced so that it is friendlier to occupier buyers and first home buyers and should be rebalanced, in relative terms, more that way. So where a property has been left vacant for more than six months in a calendar year a rate of 1 per cent will be charged on the property's capital improved value.

As I mentioned, there are a whole raft of measures. There were, if I remember correctly, more than 20 measures as part of the housing affordability package. When one looks, for example, at the New South Wales housing affordability package, it had very similar cuts to stamp duty for first home buyers, it had a very similar reform to the off-the-plan concession for investors and it had very similar increases in the surcharge for foreign purchasers. So there is actually a lot of policy movement around the country that follows what we are doing in this state.

I will touch briefly on other aspects of this bill which relate to the budget. There is a payroll tax reduction that is being brought forward. In the 2016 budget the Andrews government introduced a plan to progressively raise the \$550 000 payroll tax threshold by \$25 000 per year over four financial years to \$650 000 by 2019–20. The Victorian government is bringing forward those changes so that the threshold will reach \$625 000 in 2017–18 and \$650 000 in 2018–19. Again this is a targeted measure — a measure that will benefit a part of the economy that is generating significant jobs growth.

We are seeing jobs exploding in the state. More than half the jobs in the country are being created in this state. Huge numbers of full-time jobs are being created in this state. While Mr Rich-Phillips talked before about the fact that the economic cycle was not as friendly for the previous government, part of that is endogenous. Part of that was their management of the economy, and at the moment part of what we are seeing underpinning our economic growth is the fact that it is, in turn, leading to a virtuous cycle where it is, in turn, supporting stronger budgetary positions. In short, up to 1600 grouped businesses will cease to be liable for payroll tax one year earlier.

There are regional payroll tax cuts, and there is a significant change in the tax structure of payroll tax. It is reducing by 25 percentage points down to 3.65 per cent where at least 85 per cent of the payroll goes to regional employees. This will be a measure that applies from 1 July 2017. This is a critical part again of the series of measures this government has proposed to boost employment, to boost livability and to boost economic growth in regional areas. It relates to certain aspects of the housing affordability package. They all dovetail together, and I would argue that all of these business tax measures are absolutely critical to supporting further employment growth.

There is of course an exemption from insurance duty on agricultural products. Again, that is a positive measure. Mr Barber mentioned it in positive terms. I would agree in principle with some of the comments Mr Barber made about how it would in an ideal world be good if we could even further reduce some of these transaction taxes. It goes without saying that there are balances that one must make where we have to support the revenue base to try to achieve as much reduction in certain inefficient taxes where that is possible. But of course we also have to support spending, given population growth is at such high levels and given that we have such demands on infrastructure spending. This is a really important measure. Of course we will investigate further cuts in transaction taxes down the track, but this is a measure worthy of support in this budget.

Then there is the removal of the stamp duty exemption for transfers between spouses. That will not affect people transferring property at the end of a relationship dissolution. This is really a matter of closing a loophole — in a way that is consistent, I might add, with other jurisdictions. This is closing a loophole where those kinds of transfers are occurring solely for the purpose of tax minimisation.

Finally, there is the same duty rate for new and used vehicles. This is a sensible measure, given that the

rationale for the previous arrangements no longer exists. This brings us into line with other jurisdictions. It is a little bit rich of Mr Rich-Phillips to criticise us for this measure, given what the previous government did when it came to motor vehicle taxes.

There are a number of other important technical changes, but what I would say is this. The two key elements are, firstly, a really sensible housing affordability package which is multifaceted. It includes elements not in this bill, but many of the elements in the bill underpin some of the rebalancing towards owner-occupiers and the rebalancing towards first home owners. As I said, governments of the opposite political stripe in New South Wales and federally have, since the announcement of our package, adopted many of its measures. There is no flattery greater than imitation, and we welcome them adopting those measures. There is also a range of business cuts, which are very targeted and which I am confident will support even further employment growth.

Let us look at the bigger picture. Mr Rich-Phillips talked about the cycle and whether it is positive or negative. What we are doing is growing revenue in a responsible way. Revenue growth over the four years to 2021 will be 3.7 per cent year, on average. That is well below the 5.9 cent over the decade to 2016–17. Let us look at this with a bit of perspective. Some people cherrypick taxes that are going up without looking at the overall picture. The overall picture is that this state government is taxing in a very sustainable and responsible way for the economy. We are maintaining surpluses, but we are increasing taxes at a rate that the economy can cope with.

Again I go back to the previous term. In 2013–14 state taxation revenue grew by 8.8 per cent. In 2014–15 state taxation revenue grew by 8.5 per cent. Mr Rich-Phillips was a little bit cheeky in some of the cherrypicking of figures that he undertook in his speech. This is a very responsible budget, and the revenue measures to support it are also very responsible. They are very measured, they are very targeted and they are built upon very solid policy that many other jurisdictions are copying. It is with great pleasure that I recommend this bill to this house.

Mr DAVIS (Southern Metropolitan) — I want to make a couple of points about the State Taxations Acts Amendment Bill 2017. Mr Rich-Phillips has covered it at great length in his longer contribution, but there are a number of points that I want to make, particularly from my portfolio perspective of planning and local government, both of which are heavily impacted by this bill.

It is important to place on the record that this is a high-taxing government. Forget all the nonsense we have just heard. The truth of the matter is that state taxes are up 20 per cent in two years. We have also seen a clear breach of the promise made by the Premier, then opposition leader, not to increase taxes, charges and levies beyond the CPI. Indeed there are 16 new taxes and charges put on property and development, and all of those feed directly through to housing affordability.

We have heard a lot about housing affordability, but the truth of the matter is that if you apply large taxes, charges and levies — whatever name you want to give them — they feed through into the costs of housing, whether that is for apartments or whether it is for housing on the edge of the city.

I want to go through this measure by measure. The abolition of the off-the-plan duty concession for non-owner-occupiers will deal a body blow to apartment building in and around Melbourne and in the middle suburbs. The truth of the matter is that in Victoria this has been a very important measure in ensuring that there is a greater supply of apartments. The underpinning of that supply by those who are investors has been a very significant part of ensuring that a new model is operating here.

The cold removal of the off-the-plan duty concession on 1 July will hit hard the supply of apartments in the middle suburbs, in central Melbourne and in other areas of the state. It will hit housing affordability in those suburbs, pushing housing costs up. Why on earth would you buy off the plan when you could settle without penalty at a later point when there is no duty concession, which has been the driver for people settling early or signing early and doing the final settlement later? This I put on the record as something that is going to cause significant issues.

The new vacant residential land tax sounds on first blush like a good idea, but as is typical of this Treasurer on so many things, the details have not been worked out and the impact has not been thought through in a careful and studied way. What is clear is that vacant residential land taxes of this type have a whole series of impacts, whether it be on those who go overseas for legitimate work purposes, those who have family members who leave the home for a certain period or those who move for treatments and medical or other arrangements. None of these matters have been thought through, and unless these issues are dealt with properly, there will be huge impacts on people who can ill afford those impacts. There will be sharp and harsh impacts on many who would otherwise not have experienced those

significant impacts. Whilst the idea on the surface is good, the detail is something that is yet to be worked through, and the government has shown no signs of a preparedness to listen and to work with the community to get a better outcome on that.

It is also particularly significant that there may well be breaches of the Charter of Human Rights and Responsibilities Act 2006. I put on the record now that I do not think the Scrutiny of Acts and Regulations Committee has done its job fully on this. I am indebted to correspondence from Liz Burton, an activist and a very erudite individual who has followed this quite closely. Section 12 of the charter says every person lawfully in Victoria has a right to move freely within Victoria, to enter and leave it and to choose where to live. This will directly impact on the choices that people make in terms of where to live.

The Treasurer has not been clear on the impacts of this bill. I put on the record my concern about the lack of detail of the implementation of this legislation. The opposition is very concerned and will oppose this section of the bill, as we will oppose the recommendation to abolish the off-the-plan benefits.

The increase in duty for new and near-new motor vehicles has been mentioned by my colleague, and we will oppose that increase as well.

There is the abolition of duty concessions for spouses transferring properties between each other, other than principal place of residence circumstances. Does this mean that if you transfer the ownership of your holiday house to your spouse, it is going to attract tax? The answer, under these changes, is that, yes, it will. For those with other significant assets this is actually quite a significant point to grapple with. This will lead to changes and impacts on people who have in good faith entered into transactions, and they will be caught by these changes, if they are passed. We have said that we will oppose those changes.

We have said we will support the increase in payroll tax thresholds. We have said we will support the reduction in payroll tax applicable to certain regional businesses. We have said that we will support the abolition of duty on certain forms of insurance for agricultural purposes. We have said that we will support the abolition of stamp duty for first home buyers up to \$600 000 and the concession for purchases from \$600 000 to \$750 000. We are not going to oppose this measure, but I again place on record the lack of understanding of this government of the detail of the impacts of their policies.

Let us be clear: it will be the edge of the city, the growth suburbs, the interface council areas where this will have its biggest impact. The truth is the land supply in many of those areas is constrained. According to the figures I saw the other day, in the Shire of Cardinia there is only 21 days of supply, so there are very short periods of supply in many areas. This government has been tardy in land release over the last two and half years. They were left a golden heritage from when Matthew Guy was Minister for Planning, with enormous releases of land on the edge of the city. They have now squandered that. Whilst some precinct structure plans (PSPs) have been signed off, they were signed off with a tranche of conditions, which means land does not actually come to market in a timely way, so the process of developing land, ensuring that the precinct structure plans are in place, that all of the approvals are in place and that the planning and infrastructure is put in place is a long one.

The government needs to get a move on with many of these projects. Many of the PSPs on the edge of the city have been languishing, and there is a shortage of supply in many of the developing areas and many of the interface council areas. That is a difficult recipe where you pour in money through this mechanism. It will help some first home buyers, but others will face a competitive process where other first home buyers, all armed with increased funds through this process, will compete for the same limited supply of land. There was mention in this debate of Mr Saul Eslake's comments. He is a pretty sharp predictor of what will occur in these matters, and he has pointed very directly to what is likely to occur here. Without the release of sufficient land supply, this measure is potentially not going to achieve the benefits that are required.

The relaxing of first home owner grant residential requirements for Victorian Australian Defence Force personnel is something that we will support.

The changes that surround the valuation functions are something that the opposition has enormous concerns about. I simply do not have time to cover the breadth of complaints and concerns that have been raised with me. I think nearly four dozen councils have come to me specifically with matters relating to the administrative changes that will occur.

The move to annual valuations, as Mr Rich-Phillips said, is simply a land tax grab. The government wants the annual valuations, it wants the uplift and it wants to scoop off more tax. This is on top of the massive increase that we have seen in this financial year — a 28 per cent increase in land tax take.

We heard from the other side of the chamber a moment ago that they had been modest with tax increases. Indeed they have not. The impact of these land tax scoops is significant. It is impacting on businesses. All of those small businesses that own properties on the high street of every suburb are being hit hard and all of those small factories are being hit hard by the land tax increases, and these annual valuations — and I will come to the process in a moment — are simply a tax grab by Treasurer Pallas, but the actual process by which this occurs will weaken our system of valuation. We have had a distributed system of valuation where councils undertake the valuation, and they do that without an interest in the outcome because the valuations at council level do not set how much is scooped in; they only set the spread of tax between individuals — the wedge of tax within their municipality that people pay.

I have been to see the valuer-general about the centralisation of valuation. Whilst I have a fine regard for him as an individual and a high regard for the status of his office, I do not believe the centralisation of valuation is the way to go, and I do not think we are going to get a better, more secure and more trusted land tax valuation system through this process. Councils will be hit with additional charges. The councils that have supplementary valuations undertaken by their own valuers or contracted valuers now will find they will lose that source of revenue, and that is a legitimate source of revenue for them. At the same time there will be a loss of valuer jobs across country and metropolitan areas. There are around 50 valuers employed by councils at the moment who will all lose their jobs under this proposal, under the government's decision about these property valuations. The government is now talking to the Municipal Association of Victoria (MAV) about who will pay the redundancies for these 50 valuers. These are highly qualified valuers who have local knowledge within their municipalities, and the local strength of that valuation system will be irrevocably damaged by the decision to centralise all valuations in metropolitan Melbourne under the direct control of the valuer-general.

Why is the government doing this? Not only do they want the annual revenue flow there because there will be annual valuation rather than biennial valuation, but there is another reason that they are doing this — that is, to clear the decks before the government privatise the land title and cadastral system in the state. They are going to flog it off. It is already in the budget. I want to put on record today in the chamber that at the Public Accounts and Estimates Committee breakfast in budget week the single question I asked was to the Secretary to the Department of Treasury and Finance. I asked him,

'Have you booked the announced sale of the title system?'. The answer was, 'Yes, the money is already there'. They will not tell us how much, but it is already contained within the budget estimates and the budget papers. It will be more than \$2 billion; there is no question. New South Wales is around \$2.5 billion, and this government intends to scoop in more than \$2 billion through this process.

Let us be clear about what is at stake here: the independence of our cadastral system, the independence of our title system and the surety that people have had in Victoria with one of the best and most secure title systems in the world — a system that is looked upon widely as one of the best systems.

Can this be done in a way that protects that system? Well, possibly it can, but I am not at all convinced that this government has that intention to the fore of its mind. I think the government has at the fore of its mind yield, sale value, the up-front number that they can put into the budget and the up-front number that is already bookmarked, already earmarked, in the budget to fund other government programs. The sale of the system in this way I think is a significant risk.

I want to put on record my thanks to the councils, to the MAV and to other groups that have provided information to me on these points. I want to note and put on record my high regard and appreciation for the contributions of the valuing professions. They have been swept aside in the process of making decisions here.

I do not think that the best outcome has been achieved by the MAV on this. I am sad to put this on record, but I think it is true; it is not the best outcome that could have been achieved. I have seen the exchange of letters between the Treasurer and the MAV, but most councils are not happy with this outcome. Most councils are not happy with the deal or the outcome that was negotiated with the MAV. Many of them have broken ranks, and Mr Rich-Phillips has referred to some of them. But the fact is that this is not the best outcome and it is driven by the government's dash for cash, its attempt to get yield and its anger and its fury in its attempt to scoop in more and more money. I say this is a high-taxing government, and the opposition will certainly take a strong stand on some of these measures.

Mr ONDARCHIE (Northern Metropolitan) — It is a pleasure to follow Mr Davis and talk to the State Taxation Acts Amendment Bill 2017. Victorians could be well forgiven for thinking this is a Daniel Andrews con job. This is the same Daniel Andrews who looked at Peter Mitchell down the barrel of that camera and

said on the night before the election when he was opposition leader that he would not increase taxes to Victorians. When Peter Mitchell said to Daniel Andrews:

... all the polls say you will be Victoria's next Premier. If you are, do you promise Victorians here tonight that you will not increase taxes or introduce any new taxes?

On 28 November 2014 Daniel Andrews looked down the barrel of that camera at all the viewers of the Seven Network that night and said:

I make that promise, Peter, to every single Victorian.

On 19 November David Speers from Sky News said to Daniel Andrews:

So, any higher taxes, levies?

Daniel Andrews said:

Absolutely not ...

Victoria's mendacious Premier. Just like his attempt to couple the cancer compensation bill with legislation to break up the Country Fire Authority (CFA), Daniel Andrews is coupling legislation to cut payroll tax with a bill to introduce some of his 11 new taxes. Yet again Daniel Andrews is trying to hold this Parliament to ransom over his political gains. Before the election, as I pointed out, Daniel Andrews said there would be no new taxes or tax increases. Since then Daniel Andrews has increased taxes by nearly \$4 billion. This is an increase in taxation revenue of over 20 per cent.

We want to separate these tax increases from the proposed payroll tax cut. Since the 2014 election Daniel Andrews has increased taxes by an average of \$2000 for every single Victorian. Victorians are struggling now with higher taxes, bigger gas and electricity bills, rising water costs and higher transport fares. Daniel Andrews's solution is to introduce new taxes and increase existing taxes.

As Premier, Daniel Andrews has slammed Victorians with 11 new taxes, including a \$252 million energy tax on coal royalties; the taxi and Uber tax; the land tax surcharge for absentee owners introduced at 0.5 per cent and then increased to 1.5 per cent; and a stamp duty surcharge for foreign buyers, which was introduced at 3 per cent and then increased to 7 per cent. The fire services property levy has been hiked up. There has been an increase in stamp duty on new cars as well as the introduction of a new stamp duty for off-the-plan purchases, a new stamp duty on property transfers between spouses, a new annual property valuation to increase land tax and council rates, a new

vacant residential land tax and a point-of-consumption wagering tax.

Victorians are struggling with the cost of living, and Daniel Andrews's answer is simply to increase taxes. But that is no surprise, because Labor cannot manage money. We found out through the Public Accounts and Estimates Committee process that there has been budget blowout after budget blowout in this state, and they have got form. This Labor mob have got form; they cannot manage money. The level crossing removal program was promised by Labor at \$5 billion to \$6 billion. When Treasurer Pallas fronted the Public Accounts and Estimates Committee on 12 May this year he admitted that the cost has already blown out to \$6.9 billion. This comes after a budget which conceded that the Melbourne Metro project, originally promised to cost \$9 billion, has already blown out to \$11.1 billion. This mob cannot manage money. It is simple.

In the budget Labor will increase taxation revenue by \$174.8 million in 2017–18 and \$1.4 billion over the next four years. From 1 July, not too many days away, stamp duty will be payable on property transfers between spouses and de facto partners. This will raise an additional \$20 million per year. This budget is going to make buying a new car very difficult for Victorians because the duty on new passenger vehicles will increase from \$6.40 per \$200 of market value to \$8.40 per \$200. That will raise \$391.4 million over four years — just \$93.8 million in the next financial year alone.

The government is adding another tax. They are introducing the vacant residential property tax. This will increase revenue to the state by \$80 million over the four years — just \$10 million alone in 2017–18. Removing the off-the-plan stamp duty concession is another hit to Victorians. From 1 July 2017 it will only be available to homebuyers who qualify for the principal place of residence stamp duty concession or who qualify for the first home buyers stamp duty exemption or concession. It is going to raise \$51 million in the next financial year and \$841.2 million over the four years.

The Premier is also going to introduce property valuations annually rather than every two years, and the budget papers, not surprisingly, will not tell us how much money that is going to raise. This has caused immeasurable concern out there in our communities and for many MPs. I am sure the government MPs have heard it, but they are ignoring it. There have been many representations by local residents and by councils. In particular I have before me a letter from the mayor of

the City of Whittlesea, Cr Ricky Kirkham, a good man representing his community with great aplomb. He works hard for it. He talks about the State Taxation Acts Amendment Bill 2017 and the proposed changes to the land valuation system, and he said in his correspondence:

The changes to Victoria's land tax system being put forward will fundamentally change the way in which property valuations for rating and taxing purposes are carried out in Victoria, with significant adverse consequences for local government revenue.

Another concerning aspect is that there has been very limited consultation with the public, relevant professional associations and other stakeholders giving rise to concerns about lack of transparency in the process.

When it comes to lack of transparency, this government has got plenty of form. I am sure when it comes to lack of consultation there would be over 60 000 Country Fire Authority volunteers right now who would say, 'You never told us what you're going to do. You're going to ram through these changes, create a new fire body in this state, and you haven't even talked to us'. But the only people that have structured the changes to the fire services in Victoria are Peter Marshall and Daniel Andrews. Now there is a Laurel and Hardy if ever you have seen it. I have to say the mayor, Cr Kirkham, of the City of Whittlesea is rightly concerned. He also said:

In addition, the proposed process is not in the interest of Victoria's property owners as it erodes the independence of the Valuer-General Victoria and risks creating public perceptions of Victoria's land tax system lacking fairness and being contrary to the rules of natural justice.

And you know what else Daniel Andrews has done through this process? He has shifted all the blame back to local government. All the focus will go to local councils. The form of this government can be seen here in question time when they answer the same way every time: 'It's not our fault; it's somebody else's fault'. When there is community uprising about these valuations, the government will no doubt say, 'It's not us; it's the council'. This mob has got form. And as Cr Kirkham rightly said in his correspondence to MPs, and to me particularly — and I thank him for it:

The risk of a community backlash is further increased in the current environment of rate capping and ever-increasing high property prices. Both these factors mean annual valuations will significantly increase the land tax payable by landowners to state government, adding weight to the perception of unfairness.

Cr Kirkham said that this government will be 'adding weight to the perception of unfairness', and members of this house — particularly the Liberal-Nationals

coalition — would say, 'You think? This is exactly what they do'. He further goes on:

A strength of the current system is the objectivity and protection that all Victorian land tax payers know they have through local councils undertaking the valuations used for assessing land tax.

This is another example of the government handing it to somebody else — somebody else to blame. 'It's not our fault', they say. That is the form of this government: a big tax take and blaming somebody else. I also received correspondence — I know others have as well — from the mayor of the City of Hume, Cr Drew Jessop, who is, I am told, aligned to the Australian Labor Party.

Mr Finn — Aligned? He is a member.

Mr ONDARCHIE — As Mr Finn rightly interjects, he is probably a member of the Labor Party, and yet in his correspondence he is critical of this government, and rightly so. They pick winners and losers, this mob. If you are not on their side, you get flung. Ask Lucinda Nolan. Ask the board of the CFA. Ask the board of the Metropolitan Fire Brigade. Ask the former minister Jane Garrett. If you are not on Daniel Andrews's side, you get flung.

