

VICTORIA

Budget Speech

*Delivered on 28 August 1990 by
The Honourable Tom Roper, M.P.
Treasurer of Victoria*

The 1990–91 Victorian Budget has been prepared in the most difficult circumstances faced for a generation.

The Kirner Government will confront this challenge and provide realistic solutions.

The Budget represents a substantial shift in the financial management practices, not just of this Government, but of previous Governments in this State.

In a changed economic environment, Victoria can and will pay its way.

We will restore confidence in the financial institutions of this State.

By facing up to hard decisions now, Victoria will avoid a constant and substantial erosion of the Government's ability to provide the services Victorians expect at a price they can afford.

It will not be easy, nor without pain. The Government's task has been to minimise that pain and protect those who are least able to cope with the changed environment.

Accordingly, the Budget puts in place an enhanced debt management program, provides for more efficient service delivery and for better targeted services.

Economic and financial conditions have changed dramatically over the past 18 months.

A sharp decline in credit growth, from an extraordinarily high peak of 25 per cent in mid 1988 to 10 per cent in mid 1990, has been accompanied by a massive decline in asset values.

This has affected the Budget in two ways—a loss of state sourced revenue, particularly from land transfers, and problems within the financial sector.

This has been a Victorian, national and international problem.

Victoria's exposure to these problems was made considerably worse by the irresponsible and sometimes unbelievable investment decisions of the Tricontinental Bank.

The former managing director of that organisation, Mr. Ian Johns, has been committed for trial so I will refrain from comment on his role.

The Government has decided that this immense cost to Victorian taxpayers must be thoroughly examined by a Royal Commission.

A further difficulty being faced by all State Governments is the continuing reduction in Commonwealth revenue sharing.

This will be the sixth successive year of real reductions in Commonwealth General Purpose Revenue Grants to Victoria.

If Victoria's recurrent funding from the Commonwealth had maintained its 1984-85 share of Commonwealth revenue, this Budget would have benefited by more than \$1 000 million.

This is a measure of Victoria's contribution to both the Commonwealth budget surplus and the series of income tax cuts that have been made possible.

Victoria's problems are compounded by fiscal equalisation policies that mean every Victorian contributes \$163 each year to the cost of services in all other States except New South Wales.

Without policy changes we would have received less State sourced revenue dollars in 1990-91 than predicted for 1989-90—a real fall of 8 per cent

Hard decisions have been taken in framing this Budget to deal with these issues on an ongoing basis.

The Budget involves a mix of restraint in outlays, decreased net borrowings and an increase in the State's revenue.

Following extensive review, current outlays have been reduced by \$508 million relative to unchanged policy projections.

The expenditure review process, initiated in the preparation of this year's budget, will become an ongoing part of Government in Victoria.

The work of the Expenditure Review Committee continues tomorrow.

This watchdog committee will be taking an intensive and rigorous interest in increased Government efficiency as outlined in this Budget.

The process will complement efficiency improvement mechanisms, such as the 1.5 per cent per annum productivity savings pioneered by this Government.

This Government has an excellent record of restraining outlays.

Australian Bureau of Statistics data show that the growth in public sector outlays in Victoria for the last six years was lower than for the Commonwealth and the States as a whole.

The Government will implement a stronger, more comprehensive and explicit debt management strategy.

This strategy will be the prime focus of the 1990–91 Budget and has a number of key features:

- Budget sector debt will decrease in dollar terms by \$139 million, a real reduction of 8%.
- Victoria will not take up its full share of global borrowings allocated at the Loan Council.
- New borrowings will be constrained. Financing transactions in the budget sector will fall by more than one third.
- The Government will establish a Debt Retirement Fund.
- Victoria's debt will be reduced through the identification and sale of suitable government business assets.

The cost of servicing our debt, in the face of sustained high interest rates, has become prohibitive.

COMMONWEALTH-STATE FINANCIAL RELATIONS

Fundamental reforms of Commonwealth-State financial relations are necessary.

