Legislative Council

Tuesday, the 3rd October, 1978

The PRESIDENT (the Hon. Clive Griffiths) took the Chair at 4.30 p.m., and read prayers.

BILLS (9): ASSENT

Messages from the Governor received and read notifying assent to the following Bills—

1. Salaries and Allowances Tribunal Act Amendment Bill.
2. Weights and Measures Act Amendment Bill.
3. State Energy Commission Act Amendment Bill.
4. State Energy Commission (Validation) Bill.
5. Teachers' Registration Act Repeal Bill.
6. Industrial Lands Development Authority Act Amendment Bill.
7. Youth, Sport and Recreation Bill.
8. Acts Amendment (Qualifying Ages Alteration) Bill.
9. Small Claims Tribunals Act Amendment Bill (No. 2).

AUDITOR GENERAL'S REPORT

Tabling

THE PRESIDENT (the Hon. Clive Griffiths): I have received from the Auditor General a copy of his report and the Treasurer's Statement of the Public Accounts for the financial year ended the 30th June, 1978. It will be laid on the Table of the House.

The report was tabled (see paper No. 322).

LEGISLATIVE REVIEW AND ADVISORY COMMITTEE

Report: Tabling

THE PRESIDENT (the Hon. Clive Griffiths): I have for tabling the report of the Legislative Review and Advisory Committee relating to the Three Springs Shire by-laws.

The report was tabled (see paper No. 323).

QUESTIONS

Questions were taken at this stage.

REAL ESTATE AND BUSINESS AGENTS BILL

Assembly's Message

Message from the Assembly received and read notifying that it had agreed to the amendments made by the Council.

HONEY POOL BILL

Third Reading

Bill read a third time, on motion by the Hon. D. J. Wordsworth (Minister for Lands), and passed.

VALUATION OF LAND BILL

Second Reading

Debate resumed from the 21st September.

THE HON. J. C. TOZER (North) [4.44 p.m.]: I find this a strange piece of legislation, quite different from anything I have been confronted with since I have been in this place. It talks about valuations, but it does not talk about levying a rate. It talks about capital value, site value, and gross rental value but it does not discuss why such things are needed or how it is contemplated to raise them. Income or revenue does not even seem to get a mention. I guess it could be said this Bill "sets the scenario", and that it is other legislation which really makes sense out of what is contained in this particular Bill.

The other Acts that are, in fact, involved are set out in the title of the Acts Amendment and Repeal (Valuation of Land) Bill. They are the City of Perth Endowment Lands Act, the Country Areas Water Supply Act, the Country Towns Sewerage Act, the Fire Brigades Act, the Health Act, the Land Drainage Act, the Land Tax Assessment Act, the Local Government Act, the Metropolitan Water Supply, Sewerage, and Drainage Act, the Rights in Water and Irrigation Act, the Strata Titles Act, the Town Planning and Development Act, the Water Boards Act, and the City of Perth (Rating Appeals) Act.

In considering this Valuation of Land Bill we are really considering the manner in which it affects those 14 Acts as amended, or as they will be amended, presumably, by the Bill now before us. It is these Statutes which, in fact, give effect to the administrative machinery established in the Bill now before us. In this Bill the departments and instrumentalities which operate under the Acts mentioned are described as the taxing or rating authorities.

This Bill largely embraces the recommendations of the Committee of Inquiry into Rates and Taxes attached to Land Valuation, headed by Mr Gerald Keall. That report was presented in 1975.

I think there will be few people who will question the value or the desirability of most of the provisions in the Bill. Anyone associated with local government, or with any other rating or taxing authority, will see that this Bill will provide a major step forward in improving the machinery needed for the levying of rates and the raising of revenue from land.

When introducing the Bill the Minister summarised the main factors embodied in the Bill. I will quote from page 2 of the Minister's speech notes as follows—

> This Bill for the enactment of a Valuation of Land Act, embodies a number of the recommendations made by the committee of inquiry. These are—
>
> the placing under the control of a valuer general the recording, co-ordination and making, as far as is practicable, all valuations for rating and taxing purposes;
>
> defining the various types of values to be used:
>
> providing for the application of values;
>
> making provision for the production of valuation rolls;
>
> providing for a uniform procedure of objections; and
>
> appeals against the valuations determined.

Obviously, as I mentioned, anyone who has been associated with these rating and taxing authorities would be delighted to find a Bill that will achieve these things.

Mrs Vaughan, speaking on behalf of the Opposition, stated that the Opposition concurs with the matters contained in the Bill. Mr Norman Baxter also spoke at length and with some qualifications, and he also agreed that the matters embraced therein were of great value. I personally would like to thank Mr Baxter for his thoughtful and knowledgeable comments, but I will return to them a little later.

I think we have to see this Bill, which is before us tonight, as a step forward in the logical evolutionary process that has been taking place, really, since Western Australia has had responsible government. In the early days we had a Municipal Corporations Act, and a Road Districts Act.

All local government activities in Western Australia were controlled by these two Acts. The Municipal Corporations Act, No. 32 of 1906, controlled the activities of all town and city councils, and it is very important and relevant to the Bill before us tonight to look at the provisions of this Act in regard to valuations. Section 383 reads as follows—

> (1.) For the purpose of making valuations, the council may make the valuation themselves, or may appoint a valuer or valuers, not being a member or members of the council, who shall make and return a valuation in a form to be prescribed by the council from time to time, and notice of such valuation shall be given to the owner or occupier of the land valued.

It then went on to say—

> The valuation may be adopted by the council.

In regard to the manner in which rates could be levied on land, section 378 of the Municipal Corporations Act defined "annual values" as the full fair average rent less rates and taxes, less 20 per cent for repairs, insurance, and other outgoings. In the case of unimproved land it provided that the annual value would be 7½ per cent of capital value. Members should note that there is no mention of unimproved capital values in this Statute at all, and I remind them that this Act related to urban areas wholly and solely.

It is interesting to note that the Municipal Corporations Act provided that the council itself would constitute an appeal court against rates, and that one-third of the number of councillors would be sufficient to constitute the appeal court. If an appellant was not satisfied, it was open to him to go to a local court by way of appeal.

Road districts were controlled by the Road Districts Act, and this Statute applied to rural areas; that is, areas outside the major towns. It is interesting to note that in regard to valuations the Road Districts Act provided that the council would set its own valuations and such valuations may or may not be adopted. However, if they were so adopted, the rates imposed under that Act were to be assessed thereon.

In regard to the timing of valuations, the Act provided that the board may cause a valuation to be made whenever necessary for the purposes of the Act.

Provision was made for two types of rating—unimproved value and annual value—and section 215, relating to annual valuations, was identical with the provision to which I have just alluded. In the case of section 214, the definition

of the unimproved value is the capital sum expected to be raised when the property is sold, assuming that any improvements had not been made.

In the case of the Road Districts Act, once again we see that the members of the road board were to constitute the appeal court and provision was made for further appeal to the local court.

I believe some members are aware that I spent some years administering the Road Districts Act. It was rather peculiar to be confronted with the need to go out to prepare valuations on behalf of the board. At that time I was assistant to the road board secretary, and the first time he came to me and said, "We will go out to do some valuations", I said to him, "Just a minute, I will get my tape, my notebook, and other things." He said to me, "You do not need those things. We will drive along and make the valuations without getting out of the car." And so we made the valuations on the basis that one house valuation should be a little bit more than its neighbour, or perhaps a little bit less than another. In those days the road board was alleged to have prepared its own valuations.

In 1960 the Local Government Act was enacted and this combined the provisions of the previous two Acts, embracing them in the one Statute for the first time. This brought with it some major advancements. It is interesting to see the provisions in regard to valuations. Subsections (5) and (6) of section 533 read as follows—

> (5) A council may appoint such number of persons to be valuers as are in its opinion necessary to assess valuations but shall not appoint a person as valuer
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> (a) if the person is a member of the council; or
>
> (b) unless the person is a member of the body known as the Commonwealth Institute of Valuers, or is a sworn valuator appointed under the Transfer of Land Act, 1893.
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> (6) Instead of so appointing a valuer to make a valuation a council may, by resolution adopt the valuations made for or on behalf of the Commissioner of State Taxation under the Land Tax Assessment Act, 1976 or of the water supply authority for the district in which the land to be valued is situate.

This was a marked step forward in that the actual work of preparing a valuation was taken out of the hands of the board. There was a minor change in the definition of the term "annual value". Subsection (4) of section 533 reads as follows—

> the annual value of rateable land which is improved or occupied shall be deemed to be a sum equal to the estimated full, fair average amount of rent at which the land may reasonably be expected to be let from year to year, less forty per centum to cover rates, repairs, insurance and other out-goings.

Although a minor change it was a slight streamlining of the provision. Section 533(3)(a) reads as follows—

> For the purpose of assessment "unimproved value" means in relation to—
>
> (a) land granted in fee simple—the capital sum for which the fee simple in the land would sell under such reasonable conditions of sale as a *bona fide* seller would require, assuming the actual improvements (if any) had not been made;

So we made a step forward with the introduction of the Local Government Act, but the most significant point is that in all clauses, relating to the adoption of valuations made in the manner that I have just described, it is provided that the council "may adopt" a valuation, irrespective of whether the valuation was made by the Taxation Department or by an independent valuer. That term "may adopt" is included in all clauses. We know that there have been cases where valuations were made by the Taxation Department but councils chose not to adopt them, preferring to use the valuations already in existence.

The change in valuation that will be brought about by the new Bill is worth noting. Let us look at clause 21(2)(d). Of course, councils are given no such alternative now. Subclause (1) discusses the procedure when valuations are completed and have been duly advertised. Subclause (2) sets out that a notice published under proposed subsection (1) shall specify—

> (d) the rating or taxing authorities which are required to use valuations included in the general valuation for assessing any rate or tax—

The important words I wish to emphasise there are "required to use". These words are not like those contained in the legislation that preceded this Bill.

Under the Local Government Act of 1960, in the case of an appeal against valuations or against rates the Act took the appeal out of the hands of the road board or municipal council, and provision was made for a valuation appeals court presided over by a magistrate. However, this led to problems. I dealt with a difficulty encountered by a storekeeper in Wittenoom. Clearly, there had

been an error made in his valuation. I described to him the process that had to be followed to make his appeal to the appeals court. I obtained for him the necessary forms to lodge the appeal, but I discovered that the appeal had to be lodged with a clerk of courts in Carnarvon—some 750 or 800 kilometres away. I thought that was too silly for words. I asked the Minister at the time to make a new gazettal so that a person in Wittenoom could appeal to the court or lodge his appeal with the clerk of courts in Roebourne, so that the appeal court would be convened when the magistrate visited Roebourne. Even that was hundreds of kilometres away. It was a cumbersome and awkward system.