One might ask, why do they need all this extra money? As I have described earlier in my contribution, they cannot manage money. But what is interesting is public sector wages have increased by 24.4 per cent or \$4.5 billion since Labor came to office. The pre-election budget update forecast employee expenses of \$18.5 billion for the 2014–15 financial year. This year's budget puts employee expenses at \$23 billion for the 2017–18 financial year. And why? Because Daniel Andrews is running around the state employing all his union mates. That is where the jobs plan is coming from: 'Let's spend taxpayers money to give jobs to our mates'. And when they do not have enough money, they are just going to put up taxes. This is how they operate in an environment in which it is getting harder and harder to be able to afford to live.

The average Victorian household is seeing their annual energy bills increase by \$300 according to the St Vincent de Paul Society, and Daniel Andrews's answer to that is, 'We might have another review'. This is the same mob that put coal royalty taxes on places like Hazelwood. Hazelwood said, 'We can't afford to operate; we're going to shut down our system'. Prices to Victorians go up, and Daniel Andrews says, 'It's not our fault; it's the marketplace's fault'. You did this, Daniel Andrews. You did this to Victorian taxpayers. And they said — Mr Finn I know is nodding furiously — 'We'll only cause an increase of about

4 per cent'. To use the vernacular, that was absolute bulltish. We knew straightaway. Everybody knew it was going to increase energy costs to Victorian householders.

The taxes have gone up 20 per cent, but Daniel Andrews has cut \$45 million for training. We are paying more taxes, but the funds are not going to be used to fix the state's broken training sector. They have cut \$45 million from the state training budget while thousands of young people drop out of vocational education in Victoria. Under Daniel Andrews's leadership, if you can call it that, 122 597 fewer students are enrolled in government-subsidised training. There are 168 432 fewer government-subsidised course enrolments, and 56 million fewer student contact hours have been delivered. The participation of young people in training has also declined by 6.6 per cent.

Taxes are up 20 per cent, but there are cuts to mental health. Daniel Andrews has announced many new taxes for this state in just two years, but he has effectively cut the number of residential mental health beds. The government's own budget papers show that Daniel Andrews is failing Victorians struggling with mental illness by cutting the number of mental health beds. Buried deep in the budget papers is the disclosure that the government fell around 16 000 short on residential bed days this year and has wound back the target for the next financial year by a further 12 000 bed days. Mental health is a real issue in this state, as it is across the nation, and this government failed to recognise it by not providing support to Victorians who need support with mental health. It comes in many, many different forms. What is Daniel Andrews's answer? 'We'll hike taxes and reduce availability'.

Better health services have been overlooked as he puts taxes up by 20 per cent. The state population has grown by about 300 000 since his time in office, and many hospitals need money to meet that increasing demand. But despite the record tax increases of over 20 per cent, he is holding the money back, as Mr Davis rightly said in his contribution, for a big splash next year. Victorians need help now. They need support now.

The Royal Melbourne Hospital, which effectively is being held together with chicken wire, has not even received planning funding for the urgently needed redevelopment. Instead Daniel Andrews gave a little bit of money for some maintenance repairs. The Monash Children's Hospital opened last year without a dedicated paediatric emergency department. This Premier, Victoria's mendacious Premier, is the man of great taxes. Tax, tax, tax; give less, less, less. Victorians

are sick of it. We will be working within this chamber to make sure that Victorians are well protected.

Mr MORRIS (Western Victoria) — I rise to make my contribution on the State Taxation Acts Amendment Bill 2017. I note that I follow many other speakers in raising some extreme concerns about this particular piece of legislation, because it is symbolic, I think, of Daniel Andrews's failure to consult with the community, and it is a continuation of him breaking his election commitments to the Victorian people. I note that this piece of legislation is going to introduce a raft of new taxes. Earlier, in his contribution, Mr Rich-Phillips spoke of the need to remove these particular new taxes with his amendments that are going to be proposed.

Immediately prior to the 2014 election, on 28 November 2014, Daniel Andrews was interviewed by Peter Mitchell, who asked 'Do you promise Victorians here tonight that you will not increase taxes or introduce any new taxes?'. Mr Andrews said, 'I make that promise, Peter, to every single Victorian'. As a result of this commitment that he made to every single Victorian, he committed to not introducing any new taxes.

Mr Finn — He is a liar.

Mr MORRIS — Daniel Andrews has introduced new taxes, Mr Finn. To be kind, one might say that Mr Andrews has misled the Victorian people. Others may frame it in a slightly different way and say that what happened is that he has not been truthful — indeed that perhaps it could be categorised as a lie. It is something for which the Victorian people will hold Mr Andrews to account. One cannot go around speaking half-truths and misleading the electorate because that will come back to bite you come the election in November 2018 when Matthew Guy will be elected the next Premier of Victoria.

I note that this piece of legislation will have not only a severe impact on local government, on councils around the state, but also a disproportionately large impact on regional and rural councils. I want to draw on a particular media release of Rural Councils Victoria, which is an important representative body that advocates for the small rural councils this government has really gone to war with. By introducing rate capping, this government has quelled the capacity of these local councils, the small rural councils, to be able to do what their community asks of them: maintain infrastructure and deliver the services of their communities as well.

I note that Cr Rob Gersch, the chair of Rural Councils Victoria, has been scathing of this legislation and the impact it will have. I will quote from the media release. Cr Gersch said:

As an example, Campaspe Shire Council estimates the additional costs to council of yearly valuations at about \$153 000 per annum before objections and supplementary valuations. For Pyrenees Shire Council —

which is a council being very ably led in western Victoria —

it's \$85 000 ...

Mr Finn — Where is that?

Mr MORRIS — The Pyrenees shire is out at Beaufort.

Mr Finn — I just called in at Beaufort the other day.

Mr MORRIS — You would have on your way to Stawell. Western Victoria is marvellous at this time of year.

Mr Finn — Great Western.

Mr MORRIS — They make a lot of great wines at Great Western. It is a lovely part of the world. Cr Gersch continues:

For Pyrenees Shire Council it's \$85 000 and Northern Grampians Shire Council it's \$68 000. For each council that's the equivalent of a 0.4–1.1 per cent rate increase and that is after the State Revenue Office has paid its 50 per cent share ...

What we are seeing is that this government is not only going to war with local councils but also attacking hardest the most vulnerable local councils, just as it is in Warrnambool with the students at the Warrnambool Special Development School. They were promised a new school by this government, and again the government has backflipped on this. The Minister for Education, Mr Merlino, is refusing to commit to that new school that those students desperately need and that he promised before the election.

I thought I might outline that not only have representative bodies like Rural Councils Victoria raised very serious concerns with this piece of legislation but the Colac Otway Shire Council is just one of many shires that have also written to members of this house to outline the very serious concerns they have with this legislation and more specifically with the land valuation process. Sue Wilkinson, the chief executive officer of Colac Otway Shire Council, wrote a letter to me and other members which detailed the lack of consultation this government has undertaken.

Something that I think we are going to be seeing on a continuing basis throughout this sitting week is the lack of consultation with those who are going to be impacted by legislation. In her letter Ms Wilkinson very appropriately says that the impact of this land valuation process 'has occurred without any prior consultation or engagement with the local government sector', and she goes on to say:

This approach has not allowed councillors (as elected representatives of the community) an opportunity to provide input or to outline the impacts of the state proposal. This is entirely inconsistent with the Victorian state-local government agreement which aims to 'encourage the conduct of positive and productive relations between state and local government by committing to improved and sustained levels of communication, consultation and cooperation'.

This is not the first time that we have seen this government fail to act in accordance with the Victorian state-local government agreement. One other notable example of that was the puppy farm legislation that this government proposed, where it appeared it only consulted with Animals Australia.

Mr Finn interjected.

Mr MORRIS — That may be the case, Mr Finn. It was a disgraceful piece of legislation that appeared to be drafted by those who are ideologically opposed to people even having pets. It was a position that was completely unreasonable, completely untenable, and it was that bad that the minister had to withdraw the legislation and not even put it to a vote.

You would have thought that the government would have learned its lessons through that lack of consultation, but again this sitting week we are going to see that lack of consultation with the Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Bill 2017. When you write a bill that is going to have an extraordinary impact on an organisation such as the Country Fire Authority (CFA), one would have thought that you would consult with them. One might even have thought that you would comply with their charter that says that you need to consult with the volunteers before such legislation is introduced. But no, this government has seen fit to just go to Peter Marshall, give him a blank piece of paper and say, 'What do you want to see in the legislation, Peter? We'll write it down, we'll introduce it into the Parliament and we'll push it through'.

Mr Barber — What's this got to do with state taxation?

Mr MORRIS — It is an example of the lack of consultation — another example of the lack of

consultation. One would have thought that the government would have learned from these examples of a lack of consultation. Unfortunately from this point the government has failed to learn, but I think it is going to be incredibly important that everybody in this chamber takes very seriously the amendments that have been foreshadowed by Mr Rich-Phillips and which will be moved in the committee stage.

It is not only local councils that have objected to this particular measure in this bill but also the Municipal Group of Valuers, who have been serving local government since 1931. They wrote to many of us and have outlined some of their concerns. They said:

The current system in place (enduring for a century or more) is that the valuation processes have been the responsibility of local government — i.e. individuals councils. Land valuations undertaken as part of this process have then been provided to the State Revenue Office for the purpose of assessing land tax.

Relatively recent changes (2009) allowed councils to have the option of transferring their responsibilities for valuation processes to the valuer-general.

If councils wish to do so, then that is fine.

Eighteen councils (mostly small rural principalities) have since opted to relinquish control of all their valuation functions.

However, now that 18 local councils have relinquished their role in the land valuation process, this government has seen this as an opportunity for a cash grab. It has decided to bring in land valuations each year, with land prices and property values increasing at a dramatic rate at the moment. The government has thought, 'Here's an opportunity to grab some more cash'. And as we were discussing before, Mr Finn, this government is indeed the Jason Dunstall of cash grabs. This is a 17-goal cash grab by this government. I cannot recall who Hawthorn was playing on that particular day when they kicked those 17 goals.

Mr Finn interjected.

Mr MORRIS — It was Richmond, was it? This government has an extreme capacity to just be grabbing cash left, right and centre. That is despite the fact that Daniel Andrews committed before the election not to introduce any new taxes or charges or to raise any taxes or charges above the CPI. It is just another example of Daniel Andrews saying one thing before the election and doing another afterwards. There are just so many examples, and this is just another one.

The amendments that have been proposed by Mr Rich-Phillips are in effect to help the government

keep their election commitment. I think those opposite should be thanking Mr Rich-Phillips for proposing these amendments because they are an attempt to ensure the government does not lie to the people of Victoria. What we are seeing here is that these particular amendments are going to remove the stamp duty increase on new motor vehicles and remove the new vacant residential land tax, which is just another opportunity for a cash grab by this government. It is an additional tax on people who own properties, a new tax that Daniel Andrews promised he would not introduce. The amendments will remove the restriction on partners or spouses transferring property between each other without stamp duty being payable, remove the abolition of the off-the-plan stamp duty concessions for all except owner-occupiers, remove the proposed centralisation of all property valuation functions in the valuer-general at the expense of councils and remove provisions to require the annual valuation of property for land tax purposes.

One would wonder why it is that anybody would not support these particular amendments, because they are sensible amendments. Before they were elected Labor said they would not introduce new taxes and charges. This is just this house holding the government accountable for what they said before the election. I think that is one of the things the community are most aggrieved about — when politicians say they are going to do one thing before an election, and then after they do the complete opposite.

I have concerns about what Daniel Andrews said on the day before the election: that he was not going to introduce any new taxes, charges or levies. I believe he deliberately misled the people of Victoria. I believe he had absolutely no intention when he said to Peter Mitchell on 20 November that he would not introduce any new taxes — —

Mr Finn — Like when he said the contract was not worth the paper it was written on.

Mr MORRIS — You might be able to update me on how much that has cost the Victorian people. Indeed it has cost \$1.2 billion for Victoria not to build a road. I have heard people quote that they would have done it for half that. They would have not built the road for \$650 million. I note that Infrastructure Australia are very firm in their view that the east–west link has still got to be built. The congestion in Melbourne is out of control, and we need the east–west link to quell this problem.

Could you imagine Melbourne without CityLink? Imagine what would happen in Melbourne if we did not

have CityLink. This is what has happened as a result of the cancellation of the east–west link contract. We have spent \$1.2 billion, if not \$1.3 billion, not to build a road. I hope that is something in the mind of every Victorian when they come to the election in November 2018 and that they cast their vote to hold Daniel Andrews to account.

Ms PATTEN (Northern Metropolitan) — I will speak briefly on the State Taxation Acts Amendment Bill 2017. I have to say I was kind of drawn towards speaking to it after listening to opposition members with their ‘No new taxes’ rhetoric, but I did not hear a single solution. They say, ‘No new taxes, but we want to lock more people up, we want more roads in the country, we want better bridges in the country, we want better rail, we want more jobs for our country young people, we want better TAFEs, but we have nothing to pay for it’. Recently I visited Wollert in the Northern Metropolitan Region. Just a few years ago it was a small town on the edge of Melbourne, but I am told it now takes people nearly 2 hours to get into the city.

We need to raise some revenue to build some new roads, to build the hospital in the north that we so desperately need, to make the improvements to the hospital in the north that we so desperately need, to look at where our children are going to get jobs in the 21st century and to encourage businesses here. I also have to confess that one of my election promises was that I did not feel it was my role to oppose governments by stopping the budget decisions that they made. We have not actually seen the circulation of the amendments, but my understanding from being on the Public Accounts and Estimates Committee is that if we were to remove all of those tax revenue items from the budget we would be looking at — what; \$30 billion? — billions of dollars. So I have to say, obviously from a more modest position than the opposition, that it is not my role to do that.

However, where I did have some real issues was around the property value functions, the valuer-general and the centralisation of those services. I have to say that the north is growing at an incredible speed. The councils in those areas are really stretched, and they made some very strong and compelling arguments to me around their frustrations and the impact that this proposal would have on those local councils. They also felt that there was a considerable lack of consultation in this area, and I have to say there were some councils who were struggling to meet the demands of 60 new housing applications a week and 60 new babies a week in Whittlesea alone, let alone the growth that is happening in Hume and the growth that is happening in Banyule, Darebin and Moreland.

I understood — and they put their argument very well — that we were going to see that this would create significant revenue losses for councils, which would lead to the cuts of more council jobs, the flow-on cost of funding staff redundancies, the potential increases in rates, the increases in total land tax collected and the compromised oversighting. So the fact that we are now centralising it would provide some compromise to the oversight of fair land values.

I particularly want to thank the cities of Whittlesea and Stonnington for their advocacy on these issues. I think they were able to very eloquently put forward their concerns, and I was very concerned about them. I have since been somewhat reassured by the Municipal Association of Victoria (MAV) about the commitments that we are yet to see from the government — the commitments that the government has made to the MAV — that no council will be out by even one dollar on this, that councils will have greater flexibility in this area and that there will even be some form of an opt-out structure for those local councils.

I have to say, though, I have not seen the actual regulations and I have not seen the detail. I am told that this is where we are going to address a lot of the concerns that a number of the councils raised with me. Certainly a number of the councils that I spoke to after the Municipal Association of Victoria and the government agreed on a set of principles said that they were satisfied with that. But as I say, we have not actually seen those resolutions and how they are going to look within the legislation. But on balance I support this bill for the reasons that I have given.

I of course think there are better ways of increasing revenue in this state, and I think that is about attracting new businesses to this state. This is about — I do not usually miss an opportunity to say it — taxing, regulating and legalising the sale of cannabis. We have got the opportunities for a very large medicinal cannabis industry. I look forward to those sorts of innovative programs that we can attract to this region, particularly my region in the north, and I know Mr Ondarchie feels the same. We could be providing so much more infrastructure around food networks for Australia given the great opportunity that we have with the 24-hour airport to be a real transport hub for Australia, and even the prospect of seeing Amazon in Victoria in the near future I think is promising. Those are the areas that I hope will attract revenue to this state that will enable us to build the infrastructure and the services that daily all of us are hearing our constituents calling out for. So I commend this bill — if we actually get a bill through tonight.

Ms LOVELL (Northern Victoria) — I rise to speak on the State Taxation Acts Amendment Bill 2017. I must say I found that to be an extraordinary contribution from Ms Patten — someone who claims to champion civil liberties actually advocating for more taxes. But then I guess we should not be surprised, because I do remember her in her maiden speech saying she wanted to change the name of her party from the Sex Party to the ALP, and I think she has just shown her true colours — that she is indeed so aligned with the ALP that she should just change the name of her party to the ALP.

This is a typical Labor tax bill. It introduces seven new taxes. What did Daniel Andrews say on the night before the election when he was asked by Channel 7, ‘Will you give a commitment to Victorians that if you are elected, you won’t introduce new taxes?’ He said, ‘I give that commitment to every single Victorian’, yet here we have a bill that introduces seven new taxes.

The part of the bill I have received the most concern about is the centralisation of the valuation of properties with the valuer-general and the move to annual revaluation of properties for land tax purposes. A number of councils in my region have contacted me about this issue. The mayor of the City of Whittlesea, as Mr Ondarchie pointed out, wrote to us both as local members. He does tremendous work in that community. He is very highly regarded — —

Mr Ondarchie — He is a good man.

Ms LOVELL — He is a very good man, Mr Ondarchie. The City of Whittlesea not only wrote to us about this but they also sent us information about a number of issues that they have with this bill. I would just like to read a couple of those issues into *Hansard*. The first of those is:

Regardless of the proposed principles, a fundamental issue remains that part 9 removes financial autonomy from local government without any consultation with local councils. In recent weeks there has been limited consultation with the MAV that individual councils have not been privy to. Furthermore, MAV is the local government peak body comprised of voluntary membership and not all councils are members.

The City of Whittlesea goes on to say:

We have data that shows the sector will lose an estimated \$60 million every year at a minimum, with the City of Whittlesea expected to lose up to \$5 million annually.

That is \$5 million that could be spent on sporting venues for the many children in the City of Whittlesea or it could be invested into early education programs in the City of Whittlesea. Instead it is going to go to the

state government through the valuer-general’s office as a cost of implementing this policy.

They also say:

Regardless of the proposed principles, part 9 is not in the interest of Victoria’s property owners, as the new process undermines the integrity of the valuations process with no independent body overseeing the appeals.

The Shire of Campaspe also wrote to me to express their concern. They said:

These proposed changes will fundamentally alter the way in which property valuations for rating and taxation purposes are carried out in Victoria, with significant adverse consequences for local government revenue.

Another concerning aspect is that there has been very limited consultation with the public, relevant professional associations and other stakeholders, giving rise to concerns about lack of transparency in the process.

But we know there is always a lack of transparency in any process with this government — just ask the Country Fire Authority (CFA) volunteers.

The Shire of Nillumbik also wrote to me. It said:

Currently revaluations are undertaken every two years. Moving to an annual revaluation cycle would inevitably increase council’s current costs, putting pressure on our already limited resources.

They went on to say:

The proposed changes may lead to potential job losses for councils who employ qualified valuers or, alternatively, increase staffing requirements for councils reliant on contract valuers to handle significant volumes of queries and objections.

They also lament that there has been very limited consultation with the key stakeholders on this particular bill.

The City of Wodonga wrote to me. It said:

Wodonga council has conducted benchmarking exercises against New South Wales counterpart councils, where valuations are centrally managed by the New South Wales valuer-general. Wodonga council valuation costs per property are substantially lower than New South Wales councils, which we consider is due to the highly competitive tendering processes that individual councils in Victoria undergo.

This is going to take away the opportunity for individual councils to conduct competitive tendering processes. The City of Wodonga believes their costs will rise in line with how they have in New South Wales, where they have been centralised under the valuer-general, which is what this bill proposes to do in Victoria.

The City of Wodonga also said:

It is simply not possible that completing annual valuations will be more cost efficient compared to the current system — instead the potential is there for costs blowout significantly.

They went on to say:

Part 9 removes financial autonomy from local government without any consultation with local councils.

That theme of lack of consultation by this government with those people who are affected by their legislation comes through again and again and again. Whether it be the local councils on this particular piece of legislation, whether it be the people who pay land tax in Victoria who are affected by this or whether it be our CFA volunteers, this government does not consult.

The City of Wodonga also said:

The year after the state government introduced rate capping, the passing of part 9 will have significant adverse consequences for local government revenue. We have data that shows the sector will lose an estimated \$60 million every year at a minimum with the Wodonga City Council at risk of losing up to a \$0.1 million annually.

The last point I would like to make from the City of Wodonga is as follows:

Part 9 is not in the interest of taxpayers, as it ignores the fact that the move from biennial to annual valuations can only increase the cost to everyone — landowners, local and state government. There is a doubling of valuation work from biennial to annual. The quality of which can only be reduced due to stretched resources and limited qualified valuation professionals.

I have also had a number of other councils contact me. The Swan Hill City Council wrote to me about this issue. It has been raised with me when I have met with other councils such as the Macedon Ranges Shire Council and the City of Greater Shepparton. There is no doubt that this will cause major disruption to local councils, which currently have either in-house valuation capacity or contracts with third-party valuers.

This proposed change has been roundly condemned by local governments and valuers right throughout Victoria, yet this government continues to press on with it. Councils do not have a conflict of interest when it comes to property valuations as high valuations do not increase council rate revenue — valuations simply determine how the rate revenue is split across ratepayers. In contrast to that the state government has a direct financial interest in increasing property valuations for land tax purposes. This could be perceived as a conflict of interest, which does not assist the valuer-general or the government.

