



MEDIA STATEMENT

16 August 2008

Pre-election Financial Projections Statement

Under Treasurer Timothy Marney released the 2008-09 *Pre-election Financial Projections Statement* (PFPS) today.

The PFPS has been prepared by the Department of Treasury and Finance in accordance with the requirements of the *Government Financial Responsibility Act 2000*.

“The PFPS is designed to inform the people of Western Australia of the latest outlook for the State’s finances and economic assumptions at the start of the election campaign”, Mr Marney said.

“It takes into account all known decisions of the Government up to the calling of the election on 7 August 2008, and other developments since finalisation of the 2008-09 Budget estimates in April 2008”.

The PFPS shows that the general government sector’s operating surplus (the budget ‘bottom-line’) for 2008-09 has been revised up by \$75 million to \$1,930 million. This largely reflects increased royalty collections from higher than expected international oil prices and iron ore contract prices. These increases have been partially offset by lower transfer duty collections from a weaker property market.

Across the outyears (2009-10 to 2011-12), operating surplus projections have been revised up to be in the range of \$995 million to \$2,163 million. This includes the flow-on effect of the factors noted above, agreement by the State’s major iron ore producers to remove the concessional royalty rate on new projects/production subject to State Agreement Acts, and a decision by the Government to impose a one-off efficiency dividend of 3% on appropriation-funded agencies with effect from 1 January 2009.

Significantly lower net debt levels are in prospect as a result of the larger operating surpluses. Total public sector net debt is expected to be \$6.8 billion by 30 June 2009 and rise to \$9.1 billion by 30 June 2012, which is \$2.4 billion lower than the budget forecast. The net debt to revenue ratio – a key ratio for the State’s credit rating – is expected to rise from 30.6% in 2008-09 to 35.4% by 2011-12, compared with a forecast maximum of 43.9% at budget-time.

Despite the realisation of some risks highlighted at the time of the 2008-09 Budget, and the gas supply disruption caused by the explosion at Varanus Island in June 2008, the medium term economic outlook for the State remains robust and broadly unchanged since budget.

The 2008-09 PFPS details these issues and how they affect the State’s financial outlook, and is available for download from the Department of Treasury and Finance website at <http://www.dtf.wa.gov.au/>.

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