

An aerial photograph of the Perth city skyline at dusk. The sky is a deep blue, and the city lights are beginning to glow. The water in the foreground is dark, reflecting the city lights. The skyline is dominated by several tall skyscrapers, including the Perth Mint and the Perth City Centre. The city is surrounded by water, and the foreground shows a large body of water with some small islands and bridges.

# Annual Report 2023

WESTERN AUSTRALIAN  
**TREASURY CORPORATION**

Financial Solutions  
for the Benefit of All  
Western Australians



## Acknowledgement of Country

We acknowledge the Traditional Custodians throughout Western Australia and their continuing connection to land, waters and community. We pay our respects to all Aboriginal peoples and their cultures, and to elders both past and present.

## About this Report

This annual report provides information about the services and performance of Western Australian Treasury Corporation and includes audited financial statements and performance indicators for the financial year ending 30 June 2023. A full copy of this annual report, along with previous years' annual reports, is available in PDF and other formats on our website at [watac.wa.gov.au](http://watac.wa.gov.au).



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Images courtesy of Tourism Western Australia.



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# Overview

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- Financial Year Snapshot
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- Board of Directors

## Shire of Dardanup

### New Library, Administration and Community Centre

Supported with debt funding from WATC, the Shire of Dardanup is building a new library, administration and community centre. The landmark building, which utilises sustainable timber construction, will be a community hub for collaboration, connection and innovation.

Image courtesy of Shire of Dardanup.



# Statement of Compliance

**To the Honourable Rita Saffioti BBus MLA**

**Deputy Premier; Treasurer; Minister for Transport; Tourism**

In accordance with Section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Western Australian Treasury Corporation for the financial year ending 30 June 2023.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

Yours sincerely,



M BARNES PSM, FIPAAWA  
CHAIRPERSON  
Western Australian Treasury Corporation  
25 August 2023



K GULICH PSM  
CHIEF EXECUTIVE OFFICER  
Western Australian Treasury Corporation  
25 August 2023

Image courtesy of Tourism Western Australia.



# Vision, Objectives and Values

**Western Australian Treasury Corporation (WATC) is the State's central financial services provider, working with our public sector clients to achieve sound financial outcomes.**

## Vision

To be recognised as the best at providing financial solutions for the benefit of the Western Australian public sector.

## Objectives

Our strategic focus for 2022–23 centred on the following key strategic objectives:

- Providing high-quality, cost-effective products and services to the Western Australian public sector.
- Maintaining ready access to domestic and international capital markets to ensure funds are raised to finance client borrowing needs.
- Optimising the performance of WATC in accordance with the *Western Australian Treasury Corporation Act 1986* and the risk appetite of WATC's Board.

## Values

We transact all business in accordance with our corporate values of:

- **Integrity**  
Being open, honest and accountable and adhering to the highest professional and ethical standards. Honouring our promises.
- **Partnership**  
Working collaboratively with our clients and colleagues towards achieving successful outcomes.
- **Adaptability**  
Challenging ourselves to think creatively and to continuously improve.
- **Achievement**  
Focusing on delivering valued outcomes for Western Australia.
- **Leadership**  
Using our knowledge and experience to contribute to the long-term benefit of Western Australia.



# Financial Year Snapshot



## \$49.8<sup>b</sup>

### Total Debt

Delivering on our ongoing responsibility to raise funds on behalf of the State of Western Australia, WATC's total debt on issue amounted to \$49.8 billion at 30 June 2023.

[More on page 32](#)

## \$44.9<sup>b</sup>

### Client Debt

We managed a total of \$44.9 billion of client debt on behalf of government agencies, local governments and public universities as at 30 June 2023.

[More on page 23](#)

## \$550<sup>m</sup>

### Foreign Exchange

During the 2022–23 financial year, we transacted over \$550 million in 10 currencies on behalf of 18 clients and assisted in effectively managing their foreign exchange risk.

[More on page 28](#)

## 50

### Advisory Engagements

Supporting clients and the State with independent expert financial advice, we completed 50 client engagements during the 2022–23 financial year.

[More on page 25](#)



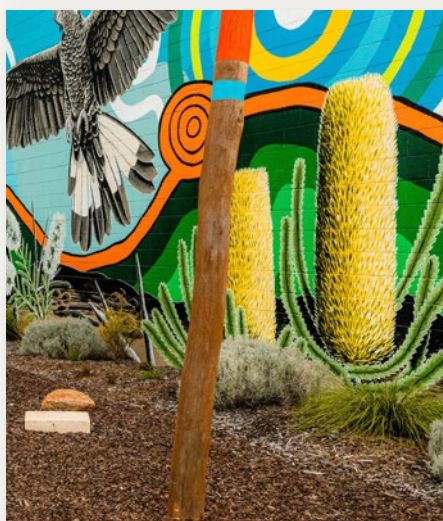
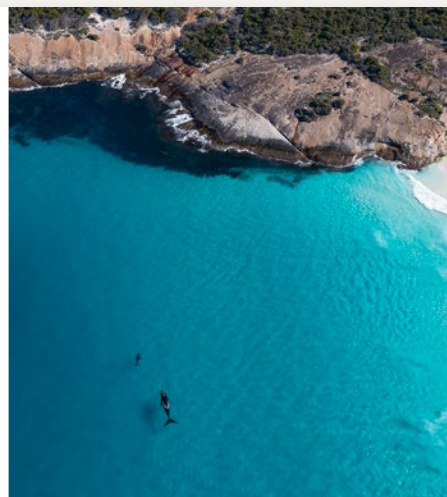
# Key Achievements

## Sustainability Milestones

### Release of Sustainability Bond Framework and Green Bond

Following the release of the *Sustainability Bond Framework* in May, WATC successfully issued its first green bond. This raised \$1.9 billion, generating over \$6 billion in bids from more than 60 domestic and international investors.

More on pages 34 & 35



## Lending Reform

### Delivery of Financially Sustainable Local Government Lending Solution

We collaborated with our local government clients to effectively incorporate changes to our lending policy for local governments, ultimately providing more financially sustainable, long-term lending solutions for the local government sector.

More on page 24

## Building Knowledge

### Ongoing Client Education and Development

We continued to develop client knowledge and understanding through a varied educational program that included economic presentations, foreign exchange seminars and industry forums.

More on page 30





## Positive Feedback

### High Levels of Client Satisfaction Reported Across Client Surveys

Clients expressed 100% satisfaction in relation to WATC's high-quality, cost-effective solutions after responding to an independent survey and providing direct feedback.

[More on page 29](#)



## Advisory Recognition

### Appointment to Infrastructure WA Panel

WATC's Advisory Services was selected from a pool of financial and engineering consultants from around Australia to join the Infrastructure WA Panel, recognising the broad skills and collective experience of the team.

[More on page 26](#)

## People Programs

### Programs and Initiatives to Enhance Working at WATC

To support and develop work culture at WATC, our HR team enhanced its approach to reward and recognition, implemented a calendar of wellbeing initiatives and delivered a Diversity and Inclusion program with a series of events.

[More on pages 44 & 45](#)





# Chairperson and CEO's Report

**Despite ongoing volatility, some semblance of normality returned to global financial markets in 2022–23. Legacies from the COVID-19 pandemic and other events endured, however, as economies, communities and governments adapted to a higher inflation, lower growth environment.**



**Michael Barnes**  
**PSM, FIPA AWA**  
Chairperson



**Kaylene Gulich PSM**  
Chief Executive Officer

While Western Australia was in a unique position to repay State debt during the year, it was not immune to unpredictable global economic and market conditions. Despite the challenges, at WATC we continued to work diligently to deliver high-quality, cost-effective services to support our clients while successfully managing financial risks in a changing landscape.

In Europe, the destabilisation caused by Russia's invasion of Ukraine continued to be felt during an increasingly protracted conflict, with fuel and food security taking centre stage. Globally, central banks continued to battle the highest inflation in a generation, caused by COVID-era support measures, supply-side constraints, and the war in Ukraine.

