

KIM WELLS MP

STATE BUDGET REPLY

6 MAY 2010

The Coalition's way forward

Already, the Coalition has publicly announced more than 60 policies since the 2006 state election including many with a strong focus on law and order issues.

Interestingly, more than 50 previously announced Coalition commitments have been 'adopted' by Labor to date since the last state election.

A sure and telling sign of a tired and policy-starved government that has run out of ideas.

In recent months, we have announced a range of law and order policies including:

- 1700 new police able to be deployed to areas of under-resourcing and need across the state including 100 new transit police patrolling the public transport network;
- 940 Protective Services Officers manning all metropolitan and major regional train stations from 6pm until the last train, seven days a week;
- The abolition of suspended sentences;
- Banning violent drunks from licensed premises;
- Banning the sale of knives to minors;
- A shake up of liquor licences;
- Tough new anti-hoon laws;
- Outlawing criminal bkie gangs;
- Strengthening Neighbourhood Watch; and
- Establishing an independent broad-based anti-corruption commission.

A solid plan designed to clean up our streets and make them safe again.

In terms of restoring general State Government services and infrastructure there needs to be a return to fixing the basics.

We need to ensure the effective and efficient use of existing resources within current programs to rebuild service provision.

To mention just a few:

In public transport, we must fix the basic infrastructure to ensure existing and future customer demand requirements are met.

In health, we need to fix the State's ageing infrastructure to meet the growth in demand.

This is why we have proposed to establish a \$1 billion *Health Infrastructure Fund*, paid for from the proceeds of the current sale of electronic gaming machine licences and we have challenged the Brumby Government to match it.

The revenue stream from the sale of the EGM licences should be channelled into a dedicated fund to provide productive capital investments in health for the long term benefit of Victorians.

With respect to better assisting business in Victoria to drive the economy forward, the Coalition is critical of the level of red tape businesses today encounter.

And that is why a high priority for the Coalition will be working closely with business to drive down the level of unnecessary complexity of government compliance and regulatory red tape requirements across all business sectors.

The Coalition is also committed to undertaking a detailed review of the State tax base and Government imposts after a full and proper analysis of the Henry Review and its recommendations on State revenue and the Federal Government's response.

Other Treasury-related policy initiatives of the Coalition include:

- A commitment to a minimum annual budget surplus of \$100 million;
- A commitment to overhaul the cost and time management of major projects;
- A review of the Fire Services Levy to make the funding of fire services fairer;
- An independent public inquiry into Victorian Government investments, following the unprecedented loss of more than \$10 billion in funds by the Victorian Funds Management Corporation;
- A transparent and independent audit of the State's finances; and
- The production of a "Stronger Victoria" report - a comprehensive analysis of the State's economic competitiveness.

Of course, further Coalition policy initiatives will be announced in the lead up to the November election.

Introduction

The State Labor Government's 11 year legacy will be judged by Victorians on 27 November 2010.

Above all else, the Brumby Government has achieved the undisputable status of being a dishonest government.

The most dishonest in living memory.

State Labor promised an open, transparent and accountable government.

However, over 11 long years, Victorians have had to endure:

- hundreds of millions of dollars of dishonest and blatant political government advertising;
- almost \$11 billion dollars in cost blowouts on projects with little or no acknowledgment of responsibility or accountability;

- A government hiding behind commercial-in-confidence to avoid proper scrutiny;
- sham public and stakeholder consultation processes - the Windsor Hotel scandal being a prime example;
- increasing evidence of and continuing ongoing allegations of corruption;
- record numbers of spin doctors and media experts;
- requests for information are met with derision, spin, excuses and expensive VCAT battles; and
- absolutely no ministerial or government accountability.

The Brumby Government focuses on cover-ups and dishonesty rather than proper ministerial and government accountability.

However, the situation gets worse.

In 11 years, the Brumby Labor Government will have collected over \$340 billion in an unprecedented revenue take.

And the budget has more than doubled from \$19 billion to almost \$45 billion.

At the same time, the Brumby Government has presided over a concerning increase in state debt.

A debt which is expected to have increased in only six years by more than eight-fold to a forecast \$31.7 billion in 2014.

Yet there are absolutely no debt repayment plans in place.

They continue to keep racking up massive debt without a care in the world or any accountability for how this debt will ever be repaid.

Our children and grand children will be left with the responsibility of paying back this enormous debt legacy.

The question that begs to be answered is, has the extra revenue and new state debt been used efficiently by the Brumby Government to provide quality basic services and infrastructure for Victorians?

The answer is a resounding no.

Victoria should have been in a good financial position over the Budget estimates period to benefit from expected world economic growth post the crisis.

However, on this point, the Brumby Government has failed Victorians.

The reasons –

1. Labor's financial mismanagement, characterised by waste and incompetent project management;
2. Steeply increasing state debt; and
3. A failure to properly plan for Victoria's high population growth.

These have resulted in a breakdown in basic services and the failing of the State's infrastructure.

Victorians are sick and tired of a State Government which has failed to deliver.

The basics need to be fixed.

Basic services are failing, many to breaking point.

- The breakdown in law and order;
- Public transport that is unreliable, overcrowded and doesn't work;
- Congested roads;
- Increased hospital waiting lists and emergency department waiting times;
- Declining standards of education;
- An unreliable water supply; and
- An unfair distribution of services and infrastructure provision for country Victoria.

Given that the State Labor Government has been in power for 11 long years and has had access to more than \$340 billion in revenue and more than \$31 billion in net debt flowing into the State's coffers, why is it that our basic services and infrastructure have failed?

The Brumby Government must be held to account.

Victorians deserve better.

The Victorian Economy

World economies finally appear to be improving from the lows experienced following the global financial crisis.

However, despite more optimistic forecasts in this Budget than last, the Victorian economy remains fragile.

Furthermore, the Brumby Government has failed to address the major underlying issues of high population growth, housing affordability and real structural change within the Victorian economy.

The Victorian economy has been increasingly reliant on the housing sector and population increases to drive growth.

Last financial year, Victoria's population increased 2.2 per cent - 70 per cent of that increase due to overseas migration.

Access Economics in its September Quarter 2009 report described population growth as "underpinning" the State's economic growth.

However, housing affordability is a real issue for many Victorians.

A median-priced house in Melbourne now costs more than eight times the average annual pre-tax wage of \$63,000, making it extremely difficult for home buyers.

(Chart 1)

According to a recent international housing affordability survey by Demographia, the average Melbourne household would need to spend over 50 per cent of its annual income to pay for the mortgage on a median-priced house.

The survey also found Melbourne housing was "severely unaffordable."

Out of 272 cities surveyed, Melbourne was rated the third most unaffordable.

Housing affordability is approaching levels where many first home buyers and new residents in Victoria will be shut out of the market.

This is due to:

1. the supply of new housing blocks failing to match the strong demand from population growth;
2. stamp duty payable on an average Melbourne family home being the highest in Australia; and
3. the Brumby Government's decade of inaction on the issue and its failure to properly plan for the state's significant population growth.

And of course, State Labor is further reluctant to do anything on the issue because of its vested interest in benefiting from the continual increase in stamp duty payable on rising property prices.

However, it is now crunch time and the Government has failed to address the critical issue that the Victorian economy now requires a wider, more stable economic base for continuing growth.

Last month's Commsec state economic analysis reinforced this view, rating the Victorian economy third last for economic performance among the eight State and Territory economies. It noted that "there is little to separate Victoria, Northern Territory and Tasmania" in the economic league table.

Under Labor, Victoria's manufacturing sector has continued to decline and the State's export performance can only be described as mediocre.

Since 1998-99, manufacturing's share of the Victorian economy has fallen by nearly a third to just over 11 per cent.

Victoria's export volumes are barely matching levels of a decade ago.

Victoria's share of national merchandise exports has decreased from 20 per cent in 1999 to just over 9 per cent a decade later.

Even New South Wales was able to grow its exports by 36 per cent since 2001, while Victoria's exports have fallen 22 per cent - the worst performance of any State.

The Brumby Government has failed to fix the infrastructure and regulatory blockages impeding our internationally competitive enterprises.

Financial Mismanagement

Project Cost Blowouts under the Brumby Government

The Brumby Labor Government has overseen budget cost blowouts of almost \$11 billion on state government projects in Victoria over its 11 years in power.

Nearly a billion dollars a year on average - I repeat, a billion dollars - wasted each and every year under the State Government's incompetent management.

Project management has been characterised by a total loss of control as the actual cost of projects to Victorian taxpayers has now reached \$10.7 billion and is still rising above original budgets.

Budget Papers also highlight total non-financial public sector net debt under State Labor will have increased ten-fold from an actual \$3.1 billion in 2002 to an estimated \$31.7 billion by 2014.

