

EFFICIENCY DIVIDEND — INTEREST COSTS

296. Hon SHELLEY EATON to the parliamentary secretary representing the Treasurer:

The midyear economic review states that due to a reduction in revenue of \$1.5 billion since the pre-election financial projection statements and an increase in expenses of \$3.7 billion, a total of \$250 million in interest costs have been added to the operating outlook. Can the parliamentary secretary advise —

- (1) Given that the total expenses were predicted on the success of the government's three per cent efficiency dividend, what are the estimated interest costs now that the Treasurer has admitted that some departments will not achieve the three per cent savings stipulated in the PFPS?
- (2) Should the state lose its AAA credit rating, what will be the estimated interest costs that must be serviced by the state?

Hon BARRY HOUSE replied:

I thank the member for some notice of this question and point out that my copy of the question read “predicated” and not “predicted”.

- (1) Interest costs are determined by a range of factors, including changes to the revenue outlook; changes to the forecast pattern of spending—both recurrent and capital; and prevailing interest rates. Revised interest costs for 2008-09 and the forward estimates period will be published in the 2009-10 budget.
- (2) The government is committed to retaining the state's AAA credit rating and will be implementing corrective action in the 2009-10 budget consistent with this objective.