In 1978, in this Bill we reach the third stage in the rationalisation of these important aspects of valuations and rating. It provides the machinery applying to local government and to all other taxing and rating authorities. If I use local government as my prime example to prove my point, that is because local government is a field with which I have had experience.

Stage one was the original Road Districts Act of 1919 and the Municipal Corporations Act of 1906. Councils fixed their own valuations and constituted their own appeal courts. In stage two, under the Local Government Act of 1960, annual values and unimproved values were clearly defined, and machinery was established to enable either the Taxation Department or an outside qualified valuer to prepare all valuations. However, the Act gave councils the right not to adopt the valuations that were prepared. The Local Government Act also established the magisterial valuation appeals court.

Now we come to stage three. The principle embodied in this Bill may be broadly stated to be that the determination of valuations will be by a completely independent authority, the valuer general. The rating authority will be obliged to adopt the valuation determined, and provide for that on a valuation roll. Under this Bill, objections will be against valuation whereas, up till now, the tendency has been for objections to be against rates although clearly the prime factor in earlier objections was the valuation. Under the Bill, the objection will now be made to the valuer general, and therefore the objection will be against the valuation and not against the rating.

The most important aspect of this Bill is that it will achieve uniformity—

The Hon. N. E. Baxter: Appeals were against valuations. You could not interfere with rates.

The Hon. J. C. TOZER: Mr Baxter might refer to the old Act.

The Hon. N. E. Baxter: You could not appeal against a rate.

The Hon. J. C. TOZER: The Bill will bring about uniformity in all rating and taxing authorities. As far as local government is concerned, this will be of great value, particularly where there are annual values on the one hand and unimproved capital values on the other. A more important aspect—and this is something referred to by Mr Baxter— is that there will be uniformity in standards of valuation from one local authority to the neighbouring local authority. Members should not forget that in Western Australia we have a situation in places like Narrogin, Wagin and Albany where there are two authorities operating in the one town. Previously it was conceivable that valuations could be carried out at different times on opposite sides of the road. One valuation could be carried out by a valuer adopting a different set of values and a different set of standards from another valuer on the other side of the road. This situation will be eliminated, in due course, with the passage of this Bill.

I followed Mr Baxter's speech with great interest, particularly when he spoke of the work of the committee he chaired a decade ago. I think members will be interested to note that the problems and the approach that Mr Baxter and his committee dealt with in the 1960s were very much comparable with what the Emperor Augustus did in his great Roman empire before the birth of Christ.

I am quoting from the work of Professor Victor Chapot entitled *The Roman World.* He is describing the mode of assessment of taxes at the time of the Emperor Augustus. He had this to say—

> Each proprietor had to declare his property and estimate the value of it himself, subject to the supervision of the State's agents. Various categories of land were distinguished: fields under cultivation, plantations of vines or of olives, woods and pastures. However, houses and other buildings were included in the list, together with movables, furniture, slaves, and even cash savings, all this being regarded as an extension of the landed property, since the incidence of the tax was upon the land itself, not upon its possessor.

If you listened to Mr Baxter the other day, Mr Acting President (the Hon. T. Knight), you would have noted that, leaving aside the slaves and the cash, that is almost exactly what he was talking about. To continue with my quote—

> The land tax properly so called is only known by a few scattered references, except in the case of Egypt, where the papyrii abound in allusions to it. In its most ancient form it was a quota, generally a tithe. There were countries, Asia for example, where Caesar replaced it by an assessment, called stipendium as well as tributum—

After reading that, we see there is not much that is new in the world.

It seems likely to me that self-determination of valuations may have a good deal to commend itself, particularly in rural areas. I do not think it can be dismissed even in urban areas. A person is not likely to undervalue his property, because he would then automatically lower its potential resale price. He is not likely to overvalue it deliberately, because clearly he would be paying a higher level of rates. It is interesting to note that this system was followed in the Emperor Augustus' time, and Mr Baxter was proposing such a system 10 years ago.

Throughout history, in biblical times, in Roman times, in Greek times, and in the middle ages, we have read of tithes and tributes. We have thought that they were extortionate levies imposed on landowners by overbearing landlords. Clearly, those were charges raised against land to finance Government undertakings. In discussing this Bill we are doing nothing more than refining the system—bringing up to 1978 standards a system that has endured throughout history.

Another historian, Mr M. L. W. Laistner, alluded to the work of Augustus in this field when he said, *inter alia*—

> ...those best able to pay often escaped lightly and the small farmer was practically ruined.

Goodness, does he not sound like a Country Party back-bencher! The quote continues—

> On the instructions of Augustus elaborate calculations, based on a careful census and valuation, were made in the provinces.

When Mr Baxter was speaking on the Bill, he referred to an answer to a question he asked 12 months ago. He has been good enough to provide me with this information, and I thank him for it. I should draw the attention of the House to the fact that by interjection I indicated that the councils which did not have regular valuations carried out were acting contrary to the law at the time. Of course, that was not the case. I was in error, and I apologise to Mr Baxter for questioning what he was saying then.

From the information supplied by Mr Baxter, we note that as far as unimproved capital values of rural properties were concerned, the average period between valuations was something over 10 years. If we look at annual values, we are looking at valuations within town sites, for the most part. We find the average period between valuations in that case was just over five years. We note in the Shire of Cranbrook, for unimproved capital values there were 12 years between revaluations; but there were only two years between valuations for annual rental values. In the shire of Quairading we find 11 years, unimproved capital values; three years, annual values. For Moora, we find 14 years for unimproved capital values; and one year for annual values revaluations. Obviously there has to be some reason for these differences in time spans between revaluations. I visualise that the reasons would include, most importantly, the availability of valuers.

Secondly, I suggest that the relative stability of values on rural properties was important, when compared with the escalating values on improved urban properties. Of course, there was always a chance that, perhaps, the local authorities were primarily made up of farmers, and they felt there was a good opportunity to extract the maximum value from the town dwellers. However, I do not think that was the case.

The chart, referred to by Mr Baxter, seems to indicate that progressive rural shires did effect relatively frequent urban valuations; and we do find that in shires, like the Shire of Esperance, where there was a changing and escalating pattern of land value, the valuations effected on their rural properties were only three years apart. If there was a rapidly changing pattern, the local authority would make a decision to have its rural areas revalued.

The Hon. N. E. Baxter: You would find that the town values had reached the maximum, and they would revalue.

The Hon. J. C. TOZER: That is probably right. The committee of inquiry came up with the recommendation that there should be a mandatory three-year valuation gap. I suggest the only reason it is not embodied in the legislation we are now considering is that the Government has a doubt on the ability of the valuation structure that will be established to cope with a three-year gap for the time being.

I do believe it is desirable that we aspire to the time when we will have a consistent gap of, say, three years between all valuations. In my view it is quite implicit in the wording of the Bill that general revaluations will be made at a regular

interval. As far as I am concerned, that is a good thing.

The last quote I wish to make from the book—because it seems to be relevant to this topic—is a section from *Politics* by Aristotle. In book V, chapter VI, Aristotle says *inter alia*—

> ...it is well to compare the general valuation of property with that of past years; annually in those cities in which the census is taken annually and in larger cities every third or fifth year.

Once again we find ourselves in step with the ancients.

The book from which I have made the quotes is entitled *Valuation and the National Economy* by Mr John Murray, who was good enough to send a copy to me in Port Hedland in 1970. It is an interesting book dealing with the question of valuations.

Mr Baxter did draw attention to the anomalies that can and do exist with the present alternatives of annual value and unimproved capital value. If, in an urban area, we adopt the unimproved capital value method we are likely to have—to take an extreme case—an old lady living in a shabby, weatherboard house which she has occupied for half a century, and which is located in the main street of a town. She will be paying the same rates as the money-earning emporium on the adjacent block; that is, if the unimproved capital value method is adopted.

However, if we adopt the annual value method we will extract the full due from business houses, but we will penalise the person who improves his property, because by doing this he automatically improves the rent-earning capacity. When a person improves his property he automatically improves the town and the values in that town. If we follow this system, it is implicit that he is penalised for so improving his property. Thus, in point of fact the annual value method in an urban area creates a disincentive to property development.

At the same time local authorities do not want vacant land or shabby premises in the main street of a thriving commercial centre; so, there is an incentive for local authorities to adopt unimproved capital values for rating. Not many of them do, many of them have discussed this, and many of them would like to adopt this method.

By doing this, the owners of the vacant property or those with the minimum improvements on their property are virtually forced to sell, so that someone who can provide the means to carry out the improvements that will earn the cash to sustain the level of rating will buy that property.

This is a fairly soundly based policy, but of course it is conceivable that we may have to throw compassion out of the window if we do this.

If a town is static or receding and is without the prospect of this trend being reversed, the local authority will want to stick to annual values so that it can obtain the maximum revenue from the improvements already in existence.

In making that statement as to what happens in a townsite, it is important that I refer to the fact that even on annual values we do have a minimum rate, and we had considerable discussion when we decided the minimum rate should be fixed at $40. So, this is a case where it is desirable we apply such a minimum on vacant land in a busy commerical centre.

We also find another section in the Local Government Act which provides that annual values will be not less than 10 per cent of the capital value. Thus, should a property or a vacant piece of land achieve a market value of $10 000, then 10 per cent will give a valuation of $1 000. At the rate of 10c in the dollar on the annual value the owner of the property will pay $100 in rates. Even this is a small figure, compared with what the property would return if it were rated on the unimproved capital value in a thriving commercial area.

There are anomalies in the system of rating we have had up to the present, and local authorities have been forced to make value judgments as to the best methods they should adopt to meet their particular needs. Unfortunately, it is not clear to me how the new valuation system embodied in the Bill will improve the situation. I am concerned that we are to have the gross rental value and the site value methods, but these methods will not, in themselves, remove the anomalies that will be introduced. I think this is part of the message which Mr Baxter was conveying to us the other evening. The Bill before us will make the task of the valuer easier, but it will not mitigate the difficulties that the conscientious local authority will have to contend with. I believe that is a problem to be discussed in the Acts Amendment and Repeal (Valuation of Land) Bill, rather than in the Bill now before us.

The important aim of a good local authority has been to maintain relativity in the manner in which it applies rates in its district. Whether a local authority uses the annual value or the unimproved capital value, or a combination of both, it is essential that the relationship between the rating of all properties be maintained on a fair

and equitable basis. It does not matter whether the valuation is at a high level or a low level, provided the relativity is constant across the spectrum. If the valuations are high, obviously the local authority will adjust downwards its rate in the dollar; and if the valuations are low, it adjusts the rate in the dollar upwards.

Most local authorities have achieved this to the best of their ability; I am referring to this fair relationship. I believe the local authorities will still be doing the same thing under the provisions of the Bill when it becomes an Act. While relativity may be attainable within one local authority, and between annual values and unimproved capital values, there was no way in the past that relativity could be achieved under the old Local Government Act in respect of neighbouring shires.

