QTON No. 17

Legislative Assembly for the Australian Capital Territory
Standing Committee on Public Accounts and Administration

Inquiry into Annual and Financial Reports 2023-24

Answer to question taken on notice

Asked by: MS FIONA CARRICK MLA

Addressed to: MR CHRIS STEEL MLA, TREASURER

In relation to: OWN SOURCE REVENUE – INTEREST

Hearing: 13 February 2025
Uncorrected Proof Transcript pp 28
Transcript provided: 20 February 2025
Answer Due: 27 February 2025

Mr Chris Steel MLA took on notice the following questions:

Ms Carrick: Okay, so I mean, while we are on page 78, one cannot help looking at the interest expense. 886 million in by the end of the forward estimates. $886 million a year. How much of our own source revenue would that be? What percent?

Mr Campbell: I do not have that off the top of my head, but I can come back to you.

Ms Carrick: That would be good, because I dare say that would be, given our own source revenue in that year is 3.3 billion, 0.886 or close to point nine of 3.3, that is a very high percentage of our own source revenue being spent on interest, because I assume we are not spending the Commonwealth grants on our interest?

Mr Campbell: Well, no. So what matters for our borrowing capacity is our total revenue. So it is not just own source revenue. Every time you go to the market, people know what your capacity to pay is and your capacity to repay, and they will not just look at your own source revenue. They will look at your total revenue source.

Ms Carrick: Yes, I appreciate that. So I sort of moved on from the borrowings to the net interest and how much of the interest expense—it is very high, 886 million per annum. Well, it gets to that by 27-28, with an increasing debt profile. That is just growing and that is a significant portion of our own source revenue being spent on interest.

Mr Steel: Question?

Ms Carrick: Well, could you take on notice the percent of our own source revenue that is being spent on interest?

Mr Campbell: Yes, I can do that.

Mr Steel: Yes, we can agree with that.

MR CHRIS STEEL MLA, TREASURER: The answer to the Member's question is as follows:

The Territory has multiple revenue sources, and a detailed breakdown of the total General Government Sector (GGS) Revenue is found on page 61 of the 2024-25 Budget Review. The Territory receives revenue through multiple streams, including own-source revenue, Goods and Services Tax (GST), Commonwealth grants and fees and charges. For example, GST revenue for 2024-25 is forecast to be $1.983 billion, compared to GGS taxation revenue of $2.737 billion.

Assessing the Territory budget, including interest expenses, across the whole revenue stream received by the Territory Government is important to understanding the market's responses to our borrowing. The Territory maintains a strong borrowing capacity and serviceability of debt.

The Territory's total interest expense for 2024-25 can be found on page 78 of the 2024-25 Budget Review. As a percentage of Total Territory taxation revenue, this is approximately 20 per cent. As a percentage of total Territory revenue, this is approximately 6 per cent.

Approved for circulation to the Standing Committee on Public Accounts and Administration

Signature: Date: 14/3/25

By the Treasurer, Mr Chris Steel MLA