Also, annual land tax revaluations will be less accurate than the current biennial system. That is because under the current system there is always two years' worth of transactions and data points to use to determine valuation movements. By moving to annual valuations the data points will be halved, and there will be a lower level of confidence in valuations as a result.

There are also doubts in the community about the administrative capacity of the valuer-general's office to cope with the expected increase in challenges to valuations as a result of the proposed change. Under the current system land tax payers receive an increase every two years, assuming there is a rise in the market, and then a breather year when the land tax will be the same as previous year. However, what Labor is proposing is a system that will see land tax payers pay more land tax each and every year.

A number of valuers have also written to me. They are extremely concerned. These are valuers in country Victoria who do valuations on behalf of rural and regional councils. They are very concerned about the impact that this will have on their businesses and the loss of jobs in country Victoria because they will no longer be contracted to do those valuations.

I will now look at a number of other taxes that are included in this piece of legislation. There is the increase in stamp duty on new motor vehicles, which will cost motorists up to \$400 million per year. This is in conflict with the government's Towards Zero road safety strategy, because there is a direct correlation between old cars and a higher incidence of death and serious injury in road accidents. This tax will make it harder for people to change over to safer, newer cars.

The new vacant residential land tax is also a tax that will punish some but not all — that is, in relation to how people choose to use their private property. It will force those who own a residential property in Melbourne, but not elsewhere, to rent it out. This is not an appropriate way for the government to seek to control what people do with their own property, and this new tax discriminates against people from rural and regional Victoria in particular. A lot of people in rural and regional Victoria keep a city apartment so that when they are in Melbourne on business or for personal reasons, such as business meetings, medical appointments or visiting grandchildren, they have a base where they can stay. But they will be forced to pay a much higher land tax — an extra \$6000 a year on a \$600 000 apartment — simply because they do not rent it out to others on Airbnb or something like that but keep it for their family to use as a base when they are in Melbourne.

There will also be a restriction on spouses and partners transferring property between each other, which will be detrimental to some people in Victoria.

The other tax change is the removal of off-the-plan stamp duty concessions for all except owner-occupiers. This may actually be highly counterproductive to attempts to increase housing supply, because these are the people who are buying those apartments to then rent them out. The government wants to make it harder for them to purchase those properties and harder for them to provide properties to the rental market, which is what we should be all about. An increase in available rental properties will help to alleviate the pressure on rent. It will help to make sure that there are affordable rentals for those on lower incomes, but by removing the stamp duty concession for all except owner-occupiers the government is actually making it harder for people to purchase investment properties and provide rental properties to the Victorian market.

This bill is, as I said, a typical Labor bill in that it will significantly increase taxes in our state. Daniel Andrews has broken a promise he made the night before the last election, standing out there at the top of the front steps of the Parliament. He was asked by Channel 7, 'Will you give a commitment that if you are elected, there will be no new taxes in Victoria?'. In his usual sleazy way Daniel Andrews said, 'I give that commitment to each and every Victorian'. Well, he has broken that commitment and he has lied to the people of Victoria, and the people of Victoria will not forget this at the next election. They will pay Daniel Andrews back in spades for all of the election commitments that he has broken and for all of the detrimental things he has done to Victorians, including our CFA volunteers. They will vote him out of office. That is of course if he lasts until the election, because I think there are quite a few on the Labor back benches who would prefer to vote him out as Premier long before the next election to hopefully give their party a better chance. But they will not have a better chance. We will have a Liberal government after the next election.

Ms BATH (Eastern Victoria) — I am pleased to rise this afternoon to talk on the State Taxation Acts Amendment Bill 2017. As I rise to speak on this bill it has become clear to me from comments made in other contributions throughout the afternoon that we have a Premier who breaks his promises. We have a Premier who said prior to the election in his most sincere and forthright voice that he will not introduce new taxes. Prior to becoming Premier he said, 'I will not introduce new taxes. I make that promise to every single Victorian'. This is a Premier who breaks his promises on a regular basis. He broke his promise to the people

of Heyfield and to Mr Wilkes of Cowwarr whose hand he shook outside Morwell police station, saying, 'I promise to come to Heyfield. I promise to come and speak to the workers of the ASH timber mill'. And has he come? He has not driven down the road. He has been to the Latrobe Valley on a number of occasions in the last few months, but he has not made the effort to make that extra trip to Heyfield even though he promised to do so.

Mr Andrews promised that he would not increase taxes, yet we see today that this Labor government since taking over operations has increased taxes by nearly \$4 billion. That is a 20 per cent increase in tax revenue. That equates to an average of \$2000 of increased taxes since 2014 for every Victorian household. Victorians are struggling, and we know they are struggling in terms of their increased electricity bills. Why have they got increased electricity bills? Because the government in its lack of wisdom oversaw the sudden and complete closure of the Hazelwood power station back in March. In fact the previous Labor governments, the Brumby and Bracks governments, said that they would close it in phases, as a staged closure, but what has this Premier done? A straight closure.

There are 750 direct workers out of work. There are on-site, contract and downstream workers feeling the pinch. What has that done to power prices? It has put them through the roof. The average person is feeling a great cost impost as a result of the increase in electricity prices, and in fact many businesses are looking to go to the wall. I was speaking to my colleague Mr McCurdy in the Legislative Assembly only the other day, and he said that there are two businesses in his local electorate that just cannot afford the electricity bills.

The Andrews Labor government's tax hikes and new taxes have imposed a burden on rural and regional people like never before. We also have rising water costs and higher transport fares. The Premier is putting taxes on existing taxes. In relation to coal-fired power stations, there was a \$252 million coal royalties tax. A tax on the taxis will come in if the bill goes through, which would be a disaster. A land surcharge for absentee owners is to be introduced, which is a 1.5 per cent tax. There is a stamp duty surcharge for foreign buyers, which will be introduced at 3 per cent and then increased to 7 per cent. The fire services property levy has been hiked. There has also been an increase in stamp duty on new cars. People from the car industry in the Latrobe Valley are saying that they have had a 20 per cent reduction in new car sales over the past 12 months. So it is biting, and it is biting in rural and regional Victoria.

Specifically the bill looks to amend a number of acts, including the Duties Act 2000, the First Home Owner Grant Act 2000, the Land Tax Act 2005, the Payroll Tax Act 2007, the Planning and Environment Act 1987, the Taxation Administration Act 1997, the Unclaimed Money Act 2008 and the Valuation of Land Act 1960. There are a plethora of acts that it is going to amend.

I would like to concentrate specifically on part 9 the bill, which refers to annual property valuations. The issue here is that the government is proposing to create a centralised valuation function via the valuer-general. This is a government that spruiks that it is governing for all Victorians. What are we seeing? We are seeing a centralisation of specialists into the city. All property valuations will be conducted on an annual basis, compared to the biannual basis that is the case now. Under the current system in-house valuations, often conducted by council staff, are completed every two years. The use of two-year data provides an accurate and robust evaluation, whereas annual data can be less accurate. This move will create an increase in council costs and a loss of jobs and will result in a centralised control of valuations in the heart of the city.

All of this has been done by the Andrews Labor government without proper consultation. To my mind lack of consultation is a hallmark of the Andrews Labor government. We have seen a lack of consultation and the devastation that this is causing in the government's response to the Country Fire Authority volunteers. Ninety-five per cent of those volunteers are Volunteer Fire Brigades of Victoria affiliated. Speaking with volunteers and receiving emails from them has confirmed poor form and a shoddy lack of consultation by this government in relation to the Country Fire Authority Amendment (Protecting Volunteer Firefighters) Bill 2016, which will be before us later in the week.

There has also been a lack of consultation concerning the Domestic Animals Amendment (Puppy Farms and Pet Shops) Bill 2016. The bill was introduced, and it was sent to a committee which heard from a great range of stakeholders, including Dogs Victoria, Banksia Park and the Australian Veterinary Association. The truth came out about the lack of consultation. One of the recommendations of that report was that there should be more consultation and proper consultation by the government. The minister has not achieved that. She is speaking to a number of people, but she is not speaking to Banksia Park. She has not gone to Banksia Park, despite the fact that the owners have repeatedly asked her to go there. It is one of the largest ethical crossbreeders in this state, employing 30 people, and within that there are a number of disabled people. It is a

tremendous organisation, and she refuses to speak to the owners. This is an example of the lack of consultation that we are seeing from the Andrews Labor government.

Country councils will be badly affected by this change. Councils currently have in-house valuation staff, and I know that Rural Councils Victoria and the Municipal Association of Victoria (MAV) have expressed concerns that this move will deliver to councils a further financial blow. The CEO of the MAV, Rob Spence, has estimated that councils will incur an extra \$25 million per year in costs as a result of the proposed changes. With rate capping in place we know that council money is tight, and having to pay for redundancy packages as a result of withdrawing these estimators is going to bite even further. It is unnecessary.

The *Fourth Report into Rate Capping Policy* was tabled this morning, and I would like to read from page 26 of the report in relation to the changes to property valuations proposed in this bill. I quote:

The government has introduced a policy to move the responsibility for these property valuations entirely to the valuer-general and to hold valuations every year instead of every two years. The committee notes concerns that valuers employed by councils and associated staff could be made redundant as a result of this policy change, and that the redundancy payments could cause financial pressure for councils.

Recommendation 1, on the same page, states:

The committee seeks a statement from the government that places in the public domain how many valuers employed by councils in Victoria will be made redundant and what the cost will be to each council for any such redundancies.

It will bite, and the fourth report into rate capping has identified some of those concerns.

One of the key things about in-house property valuations is that such valuers understand and know the terrain. They understand the local topography, weather conditions and soil conditions and the lay of the land in their area. I spoke with one member of a rural council, and he was most concerned that the centralised body would not have that local knowledge. While they may do a drive by, they would not necessarily go on site and they would not talk to locals. They would not necessarily understand the local markets. For example, they may even look at a house on a property at Tarwin Lower or Venus Bay and not understand that it floods on a regular basis. They may not know the area as well as the locals.

I have received a number of emails from the Gippsland Local Government Network. This is a network of six regional councils. They highlight some significant concerns around this, and I will just read from one letter which has come from the South Gippsland Shire Council. It is addressed to Mr Pallas in the Legislative Assembly, and I have received a copy.

It states:

Further, for those councils that undertake the valuation task in-house, it is possible that under these changes local jobs will be lost to a centralised organisation — this seems ... contrary to the current notion of growing the regions. There is also a strong case that for the more remote regional councils ... a valuation cycle of once every four years may be more appropriate given the minimal shift in valuations over time and the cost pressures on these councils due to their dispersed populations, low rate bases, large asset bases and rate capping.

I concur with the Shire of South Gippsland. I have also received correspondence from the Shire of East Gippsland in relation to that. It just does not make sense. Here we have a government that is purporting, as I said, to care for all Victorians, and it is not. It is contracting jobs back into the city.

In fact just this week the Liberal-Nationals produced an interim report on their population policy. This was the result of consultations in and around Victoria and with rural communities, and written submissions. We know that Victoria is the fastest growing state in Australia. We know that if projected outcomes continue along the trend, the Victorian population will reach 10 million people by 2050; we were 6.1 million in 2016. So here we have a government that should be looking to retain jobs in the country and grow jobs within the country, but it is retracting. This will create concern and impose costs on shire councils. Again it just goes to highlight the difference between a Liberal-Nationals government — how we would behave in contemplating the benefit across rural and regional Victoria — and the city-centric Labor government.

With that I would say that I hope we vote out this particular part of the bill. I believe that there are amendments to come to remove clause 9 of the bill, and I endorse that entirely.

Ms CROZIER (Southern Metropolitan) — I rise to speak to the State Taxation Acts Amendment Bill 2017, and can I say I have just been listening to Ms Bath's excellent contribution in relation to this piece of legislation that is before us today and how it will impact on her community and indeed communities right across the state. Mr Rich-Phillips and other speakers from the opposition have highlighted very well the false

promises made by the Premier prior to the 2014 election and just how those promises have been broken. I will come back to that point because I do want to speak to those issues in relation to where we are at in Victoria at the moment.

This bill obviously relates to all things state taxation. It amends a number of acts: the Duties Act 2000, the First Home Owner Grant Act 2000, the Land Tax Act 2005, the Payroll Tax Act 2007, the Planning and Environment Act 1987, the Taxation Administration Act 1997, the Unclaimed Money Act 2008 and the Valuation of Land Act 1960. It is that last point that there has been a lot of discussion about, which I have received correspondence about, in relation to many areas around valuations. I have received lots of correspondence from valuers right around the state who have been concerned about the State Taxation Acts Amendment Bill and what the government is proposing to do. I have also received lots of correspondence from many councils from around the state outlining their concerns about what is proposed in this bill that is before us this evening.

If I can just look at what I said at the outset about the Premier and his false claims to the Victorian public, he said that he was going to make a commitment. At the time it seemed to be a genuine commitment that no new or increased taxes would be imposed on the Victorian community, and he made that promise to the Channel 7 reporter at the time. It looked like he was telling the truth, but in fact it was absolutely a completely and utterly disingenuous attempt at buying votes. As we know, we have had huge tax increases under Daniel Andrews and his government. In fact the taxes that have increased have increased revenue by around \$4 billion, so this is an enormous tax increase. It is an increase in taxation revenue of around 20 per cent.

What have we seen for all of this and the huge windfalls that the government has received during its time in government, with the port sale and the increased GST revenue from the commonwealth as well? We have certainly seen that this government has been very fortunate in the amount of money that is coming in. To think that these enormous increases in taxation are putting additional pressures onto households and businesses is extraordinary. It seems to me that the Premier and the government simply do not care. The Premier makes no apology for the statement he made in the lead-up to the election, which is quite extraordinary in itself.

What we know is that those taxes have resulted in high utility bills, such as gas and electricity. As we are in these winter months I am very sure that many, many

people are seeing a huge rise and increase in those costs. Of course it was the Premier who said that when Hazelwood closed down there would not be a huge increase in household electricity prices. Again he has misled the community — or has he been disingenuous, or worse? What is he saying to the Victorian community when he gets it so wrong all the time? Who really believes this guy anyway? In so many areas we have seen it — not only in the increase in household bills and utility prices but also in commitments. We have got the Country Fire Authority debate on in the Parliament this week. There was that absolutely disingenuous consultation — no consultation — with many areas of the community in so many regards.

I think it is absolutely appalling that the government is getting away with this enormous increase in taxation of the Victorian public after the Premier himself said, 'I make this promise: there will be no new taxes'. What we have got are 11 new taxes: a \$252 million energy tax on coal royalties, a taxi and Uber tax, a land tax surcharge for absentee owners, a stamp duty surcharge for foreign buyers, an increase in the fire services property levy, an increase in stamp duty on new cars, new stamp duties on off-the-plan purchases, new stamp duties on property transfers between spouses, new annual property valuations to increase land tax and council rates, a new vacant residential land tax and a point-of-consumption wagering tax.

A lot of what I have just spoken about is a lot of what this bill goes to. If you look at the abolishing of the off-the-plan duty concessions for non-owner-occupiers, this could potentially have a real impact on the Melbourne property market by limiting supply. Developers need to pre-sell the developments they are undertaking, and purchasers getting those concessions up front would take care of some of those issues. The government is trying to abolish that off-the-plan stamp duty concession, and I think that is going to have some impact, as I said, in terms of possibly leading to more of an issue with the property supply here in Melbourne. We know that there are many things being squeezed at the moment, and home ownership is a very, very big issue for many people.

I also mentioned in those 11 new taxes the increased duty for new and near-new cars. That is an increase in duty on new or near-new motor vehicles that are below the luxury car tax threshold from \$6.40 per \$200 to \$8.40 per \$200. This is another broken promise of no increase in taxes. The Premier said that. He has misled the Victorian public in the most disgraceful way. Stakeholders such as the Victorian Automobile Chamber of Commerce and the Victorian Automobile

Dealers Association have raised some serious concerns in relation to that particular tax.

I also mentioned the issue of abolishing duty concessions for spouses transferring property between each other. This is a really concerning area because it can mean that those people who have got spouses or partners and who want to transfer their interests in property between one another will be restricted by this government. Their ability to do so will be restricted.

The ACTING PRESIDENT (Mr Ramsay) — It is a tax.

Ms CROZIER — It is a tax, Acting President, and people do enter into those relationships knowing they have got property assets that they want to split. They want that security and that certainty, and now this is going to cause a great deal of angst and uncertainty amongst many people, and I think it is very concerning that the government itself is prepared to do that.

There are many more taxes, but in the time I have got remaining I want to mention the issue I spoke about in relation to land valuation. As I said at the outset, I have had many emails from valuers all across the state and also from local councils. Stonnington council, which is in the area I represent, Southern Metropolitan Region, has written to me, as have many other councils, highlighting its concerns about the issues with this legislation. In the letter I received the council clearly states:

... the bill proposes to:

1. change the revaluation cycle from two years to one year ...

clearly we understand that, and —

2. transfer responsibility for undertaking valuations from municipalities to the valuer-general.

Councils and municipalities have a lot of valuers that are either employed by them or contracted to them. So they are very concerned about what that will mean for those people who are providing those services to councils. In fact it will mean job losses. That will have a ripple effect obviously on those people, especially in country and regional areas, where it will impact those communities very severely.

In this letter from Stonnington council, which I want to highlight, are the reasons that the council give for why they are objecting to the State Taxation Acts Amendment Bill. The first is:

1. No consultation

Here we go again — no consultation. This government is the master of having no consultation in so many areas. I think this is very, very concerning. The council said:

The proposal has been introduced with no prior consultation with the local government sector ...

This is coming from a council that represents many of my constituents — it is actually my local council, so obviously I get notices from it very regularly. This is indicative of the nature of this government: no consultation, ram stuff through and worry about it later.

I think people, municipalities and councils are really sick to death of this government taking this approach. It has a very dangerous disregard for the will of the people. The council also said:

2. It will cost more:
 - a. performing a new valuation each year as opposed to each second year will cost more overall;
 - b. councils will be expected to pay a share of this increased cost. In a rate capping environment —

another initiative of this government —

this presents an added cost which will produce no benefit to local government.

Who will pay for that? It will be the ratepayers. It will be the user that pays. It will be passed on. Those constituents of mine and others are very concerned about the enormous costs that are being put onto them the whole time. I have received so many emails from constituents and others who are concerned about the land tax increases and how valuations are going to be applied.

The letter goes on:

3. Land tax will increase

Ratepayers who pay land tax will have an increase in their land tax bill each year as opposed to each second year, resulting in additional revenue to the state.

This council is pointing out what we all know: this is a money grab by this government. The letter goes on to mention supplementary valuations, no relationship to rate caps, staffing and industrial relations implications, customer service implications and additional concerns. It lists a whole lot of them in terms of how the bill will be implemented.

I can see that there are others who wish to speak on this bill. They will probably pick up on some of the points I am trying to make, but in relation to what the valuers within Stonnington have written to me about and what

the council has said about how that will be passed on, it will be passed on to the user. As one valuer said to me in a letter:

The elevated level of property owner angst, cost of appeals and legal processes as a result of new valuations every year let alone to cost of undertaking valuations annually all should not be underestimated.

These are the ripple effects of what is going to happen. If the government had gone out and consulted and discussed the matter with the councils and the likes of that valuer to understand what potentially could arise, then perhaps some of this could have been avoided, but no, in the true style of the Andrews government, which is to have no consultation, the government has shown disregard for so many people. Those opposite talk about governing for all. Well, one has to dispute that on so many levels, with so many examples we have seen in relation to many, many issues, not only in metropolitan Melbourne but right around the state, and of course I have already mentioned those.

Again, I think this is a very flawed bill. It has many, many issues, and I am sure that speakers following my contribution will further tease those out and highlight to the chamber just how important those flaws are.

Mrs PEULICH (South Eastern Metropolitan) — I also wish to make a few remarks on the State Taxation Acts Amendment Bill 2017 and, like previous speakers, express my concern at the huge tax hikes that the government is conceiving in order to squeeze more out of Victorians while trying to make it as invisible as possible.

I heard Ms Patten talk about how everyone wants more but is not prepared to have taxes raised to pay for it. If the government was not raising taxes to the extent it is, there may be some argument for that, but given that we have got \$4 billion in increased tax revenue, \$10 billion generated from the port of Melbourne windfall and \$13 billion in higher GST receipts and Labor increasing state debt by \$10 billion, the government is awash with money. There are rivers of gold, and they are flowing out of Victorian households.

There are several provisions within this legislation that concern me greatly. First and foremost is the absolute lack of consultation. The most obvious example, which most speakers have spoken about, is the centralisation of valuations for the purposes of levying land tax and having the valuations conducted annually as opposed to every two years. I know from speaking to many councillors that this will have a substantial impact, especially on some of the smaller councils. A colleague of mine was telling me that this is going to cost the

Shire of Corangamite another \$50 000 each year. That is a concern for a small council. Multiply that many times over, including the larger councils, and clearly this is going to be a slug.

I turn to the impact on those who pay land tax, including many self-funded retirees who came here as migrants, worked hard and invested in property. They may have one or two or three properties — often two — and that is their only source of income. They do not take pensions; many of them have never received a cent in welfare. They are proud to be able to call themselves self-funded retirees, but let me tell you, many of them are living below the level of income of people on social security, on pensions. I see the huge increases in land tax that are impacting on them. That is just going out the door. It is adding monumentally to their cost of living. This is going to make it even worse.

The bill is obviously going to generate more tax receipts for the government. We have received a number of communications on this fact alone. The City of Whittlesea, which has been quoted at some length, published an issues paper in which it states:

There are nearly 3 million rateable properties in Victoria with a total assessed value of \$1.784 billion. Rates and taxes administered and collected annually by local government total around \$6 billion annually — more than twice the amount collected in state government land tax. Land tax assessments also affect only a small number of property owners.

