

CHAPTER 6: GENERAL GOVERNMENT REVENUE / REVENUE INITIATIVES

Key findings of the Committee:

- 6.1** On a total revenue per capita basis for 2009-10 (inclusive of GST revenue grants from the Commonwealth but net of Commonwealth grants for on-passing), Victoria is the lowest of all states and territories with total revenue per capita of \$7,245 compared to the Northern Territory (\$17,627, the highest) and New South Wales (\$7,433, the second lowest). On a revenue per capita basis, Victoria is mid ranking in terms of GST grants per capita and occupies a similar position with regard to state tax revenue per capita.
- 6.2** In relation to Victoria's General Government Sector, the Government expects to receive revenue from transactions totalling \$42.4 billion in 2009-10, an increase of 8.3 per cent compared to the revised estimate for 2008-09.
- 6.3** The largest components of the estimated revenue pool for 2009-10, comprising around 82 per cent of the State's revenue, relate to revenue to be derived by way of grants (\$21.6 billion or 50.8 per cent of all revenue sources) and taxation (\$13.3 billion or 31.3 per cent).
- 6.4** In terms of total grants, Other Commonwealth Grants in 2009-10 are expected to amount to \$11.9 billion (55.4 per cent of total grants). This amount is made up of \$8.3 billion (69.9 per cent) in current grants and \$3.6 billion (30.1 per cent) in capital grants.
- 6.5** With regard to the revenue item Other Commonwealth Grants, Victoria will receive \$4.3 billion by way of National Agreements for specific purposes (35.8 per cent of Other Commonwealth Grants) and \$3.1 billion from the Nation Building – Economic Stimulus Plan during 2009-10 (25.6 per cent).
- 6.6** The Department of Education and Early Childhood Development and the Department of Human Services, the two largest recipients of Other Commonwealth Grants, will each receive \$4.8 billion in 2009-10.
- 6.7** The Committee noted that in terms of materiality, major movements in revenue categories between the revised estimates for 2008-09 and the budget for 2009-10 are expected to occur in relation to Land Transfer Duty (an increase of 10.4 per cent) and Other Commonwealth Grants (an increase of 278.4 per cent). Modest variations in estimated revenue to be raised over the forward estimates period were exhibited in relation to most revenue items. Land Transfer Duty and Dividends were two notable exceptions where material variations were found to occur.
- 6.8** In the light of the global financial crisis, the economic outlook for Victoria was consequently revised down with the forecast growth in Victoria's Gross State Product reducing from 0.5 per cent in 2008-09 to 0.25 per cent in 2009-10, followed by a gradual recovery to trend rates of growth by the end of the estimates period (growth of 2.25 per cent in 2010-11 rising to 3.00 per cent in 2011-12 and 2012-13).

- 6.9** The May 2009 budget revealed that growth in total revenue over the forward estimates period 2010-2011 to 2012-13 was projected to average \$667.2 million, or 1.6 per cent a year. Consistent with the predicted economic outlook at that time, this outcome represented a marked downward revision to the projections outlined in the Government's Budget Update for 2008-09, released in December 2008, which forecast that total revenue growth over the forward estimates period 2009-10 to 2011-12 would average \$1.6 billion, or 4.0 per cent a year.
- 6.10** Given the materiality of the estimated increase of around \$600 million to be collected in 2009-10 and across the forward estimates for the 'Provision of Services' revenue item compared to the previous year's original estimate, more detail could be provided (e.g. any significant increases in receipts, fees or charges contributing to third party revenue in major sectors of health and education).
- 6.11** New revenue initiatives outlined in the budget are expected to result in the collection of \$232.7 million in additional revenue in 2009-10 (\$432.0 million to 2012-13).