I have already mentioned the instance of a town council and a shire council operating from the same town. In fact, Mr Baxter underscored this matter when he spoke of the difference in valuations and rating levels that exist between rural properties on either side of a common boundary between two shires.

The reasons that they could not be kept in relationship previously were the date of valuations, the frequency of valuations, and the different standards and procedures adopted by different valuers. I believe those matters will be cured by the provisions of the Bill. These difficulties should be largely overcome with uniformity of approach to valuation, and greater frequency of general revaluations.

The prime factor that determines the capital value is recent sale prices of comparable, nearby properties. It becomes an art in which the valuer has the ability to interpret these transactions and the data available to him from a series of sale prices, to achieve a fair valuation. Similarly, if he is engaged on assessing gross rental values and annual values, the valuer has to study current rental trends in respect of comparable and nearby properties:

The difficulty is that the actual amount of money which changes hands in the sale of a property relates only to the value of that property to a particular purchaser, and this is not necessarily the ruling price the community at large would pay.

I will give an illustration. When a contractor wins a multi-million dollar contract in, say, Port Hedland, one of the first things which occurs is that the project chief moves in and purchases six, 12, or 20 houses for his key personnel for the currency of the contract. He pays a grossly inflated price for those houses. He must have the houses, and have them quickly. The few extra hundred thousand dollars he may pay to meet the housing needs of his key personnel is really small fry compared with the total value of the contract on which he is engaged. In any case, invariably he would include the cost of the purchase of those houses in the tender price, and over the currency of the contract the cost of the houses would, in fact, be written off.

The same thing applies if the contractor chooses to lease houses for the currency of the contract which may be a period of six months, one or two years, or even four to six years in the case of some of the multi-million dollar dredging contracts, for example.

Therefore, if the major contractor decides to lease houses, again he will pay outrageous rentals which would be possibly double the going rent within that town. The reason would be the same which would apply if he bought the houses. He must have the accommodation and he is able to include the cost in the total contract tender price.

The result is that all properties in the vicinity take on a grossly inflated value. The effect flows on to all ratable property, not only through local government rates, but also through assesssments for country water supplies and rates and taxes levied by other authorities.

It may be suggested that the logical thing to do would be for the Port Hedland Shire Council to levy a lower rate, but this is difficult because it may be in only one section of the total community—perhaps the area within a mile or two of the contract work site—where this major impact is felt.

I use this one example to illustrate that all sorts of extraneous factors can have an artificial impact upon the determination of a fair and accurate valuation. It seems to me that it was exactly this type of thing the committee of inquiry had in mind when it made recommendation 15 on page 12 of the report under the heading, "Appeals on the ground that an anomaly exists". Part of the recommendation reads—

> If the appeal be on the ground that an anomaly exists, the Appeals Tribunal should have power to make such recommendations to the appropriate Minister as appear to the Appeals Tribunal to be just in the circumstances.

Unfortunately the Government has not seen fit to adopt the recommendation in the Bill and the legislation is deficient for that reason.

Last Monday I attended a meeting of the Karratha Chamber of Commerce, and among the

many matters discussed was that of the country water supply rates and valuations. Three businessmen had properties of similar sizes in close proximity to one another in the light industrial area.

One man was a builder/engineer who had a first-class assembly workshop which included a joinery section, and another area where steel trusses were prepared. The valuation was such that his annual payment to the country water supply was in excess of $800.

The second man was an engineering supplier who had a very good warehouse and office complex, and his annual rate was approximately $900.

The third man was a concrete block manufacturer who had masses of blocks stacked ready for delivery to his customers. He had a curing kiln which was made of reject blocks, and it looked like it. He also had a small transportable office and a transportable toilet unit. He paid $125 for water rates.

The builder and engineering supplier used virtually no water, but the owner of the third property—the concrete block manufacturer—used lashings of water, but because his improvements were minimal—he did not need any more than he had to carry on his business—his assessed annual rental value was extremely low and he paid a fraction of the amount paid by the other two I mentioned.

The annual value under the Local Government Act, and I suggest the new gross rental values under the Bill, take into account the rent-earning capacity of improvements. The valuation ignores all other factors like land utilisation and turnover not directly associated with the buildings.

Clearly those three entrepreneurs to whom I referred are equally important in the development of Karratha and the region, but they do not contribute equally as far as rates and taxes are concerned.

I suggest that not only should the appeals tribunal have power to recommend variations to the Minister, but also in cases of obvious anomalies the valuer general should have the right to initiate appeals to the tribunal. Perhaps such recommendations would be applicable only to a particular rating authority and not necessarily to all rating and taxing authorities.

It may be suggested that it would be silly for the valuer general to have the right to appeal because, after all, he is, in fact, making the valuations. However, clearly he is bound by the legislation which gives him a formula he must follow. When he realises that that formula when applied will result in an anomaly, perhaps he should not be able to change the formula, but he should be able to go to the tribunal for a ruling. The tribunal in turn probably would have to go to the Minister.

Both Mr Baxter and I have drawn attention to the manner in which the annual values and gross rental values from now on will penalise the man who improves his home, thus increasing its potential rent-earning capacity. However, I cannot agree with him when he says that no additional services are required as a result of a man adding a couple of bedrooms to his house to accommodate his growing family. Clearly the demand for municipal services increases roughly in proportion to the size of the family. Some of the municipal functions which come to mind are the infant health centre, child minding centre or creche, kindergarten, library, playing fields, swimming pool, cycleways, ambulance service, parking areas, roads—as families grow up they usually acquire several cars—and, finally, the aged persons' centre and home.

Clearly all these services, and many more, do indeed multiply as the family size increases. However, personally, I am all for supporting the family man. I also find the existing disincentive to a person developing his property quite objectionable.

We should give serious consideration to recommendation 18 in the report. Again this recommendation has not been emodied in the Bill. The recommendation is to be found on page 12 and reads as follows—

> Combined Flat Rate and Annual Values
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> 18. that the Local Government Act, be amended to allow a local authority to adopt the system of combining annual values for residential land with a flat rate per residence if it wishes to do so.

We must acknowledge that tax on property—I am referring to rate revenue—in the case of local government is a diminishing proportion of the local government finance which is necessary to provide the services and utilities to which I referred a few moments ago. This being so, a strong case can be argued for the adoption of a system which combines annual values with a flat rate per residence.

Mr Baxter was critical of objections about valuations going to the valuer general as a prerequisite to an appeal to the land valuation tribunal. His reason was that the valuer general had already determined the valuation, and he likened the process to appealing from Caesar unto Caesar. Actually in practice this is not the case

and I suggest that it is the logical first step before going to the tribunal. Nine out of 10 complaints about valuations are quite frivolous. Usually the only objection is something like, "The rates are too bloody high". The objection is no more explicit than that, and really the strength of the expletive is the only method by which to gauge just how much the fellow feels his valuation is too high.

When an objector approaches someone with the idea of lodging an appeal, the first thing he should be asked is, "What rent do you reckon you would get for your house?" or "What price would you sell your property for?" Without doubt, every time the objector would give a higher figure than the figure set by the valuer; in other words, automatically he is condemning his appeal to failure.

I suggest the way to short-circuit the wasted time of the land valuation tribunal is for the objection to go to the valuer general by way of correspondence or for the appellant to front up to him directly, because most of the appeals have no more validity than the instance to which I have just referred. However, there are exceptions, so we must have the land valuation tribunal, but if appeals went to the valuer general first most of them should not need to go to the tribunal at all. At the same time, if there is an obvious anomaly I believe the valuer general will quickly react to the objector's case and recommend that the changes be made automatically, again without the need to appeal to the tribunal.

I mentioned I had been a road board secretary under the old Road Districts Act. When the road board constituted itself as an appeal court, appellants usually had to see the secretary in the process on the way to the appeal court. It was usually found that not only did the person not want to go on with his appeal but sometimes he could not gather up his papers quickly enough to scuttle out of the place in case his valuation was increased rather than decreased.

In one clause of the Bill the all-embracing function of the valuer general in providing valuations does not apply. In the definition of "unimproved value" on page 5 of the Bill we learn it means site value within a town site and market value, assuming there are no improvements on it. That is an abbreviated version of the definition. However, provision has to be made for pastoral, mining, forestry, and other Crown leases.

We find in the case of mining leases the value is a fixed sum, which is actually specified in the Bill, for each 4 000 square metres of tenement held. So the function of the valuer general has been pre-empted by the legislation in the case of mining leases. I do not know whether that is a good or bad thing.

In the case of pastoral leases the unimproved value is 20 times the annual rental value paid to the Lands Department; but of course the rental is determined by the Pastoral Appraisement Board and I do not think the valuer general has any influence over that authority. I do not regard these two cases as being very important but they seem to provide a small untidy fringe around a well-woven legislative fabric.

It may have been noted that sometimes I admonish the Government about the way it seems to pussyfoot along the path to providing real incentives for decentralised industrial development, particularly in the field of light industry. The last recommendation in the report of the Committee of Inquiry into Rates and Taxes Attached to Land Valuation would have been a wonderful instrument to use to provide a real incentive. Recommendation 37 on page 17 of the report reads—

> Developers—relief from rates and taxes
>
> that power be given to the Minister on the recommendation of an authority, such as the Appeals Tribunal to consider particular cases and grant to developers relief from rates and taxes where the circumstances justify such action.

No circumstances could justify that action more than the suggestion I have just made, to give an incentive to estate developers in remote areas. The losses to the taxing or rating authority would be quite minimal. After all, it is vacant Crown land now—probably spinifex plain. If we could offer this small incentive to the property developer, particularly in an industrial estate, I believe it would make the difference between success and failure, or indeed between a person or organisation taking on the job or not taking it on. Once the subdivided and serviced land had been fully developed and sold, the rating authority would levy rates on the subdivided land in the normal way.

I want to refer again to the Minister's introductory speech. I will read the concluding paragraphs of it because I believe they are very important—

> The Bill is designed to give this State uniform provisions for making valuations for rating and taxing purposes, removing anomalies in the existing law, simplifying procedures, and enabling improved efficiency in the control and co-ordination of values, together with common objection and appeal

procedures. It is the product of a great deal of thought by those concerned both inside and outside Government.

While understandably it does not contain every suggestion put forward, it gives a sound base on which to build an improved valuation service to Western Australians.

With this I completely concur; but having said that, I appeal to the Government even at this late stage—and provided it is possible to do so—to take a serious look at the possibility of drafting two or three additional clauses to be inserted in the Bill to give effect to recommendations 15, 18, and 37 of the 1975 report.

Briefly, recommendation 15 calls for appeals on the ground that an anomaly exists, and I would go a stage further either to empower the valuer general to depart from set definitions where an obvious anomaly would be introduced by adhering to them in determining a valuation, or to permit the valuer general to place such an obvious anomaly before the land valuation tribunal for determination.