A large part of the state debt spiral can now be attributed to the Government's massive project cost blowouts and poor project management.

The Brumby Government has a lot of explaining to do as to why it simply cannot manage taxpayers' funds when it comes to infrastructure projects and why it has wasted billions and billions of dollars.

The myki public transport ticketing system fiasco is a prime example of the shambles under the Brumby Government.

Not only is the project more than three years late, the original \$494 million project cost has now blown out by almost three times to \$1.4 billion and is still climbing.

The full cost of the desalination plant is continuing to steeply increase from an already massive \$3.1 billion to \$4.8 billion with the probability it will soon pass \$5 billion, resulting in an extraordinary increase in water bills for Victorians over the next four years.

The Brumby Government's Regional Fast Rail project was originally projected to cost \$80 million yet this blew out by an unbelievable \$839 million.

A budget blowout of more than 1,000 per cent - with only a very marginal improvement in travel times.

The Smart Meter project has ballooned from \$800 million to an estimated \$2.2 billion and climbing.

Victorian households are already paying for smart meters they don't have and electricity retailers will recover every cent of distributors' costs of smart meters directly from customers through their electricity bills.

The Coalition is in no doubt that the Brumby Government has mismanaged the State's projects with what is virtually the waste of an entire year's capital spending budget in disgraceful cost blowouts.

With proper oversight and vigorous project management measures, this almost \$11 billion in cost blowouts by the Brumby Government could have been spent on other important infrastructure projects or reduced debt levels.

The Brumby Government and Labor simply cannot be trusted when it comes to managing Victoria's finances and essential infrastructure development.

The State Budget

Summary

The Brumby Government has delivered a cynical election Budget full of hollow promises and unfunded commitments.

After 11 years in power, Labor has offered no solutions and no relief for struggling Victorians.

This Budget does not make up for 11 years of Labor neglect.

This Budget offers Victorians one guarantee: when they wake up every morning, nothing will have changed and basic services in Victoria will still be getting worse, not better under the Brumby Government.

The centrepiece of this Budget is the Coalition's policing plan which the Brumby Government has stolen and copied, but without matching the Coalition's commitment to put 940 Victoria Police PSOs on train stations at night to protect Victorians using public transport.

Unlike the Coalition, Labor has not offered a comprehensive response to law and order problems that includes a zero tolerance approach and tougher sentencing.

This Budget short-changes the people of Bendigo and Box Hill by failing to adequately fund the new hospitals promised by the Government.

There is almost no money for Bendigo Hospital until 2012, only \$200 million is provided until 2014 and the amount provided is around half of what was expected – with the hospital unlikely to be finished until 2016-17, almost 10 years since it was first promised by Labor.

Box Hill Hospital is now the rebuilding of a "block" according to the Budget papers – not a whole new hospital.

Payroll Tax

(Chart 2)

The State Government has benefited from record payroll tax revenues of more than \$30 billion since 1999.

Payroll tax will have increased by 105 per cent from \$2.1 billion in 1998-99 to an estimated \$4.3 billion next financial year and is expected to increase by a further 19 per cent to \$5.1 billion by 2013-14.

More and more small businesses are being caught up in the payroll tax net each year due to the low payroll tax threshold in Victoria of \$550,000 per annum - the lowest of any State.

State Comparison of Payroll Tax Thresholds:

Tasmania	\$1,010,000	84 per cent higher
Queensland	\$1,000,000	82 per cent higher
Western Australia	\$750,000	36 per cent higher
New South Wales	\$638,000	16 per cent higher
South Australia	\$600,000	9 per cent higher
Victoria	\$550,000	-

Payroll tax was never originally intended to apply to small and medium businesses, however SMEs have been hit hard by the Brumby Government.

In 2003, Labor removed the previous long-standing exemption of apprentice and trainee wages from payroll tax.

Land Tax

(Chart 3)

Under the Brumby Government, state revenue from land tax will have increased 270 per cent from \$378 million in 1998-99 to a forecast \$1.4 billion in 2010-11.

The land tax take in this budget increases by an extra \$580 million over the forward estimates.

Land tax increases of between 100 and 500 per cent last year were largely due to Labor's removal of the previous 50 per cent cap, in a direct hit to property owners.

Jobs were threatened particularly in small-medium enterprises, many of which had been doing it tough and cash flows had been hit through the economic slowdown following the global financial crisis.

The land tax hike also worsened the private rental market crisis with some owners having to sell thereby reducing the supply of rental properties as well as through increased rents.

Stamp Duty

(Chart 4)

Since 1998-99, stamp duty on land transfers will have increased by 270 per cent from \$1 billion to an estimated \$3.7 billion in 2010-11 and by a further 14 per cent to a forecast \$4.2 billion in 2013-14.

The stamp duty take in this budget increases by an extra \$555 million over the forward estimates.

Melburnians have the dubious honour of paying the highest stamp duty of any capital city.

On a \$524,500 Melbourne median-priced home (*REIV March Quarter 2010*), Victorian non-first home buyers pay \$23,440 in stamp duty compared to \$19,093 (19 per cent lower) in NSW, \$9,608 (59 per cent lower) in Queensland, and \$18,530 (21 per cent lower) in Tasmania.

Despite the Brumby Government's continuing spin, Victorian home buyers are being more heavily taxed than their interstate counterparts.

Under Labor, the Victorian Budget continues to be heavily dependent on property taxes, mainly land tax and stamp duty.

For a decade, this dependency has doubled from 15 per cent of total State taxes to almost 35 per cent in 2010-11 and is set to rise even further as property prices and valuations increase and the possibility that the Government will collect its new development tax in the outer growth corridors.

This leaves the Budget more vulnerable than ever to the fluctuations in the property market and population growth.

Insurance Taxes

(Chart 5)

Since 1998-99, Victorian state taxes on insurance will have increased by more than 180 per cent from \$532 million to an estimated \$1.5 billion in 2010-11 and by a further 7 per cent to a forecast \$1.6 billion in 2013-14.

Due to large increases in the Fire Services Levy applied to insurance and the 'triple tax whammy' over the past decade under State Labor, it has been estimated that insurance taxes in Victoria are now among the highest in the world.

Commercial property owners in country Victoria currently pay FSL at the rate of 80 per cent and end up paying 218 per cent of their original insurance premium because of tax imposts.

As a result, ever increasing state taxes led by the FSL means that insurance for many Victorians has simply become unaffordable.

And the funding of fire services has therefore been increasingly left to a smaller and smaller pool of Victorians who can still afford to insure.

Up to 30 per cent of those affected by last year's devastating Black Saturday bushfires were totally uninsured whilst many more were underinsured.

In recognition of this, and considerable evidence that the existing system is inequitable and unfair, the Coalition has committed to reviewing the FSL, with a

view to identifying and implementing a fairer system of funding Victoria's fire services, after a thorough assessment of the final reports of the Henry tax review and the Bushfires Royal Commission.

The Coalition's position has now been vindicated by the Henry review's recommendation that the FSL should be abolished as well as by legal counsel for the Bushfires Royal Commission who recently stated that the existing insurance based FSL was inequitable and that the funding of fire services in Victoria required reform.

The Coalition's commitment on FSL is in contrast to the Brumby Government's support for the status quo.

State Debt Spiral

(Chart 6)

The Budget Papers reveal that total non-financial public sector net debt in Victoria will reach \$31.7 billion by 2014 up from less than \$3.9 billion in 2008.

Every Victorian will fund the debt which will grow over 650 per cent in six years from \$730 per head in 2008 to nearly \$6,000.

The Coalition is concerned about the level of rising state debt and the fact that no debt repayment plan has been developed.

The forecast increase in debt is one of the most rapid increases of public debt in the State's history and returns Victoria to the levels of debt set under the Cain-Kirner Governments.

In contrast to Labor's debt splurge and silence on future repayments, the Coalition last year detailed its proposed criteria for spending options funded by borrowings including the need for a debt repayment plan.

Future generations of Victorians are to be burdened with the Brumby Government's state debt spiral without any appropriate accountability or transparency, leaving them to pay while having little or nothing to show for it.

State's Interest Bill to Skyrocket

(Chart 7)

The State's debt servicing interest bill will climb over the next four years to \$3.2 billion by 2014 - an increase of more than 180 per cent since 2008.

That is \$3.2 billion each and every year; \$3,200 million that could have been used towards improving infrastructure and services such as roads and bridges, hospitals, schools or more police.

The money saved on this debt interest bill would also have been enough to meet the health funding the Brumby Government was seeking but failed to get from the Rudd Government at COAG in Canberra less than a month ago.

Labor's Extra Tax Grab

There have been a total of 26 new or extended taxes, charges and tolls introduced under Labor since 1999.