6.1 Introduction

In the Committee's latest *Report on the 2007-08 Financial and Performance Outcomes*, the Committee indicated that the impact of the deterioration of global economic conditions on the Victorian economy, with the consequential detrimental effect on the raising of State revenue at expected levels over the forward estimates period, warranted a detailed analysis by Government in the 2009-10 Budget Papers. The Committee foreshadowed the inclusion of a full appraisal in the Budget of where the key revenue risks lie and the opportunities for revenue generation in future.¹⁷¹

The Committee noted that in discussing the risks to the economic outlook, the Government stated in part that:¹⁷²

... Over the forecast period, the projections assume an improvement in credit conditions and gradual recovery in equity prices. While there have been some encouraging signs, there is a risk that financial markets remain very volatile, which could temper any economic recovery.

It could also prolong the weakness in consumer and business confidence, which has been at significantly below-average levels. An improvement in confidence is important to facilitate the economic recovery, whereas continued weakness in confidence could lead to further reductions in spending, investment and employment.

...with unemployment now rising, it is possible that there will be an increased prevalence of household financial stress. If the unemployment rate rises significantly more than expected, this would have negative implications for household spending, asset prices and the economic outlook generally...

While the near-term economic outlook is weak and there are still a number of downside risks to growth, the longer term prospects for the Australian and Victorian economies remain positive...

¹⁷¹ Public Accounts and Estimates Committee, *Report on the 2007-08 Financial and Performance Outcomes*, May 2009, p.51

¹⁷² Department of Treasury and Finance, *Budget Paper No. 2, 2009-10 Strategy and Outlook*, May 2009, pp.33-34

It is the view of the Committee that the Department of Treasury and Finance will need to continue to closely monitor the economic landscape, both locally and globally, and evaluate the impact that the key economic indicators are likely to have on Victoria meeting its revenue projections.

The Committee's coverage of key aspects of the 2009-10 Budget (refer Chapter 2 of this report) includes a discussion on the revenue projections contained in the budget together with explanations for major movements.

6.2 Competitiveness of Victoria's taxation system

Tax competitiveness can be measured by expressing taxation revenue as a share of nominal Gross State Product (GSP). In comparing Victoria's taxation competitiveness with that of New South Wales, Queensland and the Australian average over the period 2004-05 to 2011-12, based on estimates published at a similar time in the *2008-09 Budget Update* (or equivalent publication) of these jurisdictions, the Government disclosed that Victoria:¹⁷³

- maintains a lower tax to GSP ratio than New South Wales;
- is expected to narrow the gap with Queensland; and
- is expected to move closer to the Australian average over the forward estimates period.

The Committee noted that according to the Government, it is difficult to make interstate comparisons of tax competitiveness and Victoria's position needs to be considered in the broader context. As an example, in 2007-08, Western Australia, Queensland and New South Wales each collected in excess of \$500 million in royalty revenue compared with around \$40 million for Victoria which is reflective of Victoria's limited access to royalty revenue.¹⁷⁴

On a total revenue per capita basis (inclusive of GST revenue grants from the Commonwealth but net of Commonwealth grants for on-passing), Table 6.1 shows that Victoria is the lowest of all states and territories with total revenue per capita of \$7,245 compared to the Northern Territory (\$17,627, the highest) and New South Wales (\$7,433, the second lowest). On a revenue per capita basis, Victoria is mid ranking in terms of GST grants per capita and occupies a similar position with regard to state tax revenue per capita.

¹⁷³ *ibid.*, p.15

¹⁷⁴ *ibid.*, p.16

Table 6.1: Tax, GST and total revenue per capita, all states and territories, 2009-10

	Total revenue per capita	Rank	State tax revenue per capita	GST revenue grants per capita	Other revenue per capita
	\$		\$	\$	\$
Northern Territory	17,627	1	1,788	9,870	5,969
Australian Capital Territory	9,246	2	2,883	2,388	3,975
Western Australia	8,579	3	2,741	1,475	4,363
South Australia	8,452	4	2,164	2,345	3,943
Queensland	7,991	5	2,289	1,721	3,981
Tasmania	7,800	6	1,670	3,046	3,084
New South Wales	7,433	7	2,528	1,752	3,153
Victoria	7,245	8	2,434	1,727	3,084

