



## Minister for Finance

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The Hon Phillip Davis MP  
Chairman  
Public Accounts and Estimates Committee  
Parliament House  
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Dear Mr Davis

### **BUDGET ESTIMATES FOR 2012-13 QUESTIONS ON NOTICE MINISTER FOR FINANCE PORTFOLIO**

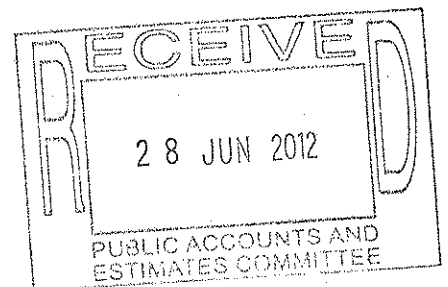
Thank you for your letter dated 7 June 2012 requesting response to the question taken on notice during the 11 May 2012 Budget Estimates hearing for the Finance portfolio.

Please find enclosed the response to this question.

Yours sincerely

**ROBERT CLARK MP**  
**Minister for Finance**

26/6/12  
Attach.



**ATTACHMENT:**

**QUESTIONS TAKEN ON NOTICE**

**FINANCE PORTFOLIO**

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- 1. Regarding the performance measure 'Accuracy of estimating State taxation revenue in the State budget', given that the last actual result was 2.9, why are the subsequent targets and the 2011-12 expected outcome ' $\leq 5.0$ '?**

The target of equal to or less than 5 per cent is a balanced target which allows for inherent volatility in taxation revenue but yet is achievable for forecasters. In particular, inherent difficulties in forecasting the component taxes such as Land transfer duty. This has exhibited variation of +20% and - 20% from the previous year's value in recent times. Thus there are a number of occasions when the annual performance target has not been met. Nevertheless it is important that the Department retain targets that ensure best efforts will be made to make high quality forecasts.

The expected outcome published in the 2012-13 Budget Papers was the same as the target for 2011-12 due to the timing of the collection of output reporting information in February. However, it is possible for an expected outcome to be provided, based on the revenue forecasts in late April, and before the budget papers are published. The department will include an expected outcome figure in future years.

The 2011-12 expected outcome, based on the revenue forecasts in April 2012, was -3.1%.