The amount of money that will be generated is monumental. It will have a very, very dramatic impact on self-funded retirees with very modest incomes who are already struggling, weighed down as they are by the increased cost of living, including utility prices — electricity prices in particular. We saw why that is the case. The government could have removed the coal tax that was imposed on the Hazelwood power plant. That might have cascaded into cheaper electricity prices and made it possible for Hazelwood to continue operating into the future and focus on reducing its carbon emissions rather than reducing baseload power supply.

Labor's budget and approach mean that Victorians are paying much more than ever but getting less and less. The only thing that has increased since the election more than the level of tax take, which is up by 22.2 per cent, is the crime rate. The Treasurer has boasted about his surplus, but Victorians have received nothing in terms of cost of living relief — just new and higher taxes and charges. We have heard the Premier being quoted about the pledge he made to Victorians on the steps of Parliament that no Victorian was going to pay another dollar in higher taxes. No, not one dollar but many dollars. We have 11 either new or increased taxes

generating rivers of gold. As I said before, there has been \$4 billion in tax increases, \$10 billion from the port of Melbourne windfall and \$13 billion in higher GST receipts, as well as Labor increasing state debt by \$10 billion, and what do we have for it? Very little, except a higher cost of living and more people struggling under Labor's higher taxation regime.

We have not had the increase through improved services. The infrastructure has been botched with no money to build the north-east link and no money to build regional rail. The government has slugged CityLink users in my region to pay for the western distributor. It has botched sky rail projects and so on.

Making the revaluation changes annual rather than keeping them biennial is something that the opposition will oppose. There is no need for it and there would be fewer rights. It has certainly been raised in the *Alert Digest* as an issue. It will cost more.

Another issue that I have concerns about, including in relation to how it is going to work, is the residential vacancy tax. What the legislation says is that if your property is vacant for more than six months in the year preceding the tax, you may well be liable for the residential land vacancy tax. There are lots of pensioners who are migrants to this country who have returned to their country of origin to live out their days and continue to receive the pension. This is a result of bilateral agreements. They may have a property that generates some additional income, and a lot of people may think, 'That's not fair. Why should they still continue to receive the pension and live overseas?'. Part of the reason is that they often do not draw on the concessions and the benefits that they otherwise would if they were living here. Governments do not introduce these types of arrangements unless they are reasonably mutually beneficial. But the vacancy tax has a tremendous risk of impacting negatively on this particular cohort. Many of those who have retired and have gone back to perhaps Italy, Greece or the former Yugoslavia may live for six months overseas and here for six months. This legislation is going to make things a little bit more difficult for them, because if they stay any longer than that, they will be liable for this tax. Of course it will also impact on property prices.

I know that everyone is concerned about home affordability and this government should be too. We are also concerned about people being homeless or not able to get accommodation. The government has done precious little on one side of the ledger and what they are doing is squeezing the other side of the ledger. Many of these reforms will result in higher property prices. Even when you actually increase subsidies, such

as the first home owner grant, unfortunately that sometimes has the unforeseen consequence of raising property prices, although we are obviously not opposing that today.

The additional powers implicit in this bill are also of concern. The powers related to collection and disclosure of information and right of entry are a concern. Anyone who has come from an authoritarian regime would be concerned when there are increased powers and less opportunity to challenge or when there are non-reviewable decisions. That to me is a worry. I think that the decision to curtail these types of rights should not be taken lightly.

We have received much communication in relation to many of these provisions, and I will just quote from one. It is an email from Mr Patrick Barnes, director of the Real Estate Institute of Victoria. He said:

We write to you with grave concerns in relation to the state government's proposed changes to legislation which is at the second-reading stage in Parliament and is to be voted on in the Legislative Assembly.

Obviously the bill has gone through the Legislative Assembly. We are now talking about this house. Mr Barnes continued:

On the back of significant increases in 2017 land tax of often 100 per cent or more, these new proposed changes will dramatically increase land tax even more. Hidden within the state taxation amendment bill proposed changes are —

The valuer-general to take over all valuations for rating/tax purposes in Victoria.

A move from biennial valuations to annual valuations impacts land tax immediately — no lag.

Those vulnerable groups that are surviving, including self-funded retirees, will feel that hit even more. He went on to say:

As an example, if the average increase in tax was 28 per cent over the past two years the taxpayer pays 14 per cent in 2016 and 14 per cent extra in 2017.

Industry bodies have calculated these changes will reap the government an additional quarter of a billion dollars annually.

Obviously the government feels that they do not need to look after these people; they assume that they are more than able to look after themselves. I suppose they will not be happy until these people are forced to sell their homes to pay their land tax bill and get onto social security. That is what this government will achieve.

Mr Barnes continued:

If the valuer-general takes over all valuations, then the valuer-general controls all valuations ...

I am not suggesting that the current one will, but it is possible to inflate them in order to reap even more — squeeze these people as much as you possibly can. At least with the municipal councils there would be a delegation of power, and while some may get greedy and raise the rate in the dollar that is levied, it is a delegation of power, and those that are exorbitant can be exposed and the councils hopefully shamed into some greater financial discipline. With municipal councils conducting valuations, I believe there is a greater degree of objectivity and independence because they are directly accountable to their own ratepayers. If they do not serve them well, they certainly will feel the electoral punishment.

Mr Barnes went on to say:

With the valuer-general controlling the entire process the ability for taxpayers to object to valuations would be even more cumbersome than present arrangements.

The lack of consultation, the coercive powers, the powers of entry and the vacant residential property tax are all matters of significant concern, in particular to people from multicultural backgrounds who have invested in property as their form of income to be able to support themselves. Many of them, as I said before, have never drawn on social security. They have taken pride in being able to look after themselves, but this ability is being dramatically compromised as this government finds more ways of squeezing property owners more and more. That cost of living, there being no reprieve, means more and more people will be thrown to the wall. This government will not be happy until they are forced to sell those properties, get onto the welfare teat, get onto social security and be dependent on the government to live and to feed themselves.

With those few words, I say how disappointing it is that so much revenue is being generated by the government while Victorians have so little to show for it and that the government comes up with ingenious ways of squeezing them even more each year.

Mr O'SULLIVAN (Northern Victoria) — I rise this evening to also make a contribution in relation to the State Taxation Acts Amendment Bill 2017, which is part of the government's budget bills that they are looking to get through the Parliament.

One of the areas that I certainly want to concentrate on in my contribution is the amount of tax that is paid by the poor old taxpayer in this state. Those people who pay the taxes are the people who have to go out each day and work really hard. They get paid a reasonable wage for the efforts that they put in only to find that as

soon as they have gone out and worked hard and earned some money Daniel Andrews and Tim Pallas, the Premier and the Treasurer, are the first to come around and knock on their door and say, 'Thanks for working really hard today; thanks for earning that money. Now I want my fair share'. In fact it is not a fair share; it is beyond a fair share. They are taking an unfair share of tax away from people in one way or another.

That is rather curious because I believe in taking people at their word. If someone tells me something, particularly someone who is in a very senior leadership position, I am the sort of person who wants to believe in what they say. I like to take people at their word and give everyone the benefit of the doubt. I believe when they are telling you something they are actually going to tell you the truth, but unfortunately that is not always the case when it comes to this government. As a result of this budget this government, in just two and a half years of being in government — nearly three years — has introduced no less than 11 new taxes.

That was confirmed by the Treasurer himself on 12 May when he addressed the Public Accounts and Estimates Committee. When he was questioned on the 11 new taxes that have been brought in under his watch as Treasurer and under Daniel Andrews's watch as Premier, Mr Pallas described it as 'changed choices'. I thought that was a rather interesting way of trying to spin your way out of a commitment the Premier made in relation to new taxes, that the government had changed choices in relation to tax collection, because what I remember very clearly — and I was a part of the last election campaign, as many others were — are some of the commitments that were given by the then Leader of the Opposition, Mr Daniel Andrews.

On 5 November 2014, which was in the last two or three weeks of the election campaign — a time when many people were making up their minds as to who they would vote for and when they would obviously be listening to the party leaders at that time to understand what they were being offered and what they wanted to actually buy in terms of the next government — Daniel Andrews spoke to ABC News, which reported:

Mr Andrews ruled out increasing state taxes or household fees and charges to fund Labor's promises.

There we go. We have one commitment from Daniel Andrews that there would be no increase in fees. On 6 November 2014, just one day later, the *Herald Sun* reported:

Opposition leader Daniel Andrews said Labor would reveal its full costings before the election, and said he had 'no plans' to increase fees and fines.

On two occasions, two days in a row, Daniel Andrews had given the commitment that there would be no new fees, new taxes or increases in charges or taxes.

On 19 November 2014, when Daniel Andrews was on a Sky News program, David Speers, one of the more reputable political commentators in the country, asked Daniel Andrews:

So, any higher taxes, levies?

To which Daniel Andrews replied:

Absolutely not ...

On a third occasion within a week and a half Mr Andrews gave a commitment that there would be no higher taxes or levies. Then again on 28 November, the night before the election — and other people have quoted it exceptionally well — Peter Mitchell from Channel 7, which was doing a live cross to Daniel Andrews on the front steps of this very building, asked:

Daniel Andrews, all the polls say you will be Victoria's next Premier. If you are, do you promise Victorians here tonight that you will not increase taxes or introduce ... new taxes?

To which Daniel Andrews replied:

I make that promise, Peter, to every single Victorian.

That was on Channel 7 on 28 November. In the couple of weeks before the election Daniel Andrews, on four separate occasions, said to different media outlets that there would be no new taxes or charges and that there would not be increases in taxes, charges or fees. That is why I find it very peculiar that just two and a half years later this government has introduced 11 new taxes off the back of those commitments that Daniel Andrews gave to the people of Victoria.

Daniel Andrews lied to every single person who lives in this state in relation to taxes. I find that pretty disconcerting. When our now leader on four separate occasions made such definitive statements and then just as quickly threw the truth, Labor's words and their commitment out the door, it is no wonder that the reputation of the institutions and occupations that we hold so dear to our hearts are damaged out in the community. Unfortunately it is the actions of a few that create a reputation. That is the view of the average person in terms of the credibility of politicians. In some ways I do not blame them when Daniel Andrews so clearly on four separate occasions said he would not increase or introduce new taxes, and then he introduced 11.

I will run through what some of those taxes are just in case nobody knows what they are. There is a \$252 million energy tax on coal royalties. There is the \$2 taxi and Uber levy that is going to be introduced on every single trip. A land tax surcharge for absentee owners of about 0.5 per cent has now been increased to 1.5 per cent, so that is a tripling of the existing charge there. A housing stamp duty surcharge for foreign buyers has increased from 3 per cent to 7 per cent. The fire services property levy is piked for two years. Under the changes to the Country Fire Authority legislation, in terms of what we will be dealing with later this day or the next, there is the likelihood that the changes would severely increase the fire services levy in the future.

A new stamp duty has been applied to off-the-plan purchases for new housing. Again, it will push the cost of housing up for young people — in fact for all people. Annual property valuations will increase the amount of land tax and the council rates. Instead of having biennial valuations of properties, there will be annual valuations of council rates. As we know, councils apply their council rates in relation to the value of the land, and if that land is valued every year — and as we have seen in the current circumstances it is going up — that is going to mean an extra cost for each and every person who owns a house in this state. We have the new house tax that has just been introduced. Also, we have had the new point-of-consumption tax for online gambling. There are 11 new taxes off the back of Daniel Andrews saying that there would be none.

How did Treasurer Tim Pallas explain that? He explained it as the government having changed choices. I am not quite sure how those people could look at themselves in the mirror and take themselves seriously. I am not sure that the taxpayers of Victoria can take them seriously any more after what they have done. There is no real need for those new taxes to have come in. The Premier could have kept his word and not introduced those taxes. He did not have to, because this government was the highest taxing government on record. It was already bringing in high levels of revenue.

The government has received high levels of GST from the federal government. They have also had the sale of the port of Melbourne, which brought in some \$10 billion. That is an extraordinary amount of money that the government did not see coming in. Also, with the housing boom that is happening, the stamp duty that has come in from the sale of housing across the whole state but particularly in suburbia has brought in billions of dollars for this government. They are swimming in money. Never before has a state government in Victoria had more money to deal with than what this

government has. There is absolutely no excuse for the government to be further slugging the poor old taxpayer. There is no need for more taxes to create more money for the government.

The rising cost of living that is occurring for people in this state is just out of control, and we see it every day. It is not only happening to families but also to businesses — the wealth creators of this state. Everything that you can point at goes up under this government. If you just look at the fundamentals for an average family, you see that their electricity prices have gone up, and not just by a little bit — in some instances they have doubled. Gas prices have gone up all because of the policies of this government. Water costs have gone up. With the remaining time I have, I am going to touch on those in a bit more detail.

If you look at the water cost for the average home, you see that it started under a previous government — the Brumby government — when it introduced the desalination plant, which brought about a doubling of water bills for Victorian families. It was not even needed and it is still not needed. Our water storages are two-thirds full, but the ideology of this government is that you have got to use it. They have turned it on now, even though water storages for metropolitan Melbourne are a number of per cent higher than what they were last year when it was not on. The government is just turning on the desalination plant for the ideology of ‘We built it, so we have to use it and justify it’. It is costing Victorian families hundreds and hundreds of millions of dollars every year to run that desal plant, and it does not need to be on right now.

On electricity prices, as a result of introducing the \$252 million coal tax, guess what happened? The biggest energy supplier in the state had to close down. Hazelwood could not sustain its operation with such an extraordinary tax applied to it, and as a result of that they closed down their operations and 750 direct jobs just vanished. Then there was another flow-on of another 200 or 300 jobs lost. I think it is probably even more than that; the figures probably do not reveal the whole story. The cost of electricity has gone up as a result. The government keeps saying, ‘Renewables will cover it’, but that is more expensive. We have got a coal system which has served us well for many, many years, but unfortunately for ideological reasons this government does not want to have anything to do with coal when it is right on our doorstep.

When it comes to gas this government again has overseen a rise in the cost of living for Victorian families through its policies in relation to putting a moratorium on gas exploration. As a result of that there

have been no new gas lines in Victoria for quite some time. As a result there is a bit of a shortage of gas. Therefore it is the old economic argument of supply and demand. If supply is down and demand is up with the increased population, of course the price is going to go up. That has certainly been an extraordinary impost on families who are struggling to make ends meet. There is a saying that you can be assured of death and taxes. With this government one thing you can be absolutely assured of is extra and higher taxes.

Debate interrupted.

DISTINGUISHED VISITORS

The DEPUTY PRESIDENT — Order! I would like to acknowledge the presence in the gallery of a former Speaker of the Legislative Assembly, the Honourable Ken Coghill. Welcome to the Council.

STATE TAXATION ACTS AMENDMENT BILL 2017

Second reading

Debate resumed.

Mr FINN (Western Metropolitan) — In rising to speak on the State Taxation Acts Amendment Bill 2017, I am reminded of the words of the great Ronald Reagan in the American presidential debate of 1980.

Ms Shing interjected.

Mr FINN — A great man! When then President Jimmy Carter was trying to pull a swifty, the great man looked at President Carter and said, ‘There you go again’. I am looking at Daniel Andrews at the moment and I am saying the same thing: there you go again. Because we have been lied to as Victorians; we have been taken for a monstrous ride. As has been pointed out time and time again in this debate, Mr Andrews as the then opposition leader stood on the steps of this building the night before the last state election and looked into the barrel of a television camera and told one of the greatest whoppers that we have heard in Victorian political history. He looked into the camera, and when asked by Peter Mitchell on Channel 7 — he is getting a fair run tonight, it has to be said — if there would be any new taxes, Mr Andrews gave a categorical commitment to every Victorian that there would be no new taxes. Well, this bill makes a lie of that, and indeed there have been many bills prior to this that make a lie of that.

There are two things that Labor believes in, particularly the left of the Labor Party, and we all know that this is not a pure Labor government. This is a Socialist Left government. This is controlled by the extreme left of the ALP. There are two things in economic terms that the ALP believes in. The first is tax, tax and more tax. They just love to tax people, to tax companies, to tax anybody that they possibly can. The other thing of course is that they love to waste that tax money. We have seen under this government already — in fact it was one of the first actions of this Premier — \$1.2 billion wasted on stopping a road project that we desperately need. We needed it then, and we need it more now.

This was another broken promise by Mr Andrews, who told us during the campaign that, yes, he would tear up the contract, the contract was not worth the paper it was written on and it would not cost us one red cent to break that contract. I suppose to a degree he did get that right, because it did not cost us a cent as Victorian taxpayers to rip up that contract. To this point it has cost us \$1.2 billion. I almost cry when I think of what we could do with that money. There are so many people who could be helped and so many in my own portfolio area of autism who could be helped enormously if we could get a hold of that \$1.2 billion and distribute it to those in need. It is a criminal shame what has been allowed to happen in this state under this Premier.

But that is not all — and I am not reaching for the steak knives here. I am merely pointing out that while the \$1.2 billion is significant, what this government is now proposing to do is build a tunnel to nowhere — the West Gate tunnel, as it has been called. It used to be the West Gate distributor, then I think it was the western distributor and now it is the West Gate tunnel. Presumably there will be another couple of changes of name before we are finished. But the government is proposing that we spend \$5.5 billion building a tunnel to nowhere. Not happy with cancelling the east–west link, which is desperately needed to fix traffic problems that Melburnians face on a daily basis, we have a government that now intends to spend \$5.5 billion building half an east–west link and indeed what will be the most expensive T-intersection in the world today. While it will be flash, it will be new and it will be shiny, it does not actually go anywhere. It will take people to a T-intersection. That is just ridiculous.

We have seen the taxation — the added tax and the new taxes — from this government, and of course we have seen the waste, as I mentioned. I could go on for quite some time about the criminal waste that this government is responsible for. It is all part of what I would describe as Labor lies, because Labor has a long

history of lying to the people — and not just in Victoria. While Mr Andrews, now the Premier — Despot Dan, as some people call him — stood on the steps and lied into the camera before the last election, we might remember that a former Prime Minister of this country, Julia Gillard — —

Ms Shing — On a point of order, Deputy President, it has been said in this chamber I think today that a reference to the Premier should be a reference to the Premier and not to any other name which Mr Finn might like to ascribe to him. Again it would seem that Mr Finn has also just called the Premier a liar, so I would ask that he withdraw that.

The DEPUTY PRESIDENT — Order! Mr Finn, I ask you to withdraw your words that the Premier lied.

Mr FINN — I am happy to withdraw that, Deputy President. It is the truth, but I am happy to withdraw it.

Ms Shing — On a point of order, Deputy President, there was another component to the point of order that I raised, and that was that the Premier should be referred to by his proper title. I ask that that be continued.

The DEPUTY PRESIDENT — Order! Mr Finn, I ask you to call the Premier by his correct name.

Mr FINN — I will say that the Premier told a huge, monstrous untruth to the people of Victoria, and he is mendacious in the extreme. Ms Shing can look that up in a Funk & Wagnalls.

I was saying that Labor lies go with the story of the ALP. We did have a former Prime Minister who the day before an election some years ago looked into the barrel of a television camera and said, 'There will be no carbon tax under the government I lead'. We well remember when that Prime Minister was so excited the carbon tax was passed through the Parliament that she gave Kevin Rudd a hug. I think she still probably has the knife wounds to attest to that.

So we have got a long history of Labor leaders in this country who have no regard and no respect for the truth. If you want, we could go back to Bob Hawke saying, 'No child will live in poverty by 1990'. We could go way back to John Cain. We could go back quite some time.

Ms Pulford — On a point of order, Deputy President, my point of order is one of relevance. Whilst the terrific achievements of former Premier John Cain and former Prime Minister Bob Hawke may be of interest to some members in this place, they have no relevance whatsoever to this bill.

Ms Shing — Further to the point of order, Deputy President, I am just wondering if perhaps, while Mr Finn is on his feet talking about previous leaders, he might refer to Mr Abbott and the \$550 that he said every Australian would get back after the carbon tax was repealed.

The DEPUTY PRESIDENT — Order! There is no point of order Ms Shing.

Mr FINN — I am very strongly of the view that tax is a necessary evil, and we as parliamentarians should regard our responsibility of taxing people very, very seriously. It is not our money, and I will tell you something that gets on my goat more than anything else and that is when I hear politicians saying 'We spent this' and 'We spent that' and 'We funded this' and 'We funded that'. We as politicians do not fund anything. We do not spend anything. We use other people's money. We appropriate other people's money for projects that we believe are worthwhile. So when I hear politicians taking personal responsibility for having spent \$1 billion here or \$1 million there, or whatever it might be, it really is something that gets up my snout something chronic. It infuriates me.

It is worth remembering in relation to this particular bill that there is a strong relationship between economic policy and social policy. I well remember Peter Costello, who I think is probably — well, not probably; I think most certainly — the greatest Treasurer this country has ever had, saying that the reason we have good economic policy, the reason we have budget surpluses, is so that we can provide good social policy and so that we can actually pay for it. That is something that you do not hear very often from the Labor Party. The Labor Party like to talk about what they will spend; rarely do they talk about how they will pay for it. There is only one group of people in the community who will pay for Labor's promises and that is the taxpayers. So when people hear Labor saying that they will do this and they will do that and they will do the other thing, I ask them to remember that they are the ones who will end up paying for it.