Source: Revenue estimates from state and territory 2009-10 Budgets or 2008-09 Half-Yearly Reviews less estimates of Australian Government grants for on-passing (Payments 'through' the states), NSW Treasury forecast of GST revenue grants and May 2009 Australian Treasury estimate of population cited from NSW Government, Budget Paper No. 2, Budget Statement 2009-10, Table 5.3, p.6

The Committee is of the view that a similar table to that prepared by New South Wales¹⁷⁵ as part of the presentation of its Budget Papers together with appropriate commentary would improve the analysis of revenue in the Victorian Budget Papers.

6.3 Composition of Victoria's General Government Sector's revenue estimates

In relation to Victoria's General Government Sector, the Government expects to receive revenue from transactions totalling \$42.4 billion in 2009-10. Table 6.2 outlines the major revenue categories that comprise the revenue estimates for 2009-10 and the expected movement in revenue between the 2008-09 revised estimates and the 2009-10 Budget Estimates for each component.

Broad explanations for major increases in Commonwealth grants and taxation revenue are outlined earlier in this report (see Chapter 2 - Key Aspects of the 2009-10 Budget).

¹⁷⁵ NSW Government, Department of Treasury and Finance, Budget Paper No. 2, Budget Statement 2009-10, May 2009, p.6

**Table 6.2: General Government Sector Revenue –
Expected movement in revenue categories between the
2008-09 Revised Estimates and the 2009-10 Budget Estimates**

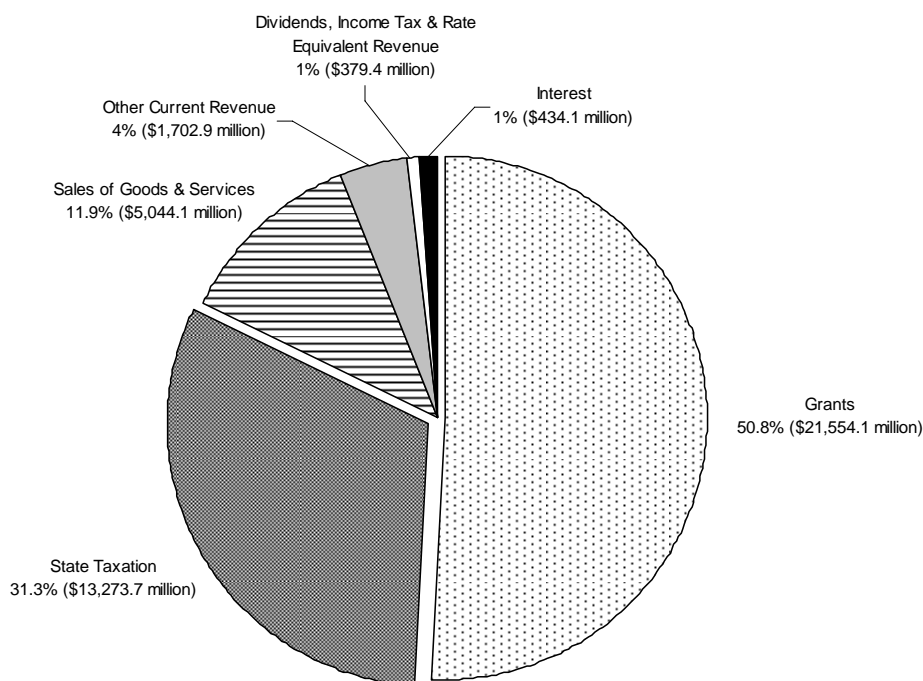
Revenue categories	2008-09 Revised Estimate	2009-10 Budget	Change
	(\$ million)	(\$ million)	(%)
Current grants			
GST grants	9,347.9	9,415.1	0.7
Other Commonwealth grants	8,208.7	8,341.2	1.6
Other contributions and grants	144.2	92.6	-35.8
Total current grants	17,700.8	17,848.9	0.8
Capital grants			
Other Commonwealth grants	950.4	3,596.1	278.4
Other contributions and grants	138.2	109.1	-21.0
Total capital grants	1,088.6	3,705.3	240.4
Total grants	18,789.4	21,554.1	14.7
Taxes on employers' payroll and labour force	4,023.5	4,083.3	1.5
Land tax	1,236.8	1,217.9	-1.5
Land transfer duty	2,894.6	3,194.7	10.4
Gambling taxes – Electronic gaming machines	1,000.7	1,004.6	0.4
Other taxation	3,564.4	3,773.2 ^(a)	5.9
Total taxation	12,720.0	13,273.7	4.4
Sale of goods and services	5,076.6	5,044.1	-0.6
Dividends, income tax and rate equivalent revenue	474.2	379.4	-20.0
Interest	408.2	434.1	6.4
Other current revenue	1,683.8	1,702.9	1.1
Total revenue	39,152.1	42,388.3	8.3

