

WITNESS STATEMENT OF TIM PALLAS

I, Tim Pallas, Treasurer, Minister for Industrial Relations and Minister for Economic Growth, of 1 Treasury Place, East Melbourne provide this Statement to assist the Yoorrook Justice Commission (**the Commission**) on the subject matters about which I have been asked to give evidence and say as follows.

1. I wish to thank the Commission for the opportunity to make this statement, the contents of which are, to the best of my knowledge, true and correct.

A – ACKNOWLEDGMENTS

2. With deep personal respect, I acknowledge the Traditional Owners of the lands and waters on which I live, the Wadawurrung, Woiwurrung, Boonwurrung and Bunurong People, and the lands on which I work, the Wurundjeri People of the Kulin Nations. I want to acknowledge and pay respects to the wisdom and leadership of their ancestors and Elders.
3. I acknowledge the rich and diverse culture of Victoria's First Peoples and the enduring connection they have to the land and waters across the entire state of Victoria. I acknowledge the resilience of Aboriginal communities which continue to celebrate, preserve and pass down the oldest living culture in the world to their younger generations.
4. I acknowledge that sovereignty was never ceded and that the impacts of dispossession and colonisation on Aboriginal peoples is still felt today. The institutions and activities of colonisation, including how funds are raised and allocated in the Victorian system of government, have directly contributed to entrenched inequality and systemic injustices experienced by First Peoples. The use of lands, waters, skies and resources in Victoria, including by governments, has historically occurred without permission, recognition and compensation.
5. I acknowledge that although the devastating impacts of colonisation has disrupted First Peoples from practicing traditional laws, customs and languages – it has not diminished Aboriginal peoples' connection to Country, culture or community. I acknowledge the ongoing leadership of those communities who continue to fight for justice and self-determination, and for improved outcomes. I acknowledge that self-determination, is not just an aspiration, but a human right of First Peoples in Victoria and across Australia. The

ongoing fight for cultural rights and connection to Country has at times brought hope and optimism to the wider Victorian community, and is one that touched me early in my career.

6. I recall when I was Chief of Staff to then Premier Steve Bracks in 2004, the Victorian Labor Government amended the Constitution of the State of Victoria to formally recognise First Peoples. At the time, it was a step toward reconciliation and respect in acknowledging Aboriginal people as the original custodians and recognising the spiritual, social, cultural, and economic relationship to the land. The amendment rightly declared the unique and irreplaceable contribution to the identity and wellbeing of Victoria of Aboriginal communities.
7. However, although the statements enshrined into the Constitution still stand true today, I acknowledge that despite the progress that has been made, not enough has been done to address the systemic injustices and inequalities that continue today, twenty years on.
8. I recognise that today's system of government still carries its legacy from colonial foundations, and that Victoria's financial management principles, state revenue policies and the decision-making processes fail to adequately include First Peoples' voices, perspectives and priorities.
9. I acknowledge that, as Treasurer, and on behalf of those who have come before me in this role, we have not done enough to ensure that First Peoples have been included in the wealth of Victoria. I acknowledge that much more work is required to reflect First Peoples' voices and experiences at the centre of government decision making. I am here to listen and to learn.
10. I submit this statement with hope that it will be of service to the Commission, and with a commitment to engage in an open and genuine conversation throughout this truth-telling process.

B – PROFESSIONAL BACKGROUND

11. I provide this statement as Treasurer of the State of Victoria, a position I have held since December 2014.
12. As well as Treasurer, I also hold the offices of Minister for Industrial Relations, a position I have held since December 2018, and Minister for Economic Growth, since October 2023. I was first elected to the Legislative Assembly in 2006 representing the electorate of Tarneit, and then representing the electorate of Werribee from November 2014.

13. I hold a Bachelor of Arts and Bachelor of Laws from the Australian National University (1983) and was admitted to the Supreme Court of Victoria as an Australian Legal Practitioner. I am also a graduate of the Australian Institute of Company Directors (2013 or 2014).
14. Before entering Parliament my work has included, as previously mentioned, Chief of Staff to former Premier Steve Bracks, Assistant Secretary of the Australian Council of Trade Unions, and roles in the Storemen and Packers' Union (now an amalgamated part of the United Workers Union) and the Federal Firefighters' Union (now an amalgamated part of the United Firefighters Union of Australia).

C –THE ROLE AND RESPONSIBILITIES OF TREASURER

15. My responsibilities as Treasurer of the State of Victoria include:
- a. preparing and delivering the annual State Budget, which is a key aspect of the overall framework for the management of public funds and resources in Victoria;
 - b. promoting economic growth across the State of Victoria;
 - c. overseeing the economic policy and strategy of the Government;
 - d. developing the fiscal objectives and strategy for the State of Victoria;
 - e. wages policy, which operates in conjunction with industrial relations policies;
 - f. overseeing the planning and delivery of major infrastructure projects; and
 - g. revenue policy and collection for the State of Victoria.
16. Relevant to the Commission's inquiry into land injustice is my portfolio responsibility for revenue policy and collection, which includes land and property tax.
17. As Treasurer, it is also my responsibility to ensure that Government meets its legislative obligations to establish and maintain a budgeting and reporting framework consistent with the principles of sound financial management.¹ This includes:

¹ *Financial Management Act 1984 (Vic) (FMA)*, s 23C.