These include; the gaming machine levy in 2000; \$50 motorcycle tax in 2002; payroll tax on apprentices and trainees in 2003; indexation of fines, fees and charges in 2003; 5 percent water levy in 2004; \$80 Motor Vehicle Registration charges for pensioners, war veterans and health care card holders in 2004; Long Term Parking tax (Congestion Tax) in 2006; and the Scoresby Freeway/EastLink Tolls in 2008.

Speaker, there has been a breakdown in basic services and infrastructure.

Health

In 1999, the Brumby Government promised to fix our health system and to focus on the basics, yet the release of the latest *Your Hospitals* report shows that the Victorian hospital system is in crisis.

The report is a damning indictment of the Brumby Government's failure on health.

Victorian hospitals failed to meet 6 out of 9 of the Government's own performance indicators.

There are 40,899 sick Victorians currently on public hospital waiting lists for elective surgery, with more on hidden waiting lists.

Delays in obtaining treatment are growing alarmingly.

Why? **(Chart 8)**

1. Victoria has the fewest hospital beds per capita in Australia; and
2. The Government's failure to manage Victoria's soaring population growth and ageing demographics.

Emergency departments are overflowing with a record number of Victorians walking out rather than waiting hours for care, hospital waiting lists have been systematically manipulated and we have the highest rate of unplanned patient re-admissions in the nation.

This Budget failed to detail vital information in relation to the COAG agreement on health and the allocation of GST revenues. The Coalition is concerned about the lack of detail on such an important issue.

Education

Victoria spends the least on its public school students of any State in Australia.

Schools continue to suffer a huge maintenance backlog.

There is increasing violence and bullying in schools.

There is concern over misallocation, misappropriation and cost overruns by the Victorian Education Department in the management of the Rudd Government's 'Building the Education Revolution' projects.

There is confusion in schools with increasing red tape and bureaucratic requirements imposed by increasing centralisation.

There is also a diminishing ability for school principals and communities to make decisions that best suit the needs of children.

Labor has made promise after promise but the most basic promises are empty.

Recent data shows that only 80 per cent of young people successfully completed Year 12 or gained equivalent qualifications compared to Labor's target of 90 per cent by 2010.

Labor is failing Victoria's children.

Law and Order

(Chart 9)

The incidence of violent crime has reached new highs in each of the last four years as police patrols have declined.

The Police Association has stated that 3,000 more frontline police are required across Victoria.

The Victorian Ombudsman revealed in 2009 that Victoria's police crime statistics were not reliable and were distorted by the under-reporting of serious crimes but have nevertheless been used for years by Labor, to claim that Victoria has the safest streets in Australia and crime rates are falling.

Despite the distortions, in 2008-09, Victoria Police data for crimes against the person - reported assaults, violence and threats of violence - actually increased by 1.8 per cent on the previous year to 43,971 incidents.

Under Labor, assaults and anti-social behaviour have reached record levels on our streets, with violent crime rising by 40 per cent and assaults increasing by 70 per cent.

The escalating problem with violence around Melbourne's nightclubs and bars can be directly linked to the lack of available frontline police to maintain an adequate visible presence on the streets.

The Victorian Coalition understands something has to be done.

Labor has had 11 years to tackle crime on our streets.

And yet all it can do is react to the Coalition's lead.

Public Transport

(Chart 10)

Patronage has increased on Melbourne's trains, but this has been accompanied by a lack of planning and investment in the rail network over the decade of Labor.

Crowded trains and train platforms, systemic delays and cancellations, rising safety concerns, unreliability and customer dissatisfaction, all reflect failed infrastructure planning.

It is no coincidence then, that the public's level of dissatisfaction with the train system mirrors the decline in service standards.

Promised new trains are arriving at a trickle and are further delayed by safety concerns and technical problems that should have been sorted out before they arrived in Melbourne.

Melbourne's new train operator Metro warned the Brumby Government in 2009 that the traction power system used by Melbourne's 165 electric trains was 'overloaded' and that it 'posed serious safety concerns for operators'.

This adds to other concerns revealed in Metro's Asset Management Plan about passengers in danger of trains derailing or having a 'catastrophic' collision with structures due to lack of replacement or repair.

We will await the outcomes of the investigations into the train crash on Tuesday night on the Craigieburn line.

The Government stated when Metro was announced as the new operator that, *"Train passengers will notice the changes in their experience from day one"*.

However, that promise has now been ditched with Metro already failing to achieve its new lower performance benchmarks for service reliability.

The Transport Ticketing Authority, overseeing the disastrous myki smartcard project, is absorbing more resources on myki than is being spent by Kamco on building the system.

This is yet another indication of the waste and mismanagement in this project which is already more than \$800 million over budget, three years overdue and still not operating as promised.

Victorians will have to resign themselves to more delays, cancellations, overcrowding and frustration because of Labor's mismanagement and incompetence.

Roads

(Chart 11)

Since Labor's election in 1999, average road traffic speeds around the greater Melbourne area have steadily declined as congestion has grown.

The rising traffic delays and congestion on our roads means time lost to families and higher costs for businesses across Melbourne.

Labor has made road congestion worse by breaking a major promise in 2001 to increase the proportion of freight transported from our ports by rail from 10 per cent to 30 per cent by this year.

Last year's Budget Papers actually revealed a decline in rail freight to and from our ports from 20 per cent in 2000-01 to 12 per cent in 2007-08.

Having failed in delivering this promise, the Government's 2010-11 Budget now states, *"In place of the 30 per cent by 2010 target, the Government has developed more comprehensive freight and port strategies"*. (BP3, p.380)

What a con.

Labor's draconian policy of extension of clearway times has done nothing to improve traffic flow but has done enormous damage to businesses located along clearways.

Five traffic plans have been produced by Labor since 1999.

None have been able to relieve traffic congestion and no solution is in sight with most of the projects in the latest plan unlikely to be even started until after 2015.

Water

(Chart 12)

Water is central to every aspect of life and the economy in Victoria.

Despite Victoria being in drought for a decade it took until 2007 before Labor produced any substantial initiatives to combat water shortages.

A leaked expert report commissioned by the Brumby Cabinet shows that only weeks before Labor's 2007 water plan was announced, it was recommended that one of the crucial projects in that plan, the north-south pipeline, should not go ahead.

It further recommended that the desalination plant at Wonthaggi be located elsewhere.

Only weeks ago, the Foodbowl Modernisation Project, with its north-south pipeline, was criticised by Australia's top economists and water experts who noted the project was based on "spurious" claims and will result in the waste of hundreds of millions of taxpayers' money.

Despite the billions that are being spent on the north-south pipeline project and the Wonthaggi desalination plant, Victoria, last year, still spent less per head of population on developing its water infrastructure than any other State.

The Brumby Government's water policy is already putting massive pressure on household budgets and will continue to push up water bills steeply over the next decade.

Even when these projects come online, according to the Government's own modelling, some form of water restrictions will remain in place until at least 2013.

Disability

Families have been forgotten in the Brumby Government's cynical budget – and none more so than Victorians with a disability and their families.

Despite years of warnings and cries for help from carers and the wider disability sector, this budget offers no hope for improvement and there is little to fix inherent problems identified time and time again over recent years.

There will be no new money for day services for people with a disability and the sector will remain under-funded by almost \$20 million per annum. Families desperately needing respite will continue to wait months for just a few hours reprieve and inadequate funding for supported accommodation means those needing long-term accommodation and care will continue to be trapped on waiting lists.

Environment and Climate Change

Last week we saw the Prime Minister walk away from what he called the "great economic and moral challenge of our generation". And what Tuesday's Budget shows is the Premier's willingness to abandon leadership in the important area of climate change.

The Climate Change Bill continues to be shamelessly delayed, despite being promised almost four years ago and the long overdue Climate Change White Paper is still missing without any sign of being funded.

Even the Premier's free entry into Victoria's national parks has been exposed as the sham that it is. Victorians will be able to enjoy free entry into our iconic national parks – but wait, only guaranteed for one year, which also happens to be the same year as the State election.

Country Victoria

After 11 years, the Brumby Government has no coherent vision for country Victoria.

The centrepiece of Labor's regional development policy is a series of grant programs the principal one being the Regional Infrastructure Development Fund.

RIDF has funded many worthwhile projects in rural and regional Victoria, however, the Brumby Government's mismanagement of RIDF has meant the Fund has failed to deliver its full potential to regional communities.

Underspending in regional programmes

Unacceptable delays in the allocation of funds and underspending of funding earmarked for regional communities have been all too commonplace.

Over the 10 years to 1 July 2010, \$610 million has been allocated to RIDF.

However, as at the 30 June 2009, the Government had only spent \$383 million.

Information obtained through FOI suggests that total expenditure to 31 December 2009 is \$409 million – a paltry 67 per cent of the total funds allocated to 30 June 2010.