We have seen, for example, as a result of Labor's coal tax here in Victoria, the closure of Hazelwood, and we will see a significant rise in electricity prices in this state and we will more than likely see blackouts next summer. So the supply of electricity in this state is under threat, and prices are going through the roof as a direct result of what this government has done with a coal tax. I ask people to remember that they are the ones who will pay for Labor's promises and Labor's policies, and unfortunately that is something that goes on ad nauseam.

We also talk about consultation, or certainly the Labor Party talks about consultation — again, ad nauseam. Well, where was the consultation on the Buckley Street level crossing in Essendon? Where was the consultation on the Werribee South youth jail? Where was the consultation on the western distributor or the West Gate tunnel or whatever the hell they are calling it this week? Where was the consultation on the Ravenhall tip? Although I have to say that there was significant consultation on the Ravenhall tip, but Minister Wynne has decided to give the people of the western suburbs the big finger. He has given them the bird. He has said, ‘I don’t particularly care about the people of the western suburbs. They can get sick. In fact they can get stuffed’. That is what he said.

We have 522 days to go before we have a decent government back in this state. There will be no more Labor waste and there will be no more Labor rorts; that will disappoint so many on the other side of the house. There are 522 days to go before we have as Premier of this state Matthew Guy, a man who is fit to lead, a man who is capable of leading and a man who will be an exceptional Premier of this state. There are 522 days to go: bring it on!

Ms FITZHERBERT (Southern Metropolitan) — I am very pleased to rise to speak on the State Taxation Acts Amendment Bill 2017 following that very shy and retiring contribution from Mr Finn. If only he could come out of himself a bit, say what he really feels and speak up a bit. That would be a good thing. Maybe you could practice that, Mr Finn.

As I said I am pleased to speak on this bill. I have had a wide range of emails and contacts from people about the contents of this bill. I think a number of speakers have spoken already about the Premier’s comments on the night before the election in which he promised there would be no new taxes and no rises in taxation. I understand that there has been a ruling that we cannot say that that is a lie. I will say that this bill is a reminder in written form of the falsehood of that. It does not explain why taxes have gone up at least 11 times since the last election. The tax burden in total has gone up by some \$4 billion between the tax years 2014–15 and 2017–18.

This bill in particular includes things like the new spousal property transfer tax and the new vacant land residential tax. However, I am going to talk about part 9, which is the section that is most frequently raised with me, including by a number of councils within my seat of Southern Metropolitan Region. Part 9 makes major changes to the long-established system of property and rating tax valuations in Victoria. I am

going to share with you some of the contributions that I have received via email over the last few weeks.

One said:

The proposed changes will have significant impacts on local government, Valuer-General Victoria and the valuation profession.

Any change of this magnitude should be planned with considerable thought given to the transition process and cost.

They go on to say that this has not been done.

Another person who got in touch with me said:

I hope you vote to reject the whole of part 9 of the State Taxation Acts Amendment Bill 2017.

Remove it. We are not a communist state but that is how we are being treated.

No local consultation. They will make up the rules later.

Will remove council’s control over a lot of things.

So there will be no local valuers, only contractors based in Melbourne.

Ratepayers have no say. Another act being pushed in at very short notice.

Another person who got in touch with me said:

As a property valuer and small business owner currently working within the municipal space, I respectfully ask you to recognise major concern, held by many, regarding the recently debated State Taxation Acts Amendment Bill 2017, and in particular part 9 of the bill.

We believe an amendment/removal to this part of the bill is vitally important for all Victorians.

The changes proposed in the bill will no doubt result in a reduced confidence in valuations currently undertaken by independent valuers for both council and state requirements.

Importantly, adding to the issue is a strong likelihood of major job losses across the state.

When the shadow Treasurer discussed this issue in the other place he said he did not think he had seen anything like it in his 10 years in that place in terms of uniting so many councils in opposition to a government’s position. What the bill does is take away the valuation functions that have been exercised by many councils, centralise those in the office of the valuer-general and move to annual property valuations, which is the critical change. There are two reasons why the government is doing this. One is that it is going to get more taxes; the second is that it is going to get more control.

At the moment the way the system works is that there are valuations every two years. As most of us know,

every couple of years properties generally go up in value. We have seen a rising market in recent years, and I believe that will continue. Every two years the value of your property is deemed to have gone up, and you will pay a higher land tax as a consequence. What the government wants to do now is change all that. Effectively every single year there will no doubt be an increase in the valuation and then an increase in the tax that is paid as a consequence.

The other part of this change is that the government is seeking to basically appropriate the councils' work when it comes to undertaking valuations by centralising all of those in the office of the valuer-general. I received a communication from Cr Klisaris, the mayor of the City of Stonnington. She outlined, I think in an excellent way, the concerns of that municipality within my electorate about the changes that will come into play as a consequence of part 9. Cr Klisaris mentioned the change in the revaluation cycle from two years to one year and the transferral of responsibility for undertaking valuations from the various municipalities to the valuer-general. She told me that council is opposed to this and seeks the support of the opposition in opposing these aspects of the bill. She gave her reasons in very succinct form: firstly, that there has been no consultation. This is a pretty major change to how we value properties in this state. That is a function that has been undertaken by our various municipalities. Apparently the government felt that there was no need to actually speak to the municipalities about this change before bringing this bill on. It seems to me that that is quite a poor way to bring legislation before this place.

Cr Klisaris's second reason was that it will cost more. At this point I am going to deviate to a contribution that was made by the Municipal Association of Victoria, which indicated that they think the extra cost to councils of this change will be some \$20 million to \$25 million as a consequence. I think it was Mr Finn who spoke earlier about the sorts of things that this money could be better spent on — for example, services for children with autism. I can think of no more deserving thing to spend this money on. The mayor of the City of Stonnington also made the point that it will cost more. She said, and I quote:

Performing a new valuation each year as opposed to each second year will cost more overall.

Councils will be expected to pay a share of this increased cost. In a rate capping environment this presents an added cost which will produce no benefit to local government.

She also pointed out, as I have already argued, that land tax will increase. If your tax increases every year

instead of every two years, obviously you are going to have to pay more and pay more sooner.

Cr Klisaris also made some additional points, such as the issue of supplementary valuations, pointing out that council will have less control over the timing and extent of supplementary valuation processes, which will likely cause problems with predicting and achieving annual revenues and budgets. While the bill contains provisions to allow councils to request that a supplementary valuation be undertaken, there is no requirement for a return date to be specified. She also pointed out that there is no relationship to rate capping, saying:

If there is a new valuation every year, ratepayers' bills will invariably vary from the announced rate cap percentage, leading to increased ratepayer inquiries and ongoing confusion for ratepayers.

Councils loathe that, don't they, Mr Finn?

Mr Finn — My word they do.

Ms FITZHERBERT — The last thing they want is ongoing confusion for ratepayers. Cr Klisaris suggested that it will likely lead to an increase in valuation objections, appeals and legal expenses. That is simply not a good outcome for anybody. She argued that there will be staffing and industrial relations consequences, saying:

It is likely that the proposal would lead to retrenchment of some council staff, with subsequent human and financial consequences for council.

I agree that that is not a very desirable issue. It will be interesting to ask in the committee stage what the government's anticipated cost is — that is, of course, simply in financial terms. It is not the cost of staff in personal terms when one loses a job and the concern and difficulty that always accompanies that sort of traumatic process —

Mr Finn — They have stuffed up again, haven't they? Let's face facts: the government has stuffed up.

Ms FITZHERBERT — They have stuffed up, Mr Finn; I agree. The final point made by the mayor of the City of Stonnington relates to customer service. She said:

Responding to inquiries as they relate to valuations is an important component of council's engagement with ratepayers. It is likely that a centralised system will result in a lower level of responsiveness to inquiries from ratepayers about their valuation.

I suspect that is right. Indeed I have made a query about valuations and ratepaying in this way — —

Business interrupted pursuant to sessional orders.

Sitting extended pursuant to standing orders.

Ms FITZHERBERT — I will be concluding shortly, but thank you for the extension; it is appreciated. I welcome the opportunity to go on. There are some additional concerns or queries that have been raised by the mayor, and I suspect that we may look at these in the committee stage of this bill. I might take the opportunity to foreshadow some of these now. The mayor's first query is:

Considering that local government derives the vast proportion of its income through the valuation processes, will the sector have any say in the processes generally and, in particular, with regard to contracting out?

Cr Klisaris also asked about the standing of existing valuation contracts which councils may have with valuation contractors, including options. She asked about protections for maintaining professional standards and what steps will be in place to ensure the current probity function of the valuer-general over the process will continue to be objective as they move to a contract administrator role. There is a query about what she called the 'inevitable legal costs and processes associated with objections and appeals'. She asked how these costs and processes will be allocated and what control, if any, stakeholders might have. By stakeholders I assume that she was referring to the councils themselves. She also talked about the replacement or integration of established council systems like hardware and software, causing 'massive disruption' — her words — and 'likely significant cost', and asked how all that is going to be dealt with and funded. Her final point is:

Given the vital role of valuation processes in driving revenues, what steps are in place to ensure that the state government is sufficiently resourced to achieve annual valuations in the relatively short time frames set out in the legislation?

This is just one aspect of this significant bill. I have focused simply on part 9, as it relates to local government and annual property valuations. There are a wealth of others. There is unfortunately not sufficient time to go into all of them, although earlier speakers have done so. I look forward to pursuing some of these issues in the committee phase at a later time.

Mr O'DONOHUE (Eastern Victoria) — I am pleased to make a contribution in relation to the State Taxation Acts Amendment Bill 2017. It has been an

interesting debate that we have had this afternoon in relation to this matter.

Ms Pulford — I promise you it has not been.

Mr O'DONOHUE — I take up the interjection from the minister and her claim that it has not been. There are literally billions of dollars riding on this bill and the budget bill that is before this house that will come — —

Honourable members interjecting.

The ACTING PRESIDENT (Mr Melhem) — Order! I do not think Mr O'Donohue needs any help. Mr O'Donohue to continue.

Mr O'DONOHUE — On a point of order, Acting President, could the clock be put back to 15 minutes, as I lost that time due to the interjection of the ministers in particular?

The ACTING PRESIDENT (Mr Melhem) — Order! Put the clock back.

Mr O'DONOHUE — As I was saying, I am pleased to speak on the State Taxation Acts Amendment Bill 2017. To recap on some of the points that were made earlier — —

Mr Dalidakis interjected.

The ACTING PRESIDENT (Mr Melhem) — Order! Mr Dalidakis, I remind you that you are not in your seat, so if you want to interject, you need to be in your seat. Mr O'Donohue, to continue.

Mr O'DONOHUE — Thank you, Acting President. The bill before the house reflects the shambolic nature of the Andrews government. As Mr Rich-Phillips as the lead speaker for the opposition outlined in his very erudite critique of this bill, this is a bill that has been on the notice paper since it was introduced back in May, yet the Treasurer issued a press release before 9.00 a.m. this morning lambasting the opposition for not passing a bill that at that time had not yet been brought on by the government for debate. What an absolute shambles! We know that there is a great deal of disconnect between the government ministers in the Assembly and the government ministers in the Council, and we know that that has caused the Leader of the Government, Mr Jennings, a great deal of consternation in his efforts to get bills through this place and to get attention from other government ministers. But for the Treasurer to be critiquing the opposition about not passing a bill before the government through its own business program has

even brought that bill before the house I think says a lot about the dysfunction within the government.

I refer to the commentary from Mr Barber, which was in effect in response to the comments of Mr Rich-Phillips. Mr Barber made the point that he received amendments to this bill last night. To the best of my knowledge we are, as the opposition, yet to see those suggested amendments, and I do not know if it is even clear whether the government plans to move those amendments itself. So we have a situation where we have the Treasurer, who has responsibility for this bill, critiquing the opposition in relation to a bill that is yet to be brought before the house; we have the government trying to do a side deal with the Greens; we have other parties in this chamber unaware of those amendments; and we have the government itself not sure whether it is going to move its own amendments — and all of this in the last sitting week before the new financial year starts and in the last sitting week for this bill to pass before the break. So it is a very unsatisfactory situation, and it is symbolic of the dysfunction within the government.

I noted with interest the comments made by Mr Davis in relation to his discussion with the Secretary of the Department of Treasury and Finance during the Public Accounts and Estimates Committee budget briefing and the confirmation from the secretary about the book value that has been put into the forward estimates from asset realisation following some of these reforms that will go through as part of this bill, if indeed it does pass.

Ms Fitzherbert in her contribution spoke about part 9 of the bill, and let me just spend a minute talking about part 9 as well. I have been inundated with communications from South Gippsland Shire Council and a range of other local government areas in Eastern Victoria Region who are most unhappy with the changed valuation processes that this bill seeks to implement. I have also been approached by a number of professional valuers, both valuers who act on behalf of local governments and valuers who do private work as well, who are very concerned about the impact that these proposed changes will have. Of course you have to ask why, because if you look at the second-reading speech it fails to detail in any clear way the changes that are proposed in part 9.

It is interesting to look at the second-reading speech. On the first page of the second-reading speech, just a few paragraphs in, it critiques the Turnbull government. If only this government spent more time fixing the problems it has created and more time fixing the issues that Victorians face than trying to pass the blame and pass the buck to the Turnbull government, then perhaps

we would not have the chaos that we see today from the Andrews government.

Let me also just touch on the impact the tax increases have had on my electorate of Eastern Victoria Region. Other members have spoken about the tripling of the coal tax royalty. It is no coincidence at all that the coal tax royalty was tripled and just a matter of months later the owners of the Hazelwood power station announced that the power station would close. A short time thereafter it did indeed close, causing the loss of 700 jobs and causing a significant amount of economic dislocation in the Latrobe Valley. That comes on the back of the botched Heyfield timber mill negotiation, a negotiation that the owners have described in scathing terms with regard to the role of the government. On the back of that there has been the Carter Holt Harvey mill closure as well.

The people of Gippsland are reeling from those economic hits, and I would suggest unnecessary economic hits — economic hits that are the result of the policy settings of this government. As other members have said, the tripling of the coal tax came despite the very clear and unequivocal promise to every Victorian by the Premier when he was Leader of the Opposition, in an interview with Peter Mitchell on Channel 7, that there would be no increase in taxes. Of course when interviewed by David Speers, also prior to the election, he made a solemn, unequivocal promise that there would be no increase in taxes.

What we have is a government that is addicted to spending. What is absolutely apparent is that no matter how much revenue this government receives, it spends more. It is in a never-ending spiral of trying to chase its tail because of this increased spending. In the first three years of the Andrews government taxes have increased enormously, yet do we see a dividend from that increased revenue? We have fewer police per capita now than at the change of government in November 2014. The number of frontline police at stations across the regions is only up eight since the change of government. There are only 373 extra police across Victoria since the change of government, despite Victoria's population increasing by upwards of nearly 300 000 people since that time, and despite the legitimate operational changes made by the Chief Commissioner of Police, such as the implementation of the two-up policy.

You need money to compensate for blunders such as the worst prison riot in Victoria's history, the Metropolitan Remand Centre prison riot. We know that the cost to fix that prison and return it to the proper standard is \$95 million, but what we still do not know

the answer to — the Leader of the Government took this question on notice during the committee debate on the budget — is: what is the true cost of the MRC prison riot when you include not just rebuilding the prison but also pursuing the offenders who caused the damage, as well as the police time and the court time? What is the total cost to the Victorian taxpayer. I suggest that it is likely to be well in excess of \$100 million. In a sense, whilst these increases in taxes are a clear broken promise, the fact that taxes are increasing is in one sense not surprising when we have had such an economic cost for no return, with the MRC prison riot being one of the best examples.

Mr Ondarchie referred to the level crossing removal program, which blew out by — depending on whether the total figure is \$6 billion or \$7 billion — up to \$2 billion, which is an enormous cost blowout under the Andrews government.

I remember during the term of the Brumby government that one of the news outlets put together a spaghetti junction diagram of all of the authorities and their responsibilities. It was impossible to follow. We are getting close to a similar position now. The Premier announces a new project, and the first thing he does is create a new authority with a head office and communications team and all the rest of it, when you have other authorities, such as VicRoads and the Department of Economic Development, Jobs, Transport and Resources, that do these jobs and perform these functions as well. This is increasing the cost base of the state of Victoria all the time, and you have to ask yourself whether the taxpayer is receiving the benefit of those increased costs. There has been a lot of talk about the delivery of these projects, but so far, nearly three years into the term of the Andrews government, we have seen little outcome or benefit from the creation of some of those new authorities.

It is indeed very concerning to the opposition that we have, through this bill and through other pieces of legislation that have passed the Parliament previously, so many new taxes and so many taxes that have increased in spite of a clear and unequivocal promise from the then opposition leader and now Premier.

I look forward to the prosecution of the committee stage so that some of these issues can be pursued in more detail and we can get to the bottom of the purpose of some of these proposed changes and understand the impact that some of these changes may have on local government, which is already stretched in a time of rate capping. Talking about ‘Do as I say and not as I do’, if ever there was a policy that typified ‘Do as I say and

not as I do’ it is rate capping. With those comments, I look forward to the committee stage of this bill.

Mr RAMSAY (Western Victoria) — I have virtually a tidy-up role in relation to being the last speaker on this side of the chamber to make a small contribution. It does give me some pleasure and some — —

Ms Pulford — Talk about the farm stamp duty.

Mr RAMSAY — Actually I am getting there, Ms Pulford. If you would just stop interrupting, I will actually acknowledge a couple of good things in the bill, as short as that contribution will be.

It is actually a pleasure and a frustration that I make a contribution on the State Taxation Acts Amendment Bill 2017. The federal government’s lack of resolve to implement true tax reform is one frustration. I can understand with only a three-year term it is almost impossible to get consensus on true tax reform, because that is where basically the states get their main revenue from in relation to GST. It absolutely frustrates me to no end that we cannot resolve with the states and the commonwealth a fair-share distribution of the GST, which would negate a lot of these taxes that have just recently been proposed under this bill and under the Appropriation (2017–2018) Bill 2017 for distribution in this budget. So one is the frustration that we are as a nation yet to come to terms with how we can fairly and equitably raise revenue and distribute revenue. Certainly under the current system, where we have a three-year term of federal government, I do not believe we are actually going to resolve that problem.

In relation to the Andrews government’s range of movement of revenue in this bill, I also want to re-emphasise the fact that we had the Premier — and I am sure he may well regret it now — looking the Victorian public in the eye and saying there would be no new taxes under the government he led. We have 11 new taxes. We know that, so the Premier has misled the people of Victoria in relation to what he proposed to do in relation to a tax regime for the state.

We do know that amended in this bill is the Duties Act 2000, which implements taxes. There are amendments to the Land Tax Act 2005, which implement the vacancy tax, a new tax; there are right-to-property clauses; there are arrangements for the Livestock Disease Control Act 1994; there is the fair hearing section; there is a presumption of innocence section; and there is a spousal transfer of property tax in relation to investment and property — and I could go on — which all will come at a cost to the taxpayer.

There has been discussion around the cost of electricity through the increase in royalties, particularly on Hazelwood, and we have seen that sad and sorry affair in relation to that power station being forced to close because of the incredible financial burden the Andrews government had put on it. Consequently we are all going to suffer through the cost of living with the increase in electricity charges. We now know that there is to be a new car tax, which will cause a significant reduction in the retail car sector. I think one of the contributors on this side of the house said that around a 20 per cent reduction had been quoted to her in relation to trade in new cars, so that is obviously a significant problem.

We know there are increases in stamp duty across the board. We know there are increases in gambling taxes, in speeding fine taxes and in land taxes, as I have indicated, and on and on it goes. But like other contributors, I guess my interest is in two taxes. There is one, if Ms Pulford is listening, that I will acknowledge, and there has been movement at the station, albeit to a small extent. That is in relation to payroll tax. Those of you who have heard me speak in this chamber before know I have been a very strong advocate over a period of time for removing payroll tax altogether. I just think it is a negative, regressive tax on employers that needs to go. But again it cannot go until we have a unified national tax collection and distribution system that allows the financial burden on the states to collect tax to be removed and allows some of these regressive taxes like payroll tax to be taken away.

There is a small increase in the payroll tax threshold from \$550 000 to \$650 000. It is over four years; it is going to take forever. My understanding is that small business have been calling for the increase to be to somewhere around \$1 million, so it falls well short of the expectation of small business. And for regional Victoria I also acknowledge a very small decrease in the payroll tax percentage to 3.65 per cent, about a 25 per cent reduction. So I think there are some good things in relation to payroll tax, albeit to a very small extent, and there is obviously a lot of work to be done to improve that.

As Ms Pulford also indicated, there has been a small exemption on livestock products for farmers particularly, and I do acknowledge that, but at the same time one giveth, one taketh away in relation to the increase in the fire services levy, which will come through the proposed annual valuation. I guess that is what I would like to, like others, just focus on briefly. I have about 27 municipalities in Western Victoria Region — —

Mr Morris interjected.

Mr RAMSAY — We have; I am sorry, Mr Morris. My parliamentary colleague Mr Morris and I have around about 27 municipalities in the Western Victoria Region — and Mr Purcell. I cannot forget Mr Purcell there, who also has responsibility in that region. We all have to make sure that we listen and hear what is being said to us by our local councils, which at the coalface are very important. Local government is instrumental in making sure that grassroots issues are heard and brought to our attention.

What has been brought to our attention is that the long-term sustainability of local governments in regional areas is at risk. Rate capping is having a significant impact on their ability to function and provide services that the community expects them to provide. Also we have seen the loss of quite significant funding mechanisms, like the country roads and bridges program — \$160 million to 39 or 40 disadvantaged regional councils — which was so important in enabling them to carry out the normal maintenance on and upgrades to their local roads.