An unusually intense period of volatility was experienced during March and April 2023 following the collapse of two mid-sized US banks, due to a mix of loose regulation, poor management and the impacts of rapidly rising interest rates. The subsequent demise of Swiss banking giant Credit Suisse triggered fears of wider contagion in the banking system. Concerns eased as regulators quickly stepped in to guarantee deposits at the US banks in question and provide liquidity support for solvent institutions, and when Credit Suisse was bought by UBS.

While interest rate increases were almost universally applied across the major economies (Japan and China being the exceptions), inflation was initially slow to respond. Aided by a slowdown in the global economy, inflation started to ease in 2023 but remains well above central bank targets, leaving commentators guessing on the likelihood of a hard or soft landing. In Australia, the tightening cycle saw the Reserve Bank of Australia (RBA) raise its cash rate target from 0.85% in June 2022 to 4.10% a year later. While inflation has recently eased, and markets have largely unwound their pricing for further increases, the RBA has warned that additional tightening could be required. Commentators remain mixed on interest rate expectations for 2023–24.

Amid this global activity, Western Australia continues to be uniquely placed among the Australian States to manage and withstand a range of economic challenges. Supported by sustained economic growth, balance sheet repair and strong revenues, the State responded positively to the challenging economic conditions in 2022–23. The State Government delivered its sixth-consecutive budget surplus, with further surpluses forecast for coming years. Unemployment remained at historically low levels while participation rates were high. Overall, Australia's economic growth is predicted to slow into the new year as higher interest rates impact activity, but the downturn is expected to be less pronounced in Western Australia due to the strong demand for (and pricing of) our commodities.





Image courtesy of  
Tourism Western  
Australia.

While not strictly occurring during 2022–23, in early July 2023 Moody's Investors Service revised Western Australia's and WATC's credit rating to Aaa with a 'stable' outlook, reflecting Western Australia's strong financial management. This followed a similar upgrade by S&P Global Ratings in June 2022. As a result, Western Australia is now the only State or Territory with a triple-A credit rating from both major international ratings agencies. Globally, we are one of a very small number of jurisdictions with such a rating.

Interest rate changes impacted government bond yields, with WATC's 10-year yield ranging from 3.49% to 4.88% over the year. We issued \$4.2 billion in benchmark bonds and floating rate notes over the financial year to refinance our existing maturities as the State moved to fund its asset investments with cash surpluses and repay existing debt. By the end of 2022–23, we managed \$49.8 billion of debt, with the ongoing management of our key balance sheet metrics seeing debt maturing within 12 months at 16%, reflecting strong liquidity in the public sector, and our liquid asset portfolio cover at 234%. Both figures were comfortably within our Board's targets of less than 20% and above 100%, respectively.

A highlight for the year was the launch of our *Sustainability Bond Framework* (Framework) and inaugural green bond. Both releases were the culmination of years of work for WATC and our agency partners, and showcased the breadth and depth of positive activities undertaken across the State. Over recent years, we have increasingly demonstrated the alignment between the Western Australian Government, industry and the wider community, and the collective commitment to continuously improve on environmental and social outcomes. We would like to thank all of our government and banking partners for supporting this work. We would also like to acknowledge the wide range of investors we met with over the roadshow for their interest and engagement in this process. Their questions allowed us to demonstrate the strength behind our Framework and asset pool.

Operationally, our workforce was exceptionally busy, focussing on delivering process and system efficiencies through the implementation of a new financial management system. We also refreshed our website, providing a modern, dynamic entry point for investors, clients and prospective employees to access information about WATC, our products and services, along with contemporary information about Western Australia.

Working in partnership with our local government clients, we delivered an updated *Local Government Lending Framework* to ensure a more comprehensive and financially sustainable approach to lending for the sector. Greater support and educational resources were provided to our clients during this change to ensure a smooth transition. Over the course of 2022–23, we assessed 58 local government loan applications and approved \$152 million in new borrowings to support local communities across Western Australia.

Our client-focussed teams continued to share WATC's knowledge and experience to support numerous Western Australian public entities, completing a total of 50 advisory engagements. We supported clients in managing foreign exchange risk through providing advice and executing transactions. In addition, we supported our clients by running educational events and training sessions. Over 300 client contacts attended WATC-sponsored educational and training programs, industry forums and economic presentations.





Image courtesy of  
Tourism Western  
Australia.

Late in the financial year, former Premier and Treasurer the Hon Mark McGowan retired from politics. Long-standing Minister, the Hon Rita Saffioti, took on the Treasurer and Deputy Premier roles and became the Minister responsible for WATC. Internally, we celebrated the long-standing contributions of a number of team members who retired or transitioned to other employment. This included Adrian Koelewyn, (Chief Dealer Offshore Markets and Funds Management), Steve Luff (Chief Financial Officer), Bill McEwen (Technical Specialist), Julia Tyzack (Chief Accountant) and Geoff Williams (Manager Asset and Liability Management). With a combined tenure of 160 years, the collective knowledge and skills of this talented group will be missed at WATC, and we wish them each the best in their future endeavours. A positive to these departures is that we have welcomed new faces to WATC who will help us grow into the future.

In early 2023, we welcomed Wayne Zekulich to our Board, who replaced retiring Director David Brumby. We would like to thank David for his contribution and help in guiding WATC through the challenges of the last three years.

Looking forward, we expect the year ahead to be a continuation of the roller-coaster ride as we continue to operate in volatile markets, amplified by the current global uncertainty. Ensuring ongoing access to markets to support the objectives of the State Government will remain our key priority, as well as managing risk, maintaining investments in a more challenging credit environment, and supporting our clients through material and complex projects.

A big thank you to all our people whose hard work and dedication to delivering great outcomes remains our core strength. Thank you to our clients who have been flexible and responsive while we have sought to meet their funding needs in what have been, at times, uncertain conditions. Thank you to our financial market partners for their ongoing engagement, support and willingness to understand the Western Australian story. Finally, our gratitude to our Board of Directors, along with the auditors and suppliers, who have contributed to another successful year of WATC delivering financial solutions for Western Australia.

M BARNES PSM, FIPA AWA  
CHAIRPERSON  
Western Australian Treasury Corporation  
25 August 2023

K GULICH PSM  
CHIEF EXECUTIVE OFFICER  
Western Australian Treasury Corporation  
25 August 2023

# Performance Against Targets

To ensure that WATC achieves its objectives, our Board, with the agreement of the Treasurer, sets our annual performance targets. These targets are challenging and, when attained, ensure real benefits are delivered to our clients and the State.

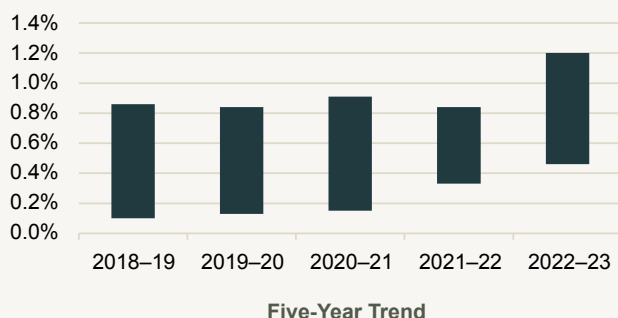


## Key Performance Indicators

Performance targets form part of our *Statement of Corporate Intent*, which is submitted to the Treasurer at the start of each financial year in accordance with Section 16I(1) of the *Western Australian Treasury Corporation Act 1986*.

### Estimated Interest Rate Savings

We aim to deliver value to our clients and the State.



**Target:** Savings > 0.00%

**Result:** Savings > 0.00%

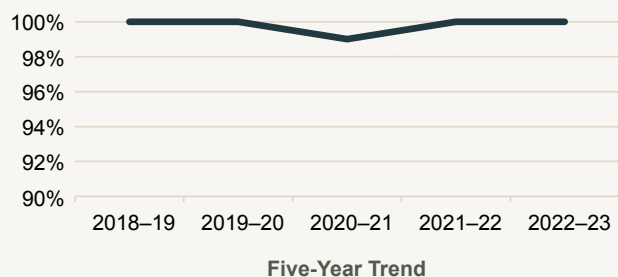


#### Target Achieved

Through centralising the management of the State's debt we continued to deliver significant interest rate savings to our clients and the State. This year, due to the upward cycle of general interest rates, the estimated rate savings to clients has increased as shown in the graph.