Note: (a) Other taxation includes taxes on insurance (Non-life insurance of \$677.4 million and insurance contributions to fire brigades of \$452.1 million), motor vehicle taxes (vehicle registration fees of \$864.5 million and duty on vehicle registrations), and transfers of \$483.9 million

Source: Department of Treasury and Finance, Budget Paper No.4, 2009-10 Statement of Finances, p.193-207

Figure 6.1 shows a breakdown prepared by the Committee of the proportion of the total estimated revenue for 2009-10 according to major revenue categories. The largest components of the estimated revenue pool for 2009-10, which comprise around 82 per cent of the State’s revenue, relate to revenue to be derived from grants (\$21,554.1 million or 50.8 per cent of all revenue sources) and taxation (\$13,273.7 million or 31.3 per cent).

Figure 6.1: Composition of estimated General Government Sector revenue 2009-10



Source: Figure prepared by the Committee using information drawn from the Department of Treasury and Finance, Budget Paper No.4, Statement of Finances 2009-10, p.193

The Committee believes the preparation of the above chart by the Department of Treasury and Finance would be a useful addition to the future presentation of the Budget Papers.

In terms of the grants item which forms half the revenue budget, Other Commonwealth Grants in 2009-10 are expected to amount to \$11,937.3 million (55.4 per cent of total grants). This amount is made up of \$8,341.2 million (69.9 per cent) in current grants and \$3,596.1 million (30.1 per cent) in capital grants. A breakdown of Other Commonwealth Grants according to the relevant department responsible for service delivery and the particular agreements/plans governing these payments for specific purposes and grants for on-passing is shown in Table 6.3.

Under the larger grant funding arrangements with the Commonwealth for Other Commonwealth Grants, Victoria will receive \$4.3 billion by way of National Agreements for specific purposes (35.8 per cent of Other Commonwealth Grants) and \$3.1 billion from the *Nation Building – Economic Stimulus Plan* during 2009-10 (25.6 per cent). The Department of Education and Early Childhood Development and the Department of Human Services, the two largest recipients of Other Commonwealth Grants, will each receive \$4.8 billion in 2009-10.

Table 6.3: Payments for specific purposes and grants for on-passing 2009-10 Budget (\$ million)

Department/Sector	National Agreements	National Partnerships	Nation Building: Economic Stimulus Plan	Assistance to Non-Govt. Schools	Commonwealth Own Purpose Expenses	Other	Total
Education and Early Childhood Development	759.6	235.2	1,995.7	1,792.5			4,783.0
Human Services	3,184.7	103.7	1,009.5		486.7		4,784.6
Innovation, Industry and Regional Development	326.3	68.9				10.0	405.2
Justice		28.9					28.9
Primary Industries		59.4					59.4
Sustainability and Environment		66.7					66.7
Transport		527.3	54.3				581.6
Treasury and Finance		103.3					103.3
Local Government Operating Local roads						325.7 120.3	446.0
Other						678.6	678.6
Total	4,270.6	1,193.4	3,059.5	1,792.5	486.7	1,134.6	11,937.3

Note: The above information is based on information available as at 29 April 2009. In some cases, funding is based on an estimate of the possible Victorian share of Commonwealth funding. The actual share may vary and is yet to be determined.

