

On the motion of Mr THOMPSON (Leader of the Opposition), the debate was adjourned.

It was ordered that the debate be adjourned until Tuesday, June 1.

GOVERNOR'S SPEECH

Address-in-Reply

The debate adjourned from earlier this day was resumed on the motion of Mr McCutcheon (St Kilda):

That the following Address-in-Reply to the Speech of His Excellency the Governor to both Houses of the Parliament be agreed to by this House—

YOUR EXCELLENCY:

We, the Legislative Assembly of Victoria, assembled in Parliament, wish to express our loyalty to our Sovereign, and to thank your Excellency for the Speech which you have made to the Parliament.

and on Mr Thompson's amendment:

That the following words be added to the proposed Address:

"but expresses its concern at the failure of the Government to inform the people of Victoria fully, truthfully and in advance, of its real intentions, particularly with respect to financial and industrial matters."

Mr POPE (Monbulk)—I come into the Legislative Assembly representing the electorate of Monbulk with a seat on the Government benches. Since its formation, the electorate of Monbulk has always returned a member on the Government benches. However, this is the first time that that person has been a member of the Australian Labor Party. I thank the people of Monbulk for their confidence in electing me.

The Governor's Speech clearly indicated that this Government, the first Australian Labor Party Government for 27 years, will serve the people of Monbulk, and indeed the people of Victoria, admirably in the years ahead.

The Governor's Speech indicated that reform will take place in many areas, including local government. As an Australian Labor Party councillor for the Shire of Lilydale and a qualified municipal clerk, it will be gratifying to be a member of this Parliament in instituting the much needed reforms in another sphere of government in this State—local government.

The electorate I represent encompasses the Dandenong Ranges and its foothills and would be one of the most beautiful areas in the State and indeed in this nation.

However the varying demands by those within the electorate pose numerous problems that desperately need strength and direction by the Government of Victoria; unfortunately, that has been lacking in the past.

The very existence of the regional planning body, the Upper Yarra Valley and Dandenong Ranges Authority has been under threat. In the past five years the former Liberal Government did not increase the funding of this authority by one single dollar. This resulted in economies being imposed which placed great hardship on the achievement of objectives and, I believe, aided the anti-authority voices that have grown in number in recent years.

However, the clear mandate that was achieved by the Australian Labor Party in the outer-east on 3 April clearly indicates the wish of the people of that area to retain the Dandenongs and the Yarra Valley with a proper and just planning body, well represented by the Upper Yarra Valley and Dandenong Ranges Authority. It is the Labor Party's commitment, as a Government, that this body and other regional planning bodies will be given greater power in order to have balanced planning for all Victorians, so that in the future we can look back at the retention of one of our greatest assets, that of the natural environment.

The Governor's Speech indicated that differential rating for the Melbourne and Metropolitan Board of Works will be introduced by the Government. I now wish to address myself to the issue of rating reform in local government. The electorate of Monbulk encompasses a major portion of two shires, the Shires of Lilydale and Sherbrooke, which currently tax property on two different bases—site value in Sherbrooke and net annual value in Lilydale. The fact that the Local Government Act allows only for the use of either site value or net annual value

or a combination of the two, called a shandy rate, gives rise to conflict and, indeed, very heated argument in the community.

This is very much the case in the shires of Lilydale and Sherbrooke. In Lilydale we have already witnessed two very heated voting polls, one in 1967 and the last in 1979, with an almost certain poll to take place when the statutory three-year period since the last poll expires later in 1982, unless this Government stops procrastinating on the issue of rate reform as it did under the former Government and previous Ministers over many years. In Sherbrooke the position is little better, with the ratepayers of Macclesfield, unhappy with their present rating based on site value, having sought secession to the Upper Yarra shire. That matter is currently before the Minister.

Successive Ministers for Local Government have merely paid lip service to the many submissions and deputations from councils on this matter, not the least being from the Shire of Lilydale. It has therefore fallen on the Municipal Association of Victoria to initiate reform in this very complex area of rating. In March 1981 the Municipal Association of Victoria resolved to establish a working group and undertake pilot studies of rating review. The programme will be carried out over a period of twelve months with a final report available by April 1983.