### Client Satisfaction

We strive to be the best at providing financial solutions for our public sector clients.



**Target:** 90% Client Satisfaction

**Result:** 100% Client Satisfaction



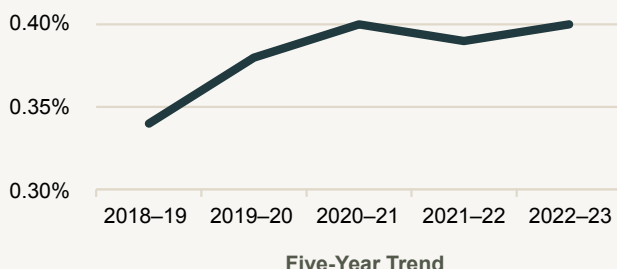
#### Target Achieved

We continued to deliver valued financial solutions to clients. All clients surveyed were satisfied with our cost-effective and efficient products and services, and how they are aligned to their needs.



## Administration Cost Ratio

We are committed to delivering high-quality products and services while still being cost effective.



**Target:** Administration Cost Ratio < 0.050%  
**Result:** Administration Cost Ratio = 0.040%

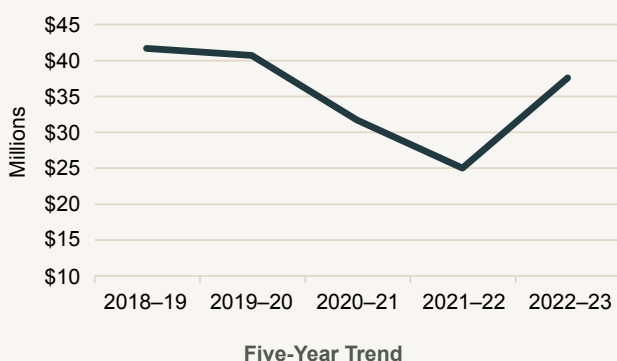


### Target Achieved

We continued to deliver scale benefits to the State by keeping net administration expenses in check. While our administration expenses have remained consistent with last year, our reduced client debt has increased the ratio. Despite this, the administration cost ratio still remains well below target.

## Pre-Tax Profit

We aim to maintain an adequate profit while delivering cost-effective products and services.



**Target:** Profit = \$31.9 million  
**Result:** Profit = \$37.6 million

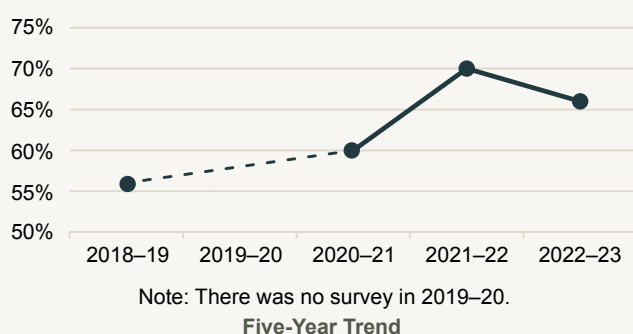


### Target Achieved

As the State's central financial services provider, our objective is not to maximise profits but to deliver cost-effective products and services for the State. Our above-target pre-tax profit was driven by lower-than-expected administration costs and higher investment returns than forecast, due to increases in interest rates.

## Staff Engagement Rating

We strive to create an environment where all staff are encouraged and supported to do their best.



**Target:** Staff Engagement Rating > 65%  
**Result:** Staff Engagement Rating = 66%



### Target Achieved

While this year's result meets the target, staff engagement is a little down from last year. A range of strategies have been implemented over the financial year to assist in engaging people across the organisation.

## Five-Year KPI Summary

Target	2022–23	2021–22	2020–21	2019–20	2018–19
Estimated Interest Rate Savings > 0.00%	Yes	Yes	Yes	Yes	Yes
Assessment of Client Satisfaction	100%	100%	99%	100%	100%
Administration Cost Ratio	0.040%	0.039%	0.040%	0.038%	0.034%
Pre-Tax Profit	\$37.6m	\$25.0m	\$31.7m	\$40.7m	\$41.7m
Staff Engagement Rating	66%	70%	60%	n/a	56%

n/a: not applicable

## Five-Year Financial Summary

	2022–23 \$m	2021–22 \$m	2020–21 \$m	2019–20 \$m	2018–19 \$m
<b>Financial Performance</b>					
Profit Before Income Tax Equivalent	37.6	25.0	31.7	40.7	41.7
<b>Financial Position</b>					
Total Assets	49,692.8	51,207.9	61,892.2	64,658.5	59,483.4
Percentage Change in Assets (%)	-3.0	-17.3	-4.3	8.7	6.2
Total Liabilities	49,525.8	51,054.2	61,739.3	64,506.4	59,337.9
Equity	167.0	153.7	152.9	152.1	145.5



Image courtesy of Tourism Western Australia.



# About WATC

**Western Australian Treasury Corporation (WATC) is the State's central financial services provider delivering financial solutions that benefit all Western Australians.**

## Principal Activities

### Funding and Debt Management

WATC plays a key role in financing the Western Australian Government and its agencies, public universities and local governments. We deliver on the State's borrowing requirements through issuing and managing a range of debt securities in both domestic and global capital markets. We also provide a range of debt products and debt management services to support our clients with achieving their financial objectives.

### Asset and Investment Management

We manage a large portfolio of financial assets and liabilities, as well as the investment of funds on behalf of the Western Australian Government and its agencies. We are an experienced provider of secure investment solutions designed to assist our clients' investment needs.

### Financial Advisory Services

We have specialist knowledge of financial markets and financial risk management. We provide advisory services to our clients on all aspects of finance and financial risk management, working collaboratively with each client to deliver better outcomes for both them and the State.

### Financial Risk Management

We operate in a dynamic financial market environment and manage a wide range of risks including market, credit, liquidity, funding, operational, reputational and strategic risks. We also provide a range of products and services to help our clients identify, measure and manage exposures to financial and foreign exchange risk.

### Treasury Management Services and Systems

We have considerable experience and expertise in managing financial assets and liabilities. The scale of our operations and volume of activities in the financial markets allow us to deliver efficiencies and pricing benefits to our clients. We also provide treasury management services that are tailored to suit individual client needs.

## Enabling Legislation

WATC was established on 1 July 1986 under the Western Australian Treasury Corporation Act 1986 (the Act) as the State's central borrowing authority.