The annual pilgrimage of State Premiers and Treasurers to Canberra, the delivery of the Commonwealth "Offer Document" under hotel doors at 7.30 a.m. on the morning of the Premiers' Conference, the lack of meaningful dialogue during the day, the lack of forward planning in fiscal relationships, the very high degree of fiscal imbalance between State revenue and expenditure responsibilities—this must change.

There must be a better way. With neither State nor Federal elections due for almost two years in Australia, now is the time to act.

In his speech outlining plans for a special Premiers' Conference, the Prime Minister indicated a willingness to seriously debate and consider these issues. This Government will play an active role in facilitating change.

We wholeheartedly support the spirit of the Prime Minister's speech.

However, as all State Premiers indicated at their unprecedented joint media conference in Canberra, reform of our financial relationship is not optional, it is essential and urgent.

The States provide 85 per cent of the nation's essential infrastructure. We provide more than half of the essential services taxpayers expect of government—schools, hospitals, transport and police.

Yet, the State's tax base produces only 22 per cent of national revenue, and in the case of Victoria, our borrowing allocation for essential works is less than the Commonwealth allocated for Qantas jumbos and cellular telephones.

DEVELOPMENTS IN FINANCIAL MARKETS

The financial sector has suffered a very considerable shakeout following the deregulation policies pursued in the mid-1980s.

I referred earlier to the massive growth in credit during the latter part of the eighties, the equally dramatic decline in recent times, and the sharp fall in asset values that followed.

High interest rates have become the norm, placing enormous pressure on all sectors of the economy.

The major trading banks have had to significantly increase their provisions for bad and doubtful debts.

At considerable cost, this Government has been forced to play a major role in supporting Victorian based financial institutions.

In February, the Government announced a package of measures to deal with the State Bank problems after further bad debt provisions amounting to \$795 million were reported.

This included an agreement to assume bad debts equivalent to the new provisions, appointment of a new Board and new reporting requirements.

A first-class Chief Executive Officer, Mr. Paul Rizzo, was subsequently appointed.

New credit and prudential guidelines and policies were developed and international experts Booz, Allan and Hamilton commissioned to review credit policies, procedures and practices.

The services of Mallesons and Arthur Anderson were engaged to report to the Bank on instances of wrongdoing, incompetence and

the capacity for additional recovery. More than 40 legal actions have been initiated.

After a thorough examination of accounts and the deterioration in economic conditions, it became obvious that a new agreement would have to be put in place to maintain the Bank's compliance with Reserve Bank prudential guidelines.

This agreement involved a total exposure for the Government of some \$2 700 million.

Clearly, the Budget could not realistically sustain servicing costs on this amount which would have reached \$400 million a year.

The Government explored options for dealing with this problem. After a commercial tendering process a decision was made to accept an offer by the Commonwealth Bank.

I pay tribute to the professionalism and integrity of all involved in this tendering process.

The decision means the Government will reduce its exposure to the Bank's liabilities by more than \$2 000 million.

The people of Victoria will retain the identity of their bank and it will remain in public ownership.

The People's Bank of Victoria will be moving into an expanded role to become incorporated with the People's Bank of Australia. Together, the State and the Commonwealth Banks will provide Australians with a new and more powerful force in banking services, particularly in the home loan area.

The Government has also provided assistance to depositors in the Farrow Group of Building Societies and established a liquidity support scheme for the other Victorian building societies.

In relation to the Farrow Group depositors, provision has been made in this Budget for \$55 million to meet the cost of this assistance and to provide the funds required to carry out the Government's undertaking.

The Government introduced new measures in relation to building societies during the Autumn session and a further major overhaul is planned for this session of Parliament.

The Attorney-General has instituted an inquiry under the Building Societies Act and the Companies Code into the circumstances of the collapse.

MACROECONOMIC OUTLOOK

The Australian economy has moved into a period of slower growth, at least in the short term. This is true for Victoria also.