The project will be in five stages. The first is a discussion paper, which was produced in March of this year. This is an analysis of the revenue and expenditure accounts of all local government areas, in order to further develop the sample for the study. The second is a discussion paper, to be completed by June 1982, outlining problems in the sample local government areas, with a preliminary examination of the implications of levying rates under different systems including the concept put forward by the Shire of Lilydale for differential rating, on which I will elaborate shortly.

Mr Pope

Thirdly, there will be a paper in September 1982, forecasting changes during the 80s in financial, industrial, occupational and demographic factors. The fourth stage will be a discussion paper, to be completed at the end of this year, relating the changes mentioned in stage 3 of the sample local government areas. The last stage will be a final report, in April 1983, which will address the entire aspect of the practicality of different rating systems with proposals to amend the Local Government Act.

However, with the tedious process of inquiry the issue will not be resolved for at least eighteen months to two years. Copious reports, submissions, seminars, papers and indeed books, have been written on this subject; the material is there and has been there for the previous Government to use as a basis for initiating action, but we have been left in the ludicrous situation in the electorate I represent of the varying interests in the Dandenongs area, such as farmers, urbanites, conservationists, developers and the like reverting to a 'backs to the wall' position and periodically fighting over the adoption of either of the two very restrictive and sometimes regressive alternative rating bases.

One cannot overestimate the divisiveness of this issue, even within families and friendships over the years. Within a week of attaining the distinction of being a member of this Parliament, I received numerous letters on the rating issue, and that has not been confined to me. I understand that all new members have received communications on this matter from the Henry George League and its like.

As I mentioned earlier, differential rating for the Melbourne and Metropolitan Board of Works will be introduced by the Government, and the actual form of that rating will be the subject of debate at another time.

The form of differential rating as existing and as perceived by local government is far reaching, and I would like briefly to expand upon those concepts now. It should be indicated that differential rating in some form or other

at present exists in the States of Victoria, New South Wales, Queensland, South Australia and Western Australia, but it exists in a fuller context only in New Zealand.

Differential rating exists in Victoria through the ability of councils to use residential use rates, minimum rates, farm rates, urban farm rates, separate rates, environmental rates, and so on. However, this is more of a form of *de facto* differential rating practised on an *ad hoc* basis.

Differential rating, in its truest form, is the ability to levy rates at different amounts in the dollar on different types or groups of property, or, as proposed by the Shire of Lilydale, selective application of the valuation bases according to the varying town planning zones under its approved planning scheme. Differential rating, used correctly, can act as an incentive or a disincentive to development; in other words, another planning tool for the use of local government.

I now turn to the way in which this matter was handled by the previous State Government. In 1977, at a seminar on differential rating the then Minister for Local Government, the Honourable A. J. Hunt, stated:

Nevertheless, a very powerful case has been made for some ability to differentiate; but perhaps a greater look in depth into differential rating than we have been inclined to undertake in Australia so far would have been a prerequisite. We have been told that differential rating would provide more flexibility, and undoubtedly it would; that it will give councils room for increased system in their forward budgeting, and an amount of devolution of responsibility; that there will be a welcome increase in autonomy for local government; that it will mean more equity; that it can be used to relieve anomalies; that it can enable local people to provide local solutions with local responsibility and with accountability at the ballot box or to the Ombudsman; that it would be an exhibition of trust by one arm of government toward another. I want to say I agree with the thrust of all those suggestions, every one of them, perhaps with some restrictions on the question of equity. But may I suggest that some of those propositions need further examination.

That, Mr Speaker, was in November 1977, almost five years ago. A Victorian working party was set up to look at

the New Zealand system, but that was shelved almost immediately. It barely got started.

Then we had the Hon. D. G. Crozier, who was Minister for Local Government from 1979 to 1981, who stated to a deputation from the Shire of Lilydale on 30 January 1980 that he would be pleased to investigate the situation of the council's submission on differential rating. It was only ten months later, on 28 November 1980, that the Shire of Lilydale received a reply stating that the matter would be given consideration after the Bains report was tabled. A little less than a month later the Bains report was tabled and the Minister advised the council that the Government accepted the Bains' recommendation for a review of rating systems. The clock has turned a full circle once again. No further action was taken.