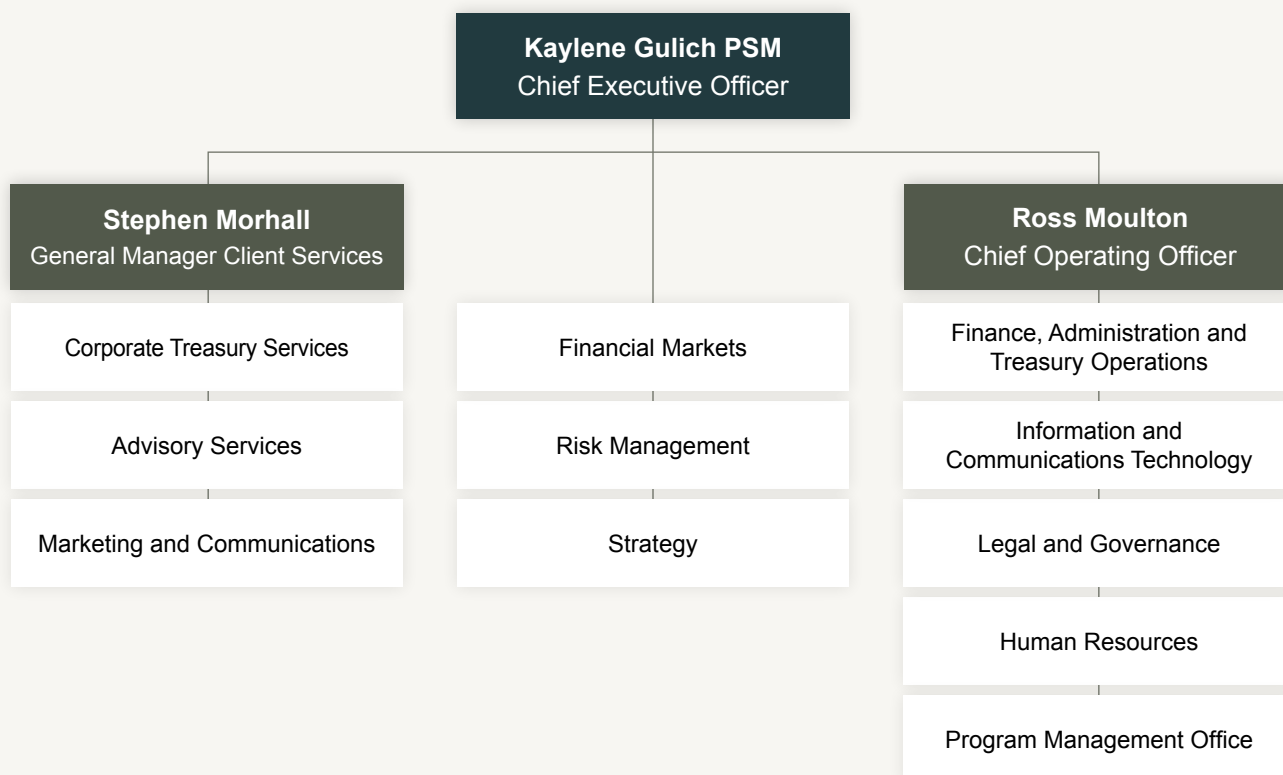
Amendments to the Act in 1998 expanded our role to include providing financial management services to the Western Australian public sector.

## Responsible Minister

For the majority of the financial year, until his retirement in late May 2023, the Minister responsible for WATC was the Honourable Mark McGowan BA LLB MLA: Premier and Treasurer of Western Australia.

In June 2023, the Honourable Rita Saffioti BBus MLA: Deputy Premier; Treasurer; Minister for Transport; Tourism, was appointed as the Minister responsible for WATC.

## Organisational Structure



## Functional Areas

- Advisory Services**  
 Provides financial risk and corporate finance advisory services to the Western Australian public sector, assisting clients to make informed financial decisions that help them to achieve their objectives, while also realising the overarching goals of the State.
- Corporate Treasury Services**  
 Works in partnership with public sector clients to achieve sound financial outcomes by providing a comprehensive suite of high-quality, cost-effective financial products and services in debt finance, investments, foreign exchange, treasury management, financial risk management and advisory services.
- Finance, Administration and Treasury Operations**  
 Provides accounting, administration, treasury operations, settlements, payroll and business support.
- Financial Markets**  
 Undertakes debt-funding activities in domestic and global capital markets, asset and liability management, management of WATC's liquidity portfolio, investment management on behalf of clients, foreign exchange management transactions, and economic and financial markets analysis.
- Human Resources**  
 Provides a strategic human resources service to the Board, Executive, branch managers and employees. This service covers all facets of the employee life cycle and is aligned to and supports WATC's strategic objectives.
- Information and Communications Technology**  
 Provides effective, efficient and secure information management, information systems and technology to support our business operations and deliver on business goals and objectives.



- **Legal and Governance**

Provides oversight of, and guidance in relation to, the origination and documentation of WATC's borrowings and other agreements, including financial market and client agreements, and is responsible for ensuring sound corporate governance practices.

- **Marketing and Communications**

Assists and supports the development, implementation and management of our internal and external marketing and communications activities.

- **Program Management Office**

Manages a portfolio of projects and initiatives to generate business improvements while

maintaining a holistic view on the impact of change across the organisation.

- **Risk Management**

Measures and monitors market, credit, operational and liquidity risk to prevent adverse outcomes for WATC, provides guidance to the Executive and Board on all risk and compliance matters, and contributes to developing a good risk culture within the organisation.

- **Strategy**

Develops and progresses strategic initiatives to improve efficiencies and financial outcomes from a State, client and organisational perspective, in relation to our Financial Markets and Client Services activities.

## State Guarantee

Under Section 13(1) of the Act, the financial liabilities incurred or assumed by WATC are guaranteed by the Treasurer on behalf of the State. This guarantee is secured upon the Consolidated Account of the State.

## Changes in Written Law

During the 2022–23 financial year there was a consequential change to Section 9 of the Western Australian Treasury Corporation Act pursuant to the *Government Trading Enterprises Bill*, which was assented to on 22 June 2023.

The *Government Trading Enterprises Act 2023* (the GTE Act) came fully into effect on 1 July 2023. The GTE Act enables WATC, among other things, to advise authorities on financial matters referred to in Section 137 of this Act. This change provides flexibility for WATC to advise authorities on business risks associated with prescribed transactions, including hedging transactions pertaining to commodities.

## Ministerial Directives

No ministerial directives were received during the 2022–23 financial year.

## Credit Ratings

In line with the State's credit ratings at 30 June 2023, the debt of WATC is rated as follows:

Rating Agency	Long-Term	Outlook	Short-Term
Moody's Investors Service	Aa1	Positive	Prime-1
S&P Global Ratings	AAA	Stable	A-1+

Subsequent to 30 June 2023, on 11 July 2023 Moody's Investors Service upgraded Western Australia's and WATC's credit rating to Aaa with a 'stable' outlook.

# Board of Directors

The Board, with the agreement of the Treasurer, sets WATC's strategic direction and establishes the policies and principles under which we operate.



## Michael Barnes PSM, FIPA AWA

### Chairperson

Mr Barnes assumed the role of Chairperson when he became Acting Under Treasurer in the Department of Treasury in 2014.

Mr Barnes was appointed Under Treasurer in 2015. As Under Treasurer, he is the principal economic and financial policy adviser to the Government of Western Australia. He is also the Chairperson of WATC's People and Remuneration Committee.

Prior to joining the Department of Treasury in 1997, Mr Barnes worked in the Commonwealth Treasury, where he commenced his career as a graduate in 1992. Mr Barnes holds a Bachelor of Business degree with Honours in Economics, and was awarded a Public Service Medal in the June 2020 Queen's Birthday Honours for outstanding public service to State Government finances in Western Australia.



## Michael Court

### Deputy Chairperson

Mr Court was appointed to the Board as Deputy Chairperson in July 2017 and has been Deputy Under Treasurer at the Department of Treasury since September 2016.

Mr Court has almost 30 years of public sector experience with a focus on economic policy and financial management issues. This includes extensive experience in providing advice to State Government on the budget, fiscal strategy, and infrastructure policy and planning issues, as well as working across Commonwealth-State financial relations, energy market reform, competition and trade policy.

Mr Court previously held positions in the Department of Foreign Affairs and Trade, Commonwealth Treasury and London Underground Ltd. He is a former Board Director of GESB and Horizon Power and is currently a member of the Bankwest Curtin Economics Centre Advisory Board.





## **Kaylene Gulich PSM**

### **Chief Executive Officer**

Ms Gulich commenced as CEO of WATC in February 2019.

Ms Gulich has extensive experience in public policy, a broad knowledge of financial markets and considerable expertise in the Western Australian economy. She has previously held senior roles within the Department of Treasury as Executive Director of both the Economic, and Infrastructure and Finance business units.

As well as being a member of CPA Australia and the Australian Institute of Company Directors, Ms Gulich is currently on the Board of Directors at both the Australian Financial Markets Association and VenuesWest, and is the Treasurer for IPAA WA. Ms Gulich was awarded a Public Service Medal in the June 2021 Queen's Birthday Honours for outstanding public service to Western Australia through a range of roles.



## **Philippa Hobson**

### **Director**

Ms Hobson was appointed as a Director in February 2020 and is the Chairperson of the Audit Committee and a member of the People and Remuneration Committee.

Ms Hobson is a Risk Consulting Partner at RSM in Perth and has over 25 years of internal and external audit and risk consulting experience. Ms Hobson works with clients in the public and private sectors, focussing on internal audit, enterprise risk management and governance services. Environmental, social and governance (ESG), process redesign and cultural reviews are also key services provided. Her industry experience covers government, utilities, resources, not-for-profit and financial services.