Source: Table prepared by the Committee using information drawn from the Department of Treasury and Finance, Budget Paper No.4, 2009-10 Statement of Finances, pp.209-211

6.4 Major variations in revenue items

6.4.1 2009-10 Budget compared to 2008-09 Revised Estimates

Table 6.4 discloses significant movements between the revised estimates for 2008-09 and the Budget for 2009-10 for revenue items within each major revenue category. In terms of materiality, the largest movements occur in relation to Land Transfer Duty (an increase of 10.4 per cent) and Other Commonwealth Grants (an increase of 278.4 per cent).

Table 6.4: General Government Sector Revenue – Major variations in revenue items between the 2008-09 revised estimates and the 2009-10 Budget Estimates

Revenue Item	2008-09 Revised Estimate	2009-10 Budget	Change
	(\$ million)	(\$ million)	(%)
Taxation			
Land transfer duty	2,894.6	3,194.7	10.4 ^(a)
Financial accommodation levy	26.6	54.2	103.6 ^(b)
Transurban concession fees	37.5	29.5	-21.2
Dividends, income tax and rate equivalent revenue			
Dividends	361.2	255.3	-29.3
Income tax equivalent revenue	107.9	117.9	9.3
Other current revenue			
Fair value of assets received free of charge or for nominal consideration	214.8	56.7	-73.6 ^(c)
Traffic camera and on the spot fines	397.6	437.2	10.0
Donations and gifts	210.5	267.4	27.1 ^(d)
Other miscellaneous income	723.8	807.9	11.6 ^(e)
Grants			
Current grants			
Other contributions and grants	144.2	92.6	-35.8
Capital grants			
Other Commonwealth grants	950.4	3,596.1	278.4 ^(f)
Other contributions and grants	138.2	109.1	-21.0

Notes:

(a) Land transfer duty

The reasons for the expected increase of \$300 million or 10.4 per cent are twofold:¹⁷⁶

- An estimated 22 per cent decline in land transfer revenue in 2008-09 due to a sizeable contraction in the volume of transactions and modest fall in the average value per transaction which reflects the downturn in the property market associated with the global fall in asset prices; and
- In the near term, the positive response in the property market to the recent monetary easing and the stimulatory effect of the Commonwealth Government's First Home Owner Boost and the Victorian Government's First Home Bonus.

(b) Financial accommodation levy

The predicted increase is mainly due to the anticipated increase in borrowings by water corporations in order to fund capital projects as well as wider credit risk spreads.¹⁷⁷

(c) Fair value of assets received free of charge or for nominal consideration

The anticipated reduction reflects one-off transactions that occurred in 2008-09, such as land received for the Melbourne Recital Centre and the transfer of works carried by the EastLink consortium to the State.¹⁷⁸

¹⁷⁶ Department of Treasury and Finance, Budget Paper No.4, 2009-10 Statement of Finances, May 2009, p.199
¹⁷⁷ ibid., pp.200-1

(d) Donations and gifts

The estimated increase is largely due to funding received from other states for water projects and anticipated increased revenue by health services.¹⁷⁹

(e) Other miscellaneous income

The expected increase is due to the release of an additional 330 wheelchair accessible taxi licences and 200 conventional taxi licences in response to the Essential Services Commission's Taxi Fare Review 2007-08.¹⁸⁰

(f) Other Commonwealth capital grants

The key areas where grants are expected to increase include the following:¹⁸¹

- under the Nation Building – Economic Stimulus Plan with regard to the Building the Education Revolution initiative, grants relating to
 - Primary Schools for the 21st Century are expected to increase by 1,000.7 per cent from a revised estimate for 2008-09 of \$97.6 million to an estimate of \$1,074.3 million for 2009-10;
 - Primary Schools for the 21st Century: Non-government schools are expected to increase by 1,000.8 per cent from a revised estimate for 2008-09 of \$46.2 million to an estimate of \$508.6 million for 2009-10; and
- under the Nation Building – Economic Stimulus Plan with regard to Social Housing, grants are expected to increase by 1,467.5 per cent from a revised estimate for 2008-09 of \$64.4 million to an estimate of \$1,009.5 million for 2009-10.