Recommendation 18 calls for a combined flat rate on annual values for residential properties, and recommendation 37 calls for relief from rates and taxes for estate developers. I would have the Government use this particular proposition as a deliberate instrument to encourage decentralised development.

Finally, I refer to two other recommendations not mentioned in the course of my speech. Recommendation 35 should really be considered but perhaps this Bill is not the right place to introduce it. It calls for uniform water and sewerage rating throughout the State.

Recommendation 26 seeks *ex gratia* payment of rates to local authorities on Crown land and land owned by Government instrumentalities, which is at present exempt. This Bill may not be the appropriate place to embrace those particular recommendations in the report.

I realise of course that the machinery the Bill is designed to set up must be put in motion quickly because we want the valuation roll to be prepared by the 30th June next, but I believe that can proceed. After all, the Opposition has stated it is in favour of the Bill, the Government is of course in favour of it, and I am certainly in favour of it. That work can proceed while suitable additional clauses are prepared, and any delay should be minimal. It seems to me to be a pity to spoil the ship for a haporth of tar, and I wonder whether the Government cannot give earnest consideration to what I have suggested.

I support the second reading of the Bill.

THE HON. G. W. BERRY (Lower North) [5.56 p.m.]: I rise to support the Bill. However I wish to make a few comments regarding the Minister's second reading speech and the Bill itself.

I agree that in his speech, in addition to explaining the interpretation of the expressions "assessed value", "capital value", "gross rental value", "site value", and "unimproved value", the Minister could have explained to us where those values would be applied. Such an explanation would have helped members because the Bill itself does not say where or how they will be applied; it simply states how the value will be determined.

In paragraphs (b), (c), and (d) of the definition of unimproved value, which relate to the Mining Act and spell out a specific sum for every 4 000 square metres, different values are set for different areas of land which are the basis for assessing the unimproved value. I would like to know by whom these values will be set. Will they be set by the particular department concerned with the legislation? Is this the basis upon which the valuer general will permit the valuation? Will he alter that value from time to time in accordance with the change in character and value of the land over the years? Will the values be set by regulation, by the department, or by the valuer general?

As has been stated, the legislation covers many other Acts. In the Acts Amendment and Repeal (Valuation of Land) Bill 14 Acts are mentioned, and if the Bill now before us obviates the necessity to incorporate provisions in 14 other Acts it must be of some assistance to the people who will do the valuations.

In the Minister's second reading speech mention was made of the employment of staff valuers and private valuers by local authorities. This matter is dealt with in clause 25 of the Bill.

Sitting suspended from 6.00 to 7.32 p.m.

The Hon. G. W. BERRY: Prior to the suspension I was speaking on clause 25 which gives local authorities power to employ their own staff valuers and to use private valuers. In the second reading speech the Minister said the City of Perth was the only local authority involved. I shall quote as follows—

> One of the reasons given is that the council is able, because of its relatively small area in the State, to revalue each year.

That is quite reasonable. To continue—

> The valuer general who will have to supply values for the whole State, including the City of Perth area, will not be able to meet this

> requirement from the physical resources which will be available to him. He will carry out a revaluation every three years of the City of Perth area.

I cannot find where this is mentioned in the Bill. I cannot find where the valuer general is instructed to revalue the City of Perth area every three years. This is mentioned in the supplementary Bill to this, and I refer to the Land Valuation Tribunals Bill. The Minister's speech goes on as follows—

> However, under the provisions in the Bill, each time the valuer general revalues the City of Perth area, the valuations of the city valuer and the valuer general will be brought into line.

I presume they are brought into line with the valuer general's valuation, because the following is found in clause 25, subclause (7)—

> (7) When the Valuer-General approves a valuation pursuant to this section, he shall adopt it as a general valuation or an interim valuation, as the case may be, of rateable land within the valuation district to which it relates; and this Act shall apply to the valuation as if it were a general valuation or an interim valuation, as the case may be, made by the Valuer-General under this Act.

It appears to me the Minister's notes are a bit confusing, because there is no doubt that the city value is brought into line with the valuer general's valuation. Further in the Minister's notes we are given an explanation of the new system of gross rental value which will replace the annual value. In the Minister's speech he said—

> "Gross rental value" is only used for rating and in every case the rating authority has power to vary the rate applied to the valuation base. Variations in valuations do not have any influence on the amounts paid. This is determined by the rate struck.

That is not a statement of fact, because variations in valuations have a very disastrous effect in some cases. In the case of country sewerage schemes, where the rate is 15c in the dollar, it makes a great difference when the land is revalued.

I know this from a personal experience. In that instance I was told the shire did not request this. It was the Public Works Department which made the revaluation in the sewered area. No doubt it had something to do with the subsidy the Public Works Department had to pay under the country sewerage scheme. I appreciate the fact that when there is a revaluation of properties it is done to bring about increased revenue to a shire because that is the normal practice which takes place; it is necessary for shires to raise money in that way. While shires may reduce their rates they do make good use of revaluations. In the case I mentioned, where the Public Works Department requested a revaluation, the shire made application for the rate to be reduced for that rating period.

Further in the Minister's notes he said—

> Important provisions in the Bill now before members are the proposed arrangements for objection and appeal. Currently, no rating or taxing Act, which imposes a rate or tax based on valuations, other than the Land Tax Assessment Act, contains provisions for a ratepayer or taxpayer to object.

I think that has been covered by previous speakers. It is certainly a matter which is covered in clause 32 subclause (3) of the Bill which reads as follows—

> (3) An objection to a valuation of land may be made on the ground that the valuation is not fair or is unjust, inequitable or incorrect, whether by itself or in comparison with other valuations in force under this Act.

That is a very good clause, because it enables comparisons to be made when appealing against a valuation which is considered to be unfair. Again, I have had personal experience of this when I found all I was required to do was to prove to the tribunal that my valuation was not a fair and just one.

Clause 37 of the Bill reads as follows—

> 37. Each municipality shall, not later than the fourteenth day of each month after the coming into operation of this Act, furnish to the Valuer-General in respect of land within the district of such municipality—
>
> (a) a schedule of all projects for which the municipality issued building licenses during the preceding month, setting forth in respect of each project—
>
> (i) the name and postal address of the owner of the land;
>
> (ii) the name and postal address of the builder;
>
> (iii) a description of the land; and
>
> (iv) the estimated cost of such building work;

(b) a schedule of all projects for which the municipality had issued building licenses and which were known by the municipality to have been completed during the preceding months setting forth in respect of each project the information referred to in subparagraphs (i) to (iv) of paragraph (a) of this section; and

(c) a schedule listing all registered strata plans and amendments thereto delivered to the municipality under subsection (3) of section 21 of the Strata Titles Act, 1966.

This will mean a lot of information supplied by the shires is available to the valuer general in making determinations. It would appear to be more work for the shires in that they will have to gather this information and forward it to the valuer general. I would also like an explanation of clause 41 of the Bill which reads as follows—

> 41. The validity of a valuation under this Act shall not be affected by reason of any failure to observe any of the provisions of this Act.

What happens if the valuation is incorrect? Surely something is to be done to correct it. Clause 42 states—

> 42. No liability shall attach to the Valuer-General, or any person duly authorised by him, for any act or omission by him in good faith and in the exercise or purported exercise of his powers and functions, or in the discharge or purported discharge of his duties, under this Act.

That is fair enough, because if the valuer general makes a genuine error he should not be held liable. However, I cannot reconcile clause 41 with this. I would like explanations to the queries I have raised, and with those remarks I support the Bill.

THE HON. O. N. B. OLIVER (West) [7.43 p.m.]: I listened with some interest and amazement to the contributions by speakers on this Bill which is dealing with valuation of land. There were some quite unique comments put forward by the Hon. Norman Baxter, who mentioned the projects in the Boddington and Tammin Shires in which a schedule was put forward on a voluntary basis to residents in the area which indicated what would be their selling prices and improvements to their properties.

As I listened to Mr Baxter's contribution I felt there were some economies in the method he was putting forward. I say that because, basically, valuations are derived from an examination of transactions which have taken place at the Land Titles Office in respect of adjoining properties.That is the basis on which a valuer arrives at a valuation.

I do not support the proposition that the number of valuers should be increased to enable them to go to all areas to value properties. It would be an impossible task for the valuer general to perform. However, I see merit in the suggestion that residents in the areas concerned should provide information which may be of assistance to the valuer general.

In respect of the mode of valuations as they relate to transactions at the Land Titles Office as a means of arriving at a valuation, may I say this matter is of particular concern to me. It was mentioned also by the Hon. J. C. Tozer when he referred to page 17 of the report of the committee chaired by Mr Keall. What actually occurs is this: a portion of land is developed and it is intended to be used either as industrial land, as mentioned by the Hon. J. C. Tozer, or as residential land. If it is to be used as residential land, services must be provided to comply with the by-laws of the local authority and to satisfy the Metropolitan Water Supply, Sewerage and Drainage Board. However, a problem arises in relation to time. I relate this matter to the comment I made in regard to the procedure at the Land Titles Office. In this case, time is money.

In order that titles may be placed in a situation where a diagram may be created and dealings may occur, a property developer may bond over by bank guarantee the works I have mentioned. He may obtain a clearance from the local authority and from the Metropolitan Water Supply, Sewerage and Drainage Board. By this process, he guarantees to the respective authorities that the works will be completed. He does this in order to save time, because time is money.

As a result of the clearance being given in accordance with the requirements of the Town Planning Board, a diagram may be created which enables the Land Titles Office to place the title in a situation where transactions may take place. I do not believe they actually take place; but there is a point of time at which the title is ready for dealing.

If the valuer general should decide to use the Land Titles Office as the only means of arriving at values without inspection of the land, I believe difficulties could arise. I certainly would not support a proposition that the valuer general should send valuers out to value land of that

nature, because it is physically an impossible task. It would result in great expense to the taxpayer.

In my opinion an anomaly occurs when bank guarantees for the bonding of works are given, diagrams are created, titles are placed in order for dealings, and the valuer general values that land accordingly without inspection.

I am anxious for the term "merged improvements" to be defined. I understand swamp land and land which requires drainage is naturally valued accordingly, because of the improved value arrived at and the uses to which the land may be put. But I wonder whether there is a possibility as a result of this Bill that the valuer general is expected to value land subject to drainage or works to be undertaken under that definition. This would add to the cost of the land. Any cost added to the development of land is passed on to the consumer, although, of course, this depends on the supply and demand in the market place.

I seek an assurance from the Minister that "merged improvements" applies only to the area of clearing of scrub and timber, and filling of swamps, etc., which results in rural properties or land adjoining rural properties becoming viable agricultural pursuits.