GDP is projected to grow by just under 2 per cent in 1990-91.

While unemployment is expected to grow in 1990–91, the Victorian unemployment rate is expected to remain below the rate for Australia as a whole, as it has been for the last seven years.

Labour force participation has reached record levels with three more out of every 100 working age Victorians being in the labour force than is the case in New South Wales.

Real income levels and savings in Victoria remain higher than for Australia as a whole.

Victoria is Australia's major manufacturing State. Exports in most sectors continue to grow at a healthy pace.

As we enter the 1990s, this State is in a stronger position than it was at the start of the 1980s.

Victoria has a broad manufacturing base and significant knowledge and technology intensive industries, crucial for the future growth of the economy.

It is well placed to ride out the current downturn and to sustain growth over the medium to longer term.

Every Victorian has reason to be confident about the future of this State.

But equally, every Victorian has a role to play in ensuring we maintain the momentum that put this State at the top of the table during the 1980s.

BUDGET STRATEGY

In this year's budget process, the Government was faced with a \$1.2 billion problem.

This budget, the first of the Kirner Government and my first as Treasurer, represents a considerable departure from previous years.

The Budget has reduced the projected net financing requirement from \$2.0 billion to \$660 million, more than a third lower than that required in 1989–90.

We have taken account of the changed attitudes towards debt and the very high cost of borrowings. We are restructuring our finances so as to reduce debt and the need for borrowings.

We have taken account of diminished revenues through an ongoing process of expenditure review and by tightening the focus of service delivery.

The Government is also moving to a three year budget planning process. It is clearly inadequate to run a \$12 billion budget on an annual budgeting process.

This year it will not be possible to continue to restrain the growth of taxes.

Both the Prime Minister and Federal Treasurer made it abundantly clear at this year's Premiers' Conference, that in their view our services were too good and our taxes were too low and adjusted our Grants accordingly.

Victoria can no longer withstand the financial pressures imposed by the Commonwealth.

Nevertheless, this Government will maintain its commitment to providing excellent standards in health care, education, police and other key community service areas.

This Government will not abandon its commitment to the vulnerable and disadvantaged.

We will maintain our commitment to sustaining Victoria's economic development through the provision of training and essential infrastructure.

DEBT MANAGEMENT STRATEGY

Net budget sector debt will decline by \$139 million in money terms.

The Government will repay \$100 million through the newly established Debt Retirement Fund in 1990-91.

The underlying and fundamental aspect of the 1990-91 Budget is debt management. As I mentioned earlier, Victoria can pay its way and will reduce its dependence on borrowings.

Let me first clarify a few misconceptions about debt. Victoria does have a high level of debt, for two reasons.

The first is the size of our public sector. Victoria's public sector includes two significant enterprises that in other States are either wholly or partly in the private sector.

In New South Wales, gas supply is largely in the hands of the private sector. In Victoria it is in the public sector. Similarly, in New South Wales coal for electricity is mined by private companies not by the Government.

Borrowings for these activities in Victoria therefore appear in Government accounts whereas in other States they do not.

The second reason is historical. Victoria has always managed its business with high borrowings and high debt. It has been a policy of successive Governments.

Governments believed it was fair that the cost of State infrastructure should be borne by future generations that derived the benefit.

Sir Henry Bolte referred to the need for States to borrow for the provision of schools and other capital projects in his 1968 Budget Speech.

“Is it any wonder that State finances are beset with such intolerable difficulties,” Sir Henry said, “when we are short changed on income tax reimbursement, and also have to carry the burden of the national debt.”

Net debt as a proportion of Gross State Product has been declining consistently. In the 1930s net debt as a proportion of Victorian output was about 150 per cent; this fell steadily to about 55 per cent by the early 1960s and has fallen to less than 30 per cent for most of the 1980s.

By the end of this financial year, net debt as a proportion of non-farm Gross State Product will have fallen to 25·2 per cent, the lowest level since 1981.