Source: Department of Treasury and Finance, Budget Paper No.4, 2009-10 Statement of Finances, p.195-221

6.4.2 2009-10 Budget compared to the Forward Estimates to 2012-13

The May 2009 Budget indicated that the economic outlook had deteriorated further since the 2008-09 Budget Update. In the light of the global financial crisis, the economic outlook for Victoria was consequently revised down with the forecast growth in Victoria's Gross State Product reducing from 0.5 per cent in 2008-09 to 0.25 per cent in 2009-10, followed by a gradual recovery to trend rates of growth by the end of the estimates period (growth of 2.25 per cent in 2010-11 rising to 3.00 per cent in 2011-12 and 2012-13).¹⁸² The Committee acknowledges that the rate of growth in Gross Domestic Product impacts on the level of revenue expected to be raised by the State.

The Committee's analysis showed that according to the 2009-10 Budget, growth in total revenue over the forward estimates period 2010-2011 to 2012-13 was projected to average \$667.2 million, or 1.6 per cent a year.¹⁸³ This outcome represented a marked downward revision to the projections outlined in the Government's 2008-09 Budget Update, released in December 2008, which forecast total revenue growth over the forward estimates period 2009-10 to 2011-12 would average \$1.6 billion, or 4.0 per cent a year.¹⁸⁴

Modest variations in estimated revenue to be raised over the forward estimates period were exhibited in relation to most revenue items. Exceptions are listed in Table 6.5.

¹⁷⁸ *ibid.*, p.206

¹⁷⁹ *ibid.*

¹⁸⁰ *ibid.*

¹⁸¹ *ibid.*, pp.209-10

¹⁸² Department of Treasury and Finance, Budget Paper No. 2, 2009-10 Strategy and Outlook, May 2009., pp.19-21

¹⁸³ *ibid.*, p.37

¹⁸⁴ Department of Treasury and Finance, 2008-09 Budget Update, pp.27-8

Table 6.5: Major variations in revenue items between the 2009-10 Budget and the forward estimates

	Column 1	Column 2	Column (2-1)/1	Column 3	Column (3-2)/2	Column 4	Column (4-3)/3
Revenue item	2009-10 Budget	2010-11 Estimate	Variation	2011-12 Estimate	Variation	2012-13 Estimate	Variation
	(\$ million)	(\$ million)	(%)	(\$ million)	(%)	(\$ million)	(%)
<i>Taxation</i>							
Land transfer duty	3,194.7	3,574.8	11.9 ^(a)	3,612.3	1.0	3,749.1	3.8
Growth areas infrastructure contribution	84.7	51.3	-39.4	46.8	-8.8	46.8	0.0
Financial accommodation levy	54.2	68.6	26.6	77.6	13.1	84.9	9.4
Casino	144.4	162.3	12.4	182.7	12.6	206.2	12.9
Racing	133.1	138.5	4.1	145.5	5.1	71.9	-50.6
<i>Dividends, income tax equivalent and rate equivalent revenue</i>							
Dividends	255.3	386.4	51.4 ^(b)	645.1	67.0 ^(b)	430.2	-33.3
Income tax equivalent revenue	117.9	136.8	16.0	158.9	16.2	198.1	24.7
<i>Sales of goods and services</i>							
Refunds and reimbursements	52.4	81.5	55.5	55.7	-31.7	55.7	0.0
Inter-sector capital asset charge	1,064.5	1,177.0	10.6	1,279.3	8.7	1,359.0	6.2
<i>Capital Grants from the Commonwealth</i>							
Specific purpose grants for on-passing	793.1	566.4	-28.6	171.1	-69.8	171.1	0.0
Payments for specific purposes	2,803.0	1,683.3	-39.9	740.9	-56.0	531.8	-28.2
<i>Other current revenue</i>							
Fair value of assets received free of charge or for nominal consideration	56.7	51.0	-10.1	0.7	-98.6	0.8	14.3
Fines	506.5	581.5	14.8	583.7	0.4	586.3	0.4
Donations and gifts	267.4	214.8	-19.7	222.0	3.4	207.0	-6.8
Other miscellaneous income	807.9	713.4	-11.7	664.4	-6.9	666.2	0.3