Another matter which concerns me particularly is clause 37 of the Bill. It refers to the fact that returns must be provided to the valuer general by the 14th day of the month in respect of building permits issued by a local authority. I cannot understand this particular clause of the Bill, because the issuing of building permits does not actually mean the work has been undertaken. I presume the Government has access to information which is provided by the building industry of Western Australia to the Australian Bureau of Statistics. This information advises the bureau of the completions made in each quarter of the year, the value of those completions, the names of the people for which those completions were carried out, and the address and title particulars of those works. This clause in the Bill is repetitious. If private enterprise must continue to fill in forms and if one Government department cannot obtain the information held by another Government department, I am disappointed that such a lack of communication exists.

I support the Bill. I have reservations particularly in regard to the interchange of information which is required in the Bill, but which is in fact already available. The Hon. J. C. Tozer mentioned the fact that we have had many Bills dealing with this matter. I commend the Government for streamlining the manner in which valuations will take place.

In conclusion I should like to say I hope that we can bring some sense to this legislation and that we do not need to have an increased number of valuers. I trust the valuers will work in with the local authorities. I hope also the valuer general will seek the information which is available already through the Australian Bureau of Statistics and that a further serious burden will not be placed on the taxpayer to provide information which is already on record, in order that this legislation may operate.

THE HON. R. F. CLAUGHTON (North Metropolitan) [7.55 p.m.]: When the Hon. Grace Vaughan spoke previously on this matter she indicated it was our policy to have a unified valuation system. The question arose during the land boom of the late 1960s. At that time marked increases occurred in the value of land in the metropolitan area to the extent that rates increased to a phenominal extent. This placed many ordinary people of modest means in a serious situation. People who were on fixed incomes found themselves unable to cope with the big leaps in valuations.

The outcome, of course, was an inquiry which was instituted by the first Court Government. That Government is to be commended for setting up the inquiry and the fact that this Bill has been introduced which includes an amalgamation of the different valuation authorities.

However, some problems still exist, and they have been mentioned. One of the problems is the frequency of valuations. This is one matter which led to the problems in the 1960s. Long periods elapsed between valuations and owners were faced with very marked increases in the values of their properties. Had the valuations been carried out at more frequent intervals, the rates collected would have been more evenly spread and the owners would have been in a position to adjust their finances to cope with the increases.

The earnest intent, as stated here, is the Government would like to have a maximum period of three years between valuations, but that cannot be achieved without a sufficient number of valuers. Despite the comments of the honourable member who has just resumed his seat, in my opinion it is absolutely necessary that an adequate number of valuers be employed. The services of private valuers should be used also. It is necessary for both systems to operate. In country towns, for example, where a private valuer is located his services should be used. It is good sense for the valuer general to use the services of the people

who live in country areas and who know the peculiarities of the district in which they work. But unless a maximum period of three years between valuations is set firmly as a goal, we are likely to be faced again with the problems of the 1960s.

We shall be faced with problems similar to those experienced in the 1960s if the market improves suddenly following the period of serious recession in the economy which is occurring at the present time. We know at least one economist who has advised people to buy now, because in six to 12 months' time another land boom will occur.

I think he has been optimistic but we can expect at some stage these prices will take off again. If that happens, we will have a recurrence of those problems of the 1960s, and the only way to avoid them is to see that valuations are carried out at intervals of three years or less.

In the period of the late 1960s and the early 1970s not only were there marked cost increases in the price of land, but zoning changes were taking place also. Within my own electorate an area of Mt. Lawley was zoned for high rise flats, GR6. That immediately caused a very steep rise in the value of the properties in that area. It caught the people who had lived there for a long time, amongst them some of the staff who were at Parliament House at the time. They were on very ordinary incomes—below the average income—and found themselves in the situation where the rates which were charged, because of the increase in valuations, were well beyond their level of income. Those people were faced with the problem of having either to live as paupers or sell their homes, and neither of those things should have been acceptable.

To overcome that particular problem the concept of notional values was developed. I refer to the large increases in prices as a result of zoning changes.

Anomalies are still occurring. One has only to look at the area around the river frontage at Maylands, and also on the southern side of the river. Many people have lived there for a long time but around about them people are buying old properties and subdividing them. Large increases in valuations are taking place. People who have lived there for a long time, in their very modest homes, find they are faced with rates of $200 to $400 or more because of the anomaly I have mentioned. Those properties are very well placed, but immediately behind them—across the street, more or less—is a low-income suburb where values are low. However, the rates which are set by the shire are in relation to the bulk of its district, and the rates charged on those properties stand out as anomalous in that particular set of circumstances.

We should be examining whether there is a method by which we can overcome the problems faced by those people in the same way as we did for the people who were caught up in the zoning changes. People should not be forced from their homes, which have been family homes for generations, simply because of rising values of properties around them.

Obviously, in the case of Nedlands, Dalkeith, Peppermint Grove, or Mosman Park, people buy into those locations near the river because they can afford them, and they expect to pay high rates. They include the high rates in their assessment as to whether or not they can afford such a property. I am not concerned about that sort of area. Low-income families living in modest suburbs are being faced with the very high cost associated with the valuation of properties about them.

Those remarks are only marginally related to this legislation. This measure deals with the valuation aspect, but it is the local authorities which set the rates. Local authorities will be obliged to adopt the valuations set by the valuer general. There is nothing in this legislation to provide for what is more commonly termed, "differential rating". It is a controversial subject; there are very strong arguments for and there are very logical arguments against. We all know there are situations where, if there were some means of differential rating, it could be applied usefully. The concept of notional rating in local government, perhaps, could be used in some way.

The setting of the values is to be done by the valuer general, and then adopted by local authorities. That is generally done at some period in the year before the rates are set. Under the old system, a ratepayer used to receive his rate notice and find it was much more than he expected. When the ratepayer has gone along to object, he has been told by the local authority that he is too late because he should have objected to the valuation. That is his problem.

In my reading of this legislation I am not sure whether that problem will continue to arise, or whether it is covered by clause 32(1)(b). Perhaps the Minister might be able to give me an answer to this. Clause 32 deals with objections to valuation, and paragraph (b) states—

(b) in any case where the valuation is the basis of the assessment by a rating or taxing authority of any rate or tax, within forty-two days after the issue of such an assessment.

That is when the objection may be lodged. If that means that after a local authority has issued its rate notice to a ratepayer, he has 42 days from that point during which he may object, then I believe the situation is covered, and it will answer the objection I am raising.

Of course, if the valuation had been set previously the 42 days would be well and truly gone by the time he received his rate notice, and he would not be able to lodge an objection.

That is the only other matter I wanted to raise on this Bill, apart from the cost of appeals. We do not know what that cost will be. I would like to provide that appeals could be lodged free of cost, or at a very minimal cost so that it does not inhibit people from lodging genuine objections.

THE HON. G. C. MacKINNON (South-West—Leader of the House) [8.09 p.m.]: I thank members for their contributions to this Bill. Those contributions indicate that this is a subject of very real importance.

We have with us tonight Mr Whitfield, the Chief Valuer, and Mr Colin Reilly and Mr John Duncan, supervising valuers, and the important aspect of this measure, from their point of view, is that they will change from working under nine pieces of legislation—which currently applies—to working under one piece of legislation. Members of Parliament would be very much aware of the burden which has faced those gentlemen because over the years we have been involved in consolidating different pieces of legislation in order to ease the burden of those who have to work with it. That is not necessarily the prime purpose—to make life easier for those who have to use it—but certainly it is an advantage if one is able to work under one piece of legislation in place of nine pieces of legislation. I could imagine a person in that position being delighted to find the new situation.

The debate was opened by the Hon. Grace Vaughan who quite rightly said that some of the problems which have to be raised might be better left to the Committee stage of the Bill. I would like to thank Mr Baxter for the matters he raised. He gave us the benefit of a very close and careful study of this Bill and provided many facts and much information arising out of his long personal experience as chairman of an earlier committee dealing with a closely related subject.

I said in my second reading speech that the basis of this legislation was a report of the Committee of Inquiry into Rates and Taxes Attached to Land Valuation. The Bill now before the House contains many of the recommendations made by that committee and, in particular, the proposed legislation will—

create a totally independent valuation authority;

produce uniform valuations to be used as the base for all rating and taxing assessments; and

provide for simple objection and appeal procedures in all cases.

I think those points must be borne in mind by the members who have spoken because they raised different aspects on which those points have a bearing.

During the debate a question was raised by the Hon. Grace Vaughan about the valuations made for the City of Perth. In order to answer the question satisfactorily, it is necessary to give some background information.

For many years the City of Perth has been the only local authority employing its own valuation staff. The valuations are conducted annually and this has been possible because of the relatively small area involved.

On the other hand, the State taxation valuation staff revalues the whole of the metropolitan area, including the City of Perth district, every three years on the annual value base, and every four years on the unimproved value base.

The State Taxation Department does not have the necessary number of staff available to make annual revaluations. Therefore, it is proposed in the Bill that the City of Perth will continue with their system of annual valuations. However, each time the valuer general revalues the City of Perth area, the valuations of the city valuer and the valuer general will be brought into line. The Hon. Grace Vaughan also asked how often will the valuer general be making revaluations. Here again it is necessary to give some details of the past history relating to revaluation cycles.

On 1st July, 1970, when the formation of the State Taxation Department occurred, the State Government took over from the Commonwealth Government the land tax operations and the staff responsible for making these valuations. At that time the valuation staff shortfall amounted to 22 valuers, and the revaluation cycle outside the metropolitan areas was eight years for country towns and well over 10 years for the rural or farming wards.

I think that answers the question raised by the Hon. John Tozer, because that time has actually been worked out since.

Since then the number of valuers has been increased, mainly by a trainee valuer scheme, and the revaluations cycles have been reduced to five years in the towns and under eight years in the rural wards. I think Mr Tozer said that the period in rural areas was still 10 years.

The Hon. J. C. Tozer: That was the answer given to Mr Baxter.

The Hon. G. C. MacKINNON: It is proposed to continue with the recruiting programme, which, together with the introduction of computerisation, in due course will ultimately produce a more realistic and improved revaluation cycle.

Another factor influencing the periods between revaluations is that under the existing legislation, a local authority must ask for a revaluation of its district in order that the values may be updated. Mr Baxter commented on that particular point.

Furthermore, the fact that the local authority does not have to adopt the new values, but may continue to use its old outdated values, also extends the time between revaluation. However, most authorities do adopt the new values, and so continue to update their records for rating purposes. A few authorities, for one reason or another, defer the adoption for a year, whereas some others do not adopt them at all. These are the reasons which generally account for longer than usual periods between revaluations.

In the Bill now before this House, all this will be tidied up. Each time the valuer general makes a revaluation of a district, it will be adopted by the appropriate rating and taxing authorities operating in that district from the commencement of the next rating or taxing year, and the present anomalous situation will disappear. More importantly, all authorities will be using the same values made at the same time, all defined in the same manner, instead of the various definitions contained in the nine Acts under which valuations are now made. When I started to reply to this debate, I mentioned the nine Acts.