I only mention that because, as I understand it, the impost of annual valuations to councils can be in the vicinity of — for Corangamite, say — \$60 000. Colac has indicated more across the board. There is also the loss of their valuers. They are losing staff to the valuer-general's office, where I understand it is to be centralised. There is also obviously the significant cost to ratepayers in relation to having their properties valued each year and paying an appropriate tax or a differential tax on that.

As we have seen in Ararat just recently, the farming community are paying a disproportionate amount of rates tax for their demography because the council is spreading the cost of the rate burden across all of the ratepayer base, which does affect some of those low socio-economic demographics within their shire. They do not have a lot to play with, so annual valuations, the loss of a labour pool for their valuers and a dependency on a small section of the ratepayer base to pay a bigger portion of the rate revenue is causing problems for councils such as Ararat. My hope is that my parliamentary colleague Mr Rich-Phillips through the committee stage will investigate and bore into some of the details and outline the impacts we are likely to see as a result of this bill.

I do want to flag that there are a couple of good points in the bill that will help some of our small businesses and some of our farmers, but at the same time the bulk of the bill is actually going to place significant financial

burdens on both those business communities and also on the larger community itself.

My warning to the government of the day is that local regional councils are not happy about the repeal of section 9 of the Valuation of Land Act 1960, which relates to annual valuation and the impact of that on the valuer pool. Local councils will no doubt have to shed staff. The cost of going through the annual valuations will be considerable for local councils.

There are also the additional taxes that the Premier promised he was not going to burden the Victorian community with. We now find he will, but we still do not know at what cost, because there has not, I am sure, been an economic impact study done on what impact these new taxes and increases in taxes will have on the economies around Victoria.

Motion agreed to.

Read second time.

Committed.

Committee

Mr JENNINGS (Special Minister of State) — With the leave of the committee, I ask if it is acceptable that Mr Mulino join me at the table.

Leave granted.

The ACTING PRESIDENT (Mr Melhem) — Order! Just a bit of clarification for the chamber: because some of the clauses in the bill are subject to section 64(2) of the Constitution Act 1975, I remind the committee that under standing order 14.15, where no amendment is proposed on such a clause, no question will be put. I make that clear. Now we will move on to clause 1.

Clause 1

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Chair, before I proceed to general questions on clause 1, I am wondering if you are able to provide advice to the committee on how you propose to handle the amendments which are before the house tonight. As you would understand, there are two sets of amendments, some of which are consequential and some of which are substantive. I understand that the table officers have a proposal as to how the committee might proceed with the amendments. I am just wondering if you could perhaps clarify at this point how you wish to proceed with the amendments — whether we should wait for the substantive ones and

then do the consequential ones or whether you wish to proceed as they are listed.

Mr JENNINGS (Special Minister of State) — Chair, as you are preparing to respond to the question Mr Rich-Phillips has asked you, can I on behalf of the government volunteer that we do appreciate that under normal circumstances we would be dealing with the bill in committee stage clause by clause, and we would amend, if appropriate, any clause and then move through the subsequent clauses. In this instance it may well be — and the government is happy to facilitate and be supportive of this — that in fact we deal with policy discussions and questions in clause 1.

There are a number of principal aspects of clause 1 that may be subsequently amended if some of Mr Rich-Phillips's amendments are accepted in subsequent clauses that would impact upon both the purposes clause and the commencement clause of this bill. The government is happy to, without truncating the prerogative of the committee in any way, expedite questions, comments and the exploration of issues in clause 1, for us to park clause 1 and indeed clause 2, with the agreement of the committee, to go on to deal with the substantive teasing out of the various provisions in the bill and to amending it as agreed to by the committee, and then subsequently look at the way in which the purposes and commencement clauses may be dealt with.

The ACTING PRESIDENT (Mr Melhem) — Order! That sounds reasonable to me. Mr Rich-Phillips?

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Thank you, Acting President. I would be happy to proceed on the basis as outlined by the minister — that we do the policy questions in clause 1 first and come back to clause 1 for the amendments to clause 1 after we deal with the substantive matters.

The minister has circulated government amendments formally, and this has clarified a matter which was uncertain earlier in the day. Members of the committee will recall that this morning at 8.56 the Treasurer issued a press release titled 'Liberals blocking tax cuts and home ownership support'. The press release goes on to talk about some of the initiatives in the bill, including farmers not missing out on their \$4 million tax cut that they are sharing across the entire agriculture sector, and said:

It's time for the Liberal Party to stop playing politics and pass the bill, which will put the dream of home ownership in the grasp of more Victorians and save local businesses thousands of dollars a year.

Under 'Quotes attributable to Treasurer Tim Pallas', the press release goes on:

'The Liberal Party need to stop playing politics and pass these reforms — which are good for business, good for our economy and good for Victorians — wherever they live'.

Firstly, I would just like to ask the minister: given this press release was issued before this house had even considered the bill — before the government had even brought this bill on for consideration — what was the Treasurer talking about?

Mr JENNINGS (Special Minister of State) — He may have been anticipating what might have been the consideration of the Parliament today based upon some track record, might I say, of recent times, in relation to the untimely, from the government's perspective, consideration of much of the government's legislative program. Mr Rich-Phillips, if your mission today is to prove the Treasurer wrong by dealing with this bill in an expeditious way, then I wish you well. If you can demonstrate not only to the chamber but to the people of Victoria your desire to achieve those policy outcomes and those beneficial outcomes in relation to tax relief that you have referred to in the Treasurer's press release, that will be a good day and I will be happy to talk to the Treasurer about the fact that you have proven him wrong.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Minister, thank you for that response. I am not sure that the Treasurer's press release has been helpful in facilitating the passage of this legislation today.

Mr Jennings — Yes, but I am.

Mr Davis — You think it has, do you?

Mr Jennings — I am helpful.

Mr RICH-PHILLIPS — The minister at the table is always helpful — at fixing the Treasurer's mess.

Mr Jennings — That is not what I said.

Mr RICH-PHILLIPS — That is not what you said; it is what I am saying.

Just short of 2 hours after the Treasurer issued this press release this morning, at 10.40 a.m., a story appeared in the *Herald Sun* online. You probably missed it, because the headline was 'MFB restructure: Democratic Labour Party MP Rachel Carling-Jenkins concerned about fire services bill' — so not something that would naturally take you to the tax bill. But three-quarters of the way down through that story about Dr Carling-Jenkins and

the Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Bill 2017 are these paragraphs:

The government is also hoping to pass a taxation bill that effectively sets its budget, which includes stamp duty concessions for first home buyers and payroll tax relief for businesses in regional Victoria.

Mr Pallas said there would be a number of amendments moved by the government as a result of negotiations with the Greens around the 'centralised valuation issues' on a new land tax.

'Just to make it a little bit clearer how we will deal with those matters', Mr Pallas said.

Subsequent to that statement being published by the *Herald Sun* at 10.40 this morning, the Treasurer's office was unable to confirm that the Treasurer was actually going to amend his own bill. You have now subsequently confirmed that the government will amend the bill, because you have actually circulated some amendments. Can you now indicate whether the amendments you have circulated this evening are the amendments the Treasurer was referring to in that statement that appeared at 10.40 this morning?

Mr JENNINGS (Special Minister of State) — What I can confirm to the committee is that the amendments that have been circulated in my name are one variation of some amendments that the Treasurer had been contemplating and had been in discussions about with members of the Legislative Council and also other stakeholders to see what amendments could be made to ensure that the community could have confidence in the way in which we could achieve the policy outcome of moving to an annualised valuation process and a centralised valuation process.

As it transpired during the course of the day, it became evident that the members of the Legislative Council that the government believed would ultimately support that policy outcome and that revenue outcome were expressing a view that in fact they wanted more time to have more consultations with the local government sector to enable them to confidently support the government's intention. So on balance the government, in particular the Treasurer, late this afternoon made a determination that the cleanest way to deal with the legislative instrument before the chamber, rather than to amend it, is to extricate those elements of those provisions in relation to central valuations and annual valuations within this bill to preserve that policy intent for later consideration of the Parliament. So the options that the Treasurer was contemplating earlier in the day have been refined and distilled and have culminated in what I have circulated in the chamber tonight.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Thank you, Minister. So we had the Treasurer at 8.56 this morning saying, ‘Get on and pass the bill — a bill we have not yet put to the Parliament, but get on and pass it’.

Mr Jennings — We have had it in the Parliament for some time.

Mr RICH-PHILLIPS — Not before the chamber. The government had not brought the bill on for — —

Mr Jennings — It was on the notice paper last week.

Mr RICH-PHILLIPS — The government had not brought the bill on for debate in this chamber.

Mr Jennings — Well, we would have if you had not delayed us last week.

Mr RICH-PHILLIPS — A little under 2 hours later the Treasurer makes a statement to the media that he is bringing in amendments to make it a little bit clearer how we will deal with the matter of the valuations. An hour after that we have the Treasurer’s office saying, ‘We don’t know if we are going to go ahead with our amendments that we have talked about in the media, so we won’t give them to you’. Now we have the minister at the table bringing in different amendments to those the Treasurer spoke about this morning to actually, as the minister said, withdraw those provisions around valuation entirely. If this bill lays over tonight, can we expect the government’s position to change again on amendments, or are you confident that it will remain as you circulated?

Mr Davis — It would depend on the quality of the arguments.

Mr JENNINGS (Special Minister of State) — Mr Davis, very rarely by the time things come to this chamber have I ever seen them rated on the merits of the argument that is put. In fact if that had been the case, then I would have been a far more successful politician than I have been. I think the issue is that ultimately at the end of the day — and this has been somewhat the bane of my existence for the last few years — we need to secure 21 votes in this chamber to make sure that the various stages of a bill pass and that a bill passes in its own right or, on balance, that amendments that have been proposed by either the government or non-government parties succeed or fail.

The balancing act in terms of the legislative process has been that the government has evaluated during the course of the day, to maximise the policy intent that

was within the legislation, the way in which the Parliament could expeditiously deal with those matters, and on balance the government believes that the best correlation between the original scope and intent of this bill and the likelihood of its passage has been maximised by the amendment that we have moved.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Minister, thank you. The Treasurer’s statement to the media this morning — as distinct from his press release this morning — is reported as follows:

Mr Pallas said there would be a number of amendments moved by the government as a result of negotiations with the Greens around the ‘centralised valuation issues’ on a new land tax.

What was the basis of those ‘negotiations’ with the Greens, which I understand led to a different package of amendments to the one that you have now indicated? The Treasurer was fairly clear in his statement — ‘We have negotiated with the Greens, we have reached an outcome, we are moving forward with it’. What was that that we were going to be dealing with but we are apparently now not dealing with? How have we ended up in this situation if we had this negotiated outcome with the Greens, apparently, as reported — the Treasurer’s comments in the paper — but we are now no longer in the position of having that negotiated outcome?

Mr JENNINGS (Special Minister of State) — I am certain that many members of our community wish that they could have a live feed of this committee because they would probably be on the edge of their seats thinking about the tension that we have actually created in the chamber around the intrigue and the description of the negotiations and amendments at one time of the day that may mean that they are in a slightly different form later that same day!

In my experience — and I do not necessarily want to be starting to lose friends in this committee — the negotiations with the Greens actually may follow a very similar trajectory. A lot of time is spent without necessarily knowing fully where you have landed confidently, so you could actually say that was going to be the outcome. Again, I am not necessarily trying to lose friends in this endeavour. It was clear as the course of the day proceeded that in fact the Greens, who believed they were dealing with a range of concerns that deal with the local government sector, sought to have a longer time to consider these matters rather than resolve them today. On balance, the government felt that was a reasonable approach. We have facilitated that occurring so that we preserve the policy intent.

We will allow this bill in the main to pass in this form so that state revenues and tax relief can be provided through this bill, and we will come back subsequently and consider those policy matters that require some further degree of consideration and consultation to occur.

The only error perhaps may have been the inference that negotiations had led to an outcome, that that outcome was secure and that that outcome was secure at 10.30 a.m. Because of what transpired during the course of the day, it was not secure, and in fact reflection on the best way to deal with this occurred after 10.30, right up until we came to this committee. To answer the member's question, if we do not conclude this committee tonight — and I will be so disappointed if this committee is not concluded tonight — and we have to come back to it on Thursday, I am confident that the policy positions put by me on behalf of the government will be maintained until Thursday, until the conclusion of this committee and the consideration of this bill.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Thank you, Minister. As usual your candour is very helpful in these proceedings. In that vein I might ask you if this conclusion, this outcome that you have proposed tonight, is the Treasurer's outcome or whether it is an outcome you have delivered?

Mr JENNINGS (Special Minister of State) — No. In all things the determination of this outcome was the Treasurer's determination of his preferred way of dealing with this matter at this point in time, and this matter was actually considered by his office and his departmental advisers and determined by the Treasurer.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Thank you, Minister. That was very diplomatic. I would like to move on to some of the more detailed policy considerations around the bill. As far as state tax bills go, this would have to be one of the most controversial ones I have come across in terms of the amount of third-party commentary it has generated, with perhaps the exception of the State Taxation Acts Amendment Bill 2009 that then Treasurer Lenders introduced, which applied stamp duty to certain lease transactions, which you may recall ended up being the subject of a reasoned amendment and being referred for committee consideration. But this has generated an extraordinary amount of third-party commentary, particularly around the valuation provisions, but not exclusively, and also around some of the direct taxation measures. Can you outline what consultation the

government took with relevant stakeholders prior to the introduction of this legislation?

Mr JENNINGS (Special Minister of State) — I am not entirely sure how broad or narrow Mr Rich-Phillips's expectations may be. There are any number of items of tax relief. What Mr Rich-Phillips actually refers to are all aspects of revenue raising, and of course in terms of his perspective they may be the most significant elements of this package, but in fact there are a significant number of tax reliefs that the government has introduced in successive budgets. Nearly \$1.5 billion worth of tax savings has been provided by the government. The consultations associated with those ranged from various industry groups to consumers, stakeholders and public policy advocates in relation to what might be ways in which the government could support aspects of home ownership and indeed the agricultural sector and primary production in terms of the payroll structure of regional companies. There have been many conversations at industry stakeholder level as a result of which I believe stakeholders wholeheartedly support those measures.

I am perhaps assuming that he is not really talking about the measures which have a net positive financial return to either companies or individuals across the Victorian community and is probably ignoring the fact that they exist. But the most significant element of this package is that stamp duty exemptions now only apply to first home purchasers, which is the most significant tax cut in this package. That was not necessarily subject to great consultation. On the other side of the equation, in terms of making assessments about what taxes were to be increased, by and large the government relied on tax harmonisation across other jurisdictions, in particular their treatment of various transactions. For instance, the change to motor vehicle duty rates was an issue of tax harmonisation with other states.

The government made a decision in terms of the way in which decisions were made in relation to what would be the retargeting of off-the-plan stamp duty concessions. The government had, or the Department of Treasury and Finance (DTF) had, engaged in consultation with members of the State Taxes Consultative Council, Prosper Australia and members of the property industry to discuss elements of the Homes for Victorians package, which was of course not only a centrepiece of the lead-up to the budget but indeed embedded within these reforms. The Treasurer also had numerous meetings himself with the Urban Development Institute of Australia, the Property Council of Australia and other stakeholders in relation to that package. It was a combination of what the

department entered into and what the Treasurer entered into; they were engaged in numerous conversations and consultations around these various matters.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Thank you, Minister; that is helpful. Just to clarify though, in relation to the changes to motor vehicle duty, which you referred to as harmonisation with other jurisdictions, firstly, were they subject to consultation with the relevant industry participants in Victoria prior to the policy change being announced — the Victorian Automobile Chamber of Commerce or other motor vehicle retailer representatives?

Mr JENNINGS (Special Minister of State) — I will take some advice on that question. What I do know is that the original policy intent, in terms of introducing that vehicle duty reduction, was indeed an initiative that the government I was part of undertook some years ago to try to support Australian car manufacturing. We were subsequently disappointed by decisions made by the federal government in relation to their desire not to support an ongoing Australian car industry, which led to the announced closure of a number of car manufacturers in Victoria. The original policy intent of us providing a greater incentive to Victorians to purchase new Victorian Australian-made vehicles was diminished. Now, as you note, I have not waxed on about what type of federal government made those decisions, but I could concentrate on that for a long period of time if we want to, so I will not — unless I am called on to do so.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Thank you, Minister. On that point, it is certainly not my role to defend that government. If that is where you want to take the committee, it might prolong matters, but I will not be here as their chief defender. However, I would like to clarify that. You spoke about —

Business interrupted pursuant to standing orders.

Sitting extended pursuant to standing orders.

Mr RICH-PHILLIPS — Minister, basically you are saying the policy rationale of this particular initiative is reversing the previous discount for new motor vehicles. Did that apply only to Australian-manufactured vehicles?

Mr JENNINGS (Special Minister of State) — It seems like a trick question. I had better go and ask for advice. The policy was largely to support the Australian manufacturing industry, but not exclusively.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Thank you, Minister. But given that upwards of 60 per cent of new motor vehicles were purchased in Australia even while the local manufacturers were producing imported vehicles, they all had the lower rate of duty available to them for those purchases?

Mr JENNINGS (Special Minister of State) — Yes.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Given the differential — the discount for new vehicles — did not exclusively or even in majority support locally manufactured vehicles because the majority were not locally manufactured, why has the government taken the policy decision to increase the new car rate to match the second-hand car rate rather than reduce the second-hand rate to match the new car rate? If you wanted to harmonise the rate, if you wanted to get rid of the differential between new and used vehicles, why did you increase it and not decrease it?

Mr JENNINGS (Special Minister of State) — If I were to indicate to you the two options, about whether the harmonising was going to go up or down, we could have a bit of a dance around that issue, but I think the harmonising to the higher rate was more attractive.

Mr O'DONOHUE (Eastern Victoria) — Has there been any modelling on what this increased tax will do for new vehicle purchases in the context of road safety? As a generic comment, the newer the vehicle fleet, the safer it is. According to ANCAP, the Australasian new car assessment program, the vehicle fleet in Victoria has been getting older, so has there been any modelling about what the impact on road safety of the age of the vehicle fleet will be as a result of these proposed changes?

Mr JENNINGS (Special Minister of State) — I am going to receive some supplementary advice in relation to what impact we may know of that issue. I have been encouraged to again go back to the time of the previous administration in relation to increasing these matters. I am resisting doing that because we do not really want to spend much of our time in tit for tat in relation to our revenue-raising measures, do we? But we could. I am going to use that as a brake to see whether I have any modelling that is available to me in relation to what the impact may be.

I do accept that the safety standards of new vehicles are of a higher order. Their emission profiles are preferable to old vehicles as well, so there probably is a policy reason. You would hope this would not have a

deleterious effect in relation to the purchases of new vehicles. I am advised that I am not in a position to be able to indicate to you what the anticipated outcome may be in relation to the take-up rate of new vehicles.

Mr O'DONOHUE (Eastern Victoria) — Thank you for that answer, Minister. To extrapolate your answer, is it fair to assume that there has been no road safety impact undertaken as part of this proposed change?

Mr JENNINGS (Special Minister of State) — The reason why the answer was not quite as complete as I anticipated is that the note passed to me indicated that whilst attributed economic activity is modelled by Treasury in relation to their anticipated outcomes, they not go necessarily into the practice of behavioural modelling about the impacts of what the individual decisions may be. This is why this has not been factored in. That is a starting point. DTF actually have some further advice that the Transport Accident Commission has provided to indicate there has not been any evidence. According to the TAC, it has not seen any behavioural modelling to indicate that this would have a deleterious effect on the number of new vehicles. They also note that in terms of the price differential between a new and old vehicle, that gap is far lower than it has been probably at any time during the last 15 to 20 years. They would assume that the impact on the duty would be a lesser disincentive in relation to the purchase of a new car. So perhaps it may have no impact on those decisions.

Mr O'DONOHUE (Eastern Victoria) — Thank you, Minister, for that answer. Without putting words in your mouth, Minister, if I could summarise your answer, you are saying that it is anticipated there will be limited impact, but no modelling has been done.

Mr JENNINGS (Special Minister of State) — No modelling has been done, that is right, but neither has there been any evidence brought to bear that in fact a contrary or conclusive result based upon other experiences exists.

Mr O'DONOHUE (Eastern Victoria) — I appreciate that there is no contrary evidence, but if you do not look for evidence or do not undertake any work to find the evidence, very often you do not find it. I think it is disappointing that as part of this bill there has been no work done to understand the road safety impacts, particularly given the deteriorating road safety environment we have been in for the last couple of years. Road safety hit a low in 2013, a slight increase in 2014 and a significant increase in the last couple of

years. In that context I think it is disappointing there has been no road safety analysis of these changes.

Mr JENNINGS (Special Minister of State) — Whilst that may be true, the evidence that you have actually just referred to in relation to the deteriorating situation has presumably had nothing to do with the duty.

Mr Davis interjected.

Mr JENNINGS — That is what your estimation may be, but the estimation that we have is that it will not make any impact. You are asserting it without evidence, and in fact you are relying on evidence in relation to the road safety measures and road safety outcomes where the pre-existing policy settings existed — the ones that you are actually concerned about being removed. I am just saying to you that there is no correlation that you have alternatively demonstrated either.

Mr O'DONOHUE (Eastern Victoria) — I do not want to go around in circles on this, but I just want to correct that I am not asserting anything. I am asking you for facts, and you do not have any. You are changing the tax regime, yet you have got no evidence and there has been no analysis as to the road safety impacts. I am saying that has been done in an environment where the road toll has increased. I fully accept it has got nothing to do with this bill, and there may be other policy settings that have contributed to that or have not. I am just asking those questions.