The reality is a large amount of money in RIDF will remain unallocated and unspent in country Victoria at the end of this financial year when the program is due to conclude.

Higher Taxes

The cost of living and doing business in country Victoria has increased under the Brumby Government.

For example, as mentioned earlier, in country Victoria the FSL on business insurance premiums has increased from 47 per cent in 2006 to 80 per cent in 2010 – an increase of 70 per cent.

Country householders have also been slugged by FSL increases. In 2006, country householders paid a 22 per cent FSL while they now pay 28 per cent.

Under funding regional Education

Country Victorian schools and teachers do a great job in their local communities but over the past decade, Labor has failed to give them the funding and resources they need.

Under Labor, country high school retention rates - or the percentage of students remaining at high school until year 12 - have fallen from 72 per cent in 2002 to 67 per cent in 2009.

During the same period, metropolitan schools have remained steady at 85 per cent.

Food Security

Labor has cut expenditure in Victoria's food security and food producing industries.

In August 2008, the Brumby Government sacked 70 DPI staff and closed five agricultural research facilities in country Victoria.

Labor has also axed support for locust control, fruit fly and other important control programs.

Bushfire Preparation

The Brumby Government left country Victoria dangerously unprepared for the threat of bushfires.

Over the last decade, Labor ignored numerous recommendations that preventative burning in Victoria be drastically increased.

Last year's Budget showed that Labor presided over an 11 per cent decrease in preventative fire funding in the last two years. This budget shows no improvement.

Labor's List of Excuses for its Failures...

The State Labor Government has made spin and buck-passing an art form.

No-one can make excuses like the Brumby Government.

If there is one issue above all else which has emerged as a pivotal and defining characteristic of a tired and out of touch Government, it is the complete and utter absence of ministerial or government accountability.

Not once have Victorians heard the Premier or his Ministers ever say, "I accept responsibility or I am responsible".

The fact is, there has been a deafening silence when it comes to the Brumby Government accepting responsibility for its litany of failures.

Who in this Government stands up and accepts responsibility?

Who will be held to account?

The answer is, no one.

As a result, there are no public standards, there is no public accountability.

However, there has been massive spending of taxpayer funded political advertising designed to spin and mislead.

Then when the advertising campaigns fail, the Brumby Government will blame someone else and the list of pathetic excuses grows.

- Public transport overcrowding - Yarra Trams, Metro Trains
- Late trains - the heat, the cold, the rain
- Late delivery of new trains - Somali pirates
- Windsor Hotel scandal - Peta Duke
- Myki fiasco - it's the software company
- Violence in our streets - "it's a cultural issue" or "it's an operational matter for Victoria Police"

- Auditor General's Report - "biased, lacks balance and is of questionable validity".

Other favourite excuses:

- the global financial crisis
- The Rudd Government
- The Kennett Government
- The GST carve-up
- Population growth
- The drought
- Dairy prices
- "Because he was a serial killer"

And when all else fails, blame the Opposition.

After 11 long years, these excuses are further spin designed to distract from Labor's many failures.

Conclusion

It is now only 205 days before the November state election.

If the Coalition is elected on 27 November, Victorians can be assured of one thing.

We will be committed to restoring Victoria to the great and respected state it once was.

A stronger Victoria that again leads the nation.

What the Coalition will bring to this state is a return to leadership, decency and vision, after a decade of spin.

Victorians can expect a return to ministerial and Government accountability.

For the first time in 11 years, Victorians will have a Premier and Ministers who will be accountable and accept responsibility.

We will put an end to the constant spin, blatant political government advertising and buck passing under the Brumby Government.

We will get business moving again to drive investment and job creation and restore the Victorian economy to a position of strength amongst the states and territories and the global economy.

We will provide the quality basic services and infrastructure that Victorians deserve.

- Police and justice resources to ensure that Victorians can once again feel safe on our streets.
- The hospital beds and quality health care Victorians need;
- Public transport that works;
- Quality educational opportunities for our children;
- Road network upgrades to relieve congestion and improve the state economy's productivity;
- A reliable water and energy supply; and
- A more equitable distribution of services and infrastructure to country Victoria.

To quote Treasurer Lenders from last Friday, "If you don't deliver services to people now when you have got capacity to do it they are not going to forgive you at the election." (Australian Financial Review, 1 May 2010, p.4)

When the Brumby Labor Government has had the opportunity and capacity to deliver services for more than a decade, Victorians should be even less forgiving.

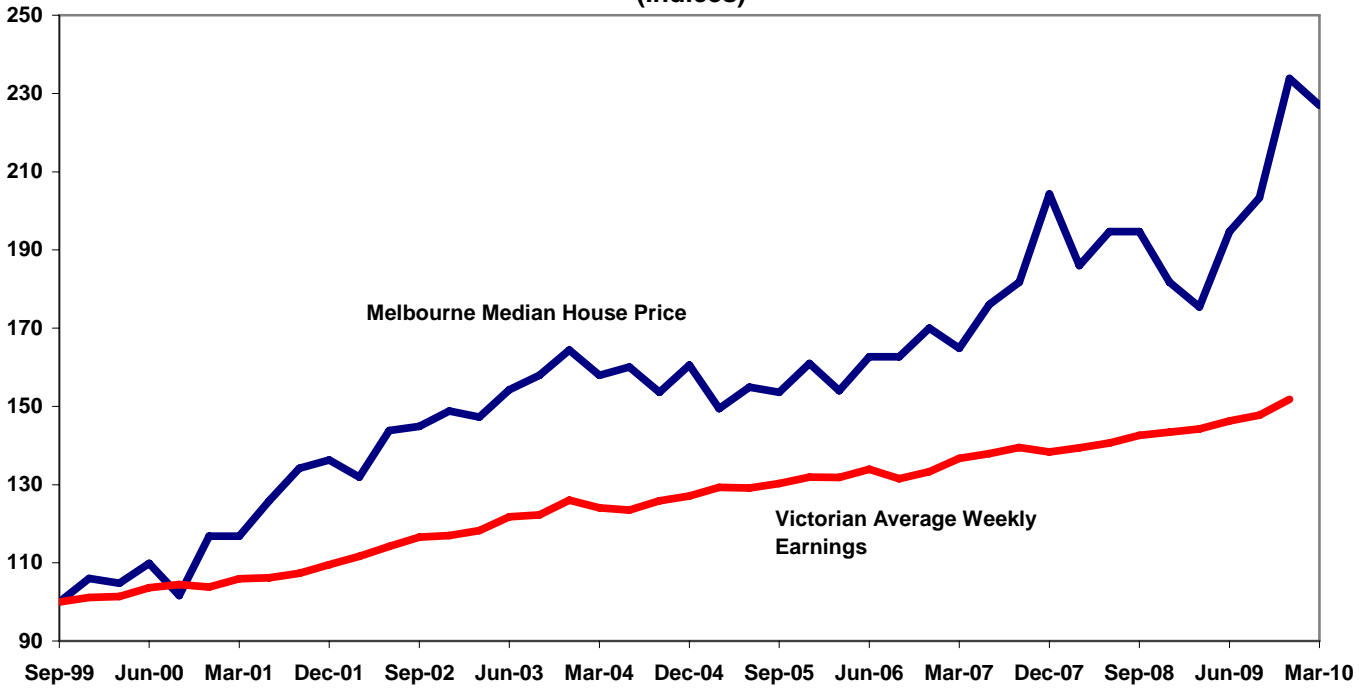
It's all just too little, too late.

After 11 years of State Labor, Victorians deserve better.