- a. managing financial risks faced by the State prudently, having regard to economic circumstances;²
- b. pursuing spending and taxing policies that are consistent with a reasonable degree of stability and predictability in the level of the tax burden;
- c. maintaining the integrity of the Victorian tax system;
- d. ensuring that the Government's policy decisions have regard to the financial effects on future generations; and
- e. providing full, accurate and timely disclosure of financial information relating to the activities of the Government and its agencies.³

18. The Government carefully considers Victoria's taxation settings including which assets or activities taxes are levied on, who they apply to, and tax rates. In determining tax settings, the Government must balance many competing priorities, including community views, economic conditions and the need to adequately fund the services and infrastructure on which Victorians rely. These priorities sometimes change quickly – for example when adjustments to tax settings were needed in response to the COVID-19 pandemic. The Government is constantly reviewing tax settings and adjusting them as current and future community needs shift.

19. Consistent with this approach, land tax assessments move with land values. I am proud that Victoria's land tax scale remains equitable and progressive by ensuring that smaller property investors pay proportionally less than those with larger landholdings.

20. As Treasurer, it is my responsibility to report on the finances of the whole state, and therefore it is a requirement of my role to take a whole-of-government view. I have a coordinating role in the State Budget process and in the consideration of funding requests brought by portfolio ministers to the Budget and Finance Committee of Cabinet (**BFC**). Funding decisions must take into account the impact on the state's finances, as well as assessing what they will deliver for the community. Portfolio ministers are individually responsible to Parliament for how they spend whatever funding is approved by BFC to implement programs and services, including what they are able to achieve with that funding against their portfolio responsibilities.

² The "financial risks" are referred to in an inclusive way in s 23D(2) of the FMA.

³ FMA, s 23D.

21. As Treasurer, I am also required to maintain oversight of the overall health of the economy, and its effects on the wellbeing of all Victorians. Economic conditions are of course also an important consideration in the decision making of Cabinet and Cabinet Committees such as BFC.

D –PROPERTY TAXES AND LAND-BASED REVENUE STREAMS

22. I understand that the Commission has provided a list of questions for the State to address for the purposes of the hearings related to land injustice. Relevant to my portfolio responsibilities as Treasurer was question 93a–c, which asks for the annual land related revenues obtained within the State of Victoria, from 1 January 2010 to present, deriving from property taxes, property levies (e.g. development contributions, GAIC) and property transactions (including stamp duty).

23. I understand that in response to question 93a–c, the Department of Treasury and Finance has compiled the information and submitted it to the Commission on 19 February 2024.

24. To assist the Commission and provide further policy context of land related revenue in Victoria, it is important to note that under the *Commonwealth of Australia Constitution Act 1900* (Cth), Commonwealth and State Governments are both able to levy taxes.⁴ The majority of tax revenue in Australia is collected by the Commonwealth Government, with States relying on a select few taxes, including those on property, to raise general revenue.⁵

25. Revenue generated from land constitutes a key part of Government revenue in Victoria. Revenue collected through land and property taxes is deposited into what is referred to as the Consolidated Fund.⁶ This is the Government's primary financial account, established by the FMA, that receives all Consolidated Revenue under the *Constitution*

⁴ Commonwealth taxes cannot discriminate between States or parts of States, and duties of customs and excise may only be imposed by the Commonwealth (not the States). Excises are broadly defined as a tax on the production, manufacture, sale, distribution, or consumption of goods, as opposed to taxes on land, income, services, persons or activities.

⁵ The interpretation of the allocation of taxation powers in the Constitution has been modified and clarified by various Commonwealth High Court decisions over many decades, generally with the consequence of limiting the types of taxes than can be levied by State governments.

⁶ With the exception of revenue collected from the Metropolitan Improvement Levy, GAIC and section 173 agreements, being agreements for interim development contributions in the Fisherman's Bend Precinct.

Act 1975 (Vic) and other monies as defined in section 9 of the FMA. Government uses the Consolidated Fund to allocate monies to specific purposes.

26. Revenue from land and property tax is used by the Government to provide the core services and infrastructure on which the Victorian community rely. This includes public schools, hospitals, social services, public transport, roads, and emergency services. These investments are made for the benefit of the Victorian community through the annual State Budget.

E – CLOSING REMARKS

27. I appreciate the important work that the Yoorrook Justice Commission is undertaking. I understand the purpose of this truth-telling process is to serve as a turning point for the Victorian community in facing the past and continued injustices experienced by generations of First Peoples as a result of colonisation. Where we are today is not where we want to be.
28. Through truth-telling, it is my hope that we lay the foundations for ongoing change and reform toward First Peoples' self-determination. I hope the Government's commitment for change – through having established the Commission and commitment to progressing Treaty, demonstrates to First Peoples of Victoria that this is a shared and joint aspiration.
29. Finally, I would like to thank and personally acknowledge the generosity of Victoria's First Peoples in sharing their experiences and their culture with the broader Victorian community throughout the Yoorrook Justice Commission's hearings.
30. If the Commission has further questions related to my portfolio or this statement, I am available to assist.

Dated: 08/03/2024

Signed:

Tim Pallas MP