The cost of servicing debt however, has now reached a point where the policies of the past need fundamental change.

That is what the Government’s debt management strategy will address.

The Government intends to move to a position where it can make a stronger contribution to capital works from recurrent revenue.

This will be achieved through ongoing restraint in budget sector outlays. The expenditure review process to which I referred will be important in this regard.

Total outlays, excluding grants for on-passing, are projected to rise by 6·3 per cent in 1990–91. Current outlays on the same basis are budgeted to rise by only 5·2 per cent in 1990–91, clearly a significant fall in real terms.

Gross fixed capital expenditure for the budget sector is projected to rise only 5·3 per cent, again a significant fall in real terms.

As has already been foreshadowed, there will be significant sales of public business assets where the current nature or extent of public ownership is not necessary in order to meet the objectives and priorities of Government.

Apart from the recently announced sale of State Bank Victoria, other assets being developed for sale are the State Insurance Office, State owned pine plantations and the Government’s share of the Portland Smelter.

This sales program is projected to reduce State debt by more than \$2.6 billion.

While the Government is taking action in regard to asset sales as a means of significantly reducing debt, sales will only occur on terms advantageous to the Government.

This is part of a process of fundamental change in the Government's approach. It is not just about this year's Budget.

The financial position of the Transport Accident Commission, the Rural Finance Corporation and WorkCare have also improved.

The Government's reforms to the third party insurance system have resulted in considerable savings to Victorian motorists.

Recently, the New South Wales Government was forced to initiate a police blitz on its residents in Albury who were registering vehicles in Victoria to take advantage of the lower costs.

In Melbourne the ongoing cost of a family car is \$267 a year for third party insurance.

In Sydney, the same car owner pays \$345 for third party, a \$40 levy to cover unfunded liabilities, \$33 registration and a road tax of \$145, more than twice his or her Melbourne counterpart.

The Rural Finance Corporation has had a successful year following the absorption of the VEDC. The Corporation's accounts indicate a substantial profit in the order of \$25 million.

I am pleased to report also that the WorkCare Scheme achieved a significant improvement in performance during the year.

Claims reported for the year ended June 1990 were down 8.9 per cent on the previous year despite a year on year growth in Victorian employment of 4.1 per cent.

WorkCare long term claims, those of more than 12 months duration, also recorded a net reduction during the year despite a further 12 months of claims experience.

The WorkCare Scheme improved its funding position—the ratio of assets to outstanding liabilities—from 14 per cent at June 1989 to 29 per cent at June 1990.

It is clear that, as a result of the legislative and administrative changes announced by the Government last August, together with the levy increases effective from October 1989, the financial future of WorkCare is secure.

On behalf of the Government, I wish to pay tribute to my predecessor for laying the groundwork for this achievement.

SAVINGS MEASURES

As I mentioned earlier, this year the Government devoted considerable effort to the process of expenditure review in preparing the Budget.

An Expenditure Review Committee has been established as an indication of the Government's determination to produce ongoing savings.

The process requires each Minister to reassess programs to ensure that they meet Government objectives, to encourage efficiency, better targeted services and reduced costs.

The Committee, which includes my colleague the Minister for Housing and Construction, will assist Ministers in achieving these goals.

Savings have been identified throughout the Government in ways that will enable the public sector to be more productive.

It is expected there will be a reduction in the order of 8 000 budget sector positions as a result of expenditure decisions I am announcing today.

Major savings will occur through:

- Restructuring and organisational change;
- Reducing operating expenses;
- Efficiencies in ancillary services such as maintenance and cleaning;
- Restructuring practices related to service provision.

Let me detail some specific proposals in each of these areas.

