

TREASURY CORPORATION — LOAN GUARANTEE FEE

303. Hon MATT BENSON-LIDHOLM to the minister representing the Treasurer:

I refer to the increase from 0.2 per cent to 0.7 per cent in the loan guarantee fee charged by the Western Australian Treasury Corporation for government guaranteed lending to selected agencies.

- (1) Did the government receive any actuarial advice prior to increasing this charge?
- (2) If yes to (1), will the minister table the advice or a summary of the advice; and, if not, why not?
- (3) If no to (1), on what basis was the new figure of 0.7 per cent determined?
- (4) Which agencies will pay the increased fee?
- (5) Why does the fee generate \$36 million in additional revenue in the 2012–13 year but only \$16 million in the 2013–14 year?

Hon SIMON O'BRIEN replied:

I thank the honourable member for notice of this question.

- (1) The loan guarantee fee is not a pricing issue that is actuarially based.
- (2) Not applicable.
- (3) The basis of the decision was to expose the entities to some of the risk-related cost of debt they would face if they were required to borrow at the market interest rate, and ensure competitive neutrality between the entities and the private sector. Otherwise, the entities would have a competitive advantage relative to private competitors; for example, electricity generators. A comparison with other jurisdictions indicates that the rate set is lower than that which applies to similar entities in other major states.
- (4) Albany Port Authority; Broome Port Authority; Bunbury Port Authority; Busselton Water Board; Country Housing Authority; Dampier Port Authority; Esperance Port Authority; Forest Products Commission; Fremantle Port Authority; Geraldton Port Authority; Gold Corporation; Government Employees Superannuation Board; Horizon Power; Housing Authority, including Government Regional Officers' Housing; Independent Market Operator; Metropolitan Redevelopment Authority; Perth Market Authority; Port Hedland Port Authority; Public Transport Authority; Synergy; Verve Energy; Western Australian Land Authority; Water Corporation; Western Australian Treasury Corporation; and Western Power.
- (5) The calculation of the impact referred to is the additional revenue received, offset by lower taxes and dividends payable by the entities. The dividend paid by most of the entities in 2012–13 will be based on their profits in 2011–12, which is not affected by the loan guarantee fee increase; therefore, the benefit to the net operating balance in 2012–13 is greater than the later years.