Notes:

(a) Land Transfer Duty

The strongest growth is expected to occur in 2010-11 with the full effect of low interest rates working their way through the property market while the economy recovers. The prospective recovery in economic growth will support land transfer duty from 2011-12, but this is expected to be moderated by a return to more normal interest rate levels.¹⁸⁵

(b) Dividends

The increase to 2011-12 reflects growth in the Public Non-Financial Corporations and Public Financial Corporations sectors. Dividends from these sectors are expected to increase in line with the anticipated recovery from the current economic downturn.¹⁸⁶

The Committee is of the view that the disclosure of revenue items in the Budget Papers for 2009-10 would have been enhanced by the inclusion of the actual revenue raised for 2007-08 together with the initial budget for 2008-09 to supplement the published information relating to the revised budget for 2008-09, the current year budget for 2009-10 and the three year forward estimates to 2012-13. The adoption of such a format in future would enable trend analysis to occur in a more user friendly manner. The Committee also requests that more information be provided to explain significant variations from one year to the next in the forward estimates.

Source: Department of Treasury and Finance, Budget Paper No.4, 2009-10 Statement of Finances, p.45-47

Recommendation 13:

The Department of Treasury and Finance supplement the disclosure of revenue items in the Budget Papers by including:

- (a) an analysis of total revenue per capita for Victoria compared to the other states and territories;**
- (b) a pie chart showing the composition of Victoria's revenue base;**
- (c) the actual budget for the previous year and actual revenue raisings for the most recent completed year; and**
- (d) explanations for a greater number of material variances between items disclosed in the Forward Estimates.**

¹⁸⁵ Department of Treasury and Finance, Budget Paper No. 2, 2009-10 Strategy and Outlook, May 2009, p.41

¹⁸⁶ *ibid.*, May 2009, p.42

6.5 Sales of goods and services – provision of services

Revenue derived from the sales of goods and services is estimated to amount to \$5.0 billion in 2009-10 or 11.9 per cent of the State’s revenue base.¹⁸⁷ This revenue category is predominately made up of revenue derived from the ‘provision of services’ which is expected to amount to \$3.5 billion in 2009-10 (70 per cent of revenue generated from the sale of goods and services to be derived from the Provision of Services).¹⁸⁸

The Committee noted that in 2008-09, revenue from the sale of goods and services is expected to total \$5,077 million, which is \$742 million higher than the original 2008-09 Budget estimate and includes an increase of \$287 million on the *2008-09 Budget Update*.¹⁸⁹ In explaining this variance, the Government reported that:¹⁹⁰

This includes a \$266 million reimbursement from the Commonwealth with regards to the February 2009 bushfires, along with an increase in third party revenue in the hospital, TAFE and schools sectors. This additional revenue is offset by an increase in expenditure incurred in the delivery of relief to victims of the bushfire and health and education services. The additional third party revenue will be used, in part, to fund asset related expenditure.

An analysis of revenue expected to be derived from the Provision of Services is set out in Table 6.6. The Committee noted the substantial rise in revenue expected to be collected in the 2009-10 Budget year and extending over the forward estimates period to 2012-13 with regard to the provision of services, which is largely attributable to the increase in third party revenue in the hospital, TAFE and schools sectors.