Organisational change. Measures will include:

- The Government has decided to transfer the industrial tribunal function of the Public Service Board to the Industrial Relations Commission of Victoria as part of its program of rationalisation to achieve consistency and remove duplication.
- There will be a review of the remaining functions of the Public Service Board to improve efficiency, preserve independence and bring the Victorian Public Service into line with the changes that have occurred throughout the rest of Australia.
- The continued amalgamation of the Metropolitan Transit Authority and the State Transport Authority is realising savings including 600 positions without any adverse impact on services.

- The Department of Water Resources is being integrated into the Department of Conservation and Environment.
- Rationalising administration throughout the Education Department and State Training Board will enable 800 positions to be shed.

Operating expenses. Measures will include:

- Base funding of all agencies has been wound back. There will be no scope for agencies to exceed their budget and outside recruitment will be kept to a minimum.
- Publications and publicity will be cut.
- Staff will be retrained or redeployed.
- Through the ongoing work of the Expenditure Review Committee, inefficiencies identified through the year will be acted upon immediately.

Ancillary services, cleaning and maintenance measures include:

- Positions will be reduced across the public sector by about 800.
- Agencies such as Property and Services will be obliged to recover costs for services to other government agencies and the public.
- The user pays principle will be applied to non-core activities and services that provide an essentially private benefit.

In relation to service practices, measures will include:

- An incremental adjustment toward the national benchmark figure for teaching conditions resulting in class sizes for years 7 to 10 being increased by one this year. This is expected to achieve significant savings on a state-wide basis.
- There will be full cost recovery within the fast freight forwarding operation of the Public Transport Corporation by June 30 saving at least \$11 million in a full year.
- In the health system and institutional care, employment conditions will be reviewed to improve efficiency while maintaining standards of care.

As has been pointed out in previous Budget Speeches, the Government has been achieving significant expenditure savings in the budget sector over a number of years.

Between 1985–86 and 1989–90 annual productivity savings totalled some \$345 million.

A more recent requirement has been for agencies to absorb 10 per cent of national wage increases, and supplementary savings measures.

The 1990-91 Budget will also benefit from a change in the payment schedule of grants to non-government schools, pensioner rate concessions and municipal libraries.

The Government has implemented this change as an alternative to cutting the level of grants. It will produce a one-off saving of \$69 million which in future years is expected to be covered by the full year impact of savings measures put into place by the Expenditure Review Committee.

Mr. Speaker, Parliament must lead by example in this process of expenditure reduction. I am announcing today that the subsidy to the Parliamentary refreshment rooms will be abolished.

We will pay for our meals.

This year, the subsidy has been reduced from \$610 900 to \$207 900 in order to facilitate an orderly phasing out process.

Total savings in this budget amount to \$508 million.

Staff losses over and above those made possible through attrition, management of vacancies and redeployment, will be facilitated by voluntary redundancies from the \$100 million provided for micro-economic reform.

REVENUE INITIATIVES

Revenue increasing measures are now being put in place to address the decline in Victoria's revenue base. For instance, revenue from stamp duty on land transfers is expected to decline from about \$960 million in 1988-89 to a projected \$711 million this financial year.

The revenue initiatives included in this Budget encompass greater uniformity between the States. State and Territory Treasuries have met to improve tax harmonisation. The European community will have harmonised taxes by 1992.

Victoria has taken a lead in this process.

One outcome of these discussions was the announcement by NSW, Victoria and the ACT that similar changes would be made to the financial institutions duty and to payroll tax.

The financial institutions duty will rise from 0.03 per cent to 0.06 per cent and the maximum payment from \$600 to \$1200.

In the case of payroll tax, the marginal rate will be increased to 7 per cent but the tax free threshold will be raised in two stages from \$320 000 to \$500 000 and will be available, for the first time, to all taxpayers.

Community concern and awareness of the health implications of tobacco and alcohol consumption are shared by the Government.

Taxpayers suffer significant costs as a result of tobacco consumption and alcohol abuse.

At the last Health Ministers' Conference a recommendation was made that tobacco franchise fees should be increased throughout Australia as a disincentive to smokers.