Mention was made that the valuer general seems to have a great deal of authority under the provisions of the Bill. In effect, the situation will be little different from the present time, as the authority to inspect properties or to have access to certain records is contained in the various Statutes under which the State Taxation Department valuation staff now operates.

As to the valuations which will be prepared by the valuer general, it should be borne in mind that whatever value is placed upon any particular property, he must firstly be able to satisfy a ratepayer or taxpayer, when examining an objection, that the valuation is fair and reasonable, and, secondly, in defending an appeal, satisfy an independent tribunal, one member of which is a qualified valuer, that the property in question has been fairly and reasonably valued and compares favourably with adjoining properties of the same type. That particular section has very real significance to some of the points raised by Mr Baxter.

I would like now to clarify a point made during debate regarding the separation of the valuer general from the State Taxation Department. The creation of a valuer general, who will be responsible for his own independent valuations, is provided for in the Bill. The formation of a new department would not add to his legal power, nor would it improve his efficiency. On the other hand, considerable expense of a recurring nature would be incurred in the creation of a separate department, the cost of which would have to be recovered from those organisations being supplied with values, which in turn would have to be passed on to the ratepayers and taxpayers of Western Australia.

Incidentally, it is proposed, for continuity of operations, economy, and expediency, that the existing valuation and support staff and records of the State Taxation Department will be transferred to the control of the valuer general. The utilisation of these extensive and detailed records, together with the valuation advantages and benefits contained in the Bill, will vastly improve the current valuation procedures.

The valuation problems—some of which may be more of a rating problem—referred to by Mr Baxter, will mainly be overcome once the valuer general has set up a revaluation cycle to permit orderly and co-ordinated revaluations or general valuations of shires.

Provision is made also in the Bill for the advent of computerisation and feasibility studies are already in progress along these lines.

The adoption of a computerised land system should help to eliminate some of the apparent anomalies that have occurred in the past.

Mr Baxter referred to the annual value basis and gave an example of what were identical houses until one ratepayer decided to add another bedroom and improve his value and his property. He stated that no additional services are rendered, but because one property is now more valuable, more rates are paid.

On this point I merely wish to state that valuations on the annual value base are determined by the amount of rental which can be obtained for a particular property.

In making these valuations, many factors such as location, neighbourhood, access to amenities, size and quality of buildings, etc., are taken into consideration. I think we have all had experience of that type of thing.

Both the annual value and the unimproved value systems are long established valuations procedures.

It has been ackowledged by various committees or commissions in the past throughout Australasia that both systems have advantages and disadvantages. However, the choice of which system best suits the needs of the particular rating or taxing authority is that of the authority concerned and this Bill does not propose to interfere with that right.

The Bill will unify the valuation of land as a basis for rating and taxing and will, to a very large extent, minimise many of the anomalies that exist in this area.

The honourable member referred also to the construction of valuation rolls provided for in the Bill.

For general information I advise that valuation rolls, as such, take many forms at the present time and this will continue during the transitional period and possibly, to some extent, until such time as amended arrangements and procedures can be implemented.

Currently, valuation rolls may comprise various types of schedules, or maps of the district, which show the individual values of each property.

Clauses 26 to 28 of the Bill have been drafted to cover present, transitional, and future requirements necessary for the preparation of valuation rolls.

Concerning the fees to be charged for the services provided by the valuer general, I am advised that existing charges, subject to any adjustments from time to time by the Treasury Department, will continue to be applied. In any event, the Bill precludes the valuer general from charging any more than the actual cost he has incurred in making the valuations.

Attention has been drawn to the fact that the Bill does not provide for an appeal direct to the tribunal, except in the case of clause 36 where a question of correct valuation principles is involved.

In this particular situation an objection to the valuer general would serve no useful purpose. It would then require the tribunal to decide whether or not the valuer general had adopted the proper valuation principles.

Generally, the Bill has been drafted in accordance with the recommendations of the committee of inquiry that there be a simple and adequate system of objection and appeal.

Under existing Statutes a ratepayer often has no choice and is forced into a formal appeal situation, sometimes merely to correct a minor typographical error. This situation is remedied by the proposals in the Bill.

Furthermore, experience with objection procedures existing in other legislation indicates that the majority of complaints are satisfied at this level without the need to proceed to a more costly court situation.

The Bill will provide for a ratepayer or taxpayer to firstly object to the valuer general. He will then be able to make an appointment, should he so wish, to discuss his property valuation with the valuer concerned. As a matter of fact many property valuations are now discussed with owners, in the office or on the property, and generally speaking, the majority of persons are satisfied with the explanations, and proceed no further.

The new objection procedure extends this informal discussion situation to all ratepayers.

If still not satisfied, the objector has only to write to the valuer general requesting him to treat the objection as an appeal. The valuer general must then promptly forward the appeal on to the tribunal.

The procedure will be simple and inexpensive and the taxpayer will be better informed on the question of his own particular property.

In conclusion, I am pleased to note that Mr Baxter has been invited to submit a proposal on a method of determining unimproved values for farming and other properties. It is obvious from the contribution he has made to this debate that he has done a great deal of research and spoken from a depth of knowledge and experience on this somewhat difficult and complex issue.

I have been assured that the submission will be welcomed, and will receive careful consideration.

Mr Tozer gave us his usual careful examination of this measure. As I have already mentioned, he referred to the frequency of valuations. I have said that this situation is improving, and will improve further as the training scheme develops. In the rural areas the cycle is now an eight-year one rather than the 10-year period he mentioned.

Mr Tozer referred also to the annual values situation versus the unimproved values situation. Both systems have advantages, and the choice is left to the rating or taxing authority.

The system of self-assessment of valuation by the owner is not considered to be a very workable one. Once an owner knows that his own value will be used to rate or tax, naturally enough he tends to set the value as low as possible. That is not necessarily a fair and equitable method when considering the whole taxpaying public.

Mr Tozer mentioned also the matter of flat rate charges combined with valuations. The Metropolitan Water Board uses such a system, but it also has some disadvantages. The owner of a good quality property tends to pay the same for water charges as does the owner of a poor quality property. In fact the owner of the good quality property may pay more, even though he does not use as much water as the owner of the lower quality property.

The Hon. J. C. Tozer: I was talking about industrial estates in that context.

The Hon. G. C. MacKINNON: Yes, the same situation could still apply. The definition of the term "unimproved values" was mentioned. The cases quoted by Mr Tozer were really exceptions to the main definition, and these are the odd and unusual properties for which statute values were necessary. For example, there are not many pastoral properties in the general scheme of things. Some of these definitions have been transposed unaltered into the new legislation.

Mention was made of anomalies in the Bill. When such instances occur, they will be brought to the notice of the valuer general, and amendments can be made in the fullness of time. The flat rate is already used partly, and provisions are made for that use to continue.

Developers have received some relief in the way of rates and taxes, but this is in the rating legislation and not in the valuation legislation.

Overall, I was grateful for Mr Tozer's usual careful study of the Bill. Mr Berry mentioned some of the mining provisions and the set values per area basis. This provision was taken from the Local Government Act, and it has been in use for some years already.

In regard to the employment of private valuers, as was pointed out the Perth City Council already uses private valuers. A general revaluation will be undertaken every three years, as I have already mentioned. Although this is not specified in the Act, the present practice is that gross rental values have been determined on a three-year basis since 1960 and the Perth City Council uses annual values except in the coastal wards of Floreat Park and City Beach where unimproved values are used. These values also will be assessed every three years so as to conform.

Changes in the annual value to gross rental value does increase the values, but the local taxing authority will no doubt change its rate in the dollar to allow for the increase.

The Hon. G. W. Berry: That does not apply to the public works country sewerage scheme.

The Hon. G. C. MacKINNON: The Public Works Department has made adjustments to its system, too. The member is thinking about the local authorities which complained in regard to that matter. The member is bringing to my attention the matter in relation to which there has been some problem with rating of local authority properties, in country areas in the main. I think all members representing country areas have brought that aspect to my attention. If they have not yet received a letter from me telling them the matter is in the process of being adjusted, the letter is in the mail.

Mr Oliver raised the matter of new buildings. Most of this information has been forwarded to the State Taxation Department for some years now. Most shires agree that there is a spin-off for them which helps them to co-ordinate their own activities. Building information is also supplied to the State Taxation Department.

Mr President, there are one or two other matters I wish to deal with. There is the matter of the unimproved value for rural land. That is the traditional method. It excludes all clearing and pasture improvements. The Bill provides for urban land or town land to be valued including merged improvements. Mr Oliver raised that matter. These are site value improvements—for instance, preparing the land for building.

Mr Oliver also raised the matter of the subdivider and the new plans or diagrams coming into being once they have been approved by the Town Planning Board. Once that has been done, they are examined by the Land Titles Office and passed as being in order for dealing. It is at this time that newly-created lots may legally be valued separately.

Mr Claughton spoke of the frequency of valuations. They are to be performed every three to four years in the metropolitan area, five years in the country, and seven to eight years in rural areas. As I mentioned before, we are hoping to increase the frequency eventually. Infrequent valuations tend to make for very marked increases in rating valuations. This is a situation which is highly undesirable. There will be an improvement

with faster valuations in the future when the new staff come on stream and the trainee-valuer scheme is established. I have already spoken about that. It is hoped that, with technological improvements in the computer field, the situation will improve.

There were some comments by Mr Claughton in relation to the Maylands and river areas. He said that high values and high rates were forcing people out of their family homes. The only answer to that is that one of the major bases for valuation is the sales evidence. It appears that the families who were living in these homes have received the advantage of selling them to people who want to live in them. This is one of the major sources, I am informed, on which valuers assess values—the number of sales in the area. These are frequent and reasonable, so some people must want to live there. It may be that some people are being forced out by higher rates, but at least they do obtain the higher prices. They demand the selling price, and this in turn reinforces the fact that the rates are high.

The Hon. R. F. Claughton: We can talk about that in the Committee stage.

The Hon. G. C. MacKINNON: Fair enough. I am trying to explain the situation.

As I say, the sales evidence is important. It provides the valuation base.

The valuation Act does not provide for the valuer to have regard for the ability of the owner to pay. I do not think it should. That would be confusing. Concessions in this area rightly remain with the rating authority. The rating authority is in the position that it can say that if the valuations are doubled it will halve the rate. If the valuation goes up from $1 million to $2 million, they can halve the rate and receive the same amount of money.

Mr President, I again express my appreciation for the thought and concern that has been shown in the debate on this Bill.

Question put and passed.

Bill read a second time.

In Committee

The Deputy Chairman of Committees (the Hon. D. W. Cooley) in the Chair; the Hon. G. C. MacKinnon (Leader of the House) in charge of the Bill.