Table 6.6: General government sector – Provision of Services – Analysis of budgeted revenue 2008-09 to 2012-13

Year	Budget/Estimate (\$ million)	Change (%)
2008-09 Budget	2,867.5 ^(a)	
2009-10 Budget	3,475.6	21.2
2010-11 Estimate	3,576.4	2.9
2011-12 Estimate	3,693.1	3.3
2012-13 Estimate	3,727.9	0.9

Note: (a) *In the 2008-09 Budget Update, the original budget for the Sales of goods and services revenue category for 2008-09 was revised upwards from an original estimate of \$4,334.5 million to \$4,789.3 million*

Sources: *Department of Treasury and Finance, Budget Paper No.4, 2008-09 Statement of Finances, p.44 and Budget Paper No.4, 2009-10 Statement of Finances, p.46*

A comparison on how the revenue budgets for the provision of services has been revised upwards in the 2009-10 Budget compared to the 2008-09 original budget and over the forward estimates is shown in Table 6.7. As can be seen from this table the Government, in preparing its 2009-10 Budget, expects to receive a substantial increase in revenue to be collected from the provision of services in 2009-10 and across the forward estimates compared to its initial predictions made in 2008-09.

¹⁸⁷ Department of Treasury and Finance, Budget Paper No.4, *2009-10 Statement of Finances*, May 2009, p.193

¹⁸⁸ *ibid.*, p.46

¹⁸⁹ *ibid.*, p.312

¹⁹⁰ *ibid.*, p.317

Table 6.7: Provision of Services – Comparison of Budget and Forward Estimates projections contained in the 2009-10 Budget to the 2008-09 original Budget

Budget Papers	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)	2011-12 (\$ million)	2012-13 (\$ million)
2008-09	2,867.5	2,889.4	2,949.4	3,023.0	-
2009-10	-	3,475.6	3,576.4	3,693.1	3,727.9
Variance (per cent)	-	20.3	21.3	22.2	-

Sources: Department of Treasury and Finance, Budget Paper No.4, 2008-09 Statement of Finances, p.44 and Budget Paper No.4, 2009-10 Statement of Finances, p.46

The Committee noted that in terms of comparing the estimate of revenue from sales of goods and services in 2009-10 to the prior year, the Government indicated that Consumer Price Indexation will apply to a range of fees and charges and increases in TAFE institutes' fee revenue will occur due to increased enrolments and fee adjustments.¹⁹¹

The Committee is of the view, however, that given the materiality of the estimated increase of around \$600 million to be collected in 2009-10 and across the forward estimates for the provision of services compared to the previous year's original estimate, more detail could be provided (e.g. any significant increase in receipts, fees or charges contributing to third party revenue in major sectors of health and education).

6.6 Revenue initiatives contained in the 2009-10 Budget

New revenue initiatives outlined in the Budget, which are expected to result in the collection of \$232.7 million additional revenue in 2009-10 (\$432.0 million to 2012-13), mainly comprise the following:¹⁹²

- greater assistance provided to those who rely on wheelchair taxi services through the release of a further 330 wheelchair accessible taxi licences and a doubling of the Multi Purpose Taxi Program's trip and annual caps. An extra 200 conventional taxi licences into the greater Melbourne area have also been released to address the undersupply of taxis, particularly at peak times - \$146.0 million in 2009-10 (\$193.4 million to 2010-11);
- a Growth Areas Development Fund to provide financial assistance for capital works in growth areas, focusing on projects that support economic and community infrastructure - \$42.3 million in 2009-10 (\$114.8 million to 2012-13); and
- a Growth Areas Infrastructure Contribution to partly fund the provision of infrastructure in growth areas, enabling a more timely provision of facilities and services - \$42.4 million in 2009-10 (\$114.8 million to 2012-13).

¹⁹¹ *ibid.*, p.205

¹⁹² Department of Treasury and Finance, Budget Paper No. 3, 2009-10 Service Delivery, May 2009, pp.369-370