

WESTERN AUSTRALIAN ECONOMY — GOVERNMENT REVENUE

126. Hon SUE ELLERY to the parliamentary secretary representing the Treasurer:

I refer to the major economic parameters underlying the 2008-09 budget, which assume an Australian-United States dollar exchange rate of 92.5c, and to the *Pre-election Financial Projections Statement* for 2008-09, which revises this exchange rate upwards to 95.5c. Given that a decrease in the Australian-United States dollar exchange rate of 1c has an approximate revenue impact of increasing mining revenue by \$36 million, and, in light of the fact that the Australian dollar is now worth US64.3c —

- (1) Will the Treasurer advise the house what financial impact the depreciation in the exchange rate will have on government revenue for 2008-09?
- (2) What impact is the exchange rate likely to have on the budget surplus for 2008-09?

Hon BARRY HOUSE replied:

I thank the member for some notice of this question.

- (1)-(2) There are many swings and roundabouts in parameter movements that impact on the state's finances, of which the exchange rate is only one, albeit a significant one. While the depreciating exchange rate will serve to boost the state's royalty revenue, offsetting factors include rapidly falling commodity prices, particularly for oil and iron ore. The overall net impact of these movements on the state's finances will be disclosed in the 2008-09 mid-year review, which will be released later this month.