12 CHARTS FOR INCORPORATION INTO HANSARD:

Chart 1

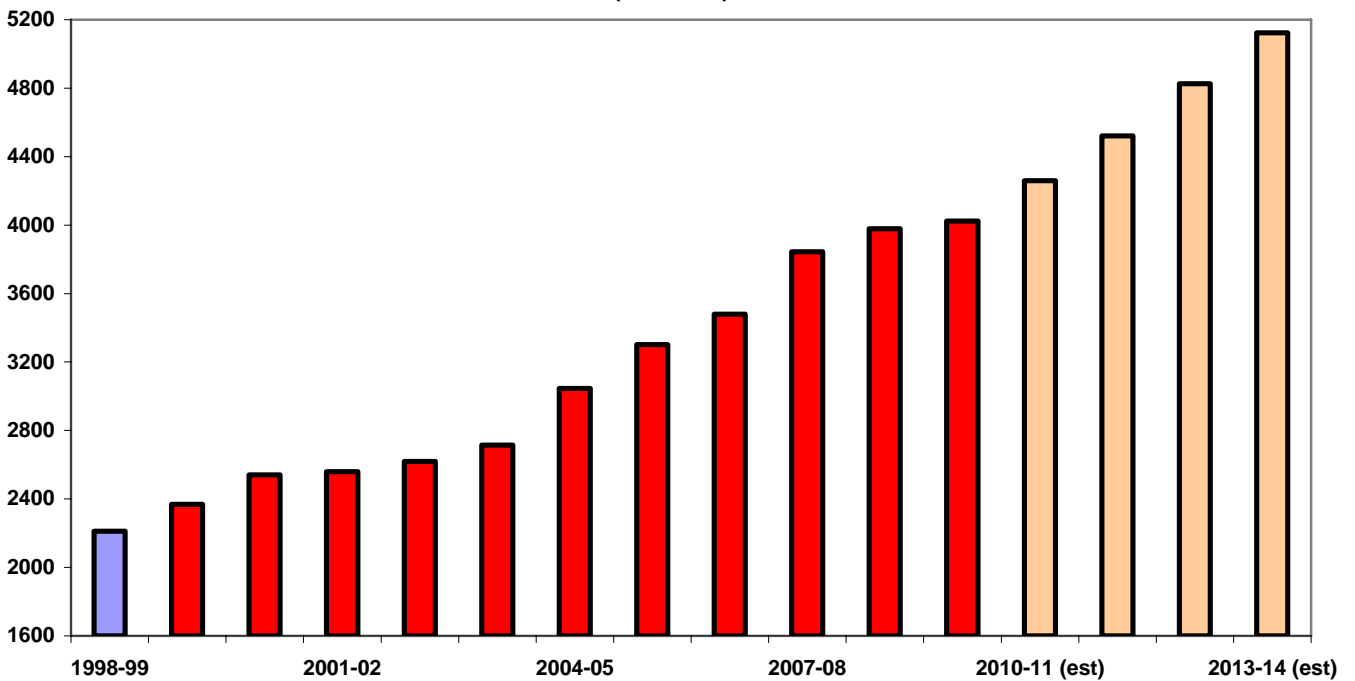
**WIDENING GAP BETWEEN GROWTH IN EARNINGS AND HOUSING PRICES
(Indices)**



Source: Australian Bureau of Statistics, REIV.

Chart 2

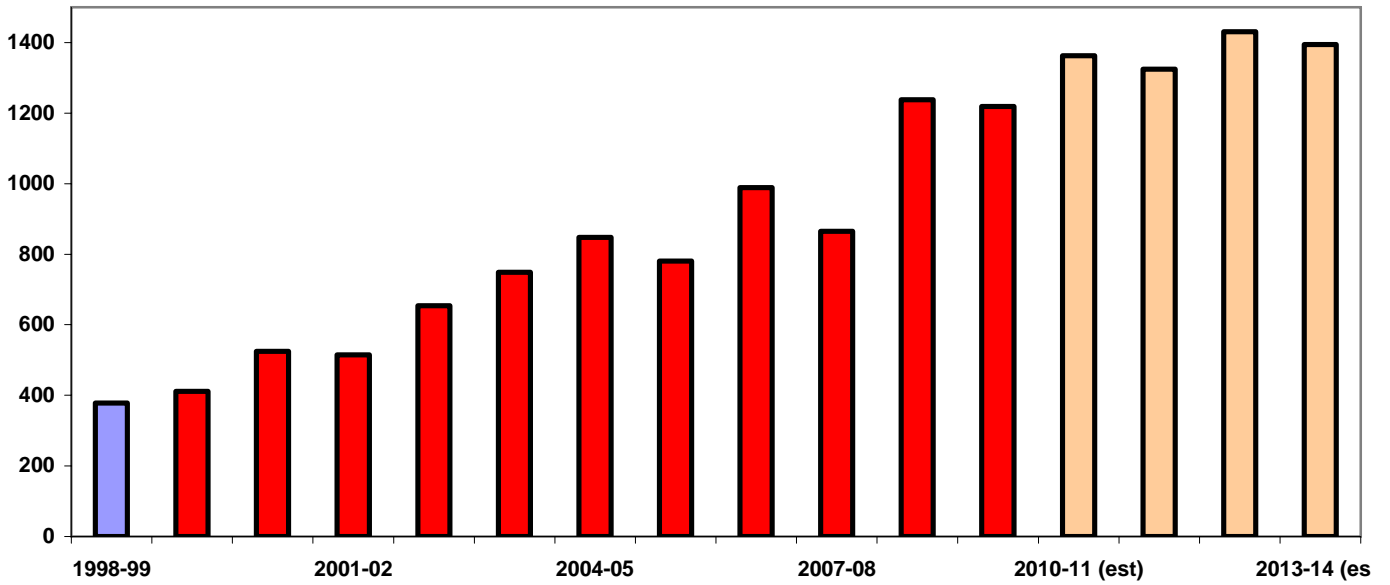
**PAYROLL TAX
(\$ Million)**



Source: Victorian State Budget Papers, Annual Financial Reports.

Chart 3

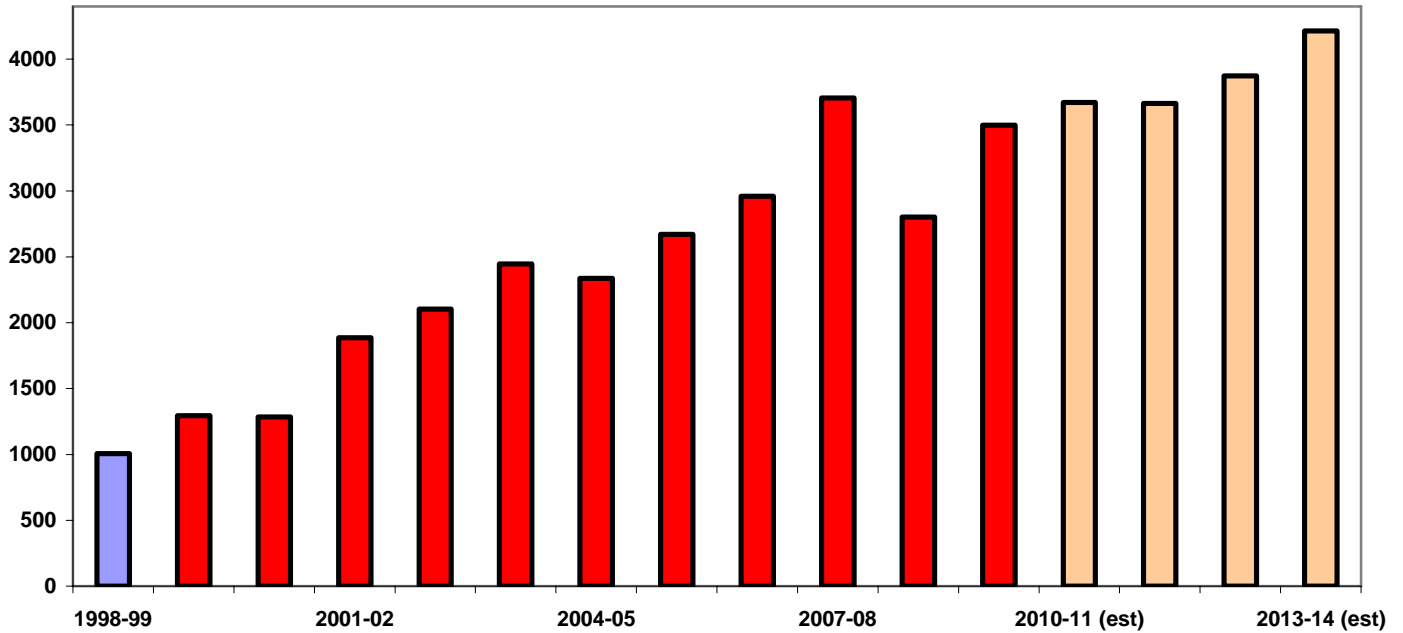
**LAND TAX
(\$ Million)**



Source: Victorian State Budget Papers, Annual Financial Reports.