Clauses 1 to 3 put and passed.

Clause 4: Interpretation

The Hon. O. N. B. OLIVER: In respect of the aspect of "merged improvements", I am still not satisfied with the advice given by the Minister in respect of land in the process of being developed, which is guaranteed by the bank or bonded. That land will not be assessed upon the diagram being issued and being placed in order for dealings. If the merged improvements have not taken effect, how can the valuation be placed accordingly? This is purely a decision made at the Land Titles Office; that, because it is placed in order for dealings, the improvements have already taken place. I would like the Minister to give me an answer as to how one can arrive at a merged improvement basis without the inspection of the land in order to place a valuation on it when the works have not been carried out. This is at the time when the works have only been bonded or guaranteed by the bank, and have not taken place. This is at a time when the purchaser of the land cannot proceed with improvements to the land.

The Hon. G. C. MacKINNON: Mr Oliver has referred to the definition of "merged improvements". For the sake of those members who have not the Bill before them, I will read it out. The definition is as follows—

> "merged improvements" means any works in the nature of draining, filling, excavation, grading or levelling of the land, retaining walls or other structures or works for that purpose, the removal of rocks, stone or soil, and the clearing of timber, scrub or other vegetation:

This definition has been placed in the Bill to avoid arguments as to what constitutes vacant land. It is taken from existing legislation, and the definition has been successful over a number of years. Those improvements which have altered the sale value of the land are merged into the land and taken with the land when the valuation is assessed by the valuer.

Clause put and passed.

Clauses 5 to 21 put and passed.

Clause 22: Frequency of general valuations—

The Hon. GRACE VAUGHAN: During my speech on the second reading I questioned how often the valuations would be made. I know that the Minister has made reference to what has happened in the past and what he hopes will happen in the future. It seems to me that the Bill should allow for some minimum period within which a valuation should be made, and this would overcome some of the doubts that Mr Claughton, for instance, has expressed.

The Hon. G. C. MacKINNON: Very serious consideration was given to this aspect. To start with, we want to cover the situation where there has been no significant change in values. At that time, a review of the valuations is made. There

have been times in our history when there has been no valuation, so therefore it would seem to be quite a waste of time and money to go through the whole complex process. Therefore, instead of the valuer general and his officers having to make valuations every three years, or every so often, it was decided that a general valuation shall be made within each district at such times as shall be determined. So far as practicable the valuer general shall keep all his valuations accurate and up to date. It may be that this review could be carried out, and an area need not be valued frequently.

I think the Committee will agree it is better to leave this question open. I mentioned that the aim is to carry out a valuation at least every three years in the metropolitan area, five years in the country, and seven to eight years in rural areas. That will be improved upon if possible. The flexibility inherent in this particular clause is considered desirable.

Clause put and passed.

Clauses 23 and 24 put and passed.

Clause 25: Rating or taxing authority may engage valuers to make general or interim valuations—

The Hon. GRACE VAUGHAN: I would like to ask the Minister for his opinion as to one of the statements in his second reading speech which referred to bringing the valuation carried out by the City of Perth into line with that of the valuer general. He said—

> However, under the provisions in the Bill, each time the valuer general revalues the City of Perth area, the valuations of the city valuer and the valuer general will be brought into line.

Are subclauses (5) and (6) of clause 25 the relevant provisions? If they are, that would answer my question. In the second reading speech, the Minister did not say who was to be the final valuing authority—whether it was to be the valuer general or the City of Perth, or whether they would get their heads together. Subclauses (5) and (6) obviously indicate that the valuer general will be the valuing authority. That would satisfy my question.

The Hon. G. C. MacKINNON: The short answer is "Yes". The valuer general is responsible for all valuations. If one looks at clause 25(1) one sees that a rating or taxing authority may, subject to the approval of the valuer general, employ a private valuer to carry out a valuation. Of course, it must be seen that the clause does not set that authority apart as a separate entity.

Valuations have to be submitted to the valuer general to ensure that they are in general accord with the values that are imposed throughout the State. We do not wish one group of people to escape payment of their rates and taxes. The long and short answer to the honourable member's question is "Yes".

Clause put and passed.

Clauses 26 to 31 put and passed.

Clause 32: Objections to valuation—

The Hon. R. F. CLAUGHTON: I wish to deal with the two matters that I have raised in respect of this clause. In respect to the price of land and the sort of localities referred to, I do not know what the valuations or rates are. However, I know that, in general, along the river east of Perth the values have been rising over the last few years. It was only in the last two or three years that the people there found their rate assessments being increased steeply.

I am not sure there has been a recent revaluation of land at Maylands, and the people in that area may not be aware of the problems they will face. It may be that the revaluation will take place this year.

The Minister has said that many properties are sold at increased values, and the owners make a profit and appear to be quite happy. I remember the same sort of thing being said about the area in Mt. Lawley which was zoned GR6. The people affected were not happy at all, because many of them preferred to remain where they were, and they were not prepared to sell. They had lived there all their lives, they had families, and their children were attending school in the area. They did not want to be forced out of the district.

However, if rates are increased to $400, or more in some instances, the owners of the properties are moving out not because they want to, but because they are forced to. I am not saying the Minister should do anything about the matter now; I merely point out that the problem exists. If some way could be found, as was found in respect of the area in Mt. Lawley zoned GR6, I would like the Minister to look into it.

The Hon. G. C. MacKinnon: Would you deal with the two matters one at a time?

The Hon. R. F. CLAUGHTON: All I expect is that the Minister would be agreeable to look into the problem.

The second matter deals with the timing of the valuations and of the despatch of rate assessment notices. Previously the problem was that the valuations were made, and some time later beyond the objection period the rate notices were

sent out. The ratepayers were not happy with the increases and wanted to object, but they were told it was too late. What is the position where the local authority does not carry out the revaluation?

The provision in clause 32(1)(b) says that the valuation commences with the forwarding of the local authority assessment and there is a period of 42 days in which to lodge objection. If that is the case the problem would be overcome.

The Hon. G. C. MacKINNON: The second matter raised by the honourable member has been considered. The honourable member said there had been a revaluation, as in the case of Maylands last year, but it had not been adopted. Provision has been made for the people concerned to approach the valuer general with a request to look into the matter. If it is necessary the period could be extended, and the valuer general has the authority to do that.

The Hon. R. F. Claughton: What you are saying is the revaluation has taken effect, and that the 42 days do not mean anything.

The Hon. G. C. MacKINNON: The period means something. If we have a situation as outlined by the honourable member, the 42 days may have passed before the owner knows anything about the matter. If he can prove that to the valuer general, the latter can do something about the matter. There is that degree of flexibility quite properly written into the legislation.

The case mentioned by the honourable member has been noted. A period of time had to be inserted, and the period of 42 days was considered reasonable. Flexibility has been provided for any matter to be examined by the valuer general. If he considers it necessary he can ask for an objection to be lodged.

What I was saying was that if a person did not want to leave, but the high rates would force him out of the district because of his inability to pay, it would be an unfortunate circumstance. I was saying that the higher prices received represented some compensation, but poor compensation, especially to someone who had lived in the area all his life and whose memories were attached to the people in the area.

The point raised by the honourable member has been noted, but I cannot offer a solution offhand. I suppose we have done something to ease the position by allowing a 25 per cent rebate in the rates of pensioners. I cannot say anthing more on that. It is a problem we have all experienced. It seems that as people grow older they are loth to leave their places of abode.

The Hon. R. F. CLAUGHTON: The problem is made worse because the suburb is a low-cost suburb. and there is a great difference in the rating because the sites along the river are more desirable.

The Hon. G. C. MacKinnon: That is so.

The Hon. R. F. CLAUGHTON: Does the Minister say that a person so affected will be able to write to the valuer general who will arrange for a hearing before the tribunal?

The Hon. G. C. MacKinnon: The person objects firstly, and then the valuer general takes up the matter and arranges a hearing.

The Hon. R. F. CLAUGHTON: Will the valuer general wait for a collection of cases before hearing them?

The Hon. G. C. MacKINNON: If it is an individual case and requires clarification, it is treated on an individual basis by the valuer general. If the person concerned wants to go beyond that he has to wait for a collection of cases to be heard by the tribunal.

Clause put and passed.

Clauses 33 to 36 put and passed.

Clause 37: Municipalities to furnish information to Valuer-General—

The Hon. O. N. B. OLIVER: I am not quite satisfied with the answer I have received. I understand that the department of the valuer general will have available to it information on building completions and commencements. I fail to understand the requirement for local authorities to provide building permits. A building permit is purely a permit to build; and it does not mean that the actual construction will take place and be completed. Therefore I find difficulty in reconciling this with what the Minister has said.

I can understand the problem experienced by the Minister in respect of owner-builders and owner-improvers, because they would not be notifiable through the Bureau of Statistics. There seems to be a duplication of statistical requirements, and this seems too bureaucratic. I would like to be told why there is a requirement for local authorities to provide that information, when the Minister in his reply to the debate said that the information was readily available.

The Hon. G. C. MacKINNON: The clause proposes to require local authorities to supply the valuer general with information necessary for his records to enable valuations to be accurately determined. However, it is to be noted that in respect of completions, local authorities are to be required to supply only those known to them. This is included so as not to throw unreasonable

burdens on authorities which do not have this information readily available.

I do not think this is a very onerous responsibility. The position is covered to the extent that nobody will be burdened by the bureaucracy.

The Hon. O. N. B. Oliver: Why are there to be two requirements? What you are touching on is the occupancy certificate which some local authorities are required to give.

The Hon. G. C. MacKINNON: That is covered by the provision in paragraph (b) on page 25 of the Bill, which refers to "a schedule of all projects for which the municipality had issued building licences and which were known by the municipality to have been completed . . ." In fact, the municipalities are aware.

Clause put and passed.

Clauses 38 to 40 put and passed.

Clause 41: Valuation not affected by irregularity—

The Hon. G. W. BERRY: I did not hear an explanation of this clause about which I am not too clear.

The Hon. G. C. MacKINNON: This a bit of a "catch-all" clause. If anything has been forgotten, the action is not made illegal. If a valuation is placed on a property, but the municipality has not been told or something else has not been done, the valuation is not made null and void. The valuation still stands as a basis for rates and taxes.

In all rules and regulations, including those of the Army, particularly when valuations are involved, this type of provision is included. The valuation of the valuer general cannot be upset legally merely because he has forgotten to fill in a form or has forgotten some other minor detail under the legislation.

Clause put and passed.

Clauses 42 to 49 put and passed.

Title—

The Hon. J. C. TOZER: I rise now because there was no clause under which it was appropriate to so do in order to refer to the three items which I believe should be given further consideration under the Bill.

The Minister skated over the matters when he summarised in his speech, but he did not adequately answer my questions. Maybe the matters cannot be dealt with in additional clauses under the Bill and perhaps they should be included in other legislation.