In desperation, on 2 April 1981, the Shire of Lilydale sent a deputation to the Minister and a week later, the council was informed that legislation would be introduced in the spring sessional period. They neglected to say the spring session of which year because, of course, it did not happen.

Another Minister for Local Government appeared—the honourable member for Benambra—but still nothing occurred. The initiative has remained with local government in the form of the Municipal Association of Victoria and the various councils, such as the two I represent in Lilydale and Sherbrooke. In the meantime, the Shire of Lilydale is about to be torn apart by another rating poll. The Shire of Sherbrooke is facing certain sections seeking severance.

It is obviously going to be left to the new Australian Labor Party to implement the initiative developed by the Municipal Association of Victoria in order that rating reform takes place as soon as practical.

I come to this House as the representative of the electorate of Monbulk, an area which, as I have stated, is arguably the most beautiful electorate in Victoria. Its beauty must be retained

for future generations. The harmonious relation of all various interests is essential for this future to be realized. There are two concrete ways in which this can be assured. Firstly, the continuation of a regional planning authority which can develop, co-ordinate and implement strategic planning on an on-going basis. My Government is committed to this. Secondly, it is essential that rating reform is instituted to alleviate the divisive elements that currently exist.

We as a Government must legislate to allow differential rating so that councils can decide where the incidence of rates will fall with complete freedom—and that is where the power should lie—with local government and not a paternalistic State Government.

I am proud to be the first Australian Labor Party member to represent the electorate of Monbulk. I sincerely thank my constituents for their confidence in me.

Mr WILLIAMS (Doncaster)—On behalf of the electorate of Doncaster I pledge my allegiance to Her Majesty Queen Elizabeth II and wish her representative in this State, Sir Brian Murray and his wife, an equally satisfactory period of office representing Her Majesty in Victoria as their beloved predecessors Sir Henry and Lady Winneke who served this State so long.

Mr Speaker, may I offer to you my congratulations on your elevation to the senior post of this Parliament. All honourable members have a great affection and respect for you and I know you will serve well in the tradition of the great Speakers we have had in this Parliament.

I congratulate the various members on the other side and the honourable member for South Barwon on my side on the excellence of their maiden speeches. I listened with great enjoyment to the honourable member for Monbulk. He may not realize it, but I cut my teeth in municipal politics some years ago on site value rating. In those days I was considered a radical. People thought I was an extreme left winger. I was able to win the people of Doncaster-Templestowe to the value of site

rating which I remind honourable members is in the tradition of Labour policy. Of course, 80 years ago in England the honourable member for Monbulk and I would have been on the same side of politics. Both the British Labor Party and Liberal Party believed in the virtues of making people contribute back to society unearned profits from community created land values.

Mr Remington—Are you a Thatcherite?

Mr WILLIAMS—Regretfully, no. In his Speech, the Governor makes reference to the popular mandate achieved by the new Cain Government. We all realize that is so. The Labor Party won only 50 per cent of the vote in Victoria but got 60 per cent of the seats. The mandate was from young people under 40 who are suffering very severely from rising interest rates. The Labor Party did not do so well in the more affluent suburbs where people have paid off their houses and are not burdened with excessive interest rates. Of course, in the Labor Party's strongholds, the percentage rises were not as large.

The Liberal Party held its own in the country. So as far as I am concerned the Labor Party has no mandate in the traditional Liberal seats or in the country. I concede that in the eastern suburbs the Labor Party has a substantial mandate. There is no doubt that the mandate was achieved because of rising interest rates that have hit those of us who have mortgages and hire-purchase debts.

As the great Ben Chifley said, "When it comes to the crunch it is the hip pocket nerve that wins and loses elections". The Labor Party was lucky enough to hit the Liberal Party on the hip pocket nerve and it was thrown out of office fundamentally because of rising interest rates.

I draw the attention of the House to a very intelligent article written by the Business Editor of *The Australian*, Mr Des Keegan, in the May 3 issue. I am sorry the Treasurer is not here to listen to my comments. I recommend this article in preference to all the papers being presented to him by his masters