Ms Hobson is passionate about understanding how an organisation's culture impacts on its performance and conformance, and strives to support organisations optimising their potential.



## Susan Murphy AO

### Director

Ms Murphy was appointed as a Director in January 2019.

As CEO of Water Corporation from 2008 to 2018, Ms Murphy led the multi-faceted organisation that supplies drinking water to two million customers and wastewater services across 2.6 million square kilometres.

Ms Murphy played a pivotal role in ensuring sustainable services were maintained during a time of declining rainfall, growing population and scarce water supplies.

In each year from 2009 to 2015, Ms Murphy was listed as one of the 100 most influential engineers in Australia by Engineers Australia. Ms Murphy was appointed an Officer of the Order of Australia in 2019 for distinguished service to the natural resources sector in Western Australia, and to engineering.



## Wayne Zekulich

### Director

Mr Zekulich was appointed to the Board as a Director in January 2023. He holds a Bachelor of Business and is a Fellow of the Institute of Chartered Accountants.

Mr Zekulich is a consultant and non-executive director with substantial experience in advising, structuring and financing transactions in both the infrastructure and resource sectors.

Mr Zekulich was previously Chief Financial Officer of Gindalbie Metals Ltd and, prior to that, Chief Development Officer of Oakajee Port and Rail. Currently he consults to a global investment bank, and is Chair of Pantoro Ltd and Openn Negotiation Ltd in the private sector. In the not-for-profit sector, Mr Zekulich is Chair of The Lester Prize.



# Agency Performance

- Providing Value to Clients
- Successful Financial Management
- Optimising Our Performance

## Shire of Coorow Aquatic Centre

The construction of the Shire of Coorow's new Aquatic Centre, enabled with debt funding from WATC, will transform the Coorow Recreation Centre and bring significant social and economic benefits to the area and surrounding suburbs.

Image courtesy of Shire of Coorow.

# Providing Value to Clients

At WATC, we deliver a comprehensive range of high-quality, cost-effective financial products and services to our Western Australian public sector clients to support their specific requirements.



## Debt Products and Services

Our key outputs include:

- financing for new social and economic infrastructure projects across Western Australia;
- refinancing for existing debt; and
- financing for liquidity and cashflow management purposes.

Our range of debt products cover a wide maturity spectrum in a variety of structures and offer clients flexibility with repayments.

By working collaboratively with our clients, we ensure the most appropriate debt products are recommended within the broader State borrowing strategy.

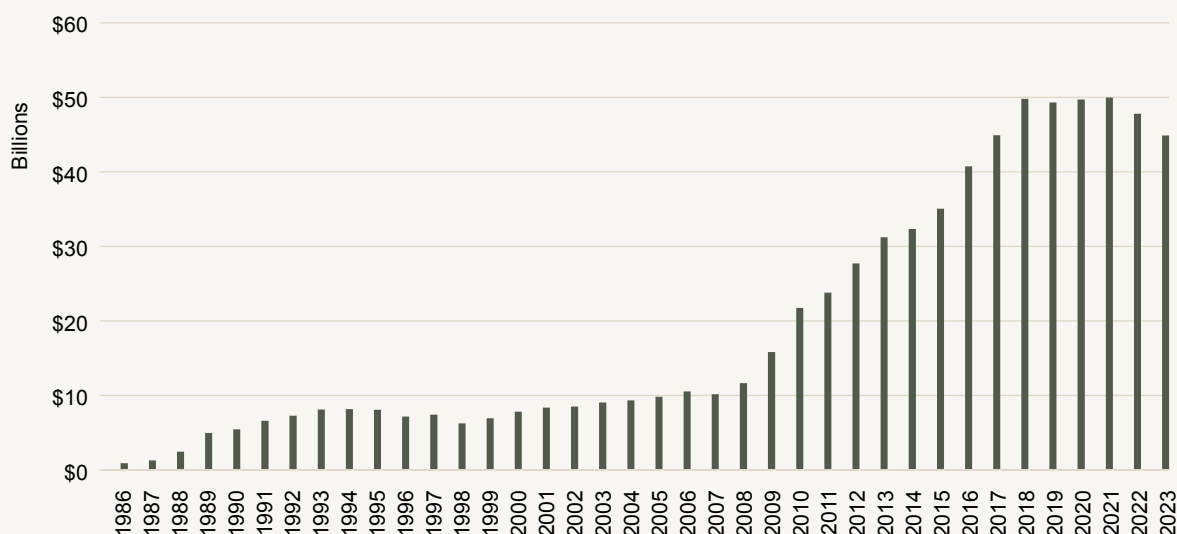
## Client Debt

In line with the State's borrowing program announced in the 2022–23 State Budget, we anticipated an annual net increase of \$1.5 billion in client borrowings. However, given the evolving nature of government priorities and initiatives, and the strength of the Western Australian economy, client borrowings actually decreased by \$2.9 billion over the course of the year.

Total client debt outstanding at 30 June 2023 was \$44.9 billion, down from \$47.8 billion at the end of 2021–22. For more information about client debt outstanding see [page 110](#).

### WATC Client Debt

1986 to 2023





## FOCUS

## Local Government Lending

### Objective

To support responsible and financially sustainable lending within the local government sector.

### Lending Framework Reform

As the primary term-debt funding provider for local governments across Western Australia, WATC is committed to supporting local communities through responsible and financially sustainable lending to the local government sector. Following a comprehensive review, changes were made to our local government lending framework to provide a more holistic credit assessment of our local government clients and ensure WATC can continue to support the financial sustainability of the sector over the longer term.

The changes, which took effect on 1 July 2022, were delivered to clients via a comprehensive transition plan. This plan included a range of communications along with educational presentations and webinars, eLearning resources and responses to address frequently asked questions.

### Outcome

As at 30 June 2023, the total debt outstanding with WATC by Western Australian local governments was \$642.3 million, a net increase of \$39.5 million during the 2022–23 financial year. In the same period, we approved 58 new loans totalling \$152.1 million for our local government clients.

**\$642.3<sup>m</sup>**

Total local government debt outstanding



**\$39.5<sup>m</sup>**

Image courtesy of City of Canning.



## Looking Forward

### Government Trading Enterprise Reform

The Government Trading Enterprise (GTE) Reform Program was established by the Western Australian Government in 2018 to review the governance arrangements of GTEs, develop a framework to standardise accountability, and strengthen the connection between GTEs and the Western Australian government.

After extensive research and consultation, the Department of Treasury developed and implemented the *Government Trading Enterprises Act 2023*. Commencing on 1 July 2023, this Act will impact GTE entities across Western Australia, including WATC.

Sections of the *Western Australian Treasury Corporation Act 1986* are impacted by the GTE reforms and we continue to work closely with the Department of Treasury to ensure a seamless transition to the new framework. Ultimately, the reforms will enable us to support clients to evaluate and manage a wider range of business risks including commodity risk which was excluded under the previous legislation. WATC will work with clients to identify and better understand these risks, quantify the financial impact and sensitivities, and explore mitigation strategies available.

## Advisory Services

The Advisory Services team at WATC provides independent expert advice on corporate and financial risk management, supporting clients to make better-informed financial decisions. Team members deliver high-quality, streamlined financial analysis, modelling and scenarios, and work collaboratively with clients to ensure better outcomes for both them and for the State.

### Client Engagements

Advisory engagements integrate WATC's expertise, experience and public sector understanding with the unique business knowledge of each of our clients. Over the last financial year, we completed 50 client engagements, and are progressing a further 13 engagements, covering a wide range of clients and projects including analysis to assist in delivering new State infrastructure.

As part of our client engagements, we delivered:

- **Project Finance Advice and Modelling**  
In order to provide clients with a clearer vision of their financial sustainability, we developed and validated financial models and simulations, evaluated asset and project investments and assisted with analysing project financing options.
- **Business Case and Cost Benefit Analysis**  
We developed comprehensive financial analysis for business cases to support client project investment decisions and evaluate investments and assets, as well as determine appropriate pricing frameworks for clients operating in regulated environments.
- **Asset and Liability Management**  
We provided debt structure analysis and advice, asset-liability modelling and investment policy guidance to assist clients to effectively manage their debt and financial risks.