Mr DAVIS (Southern Metropolitan) — I just want to make a further comment on the point that has just been made. It is clear the government has no serious analysis, and it is clear that all the general evidence about an ageing fleet would point to a road risk from these changes. It is sad that the government is conducting policy this way, and it is disappointing that it is prepared to increase the risk to Victorian drivers.

Mr ONDARCHIE (Northern Metropolitan) — Minister, picking up on Mr O'Donohue's comments about modelling — and he specifically wanted to talk about road safety — my question goes to any economic modelling that has been done around this increased tax on the purchase of new vehicles, this slug for Victorians. Has there been any economic analysis done about the purchasing behaviours or the buying habits of new car buyers as a result of this extra slug?

Mr JENNINGS (Special Minister of State) — Mr Ondarchie, that is the same question. That is exactly the same question.

Mr ONDARCHIE (Northern Metropolitan) — Minister, given your exhaustive answer just now, has there been any analysis done of whether there could be any job impacts as a result of this extra tax on new cars, particularly in that sector?

Mr JENNINGS (Special Minister of State) — I am not certain in which part of the sector Mr Ondarchie would anticipate there being a reduction because of this.

Mr Ondarchie interjected.

Mr JENNINGS — Yes, we are, Mr Ondarchie, in terms of what the impact may be on demand and then what the connection is between demand and employment levels in this sector. The key difference in relation to activity in the car industry is a direct consequence of decisions of foreign car owners in light of policy settings that were imposed by the Australian government. I hear a lot in this chamber about decisions that the Victorian government may have made that actually led to the decisions of a foreign owner of an electricity generator in Victoria.

Every time the argument is mounted that in fact the federal government did not proactively drive investment away from Australian manufacturing, I think we could probably go round in circles a lot about who has really been interested in protecting Australian jobs in the car industry. I think the impact that this would have is probably nowhere near the effect that governments of your persuasion inflicted either at the federal government level or from the significant increases in the tax revenue that your colleague the member for Malvern in the Assembly introduced in 2014 which raised revenue by over \$580 million in terms of motor vehicle taxes that he introduced in that budget alone.

Mr ONDARCHIE (Northern Metropolitan) — Minister, let me help you if you are not sure what sector we are talking about here. We are talking about the automotive retail sector. You have strayed into a number of other areas. I am happy to talk about timber mills and things like that if you want to talk about job losses and lack of support from government, but let us talk specifically about the automotive retail sector. Is there going to be any impact on jobs in the automotive retail sector in Victoria as a result of this new slug on new cars?

Mr JENNINGS (Special Minister of State) — Mr Ondarchie, I have had a look at the revenue projections for this item in our budget, and I see in the forward estimates that cumulatively they are well and

truly under the revenue raising that your colleague the member for Malvern introduced in 2014.

Mr Ondarchie interjected.

Mr JENNINGS — You are talking about the impact on jobs in this sector in which the government that you were part of introduced a larger tax increase to the motor vehicle sector — and what might be the cumulative and enduring effects of that tax take?

Mr Ondarchie interjected.

Mr JENNINGS — Well, I do not know. Your tax take was larger than this tax take. Did it have an impact on jobs and will it continue to have an impact on jobs beyond what I have indicated to you? The government does not believe that our effects are greater and more enduring than the effects that were caused by the government that you were part of.

Mr ONDARCHIE (Northern Metropolitan) — So Minister, are you assuring then, by way of your answer, people employed in the automotive retail sector that as a result of your new slug on new vehicles, it will have no threat to or impact on their jobs?

Mr JENNINGS (Special Minister of State) — Mr Ondarchie, I am reluctant to make any gratuitous guarantees to anybody. But if I did, what benefit would be derived to any individual who works in the motor industry sector from whatever I said in answer to your question? The government does not believe that it will have an impact on jobs within the motor industry sector. Whatever effect it may have will, by and large, depend upon economic confidence and the discretionary finance that is available to Australian consumers of motor vehicles, which will only be impacted very incrementally by this change.

Mr ONDARCHIE (Northern Metropolitan) — Minister, I have, as a result of your policy decision to increase the cost of new vehicles in Victoria and make the purchase of those new vehicles more expensive to Victorians, had many discussions with many dealer principals. Almost across the board they have said this will hurt their business and hurt their capacity to continue to employ people. How do you respond to those concerns?

Mr JENNINGS (Special Minister of State) — I respond in the way that I have responded to your previous questions, Mr Ondarchie. When did you have those discussions? Have you had them at any time between 2014, when Treasurer O'Brien introduced the — —

Mr Ondarchie interjected.

Mr JENNINGS — How would they know what the impact would be when there have been three years of the impact of the government that you were part of that actually had a larger tax take?

Mr Ondarchie interjected.

Mr JENNINGS — When did you talk to them? When did you talk to them, Mr Ondarchie? Did you talk to them in 2016? When did you talk to them?

Mr ONDARCHIE (Northern Metropolitan) — The committee has swapped around here; now the minister is asking questions rather than answering them. Minister, I talked to them in 2017 — recently in the last four weeks — about your policy decision to make it harder for Victorians to buy new vehicles. So what I am seeking from you is a response to those people. On their behalf I ask: how do you respond to their concerns that this will make it harder for them to sell vehicles and therefore maintain their current workforce?

Mr JENNINGS (Special Minister of State) — Mr Ondarchie, I encourage you to have a fulsome conversation about the impacts of policy decisions, whether in fact we are talking about the impact upon the revenue increase that your government was associated with, and so in fact if it was going to have an effect on that sector it would be more significant and more enduring than the one that you are now criticising the current government for; that is number one. The other issue is what —

Mr Ondarchie — On a point of order, Deputy President, I ask you to bring the minister back to the State Taxation Acts Amendment Bill 2017, which is the one we are analysing in committee at this stage. The minister has taken it upon himself to talk about previous governments and previous history when we are specifically talking about the impact of this bill. I ask you to bring him back to it.

The DEPUTY PRESIDENT — Order! There is no point of order, Mr Ondarchie. The minister to continue.

Mr JENNINGS — Because ultimately, Mr Ondarchie, this bill has not had any effect as yet. The matters that I referred to, that you do not want me to refer to, either have had an effect or they have not had an effect, and if your conversations are based upon an effect that has already been experienced, it is not due to the consequences of this bill.

Mr ONDARCHIE (Northern Metropolitan) — Minister, I am allaying their concerns to you. I am

allaying their future concerns about their business to you.

Mr Jennings — No, 'relaying'. You have not allayed any concerns at all.

Mr ONDARCHIE — You can try and be a smart Alec about this, Minister, but the fact remains there are dealer principals out there that are concerned about their ongoing business viability as a result of a policy decision that you take. You can do two things here: you can stand up and say you do not want to hear it from them and you have no concern, or you can answer their concerns now.

Mr JENNINGS (Special Minister of State) — Mr Ondarchie, if they were here and accurately describing their concerns to me and what the basis of their concerns may be, then that might be slightly different to the conversation we are having. I do not intend to be disrespectful to them. I do not intend to be disrespectful to you. But what I am indicating to you is that the government does not believe the effect that you are attributing to this reform will be the outcome.

Mr ONDARCHIE (Northern Metropolitan) — I have one final question on this matter related to the vehicles. Minister, has the government undertaken any discussion with the dealer principals or dealer principals network in relation to their policy decision to increase the price of new vehicles?

Mr JENNINGS (Special Minister of State) — The good news is, Mr Ondarchie, that I have been advised by the departmental representative — who has actually spoken to the Victorian Automobile Chamber of Commerce (VACC) about this and survived — in terms of the respect that has been shown by the government through ongoing conversations with the sector about this matter. As they may continue to be concerned, we will indicate that we will continue to consult with them and listen to them and be mindful of what effects may occur because of these policy settings, and we will be very receptive to any ongoing advice from them about what this may mean to their industry. The government will continue to undertake that, and I am confident that my colleague the Treasurer and those who work for him will continue to relate to that sector in an appropriately responsive way should any adverse consequences become evident and should the government need to reflect upon its policy settings and its rates of taxation.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Minister, I would like to ask you a couple of questions on this matter as well. Just picking

up on your comment about advice from the VACC that the government has received, are you able to confirm that the VACC has expressed concern about this measure? You described it as harmonisation as it is between second-hand vehicles and new vehicles; the VACC, however, see that as an erosion of Victoria's relative competitiveness in vehicle retailing, particularly given the rates of duty charged on new vehicles in neighbouring states. Has that concern been expressed to the government?

Mr JENNINGS (Special Minister of State) — My advisers in the box have actually indicated a couple of things to me. One is that, yes, while the VACC had discussed the potential for Victorian consumers to be disadvantaged by this, in fact this is an issue that we will spend some time talking through with the VACC in relation to the net effect of Australian Consumer Law, the drive-away price mechanism that works in Victoria and the circumstances by which sales occur in New South Wales. Because of the way the price is delineated and other factors that come into play, the true drive-away price — from the way that it has been described to me — is not necessarily accurately reflected in the ticket price in New South Wales.

The advice that has come to me is that we will be able to talk through with the VACC the cost exposure and impost to Victorian consumers vis-a-vis other states, and perhaps the VACC may on reflection be more disposed to actually believe that there will not be a disadvantage for Victoria, notwithstanding the fact that they have actually expressed that to the Victorian government up to this point in time. We believe it is not the issue they believed it could be.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Thank you, Minister. That is very helpful. That suggests the VACC's concerns are more related to retail sales rather than fleet sales and sales to rental car companies et cetera, which is where I understood the concern to be — fleets that can be purchased in any state, it does not matter where they are purchased, as opposed to retail purchases where you are likely to buy a private vehicle in the state you live in rather than simply going to any retailer in any state. It is interesting that that is treasury's understanding of the concern because I understood the concern to relate more to the footloose purchases, which typically you get with fleets or hire car companies. Are you able to elaborate on that?

Mr JENNINGS (Special Minister of State) — I tested out the issue just then with my adviser in the box who has been having ongoing conversations with the VACC. They basically confirmed my clumsy

description about the combined costs of the vehicle and the drive-away price, which includes that the state duties look higher in Victoria because they are combined rather than delineated as they are in New South Wales. I reiterate that issue. That was a primary issue that was raised by the VACC —

Mr Rich-Phillips — For retail sales?

Mr JENNINGS — For retail sales. They were perhaps not over the moon in relation to consultation. They might not have been over the moon in relation to what might be the downstream consequences that they could not quantify or we could not quantify. They certainly were very unhappy with a combination of what they see as government policy settings, whether that be the federal jurisdiction or the state jurisdiction. Were they over the moon? No, they were not. But the issue that you raised, which sounded like a valid concern to me — the reason why I went back — was not raised as a first-order issue with treasury. In fact it was not raised as an issue full stop. Not only was it not raised as a first-order issue; it was not raised full stop.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — It is very illuminating to hear where the VACC sits on that issue. I am interested in the modelling that has been built into the estimates. You indicated in an answer to Mr O'Donohue that no behaviour change modelling has taken place. Can you outline to the committee what assumptions underpin these line item estimates for the increase in motor vehicle duty? The 2017–18 figure is \$93.8 million, which increases to \$100 million in the fourth year. What are the assumptions — pricing, volume et cetera — that underpin that assumed extra revenue of 93 increasing to 101 over the forwards?

Mr JENNINGS (Special Minister of State) — I will go and get some advice on that. I knew at the time when I got anywhere near that issue that it was not a great issue to go to.

I am not going to blame shift. The Australian Bureau of Statistics (ABS) has had a bad year in the last 12 months. It is ABS data that we have relied on in projections that we would make on what we think would be the growth demand in terms of new car sales. That is obviously the driver. The team now are scrambling to see what they can actually determine to be the ABS data that we have relied on and the growth projections that we relied on, and obviously there would be some sensitivity that does not go into modelling behaviour.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — Minister, thank you for seeking that information. The committee will be interested to hear when your officials have that background information. If I could put on notice now for when we do get back to the other elements of this committee — presumably subsequent consideration on the next day — that we are seeking similar information with respect to the other taxation measures, as to the underlying assumptions. I note we have obviously had the discussion that there is no behavioural change modelling in relation to this item. There are some other significant items, particularly the off-the-plan stamp duty concession changes — where presumably the government has undertaken behavioural change modelling, given the significance of that price change from this stamp duty change — where we would be very keen to understand what behavioural change is expected. It has certainly been foreshadowed by the development industry that it would be a consequence of the policy change. I put on notice now that when we get to that in the subsequent consideration we would be keen to understand how those numbers unpack and particularly what the behavioural change modelling is on those significant items.

Mr JENNINGS (Special Minister of State) — Certainly that makes perfect sense to me, and it is something that I am certain we will spend a bit of time on subsequently.

Mr ONDARCHIE (Northern Metropolitan) — Minister, there have been 11 new taxes introduced in this state under this government: a \$252 million energy tax on coal royalties, the taxi and Uber tax, a land surcharge tax for absentee owners, a stamp duty surcharge for foreign buyers, the fire services property levy that has been hiked up, the increased stamp duty on new cars that we just talked about, the new stamp duty for off-the-plan purchases, stamp duties on property transfers between spouses, a new annual property valuation that will increase land tax and council rates, a new vacant residential land tax and a point-of-consumption wagering tax. Minister, on 28 November 2014 — and I suspect we might have had a heads-up to this last sitting week — Peter Mitchell of Channel 7 news asked the then Leader of the Opposition, now Premier, Daniel Andrews, as he stood on the steps of Parliament House, Victoria:

Daniel Andrews, all the polls say you will be Victoria's next Premier. If you are, do you promise Victorians here tonight that you will not increase taxes or introduce any new taxes?

The then opposition leader, now Premier, said:

I make that promise, Peter, to every single Victorian.

That was on 7 *News* on 28 November 2014. Minister, given we are talking about this tax bill today, how do you reconcile the comments of the then opposition leader, now Premier, on 28 November 2014 with the list of new taxes and increases I have outlined?

Mr JENNINGS (Special Minister of State) — There are a variety of ways, and I think Mr Ondarchie believes in a simple gotcha moment that says 'All over, red rover'.

Mr Ondarchie — I am just asking you to reconcile it.

Mr JENNINGS — I just think that the gotcha moment is not quite a gotcha moment, and again I do not want to actually go back and qualify in any shape or form what the then Leader of the Opposition, now Premier, said at that moment in relation to what he meant in terms of taxes being required to equip the incoming government's election mandate. I certainly know that that was the spirit in which he fundamentally made that commitment. In his response in that 5-second grab on the news bulletin that night, he did not feel the need to explain the difference between introducing new taxes that previously do not exist and providing either CPI or other adjustments to the existing tax regime. Probably if in fact that statement was longer than 5 seconds, or longer than a punchy news bulletin and a live cross outside Parliament House, and if it was more sober and boring in the way that I am in the committee stage, then he probably would have made some qualification to that statement that would not have actually sounded quite as punchy.

The reality is that the way in which taxation works is that for all governments by and large — and in fact I even heard Mr Finn earlier tonight describe taxes as a necessary evil, which was some concession — it is inevitable that the tax structure will have incremental changes applied most usually through either indexation or other forms of modest adjustment during the life of any government, and most of the 11 that you have referred to fall into that category. There are one or two things that the government has made some policy choices on in relation to some property matters that take us into the realm of new taxes.

Those taxes by and large have in the first instance been seen through foreign investment in relation to either stamp duty or property taxes, and indeed the vacant residential property tax, again, is one of those taxes, to play a role in improving the availability of housing stock in Victoria for domestic residents rather than the property purchases that may or may not play a role in increasing home affordability for people who live in

Victoria. So there are a couple of new taxes that I have no option but to acknowledge have previously not existed and were not envisaged by the incoming government. Clearly there are some, and most of the increases that we have talked about fall into the category of indexation or other adjustments in keeping with reasonable revenue growth. Indeed revenue growth in the life of this government, I believe, sits at 3.7 per cent annualised per year compared with what the previous increase had been for the decade leading up to the last financial year, which was a 5.9 per cent increase in revenue growth across successive governments in Victoria over the 10 years prior to that.

Mr ONDARCHIE (Northern Metropolitan) — Minister, thank you for your answer. I do appreciate it. I do not necessarily concur with you that it was boring or less punchy than what the Premier has said. Minister, I do acknowledge that you said there are some new taxes despite the fact that the then opposition leader, now Premier, made a promise to Victorians — to every single Victorian — that there would be no new taxes or increases in tax. However, we often hear on your side of the chamber and during media conferences and certainly in the early part of this government — much less so in the current state of the government — the words ‘We will deliver on all of our election commitments’. So when Daniel Andrews said on 28 November 2014 in relation to not increasing taxes or introducing any new taxes, ‘I make that promise, Peter, to every single Victorian’, was that an election commitment?

Mr JENNINGS (Special Minister of State) — It was an election commitment, and he answered in a very snappy 5 seconds in the way that I have answered in a very boring 5 minutes.

Mr ONDARCHIE (Northern Metropolitan) — The timing of one’s response is not really valid to the response to this question. It was that he did make an election commitment that he would not increase taxes or introduce any new taxes when he said to Peter Mitchell, ‘I make that promise, Peter, to every single Victorian’. Is it fact then that you have not delivered on that election commitment?

Mr JENNINGS (Special Minister of State) — I think the answer that I have given, as ineloquent and as lengthy and as boring as it may be, may be the best I am going to do. I have said that the shorthand response of the Leader of the Labor Party, now Premier, made at that time was made in the context of no additional revenue measures being required to acquit the election commitments of the incoming government. The government, once elected to office, has increased

significantly its commitments and undertakings in its program in a very substantive way beyond the scope of the election commitments in terms of warranting further revenue growth in Victoria through the prism of indexation and increases to the existing tax regime, and through a very small number of new taxes that have been introduced primarily in the name of increasing housing affordability or to create a greater incentive for the availability of housing stock in Victoria for Victorians has actually driven the policy decisions of the government.

Mr ONDARCHIE (Northern Metropolitan) — Thank you, Minister. Please feel comfortable — I do not find your answers boring at all. Do not let that trouble you too much. Just a very quick question before I pursue another matter. When Daniel Andrews was standing on the steps of Parliament talking to 7 News on 28 November 2014, were you standing alongside him?

Mr JENNINGS (Special Minister of State) — I was not then, and the good news for the people of Victoria is that most of his doorstops, to this very day, he can do without me.

Mr ONDARCHIE (Northern Metropolitan) — Minister, in your response to the question immediately prior to my last question you talked about the Premier’s context in responding to that question from Peter Mitchell. If you were not standing alongside him that evening, how can you possibly know what the context that he was responding to was?

Mr JENNINGS (Special Minister of State) — That is a good question, Mr Ondarchie, because when you asked me did I believe that the promise was actually acquitted or not, really, that was my subjective assessment of it. I gave you my honest answer from my subjective perspective. Really it was a subjective answer about what the Premier intended. So you are quite right to indicate that all I can do is try to be mindful of what I believe his intentions were at that time. I do not doubt his intentions. I do not doubt the context in which he provided a snappy answer that was perhaps not as guarded as many of the comments that I am choosing to make in terms of providing a broader context and explanation. I think that is the difference between the contribution that you are referring to, in 2014, and mine today.

Mr ONDARCHIE (Northern Metropolitan) — Thank you, Minister, for your very candid response. You and I are at one on this. I do not doubt his intentions either. I am of the firm belief his intention was to fool the people of Victoria. Given that he said ‘I

make that promise, Peter, to every single Victorian' not to increase taxes or introduce new taxes and that — as you have acknowledged in your non-boring and colourful answers tonight — there are some new taxes and there have been increases, did the then opposition leader, now Premier, lie to the people of Victoria?

Mr JENNINGS (Special Minister of State) — No, I do not believe that he lied to the people of Victoria. Again, in terms of the reconciliation between what he said and what I have said, I am happy for you and others to make an assessment about that, but I think I have been able to describe my understanding and appreciation of what he said and what we have delivered through successive budgets and indeed the package that has been outlined in this bill. We have been criticised in relation to a number of increases that have been applied to pre-existing taxation within the package that is within this bill. I understand that it is your prerogative and the prerogative of others to be concerned about those increases, but there are a significant number of offsetting items in this package where there has been significant tax relief. They have delivered an interesting netting-off element in terms of the net effect of the revenue measures and their impact upon Victorian households. I know that you are concerned about the increases, not the reductions, but we did not promise those reductions either. We did not promise the net reductions. We did not actually say that we were going to make those changes. You are concentrating on the downside. There is some upside too that I could concentrate on. In terms of that, the scope of the promises of the time were perhaps narrower than the obligations to govern during the course of the term.

Mr ONDARCHIE (Northern Metropolitan) — Thank you, Minister. If only the Premier could be as concise in his responses as you have been.

Minister, I refer you to the Sky News election forum held on 19 November 2014, where host David Speers turned to the then opposition leader, now Premier Daniel Andrews, and said:

So, any higher taxes, levies?

And the opposition leader, now Premier, responded with:

Absolutely not ...

Minister, could you explain to us what Victorians could possibly misconstrue, given your earlier responses, about the phrase 'Absolutely not'?

Mr JENNINGS (Special Minister of State) — I definitely was not at this event, and I definitely have not seen the footage. I believe I have seen the footage of the Channel 7 matter, and I could actually comment on that. I am not actually an expert on Sky News at all.