Chart 4

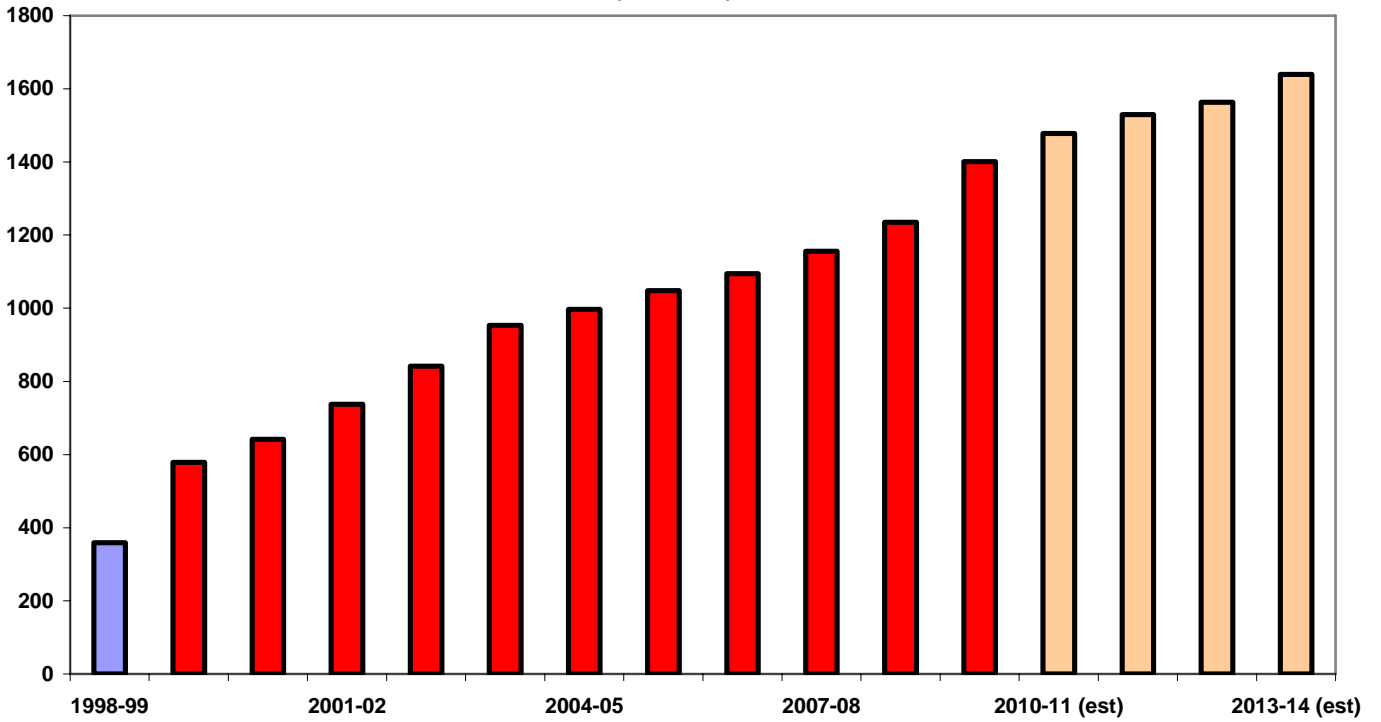
**STAMP DUTY
(\$ Million)**



Source: Victorian State Budget Papers, Annual Financial Reports.

Chart 5

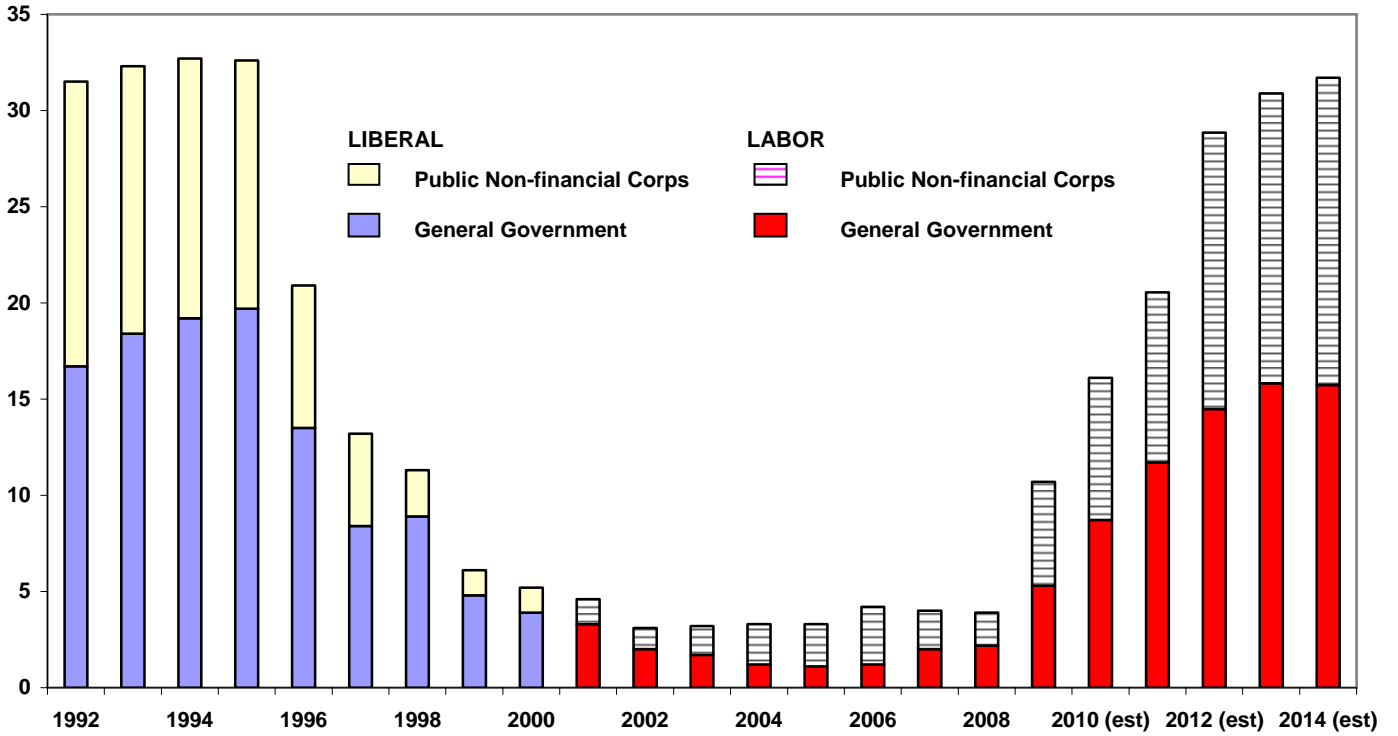
**INSURANCE TAXES
(\$ Million)**



Source: Victorian State Budget Papers, Annual Financial Reports.

Chart 6

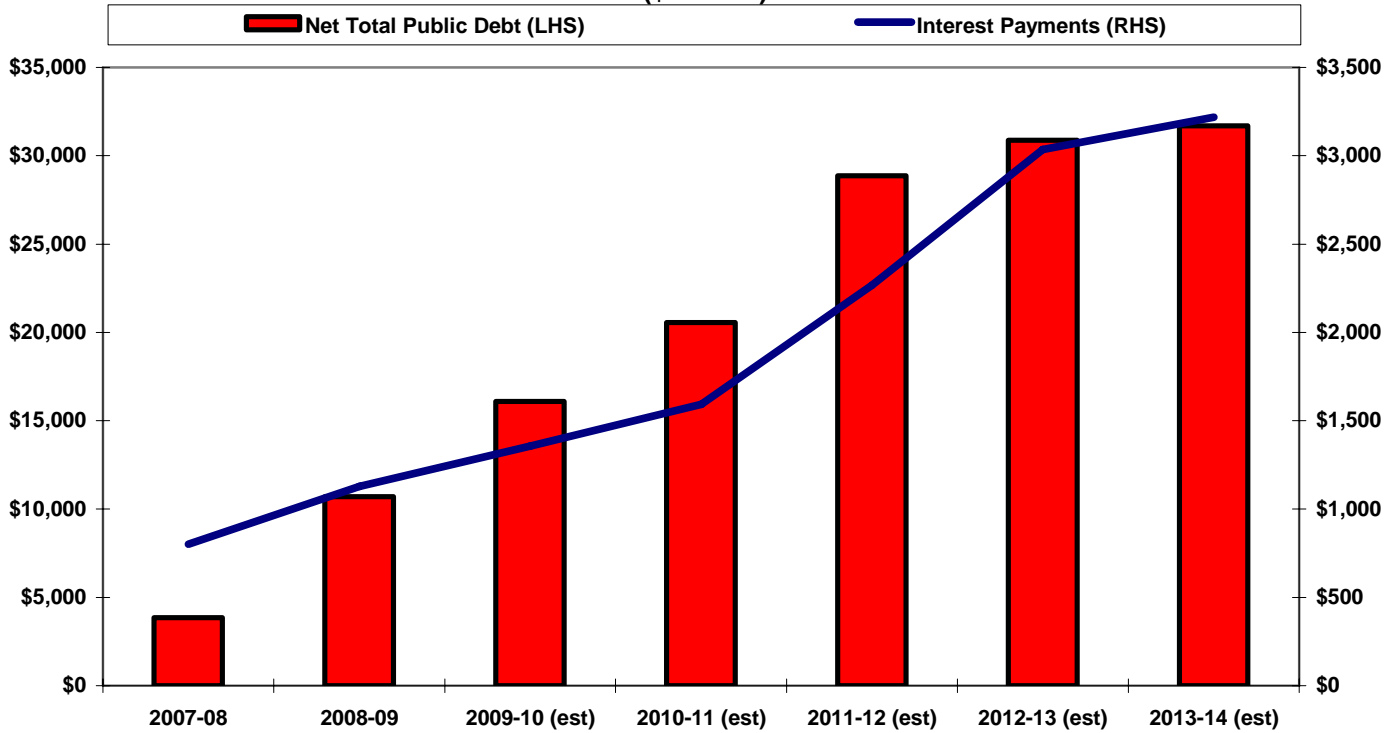
**ON THE DEBT ROLLERCOASTER
(Overall Net State Debt - \$ Billion)**



Source: Victorian State Budget Papers, Annual Financial Reports.