## FOCUS

## Appointment to Infrastructure WA Panel

### Background

Infrastructure WA (IWA) is responsible for evaluating State Government infrastructure proposals that cost over \$100 million. During the 2022–23 financial year, IWA invited a range of specialist financial and engineering consultants from around Australia to apply for a position on its Advisory Panel, with WATC selected to be part of the IWA Panel.

### Appointment

The appointment to the IWA Panel recognised that our Advisory Services team has the skills and experience required to:

- work across 15 different economic and social infrastructure sectors;
- provide complex financial and economic modelling; and
- undertake transport and infrastructure modelling.

As a leading infrastructure-focused financial adviser in Western Australia, WATC has substantial experience in successfully advising government agencies and government trading enterprises on a wide range of infrastructure matters including business cases, benefit–cost ratios and proposals, as well as providing expert consultation and advice to key stakeholders including IWA, the Department of the Premier and Cabinet, and the Department of Treasury.

WATC has either advised on, or reviewed, close to a quarter (6 out of 26) of Western Australian projects on the *Infrastructure Australia Priority List*, and directly advised on two successful admissions to this list.

Image courtesy of Fremantle Ports.

## CASE STUDY

## Long-Term Financial Planning

### Objective

To support better long-term financial planning for local governments.

### Client

A regional local government client was seeking assistance to develop a long-term financial plan (LTFP) model to support its integrated planning and reporting framework, and accurately evaluate infrastructure and service level plans within its budget framework.

### Outcome

We developed a LTFP model solution which included the following functionality:

- a scenario selector to assess self-funding service-level sensitivities, providing the ability to flex variables and evaluate divisions based on standalone financial results;
- a suite of dashboards for effective scenario testing, decision making and reporting that also met council presentation and internal reporting requirements;
- graphs to address asset management plan requirements and provide support for critical capital investment decision making; and
- calculations of Financial Health Indicator ratios to provide insight into the Shire's financial sustainability.

By engaging WATC to develop an excel-based LTFP model, the local government client successfully enhanced its capacity for budget and infrastructure planning, rates forecasting and financial management. The model enabled assessment of growth assumptions, scenario evaluation and analysis of long-term financial and asset sustainability.

Following WATC's development of a step-by-step user guide for updating data inputs and assumptions, the client's finance team now use the model as a key resource to support their budgeting, planning and reporting processes.

66

*The WATC Long Term Financial Plan... is a great multi-functional model which can be as simple or as detailed as we need it to be. Will serve its purpose for many years to come.*

**Direct Client Feedback**

Image courtesy of Tourism Australia.



## Foreign Exchange Services

Our foreign exchange services provide clients with access to a range of products and tools to help identify, measure and manage their foreign exchange exposures in compliance with *Treasurer's Instruction 826*.

WATC has direct access to wholesale foreign exchange markets, multi-currency funds settlement systems, capital market information and treasury management systems. Combining these systems and data with our experience and expertise ensures clients are fully supported and aware of their foreign exchange risks and can make informed decisions in terms of materiality and management. During the financial year, we executed in excess of \$550 million in foreign exchange transactions in 10 currencies and on behalf of 18 clients.

**\$550<sup>m</sup>**

Executed by WATC  
in foreign exchange  
transactions for clients

**10 Currencies**

Foreign currencies  
transacted on behalf of  
18 clients

## Asset and Investment Management Services

**\$6.7<sup>b</sup>**

Total value of  
client investments  
successfully managed

WATC assists in managing State and client finances by providing investment products and treasury management services. These products and services are tailored to suit specific business requirements and assist in managing financial risks, including interest rate and credit risks.

We also undertake research and development of investment product opportunities to assist clients in managing their short to medium-term investment needs.

Clients benefit from our considerable experience and expertise, systems, pricing and oversight that come with our scale of operations within the financial markets.

### Managed Investments

Total client funds under management at 30 June 2023 was \$6.7 billion across five investment portfolios. We managed each of these investment portfolios in accordance with client-approved policy frameworks that included defined risk parameters and performance benchmarks. We also provided back-office trade capture and reporting on treasury management services for two clients.

## FOCUS

## Client Feedback

Continuous development and improvement are both extremely important to us here at WATC, and we regularly seek feedback to ensure our products and services add value to our clients and align with their requirements. During May and June we engaged Peter Lee Associates, a research and consulting firm specialising in financial services, to independently survey WATC's State Government clients. Results were "exceptionally strong" for WATC this year, with responses confirming:

- our offerings were closely aligned to client needs;
- transactions with us were efficient and cost effective;
- client service evaluations were measurably stronger than in previous years;
- we added value across all client segments; and
- we met our objective to provide high-quality, cost-effective products and services to the Western Australian public sector.

In addition to the independent survey, we sought direct client feedback on advisory engagements as soon as they were completed. As with previous years, the results for the 2022–23 financial year were extremely positive. Clients expressed very high levels of satisfaction on the quality of advice provided, the value added to their projects and the team's overall capability and service.

The effectiveness of our Advisory Services team has also been apparent in client re-engagement levels. Existing clients regularly appoint our team to work on new projects, providing further evidence of our ongoing effectiveness.

# 100%

Percentage of clients surveyed who evaluated our services as 'cost effective'

**Peter Lee Associates, 2023**

# 100%

Percentage of clients surveyed who agreed our offerings 'aligned' to their needs

**Peter Lee Associates, 2023**

Image courtesy of Town of Port Hedland.

## FOCUS

## Client Education

### Objective

To engage and inform clients across the Western Australian public sector.

### Outcome

We engaged over 300 client contacts through our education and training programs, which included:

- **Foreign Exchange Seminars**  
Four seminars were held to increase awareness and understanding of foreign exchange risk management issues. A total of 69 client contacts attended from organisations across the public sector.
- **Economic Presentations**  
Two presentations were held with chief economists from major Australian banks who presented their views to our clients and the WATC team on interest rates, currencies and the economy. Additionally, our in-house Chief Economist, Craig McGuinness, delivered an online economic presentation providing valuable insights into the global drivers affecting the Western Australian Government's infrastructure projects and technology procurements. Over 200 client contacts attended the various economic presentations. WATC economists also provided numerous economic presentations and briefings to client organisations, enabling a focus on their specific areas of interest.
- **Industry Events**  
We hosted our public sector clients at various industry events throughout the financial year. The selected events included presenters and topics that aligned with WATC's services and the roles of the client contacts who attended.





# Successful Financial Management

**To deliver on State borrowing requirements and meet our clients' evolving financing needs, WATC continues to be flexible and adaptive, an approach that has been essential to managing increased volatility and uncertainty in financial markets.**

In sourcing funds to meet client debt financing requirements, we borrow from domestic and international capital markets, both of which continue to be impacted by the threat of increasing inflation and central bank policy tightening cycles.

At WATC, these impacts were felt mainly through increased volatility and higher yields in the financial markets. Our adaptability ensured that, despite these challenges, we successfully managed and delivered on all client borrowing, refinancing and repayment requirements during the financial year.

## Economic and Market Conditions

Although it remains uneven, global economic growth picked up in early 2023 following subdued growth in the second half of 2022. The uplift was led by a strong rebound in China as pandemic-related restrictions were lifted in late 2022. The easing of supply chain disruptions and falling energy prices also helped improve activity.

However, the Chinese economy lost momentum in the second quarter and tighter monetary policy is working to slow economic activity growth in the developed economies. The latest International Monetary Fund forecast from July 2023 predicts full-year global economic growth to slow to 3.0% in 2023 from 3.5% in 2022.

Inflation rates have fallen from the multi-decade highs reached in 2022 but remain elevated across most of the major economies, except for China. Central banks raised interest rates sharply over the course of 2022–23 to rein in inflation. While central banks appear to be close to, if not at the end of, their tightening cycles, with core inflation remaining



sticky and labour markets tight, further interest rate hikes cannot be ruled out.