The first matter relates to an appeal on the grounds that an anomaly exists. I realise that the valuer general makes an independent judgment not subject to direction, but there is a definition which directs him. I consider there is need for some statutory provision when the existing definition is not adequate to meet the anomaly. Perhaps such a provision should be included in one or more of the nine Acts, but I would like the Minister to advise me on the matter.

The next point related to the combined flat rate and annual values. It was no good the Minister telling me that the metropolitan water supply Act already covered this. I want to know whether or not there should be legislative authority for the valuer general to do this and, if so, whether such authority should be included in the Bill before us. Again, it may well be that an amendment is required to the Local Government Act, but perhaps the experts could tell me.

The third matter related to estate developers. The Leader of the House seemed to indicate that what I desired could be achieved. However, if this is so I do not think it can be achieved legally under the Bill.

The Hon. G. C. MacKinnon: Could you repeat the point about the estate developers?

The Hon. J. C. TOZER: One of the recommendations of the committee of inquiry was that relief from rates and taxes should be granted to estate developers. This recommendation is No. 37 in the report. I indicated that I felt that such a provision could be an instrument by which the Government could provide an incentive for decentralisation of industry. I want to know how provision can be made in order to grant relief from rates and taxes to a property developer until such time as the property is sold in the normal way.

The Hon. G. C. MacKINNON: The anomalies to which the honourable member refers occur under many Acts and these are what give most of us our occupation. If an appeal does not adequately deal with an anomaly, a constituent will approach his local member of Parliament who will refer the matter to a department, the Minister of which will then refer it to Cabinet in order that the appropriate Act can be amended.

I have yet to learn of an Act or administrative action which does not create some anomalies. A tremendous amount of legislation has been introduced over the years to resolve anomalies, but the legislation in itself seems to create more anomalies. There must be a cutting-off point somewhere.

The matter raised by Mr Tozer is extremely difficult. I think all members know that endeavours have been made to provide the

flexibility needed to cope with the anomalies about which I think Mr Tozer is speaking. Almost invariably someone complains that the situation should be tightened up because too much is being left to the person concerned—in this case, the valuer general.

A few moments ago I pointed out that some flexibility had been provided in a particular clause, and Mr Claughton accepted this explanation. Nevertheless I could think of a degree of flexibility which Mr Claughton may baulk at and say it is going too far.

I do not think there is any other answer. Perhaps I have not understood Mr Tozer but, if I have, there is no other answer.

With regard to the flat rate, it must be included in the rating Act—not this one—if we are to have a flat rate at all. This is why it does not come into this debate.

The simple answer with regard to the recommendation concerning the estate developers is that it was not accepted by Cabinet. Some concessions had been given to estate developers under the land tax legislation and they were considered sufficient. That was one of the recommendations—not the only one—which was not accepted. That is the reason, and I could not elaborate further than that.

The Hon. J. C. TOZER: I thank the Minister for those comments. Clearly when he refers to the flat rate and the annual values, he means that they should be dealt with under all the rating Acts associated with the raising of rates.

The Hon. G. C. MacKinnon: Yes.

The Hon. J. C. TOZER: I am sorry the Government chose not to accept the recommendation regarding the estate developers. Obviously this is a matter which must be pursued at another place and another time, and I will do so.

In the case of the recommendation the committee made concerning special provision for anomalies, I think it has to be understood that the valuer general is not subject to direction. He has his own independent judgment. However, the definition with regard to gross rental values and so on contains no flexibility at all. The valuer general must read the definition and interpret it when he inspects a property and values it. Certainly that will introduce certain outrageous anomalies, and I gave several instances during my speech. One related to a little old lady in a busy main street; one related to the Karratha light industrial area; and another dealt with a contractor moving into Port Hedland and buying houses at grossly inflated prices.

The latter case is a specific anomaly; there is no relationship between the price the contractor pays under special conditions and what the community at large will pay. It is an anomalous and extraordinary situation which the valuer general is not able to overcome. I consider that there should be some statutory provision to enable him to overcome it. As an alternative I suggested that he should perhaps refer the matter to the tribunal which would then pass it on to the Minister. There must be some outlet by which he can overcome completely anomalous situations.

The Hon. G. C. MacKINNON: The proposition Mr Tozer suggests would, in many ways, create many more problems. The valuation system must be kept as simple and as direct as it can be. I can well recall a Bunbury lady, now deceased. She was a single lady living on her own. It was considered necessary that the road at the back beach be widened. She was a wealthy lady and the road was widened except for the area around her house. The situation was that there was a little sand hill on the top of which was her house and nothing could be done about it. The public had to put up with the dangers associated with the situation.

In another instance flexibility was allowed and as a result a very urgently needed telephone exchange, with all its appurtenances, was delayed for nine years because a certain lady took an unconscionable time about dying, as someone once said about someone else in a famous publication.

As I said a moment ago, when trying to solve one anomaly, another is created. I am very much afraid that if a little old lady or a little old man happened to be living in a quaint little house down town where Walsh's store was on the corner of Hay and William Streets, we would have found it necessary to rate him or her out of business in the commonweal.

That would have been an anomaly. It is a very difficult situation and I am glad I do not have the job of the valuer general when he has to face it. Nevertheless, we all face that kind of situation from time to time. This time I have caught on to the type of anomaly Mr Tozer discussed and I have pointed out it is not simple. In everybody's interests and in the interest of the common weal, any valuation must be simple, and in a situation where values are going sky high it is probably desirable that something be done about it.

The Hon. J. C. TOZER: Clearly the lady on the hill is not related at all to valuations.

The Hon. G. C. MacKinnon: She is. She would not accept the valuation to get out.

The Hon. J. C. TOZER: I will read a little of what the committee of inquiry had to say under the heading, "Appeals on the ground that an anomaly exists"—

> If the appeal be on the ground that an anomaly exists, the Appeals Tribunal should have power to make such recommendations to the appropriate Minister as appear to the Appeals Tribunal to be just in the circumstances.

In his second reading speech the Minister went to a lot of trouble to explain how much work had been done by the committee of inquiry preparatory to the drafting of the Bill.

The Hon. G. C. MacKinnon: The tribunal can do almost what it likes, can it not?

The Hon. J. C. TOZER: It cannot depart from the definitions in the legislation, quite clearly. All I am saying is what the committee thought was practicable seems to me to be practicable but the Minister tells us it is not practicable; so I cannot pursue it at this stage.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

LAND VALUATION TRIBUNALS BILL

Second Reading

Debate resumed from the 20th September.

THE HON. GRACE VAUGHAN (South-East Metropolitan) [9.17 p.m.]: This Bill accompanies the one with which we have just dealt and sets up the land valuation tribunals which will be required to hear appeals against the valuer general's valuations or valuations made by people commissioned by him to make such valuations.

As well as setting up the tribunals specified in the Valuation of Land Bill, this legislation makes a valiant attempt to do something which probably needed to be done a long time ago; that is, it rationalises the number of boards, courts, and tribunals which now hear appeals against valuations under many Acts and authorities.

A couple of matters worry me a little. I am pleased to see that a consumer representative is to be included in such a small tribunal. Perhaps the Government has been listening to the frequent plaintive cry of the Opposition that there should be a consumer on a board of any size. It is gratifying to see one is included here.

The matter that worries me, however, is the disqualification of public servants. I can understand we would not want a member or ex-member of the staff of the valuer general to be the consumer representative, the qualified legal practitioner, or in any of the three categories. However, it seems to me to be a little like throwing the baby out with the bath water, and in fact we are saying that something like 20 per cent of the people in the work force will be excluded from representation on such a tribunal. That is rather a pity.

The Hon. G. C. MacKinnon: How do you work that out?

The Hon. GRACE VAUGHAN: No-one who is employed under the Public Service Act may be a member of the tribunal, and I think 20 per cent of all people in the work force are employed under the Public Service Act. Something like 25 per cent of the people in the work force are employed by Government authorities, including local authorities.

Nevertheless, we support the Bill. All these Bills may have some teething troubles but the Government must be prepared for that. The legislation is a brave new step towards rationalising the valuation of land and appeals therefrom.

THE HON. G. C. MacKINNON (South-West—Leader of the House) [9.21 p.m.]: I thank the honourable member for her interest. I am inclined to agree with what she said about public servants, but we must be realistic. If we included a representative who was a public servant, irrespective of whether that man or woman was exceedingly strong minded, the cry would go up that as a Government servant he would do only what the Government or the Minister wanted him to do. The accusation would be quite unjust, but that would be the cry, and I hasten to assure the honourable member it is a cry that might even go up in this Chamber. I would not like to inflict that on the poor fellow, and I think we will do without him.

Question put and passed.

Bill read a second time.

In Committee, etc.

Bill passed through Committee without debate, reported without amendment, and the report adopted.

ACTS AMENDMENT AND REPEAL (VALUATION OF LAND) BILL

Second Reading

Debate resumed from the 20th September.

THE HON. GRACE VAUGHAN (South-East Metropolitan) [9.26 p.m.]: We support this Bill as well. It is complementary to the two previous Bills and amends 14 Acts in order that the terminology may be rationalised. It is hoped this will save time and money and a lot of confusion.

The Hon. G. C. MacKinnon: Thank you.

Question put and passed.

Bill read a second time.

In Committee, etc.

Bill passed through Committee without debate, reported without amendment, and the report adopted.

House adjourned at 9.30 p.m.

QUESTIONS ON NOTICE

MINING

"Hay Street Boyos"

329. The Hon. R. F. CLAUGHTON, to the Attorney General:

(1) Is the Minister investigating the activities of the group of companies criticised in the article headed "The Mining Adventures of the Hay Street Boyos" in an article appearing in the *Australian Financial Review* on the 15th September, 1978?

(2) Does he consider the activities of the group may be damaging to the long term investment interests of this State?

The Hon. I. G. MEDCALF replied:

(1) No.

(2) It would be highly improper for me to express any opinion based on the article referred to. It is pertinent to note that a spokesman for most of the companies concerned was reported in the *Weekend News* of the 16th September, 1978, as saying that most of the statements in the *Australian Financial Review* article were wrong.

WATER SUPPLIES

Dam: Wellington

330. The Hon. W. M. PIESSE, to the Minister for Works and Water Supplies:

(1) Is the Government intending to offer to buy back land from those people who are forbidden to clear land in the Wellington catchment area?

(2) If so, what will be the terms of the purchase?

(3) If not, has the Government decided on what compensation will be offered to the people who are forbidden to clear this land in the catchment area?

The Hon. G. C. MacKINNON replied:

(1) Offers to purchase have been made to five owners on the Wellington catchment area. Of these, four have either been concluded or are in the course of negotiation.

(2) Terms of purchase vary, but generally reflect full commercial market value.

(3) Not applicable.