As an indication of the Government's continuing efforts to reduce cigarette smoking, tobacco franchise fees will rise from 35 per cent to 50 per cent.

This will add about 28 cents to a packet of 20 cigarettes.

In relation to alcohol, the Government will continue to exempt low alcohol beverages from licence fees, however it has decided to increase the fee on normal strength alcohol from 9% to 11%.

This will add about 1 cent to the cost of a pot of beer or 2 cents after publicans add their mark-up.

The Government proposes to increase petroleum franchise fees applied to motor spirit from 7·8 to 11 per cent.

The Government also proposes to make the transfer of businesses dutiable so as to bring Victoria into line with other States and avoid penalties imposed by the Commonwealth Grants Commission.

In relation to Land Tax, the Government proposes to change land tax arrangements so as to limit the increase in Land Tax collections to 7·8 per cent for 1990–91 and to ensure that increases for most individual taxpayers across the scale do not greatly exceed that average figure.

This will cost \$43·8 million in 1990–91 and \$77·5 million in revenue forgone in a full year compared to standard indexation.

This will make a significant contribution to limiting the impact of rising values during the period used for assessment.

Special attention has been given to restricting the growth in tax for owners of properties in the Central Activities District.

The Minister for Industry and Economic Planning is reviewing the Retail Tenancies Legislation. At my request the Review will involve lease arrangements that pass on land tax to retail tenants.

I believe these measures will go a long way to meeting the genuine concerns of the many groups I have met to discuss the land tax issue.

In addition, user pays measures form an important element of this Budget, particularly as they affect the achievement of conservation and environment objectives.

Some examples of this are a major re-scaling of the EPA's licence fees to ensure greater cost recovery and a levy to be applied to the use of chlorofluorocarbons in line with the agreed National Strategy for Ozone Protection.

User pays principles will also be adopted in relation to National, State and Regional Parks, as well as supervision of wildlife and control of game.

As announced by the Premier, the Government has had to review its commitment to the Family Budget Pledge. It would not have been financially possible for the Government to maintain that commitment in full.

Substantial elements of the Pledge will remain in terms of keeping down the costs of gas and electricity charges.

There will be no change to pricing already announced by the Gas and Fuel and SECV.

The Budget does provide for increased transport charges and an adjustment for water pricing for conservation purposes.

As a result of the changed circumstances, the Education Expense Allowance initiated by this Government will be deferred and reviewed.

Victorian families have been delivered substantial gains through restrained increases in household charges.

Over the three year period from 1987-88 to 1990-91 there have been real decreases in the prices of the base covered by the Pledge.

The estimated savings for an average metropolitan family relative to inflation are \$241.47 per year or \$5 per week.

PROGRAM INITIATIVES

Earlier I mentioned this Government's commitment to protecting the vulnerable, caring for the disadvantaged and ensuring an appropriate standard of service for all Victorians.

Notwithstanding the severe restraint imposed in this year's Budget, the Government will meet these commitments and where possible improve services and facilities.

It will do this by using limited financial resources more efficiently and better targeting capital and recurrent funds.

This year's Budget expenditure gives priority in a number of areas:

- social justice and community care;
- environment protection and conservation ;

- community security and law enforcement; and,
- urban development and infrastructure.

Social Justice and Community Care

The Budget makes provision for a number of initiatives in the area of social justice and community care.

For example, the 1990–91 Budget provides \$26.2 million for the State Plan for people with intellectual disabilities.

As announced by the Premier previously, an Office of Pre School and Child Care is to be established to improve the provision of pre school and child care services.

A Commonwealth-State Program of \$5.9 million will provide 22 new centres, 200 new occasional care places and 3 580 before and after school places.

The Government will proceed with the introduction of a Seniors Card to be issued to all people over 60 who are not in full-time employment.

This initiative, in co-operation with the private sector, will build on the successful Sixty Plus Transport Concession and provide a range of discounts in the retail, hospitality, travel, commercial and entertainment sectors.