The rapid central bank interest rate increases, together with high inflation, drove a substantial rise in the cost of new borrowing to the highest levels in a decade, both in Australia and overseas. In early 2023, increases in interest rates also drove some instability in the US regional banking system.

Australian economic growth remained solid in the second half of 2022. However, growth slowed sharply in the first quarter of 2023. This is likely to slow further as high inflation and rising interest rates continue to take their toll on real household disposable income and spending, despite strong employment growth and unemployment remaining at near 50-year lows. The Reserve Bank of Australia (RBA) raised the cash rate target by 400 basis points to 4.10% between May 2022 and June 2023, reaching the highest level in over a decade. While the RBA has had some success in lowering the rate of inflation from the more than 30-year highs of late 2022, the annual consumer price index (CPI) inflation rate remained elevated at 6.0% in the June quarter of 2023, well above the 2–3% target band. The RBA, like other central banks, is likely to be nearing the end of its hiking cycle. However, with the labour market very tight and productivity growth weak, the RBA is alert to the risks of higher wages growth spilling over into a further uplift in inflation.

Western Australia's strong domestic economy and record high merchandise exports of \$270.4 billion in 2022–23, saw the State unemployment rate remain very low in June 2023 at 3.6%, with the labour force participation rate of 68.5% well above the national average.

## Financial Market Activities

### Flexibility During Uncertainty

Following the release of the 2022–23 *Western Australia State Budget* in May 2022, we announced our 2022–23 borrowing program which highlighted an estimated \$1.5 billion increase in client borrowings. However, reflecting the strong fiscal position of the State, we saw client borrowing decrease by \$2.9 billion over the course of the year.

### Delivering on Client Requirements

Notwithstanding the positive impacts of the State's strong fiscal position allowing for significant debt reduction, WATC continued to be active across all elements of financial markets through reverse enquiry, tenders and syndications. In doing so we delivered on all client requirements and:

- successfully completed our yearly funding task while managing an overall reduction in bonds and floating rate notes (FRNs) outstanding due to debt repayments;
- launched and priced a new five-year FRN as part of our borrowing program; and
- marketed, launched and priced WATC's first green bond.

The new five-year FRN was issued in January 2023 by syndication with an 8 March 2028 maturity. The issue launched and priced on the same day, generating strong investor demand. At close, total bids exceeded \$5.0 billion, the largest order book for a single maturity FRN issue in Australia. The final issue of \$1.0 billion was allocated across 23 institutions and was well supported by domestic bank balance sheets and asset managers, with 97.5% going to domestic investors.

Funding for liquidity and short-term requirements continued to be met through our Domestic Short-Term Inscribed Stock and our Euro Commercial Paper Program.

### State Bonds

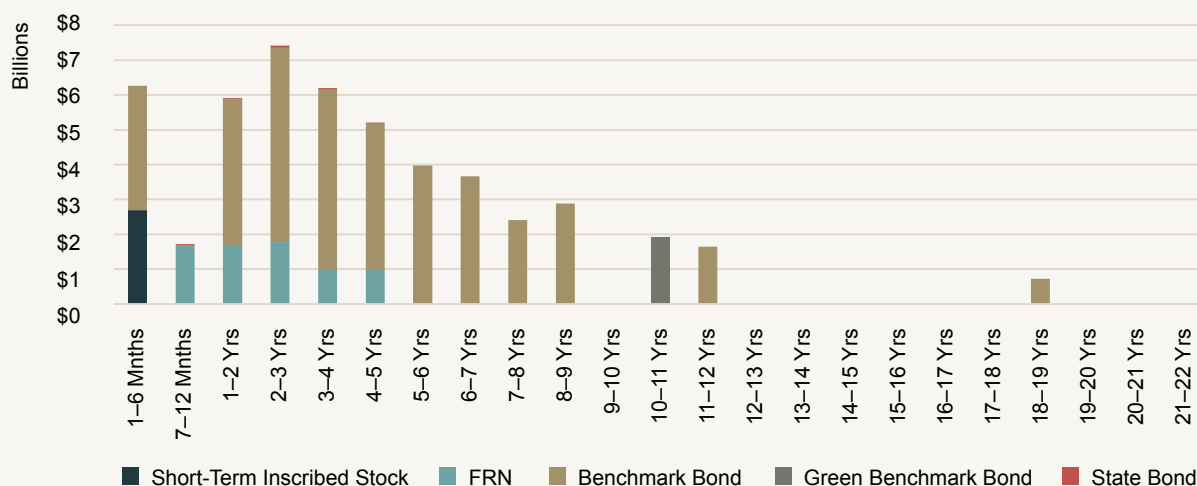
WATC offers State Bonds to individual investors and to those seeking to purchase State Bonds as a designated investment as part of their application to migrate to Australia. At 30 June 2023 there was \$173 million in State Bonds outstanding.

### Credit Ratings

At 30 June 2023 WATC's borrowings were afforded strong credit ratings, being rated AAA by S&P Global Ratings and Aa1 by Moody's Investors Service. For more information on our credit ratings, please refer to [page 18](#).

### WATC Maturity Profile

As at 30 June 2023







## Looking Forward

### Credit Rating Upgrade

In July 2023, Moody's Investors Service upgraded Western Australia's and WATC's credit rating to Aaa, with a 'stable' outlook. This is the highest possible credit rating and followed a similar upgrade by S&P Global Ratings in June 2022. Strong financial management, sustained budget surpluses and easing in State debt were highlighted as contributing factors to the upgrade. At the time of the Moody's Investors Service upgrade, Western Australia was the only state or territory in the country to have the top credit rating from both major international ratings agencies.

## Investor Engagement

In May 2023, following the release of the 2022–23 Western Australian State Budget, former Western Australian Premier and Treasurer, Mark McGowan, along with Under Treasurer, Michael Barnes, and WATC CEO, Kaylene Gulich, presented to domestic investors and market intermediaries in Sydney. Key highlights included information on the State Budget and new initiatives, plus data on Western Australia's economy, export performance, business investment and labour market.



## Looking Forward

### Investor Conference

WATC will host domestic and international delegates later this year in association with the Commonwealth Bank Global Markets Conference. The event, scheduled for October, is designed to showcase the economic diversity, sustainability initiatives and industry innovation found across Western Australia and will include presenter-led sessions, one-on-one interactions and site visits in both regional and metro locations.

## Ongoing Plans for Successful Financial Management



## Looking Forward

### Economic Outlook

Although central banks, including the Reserve Bank of Australia, are near the end of their tightening cycles, monetary policy works with a lag and the impact of higher interest rates will be an increasing drag on global growth in 2023–24.

Domestically, growth in the Australian economy slowed sharply in early 2023, led by a fall in household spending growth. Household spending is expected to remain under downward pressure in 2023–24 as higher interest rates continue to eat into household cash flows.

High levels of household debt mean that a rise in unemployment could flow through to a sharp increase in loan arrears, which may have implications for financial stability.

Western Australian economic growth is expected to moderate in 2023–24, primarily due to an easing in household spending growth and slower export growth. This will be offset by stronger growth in private business and public sector investment. While the State is vulnerable to developing global headwinds, strong economic fundamentals mean the State is well positioned to withstand potential challenges.

## FOCUS

## Sustainability Bond Framework Release

After more than two years of coordinating related work across a range of Western Australian government agencies, we released our Sustainability Bond Framework (Framework) in May 2023. Following the launch, we announced an intention to participate in the sustainable finance market through issuance of an inaugural green bond in accordance with the Framework.

Key objectives of the Framework include supporting the State's commitment to the Paris Agreement to reach net-zero greenhouse gas emissions by 2050 through providing meaningful information on decarbonisation initiatives, and progressing the objectives of the United Nations' Sustainable Development Goals.

To support the release of the Framework, an intensive investor engagement program was completed in late May where WATC representatives met with 69 domestic and offshore institutional investors across 12 cities. The program aimed to raise awareness of WATC's participation in the sustainable finance market, highlight the connection between our sustainable finance program and the Western Australian Government's broader environmental, social and governance (ESG) credentials, and expand the Western Australian Government's investor base to include investors specifically seeking an ESG-labelled issuance.