Mr ONDARCHIE (Northern Metropolitan) — Thank you, Minister. I was not seeking your expertise in broadcasting in any way, and I choose not to take us down that road, but I am just trying to clarify then for the people of Victoria: when they hear a man potentially wanting to be the Premier of this state, who has now become the Premier of the state, say to the people of Victoria when he is asked about any higher taxes or levies 'Absolutely not' — they were his words — is there any way that can be misconstrued in order to increase taxes or introduce any new taxes?

Mr JENNINGS (Special Minister of State) — Well, Mr Ondarchie, the reason why I answered your previous line of inquiry in relation to the Channel 7 matter — and I actually probably did so far more fulsomely than many other people in the government would have or would like to have — is because I knew firsthand what that item was. On this, I am actually only relying on what you say. I am not actually doubting what you have actually said in terms of that snapshot — I am not doubting that snapshot — but I do not know anything beyond the bounds of that snapshot. Without me witnessing it, knowing it, I would be very, very reluctant to speculate about it.

Mr ONDARCHIE (Northern Metropolitan) — Minister, the *Herald Sun* of 16 November 2014 — we might get the footage for you before we finish — said:

Opposition leader Daniel Andrews said Labor would reveal its full costings before the election, and said he had 'no plans' to increase fees and fines.

Minister, when did the plans change?

Mr JENNINGS (Special Minister of State) — In fact that is a better question, Mr Ondarchie, and I can answer that. The reason why I can answer that is because, in the first instance, what I believe to be the starting point of these comments was that we were being tested at the time in opposition about what financial envelope we required to acquit our election commitments. Our election commitments did not require any additional revenue capacity beyond what we believed to be available in the forward estimates and what was available in the structure of the budget and the tax structure at that time.

What has changed during the life of the government is that the cumulative effect of additional policy decisions and priorities that the government has made has led to a growth in commitments that the government has made during its term in office. For instance, as one example — one of many examples I could give — our incoming government did not make a commitment at the time to fast-track the Melbourne metropolitan rail tunnel. In fact that had not been something that had been factored into our cost structures in our election commitments, but it has been a major undertaking that the government has embarked upon. There could be a myriad of programs that I could draw attention to that would warrant increased revenues to the state of Victoria to support that broadening of the agenda.

Within the first budget setting of the government, for the 2015–16 budget year, by and large — with the exception of demand pressures and growth in programs — the first budget did not contain any new revenue measures at all. By and large it was tailored to meet demand, fill some existing gaps in lapsing programs that the government inherited and implement election promises from year one. In the subsequent budgets, including this one, we have had an escalation in the project offering of the government, and as a consequence there is a need for us to actually have commensurate changes to our revenue base and to make policy settings to support initiatives such as the housing affordability statement.

Progress reported.

Business interrupted pursuant to standing orders.

ADJOURNMENT

The ACTING PRESIDENT (Mr Elasmarr) —

The question is:

That the house do now adjourn.

Midland Highway upgrade

Ms LOVELL (Northern Victoria) — My adjournment matter is for the Minister for Roads and Road Safety, and it is regarding the roadworks currently being undertaken between Stanhope and Shepparton. My request of the minister is that he ensure that the works on the Midland Highway as part of the Stanhope–Shepparton project and all other roadworks across northern Victoria and the wider state are undertaken in such a way as to protect road users from increased safety risks while works are being completed.

I am extremely concerned about the state of the roadworks being undertaken on the Midland Highway between Shepparton and Stanhope. Some areas of the works that are supposed to be part of a road safety improvement on the highway have been returned to 100 kilometres an hour but are unfinished, unsafe and putting road users at risk of accident. Works done on the eastbound lanes between Tatura and Ardmona at the intersection of the highway and Bayunga and Starritt roads are incomplete, but the speed limit has been lifted despite the potential for an increased risk of accidents. What was previously a single lane for both straight and turning traffic is being split into two lanes — an inside turning lane and a straight-flowing traffic lane on the outside.

As it currently is, the newly constructed straight-flowing traffic lane is incomplete and ends abruptly at the entrance to an intersection with a dirt road. Drivers are suddenly faced with uneven and unsealed surfaces and a road that suddenly veers off the carriageway and into the shoulder and grassy roadside area. There are a couple of plastic bollards and an arrowed sign vaguely placed off the road to redirect traffic back onto the carriageway, but there is no proper warning signage or safety advice for changed traffic conditions. This section of the road has been returned to full speed, so all traffic travelling at 100 kilometres an hour on this section of a major regional highway is exposed to a serious road hazard and potential for further serious accidents, as drivers need to make a split-second decision about which direction to go while navigating uneven and unsealed surfaces.

The section of the Midland Highway between Shepparton and Stanhope has been identified as one of Victoria's highest risk roads under the *Toward Zero 2016–2020* road safety strategy and plan. From January 2010 to February this year it had 79 crashes with injury recorded, including three fatalities and 126 people needing hospitalisation. It is extremely distressing that the road safety improvement works are being mismanaged to the point of actually resulting in a heightened risk to road users, and this issue needs to be rectified immediately. I have brought it to the attention of authorities so they can implement any appropriate interim measures to reduce the risk to road users. I also ran into John Merritt in the corridor today and spoke to him about it and forwarded him some photographs of the intersection.

The Labor government would do well to pay closer attention to road projects to make sure they are being completed thoroughly and, most importantly, safely.

Swimming pool safety

Mr MELHEM (Western Metropolitan) — My adjournment matter is directed to the Minister for Planning, the Honourable Richard Wynne. I note coroner Audrey Jamieson's calls for the implementation of better pool safety measures following the tragic death of a two-year-old boy, Elijah Meldrum, in Melton South. On 14 September 2015 Elijah slipped past his sleeping mother, accessed a backyard pool through a faulty gate and drowned.

Noting that 26 children have drowned in domestic pools between 2000 and 2015 and that adult supervision is paramount, the action I seek is that the minister provide an update on what action the government plans to take to upgrade pool and spa safety barriers.

Plastic bag ban

Ms SPRINGLE (South Eastern Metropolitan) — My adjournment matter is for the Minister for Energy, Environment and Climate Change. Last week the Standing Committee on the Environment and Planning committee handed down its report on my private members bill, the Environment Protection Amendment (Banning Plastic Bags, Packaging and Microbeads) Bill 2016. The committee received 2891 submissions. The vast majority of submissions were in support of the bill, while four opposed or raised concerns with the bill.

The public concern contained in these submissions is really just the tip of the iceberg. Nearly 160 000 people have now signed *The Project's* petition to ban the bag. The ABC's *War on Waste* campaign is building community momentum and was watched by more than three-quarters of a million Australians when it aired — and that is not including views on iView. Its spotlight on disposable coffee cups has the Australian-owned company Keep Cup now struggling to keep up with demand, with online sales increasing by 400 per cent since *War on Waste* went to air. People are changing their own behaviour to reduce plastic pollution, and they are demanding that the Victorian government take decisive action to do the same.

In this context, the failure of the committee to reach a conclusive outcome is disappointing. Of the committee's three recommendations, the first and second recommend the exclusion of plastic bags that form an integral part of packaging, but the main recommendation is:

The government undertake a formal assessment of the impact of the bill on communities, families, individuals, businesses and the environment.

While a regulatory impact assessment would normally be undertaken by the relevant department in the case of a government bill, no provision exists for this kind of work to be undertaken in relation to a private members bill. The action I am therefore seeking is for the minister to direct that a formal assessment be undertaken of the Environment Protection Amendment (Banning Plastic Bags, Packaging and Microbeads) Bill 2016, as recommended by the environment and planning committee.

Plastic pollution is not going away, and neither is public pressure for the government to act decisively on this issue. The Victorian public have had enough of procedural delays and deferral to non-existent federal mechanisms to address plastic pollution. The onus is now on the government to implement the committee's recommendations immediately.

Melbourne Regional Landfill

Mr FINN (Western Metropolitan) — I wish to raise a matter this evening for the attention of the Minister for Planning, and it concerns the horror and the absolute fury of the community in Caroline Springs, Deer Park and surrounds concerning the minister's decision to allow the expansion of the Cleanaway landfill, known as the dirty great stinking hole, in Ravenhall. This matter has been ongoing, as the minister would be aware, for quite some time. Indeed before the last election the government led the locals to believe that if the Labor Party were elected, they would call this in and they would stop it. Well, perhaps they did call it in, perhaps they did not — but they certainly have not stopped it. Indeed they have pushed it ahead without any thought for the health or welfare of the people who live near this dirty great stinking hole in the ground and without any thought for the damage to people's health that the number of trucks that will be using the roads surrounding this dirty great stinking hole in the ground will cause.

It is an absolute disgrace that the government has made a decision which is impacting and will further impact the lives of tens of thousands of people in the western suburbs of Melbourne. This is in a growth corridor. You do not put tips in a growth corridor. It is insane. I cannot imagine what the minister was thinking when he made this decision. I know that many, many people have made representations to him and to others about this. Unfortunately he has chosen to ignore those representations. That is not unusual for this government; consultation unfortunately is more 'con' and less 'sultation'. That is a sad fact of life that we in Victoria continue to put up with.

I ask the minister to take into consideration the horror that so many people in the past week or so have expressed, the anger that they are displaying and the evidence that has been placed before him and before the panel. I ask him to reverse his decision, to knock this tip on the head and to knock this expansion on the head. We should be closing the tip, not expanding it. I ask the minister as a matter of urgency to let these people's minds rest and to reverse his decision to expand this dirty great rotten, stinking hole in the ground.

Victorian Institute of Sport

Mr EIDEH (Western Metropolitan) — My adjournment matter today is for the Minister for Sport. Recently the Andrews Labor government announced a \$300 000 funding boost for the Victorian Institute of Sport (VIS) to strengthen it and ensure that Victoria remains the leader in the nation when it comes to discovering and developing elite athletes. I note that this initiative will include funding for community outreach to help the VIS find new talent across the state and funding to improve data management systems so that the VIS can better track and monitor athletes and their performance. This is welcome funding. We all know the importance of providing pathways for athletes in community clubs to take the next step in their sporting journey and the importance of removing barriers to participation in sport so that all Victorians, no matter where they live, have access to sporting facilities.

The action I seek is that the minister assist me in promoting this initiative to clubs in my community so we can uncover the next generation of sporting talent in Western Metropolitan Region.

Metung Road, Metung

Ms DUNN (Eastern Metropolitan) — My adjournment matter is for the Minister for Roads and Road Safety. Ripple strips have been installed on Metung Road in Metung, East Gippsland. While this is welcomed for motorists' safety, the ripple strips that have been installed are dark grey in colour to blend in with the road surface. They are therefore a safety hazard to cyclists that use the road, because they are a camouflaged hazard that could cause an accident. There are reportedly plans to install the same ripple strips on Paynesville Road. The action I seek is that the minister replace the existing Metung Road ripple strips with a highly visible variant and that all future installations of ripple strips be highly visible to both cyclists and motorists.

Ballarat police resources

Mr MORRIS (Western Victoria) — My adjournment matter this evening is for the attention of the Minister for Police, and it relates to the crime epidemic that we have been experiencing in Ballarat of late.

Ms Lovell — Tsunami.

Mr MORRIS — It is a crime tsunami, indeed, Ms Lovell. I note that just this afternoon there was a carjacking at Lake Wendouree. It appears that a 25-year-old resident of Ballarat was sitting in his vehicle in a car park in Lake Wendouree when someone came up to the car, opened the door and told the victim to get out, which he promptly did. The offender took off in the car and promptly drove it to Craig's Royal Hotel in Lydiard Street, Ballarat. He parked the car there and took off.

A carjacking occurring in Ballarat would have been absolutely unheard of just two short years ago. However, since the election of the Andrews government, we have seen nothing short of skyrocketing crime in Ballarat. We have had a 15.5 per cent increase in crime during that time. We have also had eight frontline police — or 7.8 full-time equivalent police — cut from service in the Ballarat area.

The brand-new police station at Ballarat West had its opening hours cut once it had opened as well. We have seen a massive increase in the number of aggravated burglaries occurring in Ballarat; 134 this year — 50 more than at the same time last year. Almost on a weekly basis we are seeing manhunts, and we are seeing police car rammings that again were unheard of just a very short time ago. At this point in time we are seeing law and order in a crisis state in Ballarat, and we need very severe action to ensure that this is addressed.

The action I seek of the minister is quite simple and clear, and that is that the minister restores the opening hours of the Ballarat police station and ensures that in Ballarat we have at least the same number of police that we had protecting our community when Premier Daniel Andrews came to office. We want to have that number restored.

Bellarine Peninsula Neighbourhood Watch

Mr RAMSAY (Western Victoria) — My adjournment matter is also for the attention of the Minister for Police, Ms Lisa Neville, and it concerns the crime crisis in her Bellarine electorate and community concern about the need to supplement

properly resourced police activity with properly resourced Neighbourhood Watch activity.

Official crime statistics for the year to 31 March certainly justify community concern, both in the City of Greater Geelong and on the Bellarine Peninsula in particular. While the Greater Geelong area has seen overall crime rise by just 2.1 per cent in the past year, overall crime across the whole of the municipality has risen by 22 per cent since the Andrews government took office, taking it to a now consistent 23 000 reported crimes a year. Yet police are reportedly making more arrests than ever before. Ms Neville has previously claimed to a local newspaper that police had successfully disrupted crime in a number of key areas on the Bellarine.

Given that Bellarine residents can wait for between 20 minutes up to perhaps 12 hours, in one recent case, for police attendance, Neighbourhood Watch is a must. Otherwise, God help those who do not live or work in one of Ms Neville's key areas. Drysdale, where overall crime has jumped by 57 per cent in the past year, and Clifton Springs, where crime rose by 30 per cent, were obviously not key areas. Drysdale, along with Wallington, also saw a 200 per cent jump in dangerous and negligent acts endangering people and a 125 per cent jump in drug offences. Moolap saw a 900 per cent surge in weapons offences, while disorderly and offensive conduct jumped by 233.3 per cent and drug use and possession jumped by a frightening 217 per cent.

Leopold saw an 1100 per cent jump in weapons and explosives offences, in addition to a 280 per cent jump in crimes against the person and a 240 per cent jump in overall drug offences. Portarlington, St Leonards and Indented Head together experienced a 200 per cent jump in drug use and possession as well as a 100 per cent jump in dangerous and negligent acts endangering people. Queenscliff and Point Lonsdale together experienced a 100 per cent increase in public order and security offences, a 300 per cent jump in drug use and possession, a 470 per cent jump in assault and related offences and a 100 per cent jump in stalking, harassment and threatening conduct. Barwon Heads and Connewarre were both distinguished by a 100 per cent jump in arson.

After a well-attended public forum on law and order concerns held in Drysdale last Thursday, at which local residents demanded a more visible police presence and better funding for Neighbourhood Watch, the action I seek is that the minister escalate investment in Neighbourhood Watch to better protect the community

by supplementing the deterrent effect of a visible police presence on local streets.

An honourable member interjected.

Mr RAMSAY — That is true; she cut the funding. Now I am asking her to reintroduce and further fund Neighbourhood Watch groups.

Future Voices

Mrs PEULICH (South Eastern Metropolitan) — I wish to raise a matter for the attention of the Minister for Multicultural Affairs. It is in relation to my recent visit to an organisation called Future Voices in Shepparton, with Ms Lovell's assistance, to hear of the work they have undertaken with, in particular, young people from 18 to 25 years of age from refugee, migrant and low socio-economic backgrounds in order to create opportunities, enhance their knowledge, foster and support community integration and broaden the community's understanding of different ways of living, with some substantial degree of success.

I have actually been to some of the events and one of the graduations, and I was most impressed with the work that has been undertaken by this organisation. In Shepparton they are under threat of coming to the conclusion of their funding — some seed funding that was provided by the federal government. They provide a regional service. They are in need of some ongoing funding, and I think they have a good case. They have certainly got a lot of support from various organisations associated with African communities, including the South African High Commission, amongst many, many others.

The Goulburn Valley is home to many diverse ethnic groups and has a strong history of welcoming people from different countries. The community has demonstrated strong social inclusion values, but the lack of employment and skills acquisition opportunities is a concern within the community, particularly for young people and the migrant and refugee communities. In a changed labour market with reduced opportunities in traditional industries of food production through agriculture and manufacturing, Shepparton has high levels of welfare dependency, poor educational outcomes, high rates of teen pregnancy, low school retention rates, high rates of youth and overall unemployment, large areas of public housing and large Indigenous and refugee populations. All indicate and contribute to high levels of disadvantage within the community.

Migrants and refugees are increasingly settling in Shepparton and are well supported initially, but they struggle to gain employment and build networks and connections with the broader community. Currently 90 per cent of the refugee community are unemployed and their children risk early school leaving and long-term intergenerational unemployment. There is the potential for young people to become disengaged and marginalised through loss of hope and disconnectedness. That is why this organisation is worthy of some consideration.

I call on the minister to have someone from his department contact Future Voices to see what can be done to assist them to continue to provide a very valuable program for people who are certainly much in need. It is part of an entire social cohesion and inclusion agenda. I urge him to provide whatever assistance he can to continue this organisation's work.

Yarragon primary school site

Mr O'DONOHUE (Eastern Victoria) — My adjournment matter is for the Minister for Finance, and it relates to the proposed sale of the former Yarragon primary school site, which is slated to be sold for private development. The action I seek is that the minister give consideration to the views of the local community and retain this site for public use. The Yarragon township is growing, the nearby Trafalgar township is growing quite rapidly and there is limited public open space in the Yarragon township area. The proposal to sell this site for private development has caused a great deal of angst in the community. My colleague Mr Blackwood, the member for Narracan in the other place, recently convened a meeting with members of the community and key stakeholders in relation to this issue. I think it is clear from the feedback from that meeting and from other members of the community that have contacted me, including Ms Stratford of Yarragon, that there is a great deal of desire in the community to retain that site for community use. The action I seek from the minister is that he put a halt to any proposed sale until further consultation with the community can be undertaken with a view to retaining that site for community and public use.

Police resources

Mr DAVIS (Southern Metropolitan) — My adjournment matter tonight is for the attention of the Minister for Police in the other place, and it concerns the forum that I attended last night, which was organised by South Yarra and Toorak Road traders and held in the Prahran electorate of the Legislative

Assembly, which is in Southern Metropolitan Region. There were two very senior police officers in attendance who provided an enormous amount of information to the almost 50 traders that were assembled there, and I thank them most wholeheartedly. They painted a frightening picture of rising crime and its impact on the community. They did so very circumspectly, but it was impossible not to hear and understand the points that they were making. They talked about the centralisation of police resources in large centres and the fact that only one vehicle is available to them locally — another is available in Malvern, but the distance is great and the centralisation of resources means that there are not the local resources to respond.

They talked about bumping incidents and carjackings and gave advice to the crowd about how to react if your car was bumped from behind. Do not get out. Ring 000, especially if you have children inside, they said. These are all very good pieces of advice, but I note that this was not the advice you would have been receiving two years ago, before we had these regular carjackings.

They talked about not just Apex people being involved in some of these gangs but members of some other gangs as well. They talked about concerns about bail and sentencing, they talked about traders being vigilant and talking to each other and they talked about updating their CCTV system and making sure that there were new and very advanced systems in place. I agree with that, and certainly on another occasion today I have raised details and questions about CCTV.

The officers talked about the loss of Neighbourhood Watch. The truth of course is that the previous Labor government cut the ribbon out of Neighbourhood Watch, and this government has finished it off by cutting it to the bone. That is Minister Neville's responsibility. They talked also about the lack of cars locally, which I had mentioned, and many other points. They talked about the very serious robberies that are occurring in the houses in and around that Toorak Road area. They indicated that many of these were now occurring at night-time with entry via a rear door, and they gave advice about how people should deal with that. All of that paints a frightening picture.

The action I am seeking from the minister is that she review and reverse the approach of centralising police resources, which removes the local resources with the local knowledge. She needs to put the resources back. I have to say Mr Hibbins, the member for Prahran in the Assembly, was there, and he did not impress me at all. He was weak and had a limp response to many of the questions raised by the community. He talked about

stopping recidivism — well, that is fine — but offered no concrete solutions or ways forward.

The PRESIDENT — Order! I just point out that there was no need for reflection on a member in another place as part of that adjournment item. You had put the case for your action, and then to go on and make commentary on whether or not another member had conducted themselves in a way that impressed you has got absolutely nothing to do with anything. I dare say that Mr Hibbins was not necessarily all that enamoured with what you were saying. The point is, and I am not reflecting on either party, that in the adjournment debate that is not an appropriate closure to what was a very legitimate and significant adjournment item.

Responses

Ms MIKAKOS (Minister for Families and Children) — This evening I received adjournment matters from Ms Lovell directed to the Minister for Roads and Road Safety and from Mr Melhem directed to the Minister for Planning. I note that Mr Melhem in his adjournment matter raised the matter of the tragic drowning of young Elijah Meldrum, and I wish to express my sincere condolences to the family involved in this terrible tragedy. I also received adjournment matters from Ms Springle directed to the Minister for Energy, Environment and Climate Change, from Mr Finn directed to the Minister for Planning, from Mr Eideh directed to the Minister for Sport, from Ms Dunn directed to the Minister for Roads and Road Safety, from Mr Morris directed to the Minister for Police, from Mr Ramsay directed to the Minister for Police, from Mrs Peulich directed to the Minister for Multicultural Affairs, from Mr O'Donohue directed to the Minister for Finance and from Mr Davis directed to the Minister for Police. I will refer all those matters to the relevant ministers for a response.

I have also received 14 written responses to adjournment matters this evening.

The PRESIDENT — Order! The house stands adjourned.

House adjourned 8.59 p.m.