Chart 7

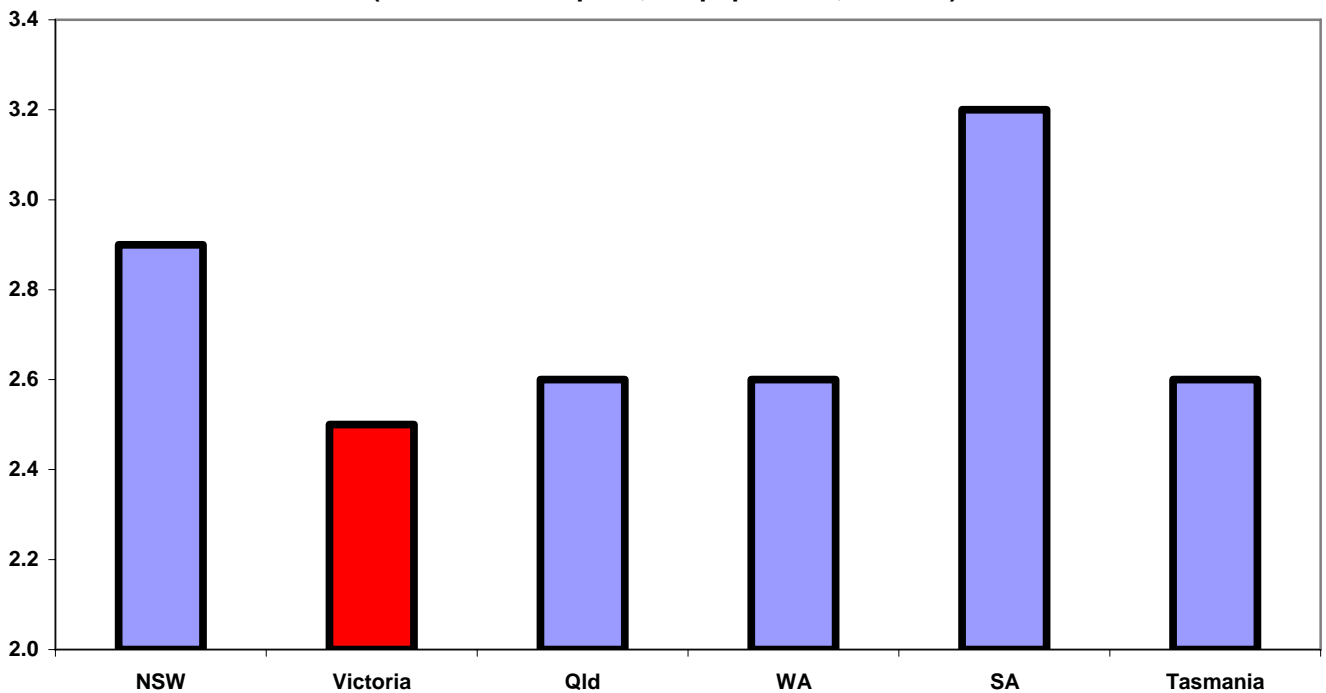
**VICTORIA'S DEBT AND DEBT SERVICING TO SKYROCKET
(\$ Million)**



Source: Victorian State Budget Papers, Annual Financial Reports.

Chart 8

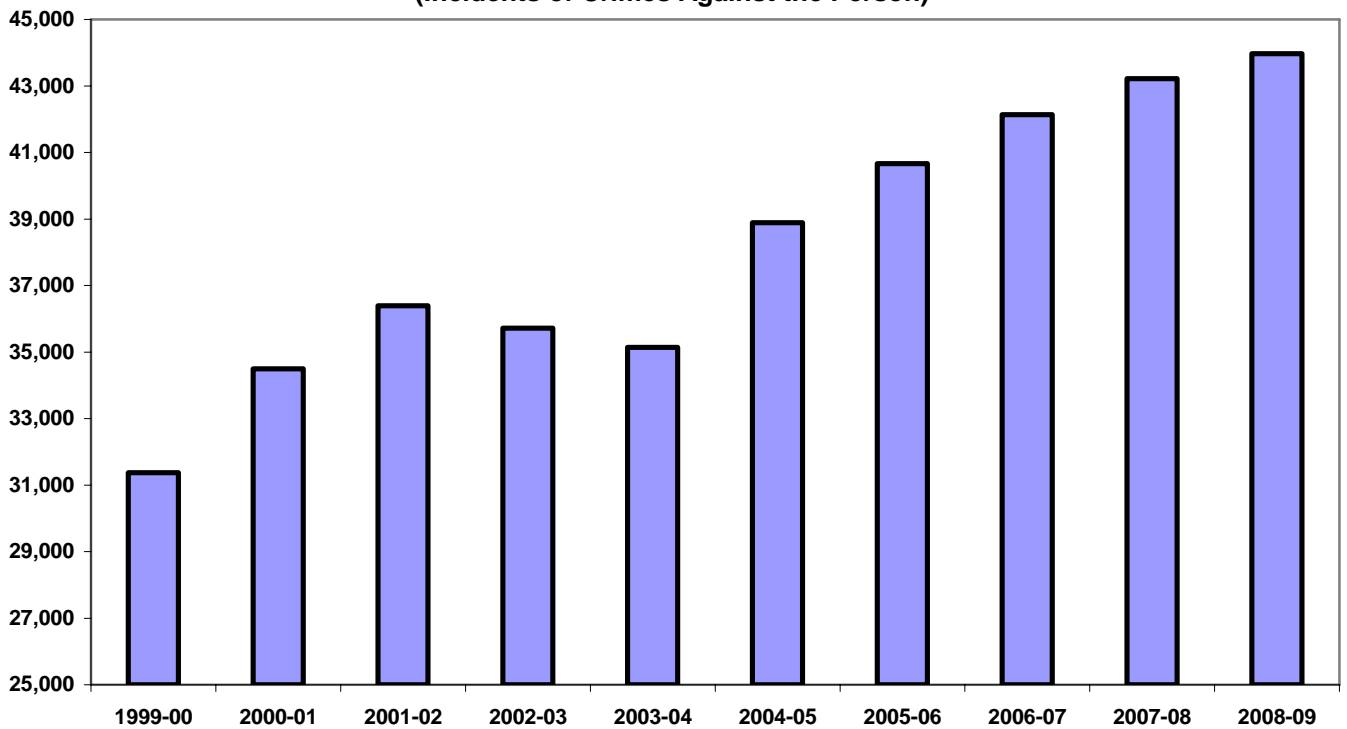
**FEWEST HOSPITAL BEDS OF ANY STATE
(Available Beds per 1,000 population; 2007-08)**



Source: Productivity Commission, Report on Government Services 2010.