It is a concrete expression of the Government's commitment to enhancing participation of older people in community life.

A sum of \$1.6 million has been allocated for child protection services to continue 6 pilot programs in the phase out of the dual track system and implementation of the single track system.

Additional funds of \$105 000 will be available for the second year of the Youth Homelessness Pilot Program.

Despite Budget difficulties, Health funding has been maintained in real terms. \$219 million has been provided for the Health Capital Works Program with funds allocated for work at the Monash Medical Centre, the Sunshine and Footscray campuses of the Western Hospital, Ballarat Base Hospital and Frankston Hospital's psychiatric unit.

The Government is committed to the staged redevelopment of St Vincent's Hospital. Discussions are currently underway with the Trustees of the Hospital concerning funding arrangements for Stage 1 to allow design to proceed and site clearance works to be carried out this financial year.

Purchase of land in the Mill Park area for the development of a new community hospital is scheduled with an allocation of \$2 million.

Environment Protection and Conservation

The environment, conservation and sustainable development programs have received priority in this year's Budget.

The Government has exempted the EPA from the requirement to implement savings such as those required of all other agencies, effectively adding more than \$1 million to the Authority's budget.

Provision has been made for an allocation of \$1.5 million to the new Mallee National Park.

A further \$1.1 million has been allocated to programs such as National Parks Development, Penguin Management and Vegetation Retention.

\$1 million has been allocated to the Department of Agriculture and Rural Affairs for sustainable development initiatives.

More inspectors will be appointed as part of the Government's tougher approach to health and safety in the workplace.

Public Safety and Law Enforcement

The Government has allocated \$1 million to set up a Major Fraud Strike Force.

It will include police, lawyers and accountants with the expertise necessary to get behind sham transactions.

Crimes committed by Australian companies take a heavy toll on Australian society. White collar crime is not "victimless" as many believe. While the weapon may be a fountain pen or computer instead of a sawn off shot-gun, the cost of the robbery is borne just as squarely by governments, shareholders and the general public. The Strike Force will contain an Assets Forfeiture Unit to freeze and confiscate the ill-gotten gains of corporate crime.

Within the Transport budget, provision has been made for improved security including an increased transit police profile, roving guards and improved station lighting.

Outer Urban Development and Infrastructure

The provision of adequate urban infrastructure has been a major concern of the Government. This issue will become the focus of a new Ministerial Task Force.

The Task Force will consider the opportunities for private sector participation in the provision of public infrastructure and the co-ordination of resource allocation across portfolios.

The Minister for Housing and Construction has arranged for the Urban Land Authority to establish an infrastructure fund of \$12 million this year to enable infrastructure works and community services to be developed in metropolitan areas, particularly the growth corridors.

Development of Melbourne's cultural assets will not be neglected. The Spotswood Science and Technology Museum will be completed this financial year.

The long overdue redevelopment of the State Library will commence with an allocation of \$7.5 million and assembly of the Southbank Museum site will be completed.

Our commitment to major projects such as Bayside will continue with an allocation of \$8.6 million to finalise cleanup work on the site.

Training expenditure is obviously a key element in maintaining the State's efficiency—both public and private sectors—and has been given a special boost with the advent of the Commonwealth Government's training levy and the structural efficiency requirements associated with National Wage decisions.

The Budget provides ongoing and significant support for the TAFE sector.

CONCLUSION

This State will pay its way in the 1990s.

The Budgets brought down by the Cain Government from 1982 to 1989 were right for their times.

In 1990 the Kirner Government faces changed circumstances and more difficult times.

This Budget for 1990–91 faces this head on. We have taken the hard decisions.

We have made the extremely difficult but essential decisions on major business asset sales.

We have increased taxes in a responsible way.

We have cut back the public sector.

We have tackled debt management in a more forceful way than any Victorian Government in the past 35 years.

It is a tough Budget for tough times, but the bottom line is that it will put Victoria on a realistic path to prosperity.

I commend the Budget to the House.