Chart 9

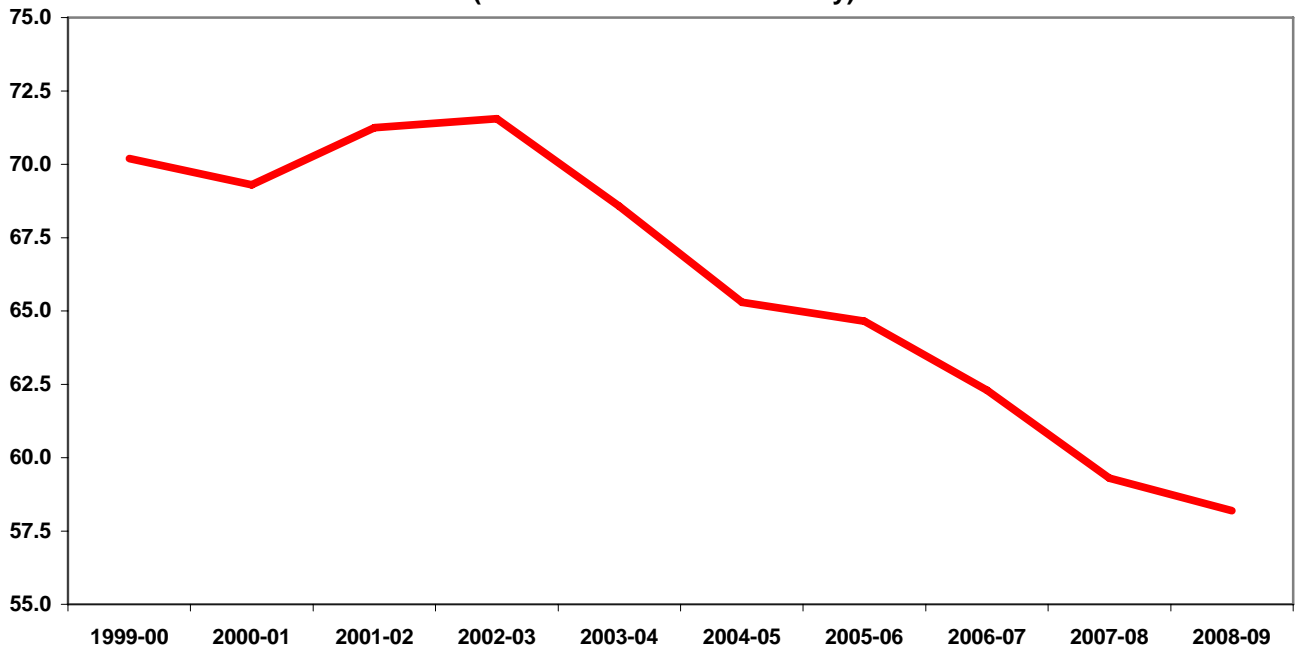
**AFTER A DECADE OF LABOR VIOLENT CRIME HITS NEW RECORDS IN VICTORIA
(Incidents of Crimes Against the Person)**



Source: Victoria Police Official Crime Statistics.

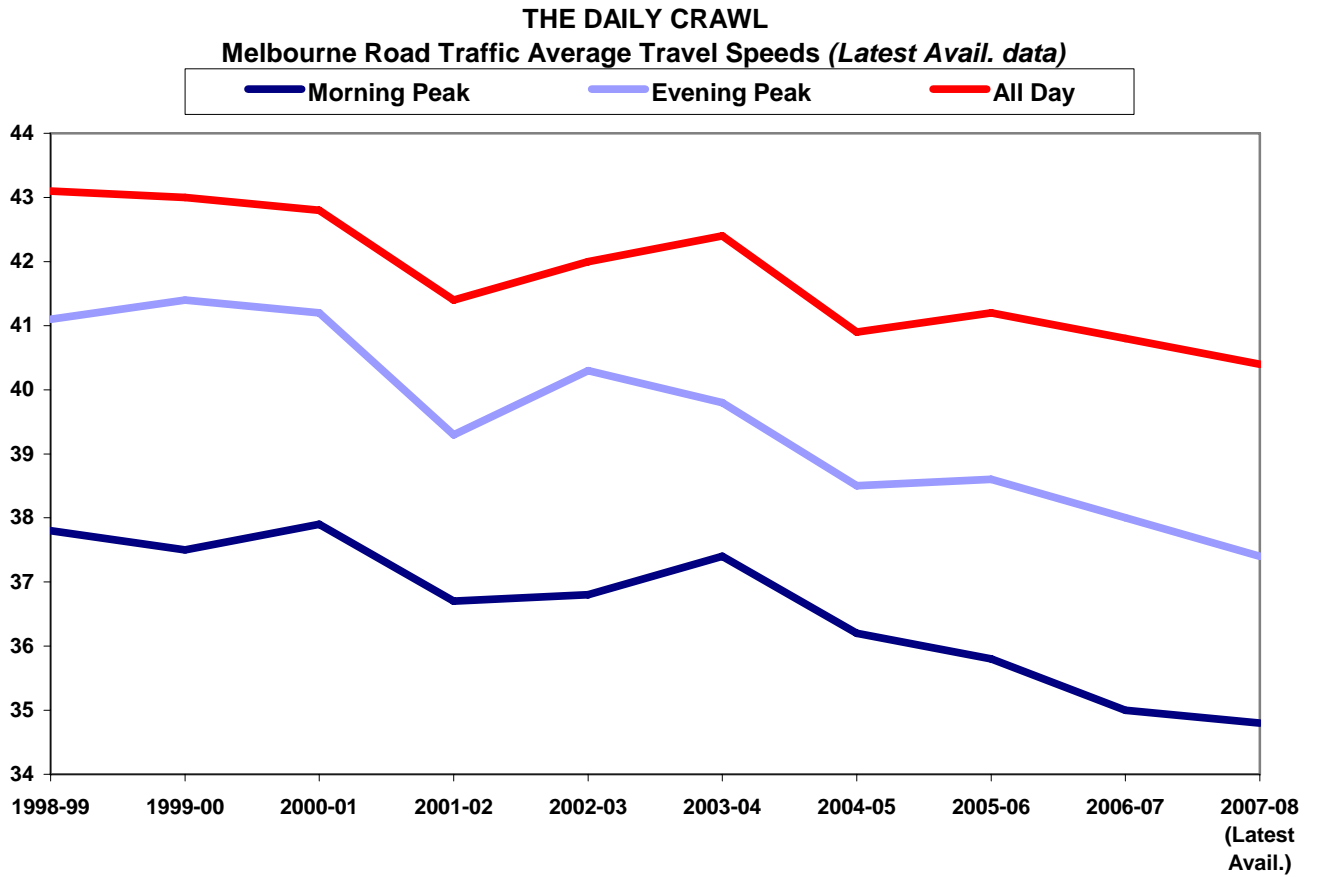
Chart 10

**TRAIN SERVICES GO DOWNHILL
(% Public Satisfaction Survey)**



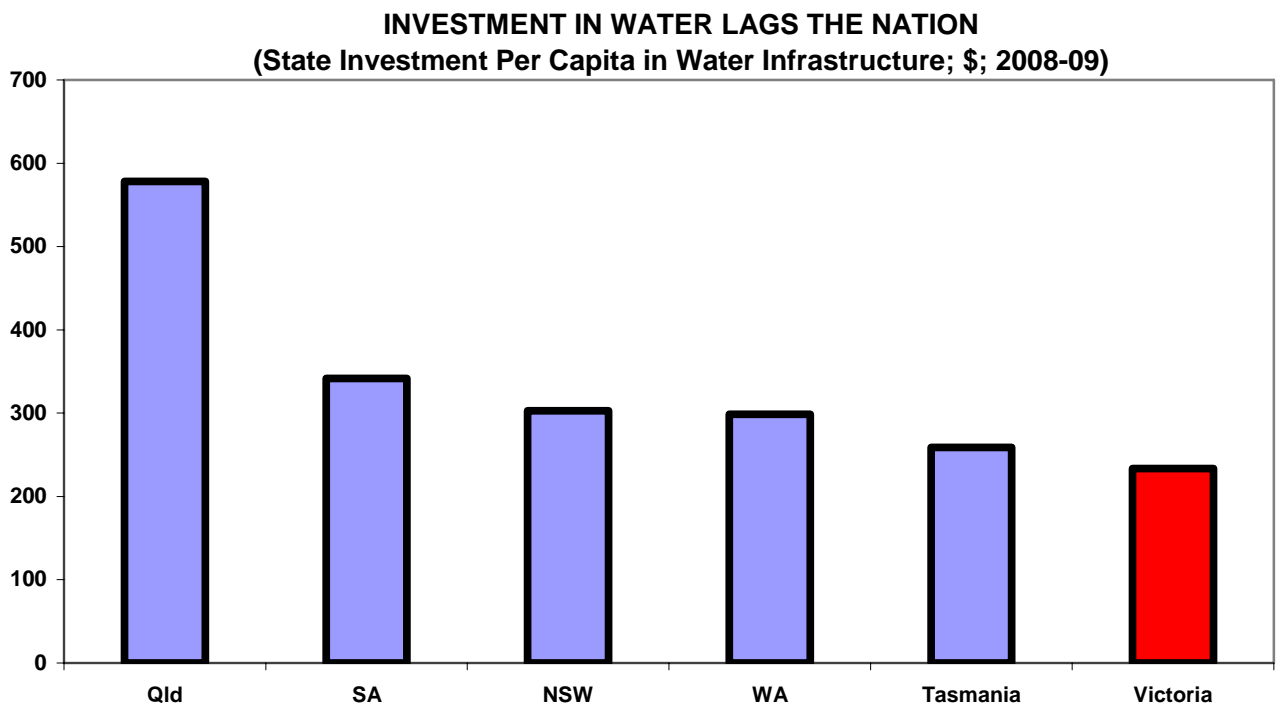
Source: Department of Transport, Track Record Bulletin.

Chart 11



Source: Australian and New Zealand Road System and Roads Authority.

Chart 12



Source: Australian Bureau of Statistics.