The success of the program was clearly demonstrated by the high engagement level from the investors, who submitted a total of 297 written questions about the Framework and planned issuance.

## 12 Cities in 12 Days

WATC representatives met with investors in 12 cities, either in person or virtually, to raise awareness of the Sustainable Finance Program.

## 69 Investors Engaged

To promote the program, we met with 69 domestic and offshore institutional investors. Attendees submitted nearly 300 written questions.

Image courtesy of Tourism Australia.





## FOCUS

## Successful Green Bond Issue

Following the investor engagement program, WATC's first green bond, which launched on 8 June 2023, was a resounding success. The issuance was heavily oversubscribed, receiving more than \$6 billion in investor bids (25% of which were from offshore investors) for the \$1.9 billion issued. Due to the volume of demand, the initial price guidance was reduced during the issuance process with a substantial number of new investors participating, including those requiring green bond certification.

WATC's first green bond issuance was covered extensively by a range of mainstream, financial and environmental news outlets who reported positively on the milestone.



### Looking Forward

#### Supporting Our Inaugural Green Bond

To support our green bond issue, we are committed to publishing an annual sustainability bond framework report which will include details on how proceeds were allocated to eligible projects together with detailed project descriptions, their delivery status and impact indicators. The report will be available on our website.

## \$6.0<sup>b</sup> + in Bids

Our first green bond was more than three times oversubscribed, with over \$6 billion in bids for the \$1.9 billion issued.

## 24 New Investors

Of the participating investors, 24 were new institutional investors who had no activity with WATC in the last five years.

Image courtesy of Tourism Western Australia.



## Looking Forward

### Estimated Borrowing Program

The new money program for 2023–24 is estimated at \$0.5 billion. In addition, there is approximately \$5.3 billion of maturing benchmark bonds and FRNs, of which \$0.5 billion has been pre-funded. This results in a gross term funding program of \$5.3 billion for 2023–24.

The sourcing of WATC's funding is subject to various market conditions and the market mix during the year. Funding may be amended, as necessary, to meet our pricing, liquidity and lending targets. The WATC forecast borrowing program across the forward estimates period is detailed in the following table:

Term Funding Requirement	2023 –24 \$b	2024 –25 \$b	2025 –26 \$b	2026 –27 \$b
New Money Program (Est.)	0.5	0.7	0.5	0.6
Projected Maturities	5.3	5.9	7.4	6.0
Less Pre-Funding	-0.5	0.0	0.0	0.0
Total Maturities + New Money	5.3	6.6	7.9	6.6
Debt Repayment	0.0	0.0	0.0	0.0
Total Term Funding	5.3	6.6	7.9	6.6



## Looking Forward

### Funding Strategy

We plan to deliver on the State's funding and debt management requirements for 2023–24 by:

- considering opportunities to issue up to two new FRN maturities in the 5–7 year maturity range, while continuing to issue into outstanding FRN maturities, in response to investor demand and to meet the floating rate borrowing requirements of clients; and
- seeking to establish a new benchmark bond line with the aim of filling the gap in our bond maturity curve at the 2032 point, subject to refinancing and New Money requirements.

In addition, we will continue to:

- issue across the yield curve to fund lending to clients;
- build volume in existing benchmark bonds to enhance liquidity in those lines;
- support activity in our bond lines, where possible, in the market; and
- issue through our Fixed Interest Dealer Panel through reverse inquiry, taps, tenders and by syndication.

We aim to meet short-term funding and liquidity requirements by maintaining approximately \$3.5 billion of short-term paper on issue through our domestic Short-Term Inscribed Stock and offshore Euro Commercial Paper Program. We will also ensure that debt issuance undertaken through our various funding programs is issued in a manner that satisfies the requirements for an exemption from interest withholding tax under Section 128F of the *Income Tax Assessment Act 1936*.



# Optimising Our Performance

**At WATC we are committed to continually improving our systems, capabilities, and processes to ensure we achieve our vision, deliver on our core objectives, and provide value to our clients and the State.**

We strive to optimise our performance in accordance with the *Western Australian Treasury Corporation Act 1986*. Operating in a dynamic environment, we are continually faced with a range of risks and opportunities. We manage these by working within our Board-approved risk management and compliance framework, which provides a clear governance structure for our operations.

## Managing the State's Liquidity

In managing the State's financial assets, and liabilities, we work closely with the Department of Treasury and our clients to ensure the State's liquidity is effectively managed. Our Board monitors key debt metrics for both WATC and the State to ensure the ongoing effective management of our balance sheet and the State's liquidity. During the 2022–23 financial year, the State maintained elevated levels of liquidity ensuring the targets for our debt metrics were met.

# 16%

**Debt Maturing Within 12 Months**

Target: Less than 20%

**Result: Target achieved**



# 234%

**Liquid Asset Portfolio Cover**

Target: Greater than 100%

**Result: Target achieved**



Image courtesy of Tourism Western Australia.

## Risk Management

We operate in a dynamic financial market environment that presents both opportunities and risks that could materially impact our operations and our ability to meet our responsibilities. Our business is exposed to a wide range of risks associated with our operations, including market, credit, liquidity, funding, operational, reputational and strategic risks.

We have Board-approved risk management and compliance frameworks that, together with our corporate governance and organisational systems and processes, provides a sound structure for identifying, assessing, managing, monitoring and reporting material risks.

Our achievements for 2022–23 were all successfully managed and delivered within our Board's approved framework and risk appetite.

## Enhancing Our Risk Management

Over 2022–23, we continued to evolve and mature our approach to enterprise risk management and strengthen how we identify, assess, communicate, manage and analyse risk across the organisation. This also included improvements to our systems and processes. As part of the Local Government Lending Reform we have refined and updated our credit assessment process to provide responsible lending to the sector.

Our management risk committees continue to provide oversight of both the current and emerging risks WATC is facing. WATC's Asset and Liability Committee, which considers financial risks, has over the year ensured the adequacy of our risk management settings in a more challenging credit environment and through continued market volatility.

Our Operational Risk and Compliance Committee, which is in its second year of operation, continues to generate valuable, enterprise-wide oversight and continuous improvement, and evolve the management of our non-financial risks, processes and procedures.

## Improving Our Operations

### Value Improvement Program

WATC has an embedded, formalised advancement pathway through our Value Improvement Program, which utilises Agile business process improvement tools, techniques and strategies to review and enhance system and non-system processes.

Over the course of the financial year, all of our high-business-value improvements across all branches were prioritised and delivered. Highlights of this year were significant improvements to corporate reporting dashboards that allowed greater visibility of product performance. Remaining improvements are expected to be enabled through the upgrade to our core treasury system, planned for 2023–24.

### Change Advisory Board

Since its introduction in the 2021–22 financial year, the Change Advisory Board (CAB) has provided a new approach to support system change management at WATC. The CAB makes decisions on which system changes to progress, based on the highest value delivery in the shortest time. During 2022–23 the CAB assisted in the assessment, prioritisation, authorisation, resourcing and scheduling of several system changes that improved efficiency and effectiveness across WATC.

### Digital Information Management

Our Digital Information Management project aims to develop a high-level strategy and priority roadmap to further improve information management and move towards better ways of working by:

- ensuring our information is well-structured, enabling greater access and collaboration;
- reducing the risk of information loss; and
- managing our information security and compliance within the requirements of the State Records Office of Western Australia.

The first phase of the project, which comprised of an extensive review of our information sources, systems and assets, was completed in 2022. From this research, we developed an information

architecture prototype and governance framework during 2022–23, which is being tested to ensure business alignment and usability. The results of the initial tests have been positive and will be used to guide future deployments across the organisation.

### Efficiency and Cost Effectiveness

We use our Administration Cost Ratio Key Performance Indicator to ensure we are delivering high-quality products and services while still being a cost-effective solution for our clients. This ratio allows us to monitor our administrative efficiency and the cost effectiveness of funding client borrowing. It measures the average administrative on-cost that must be borne by our clients. In 2022–23 we achieved an Administration Cost Ratio of 0.040%, which was below our target of less than 0.050%, affirming our cost-effectiveness while delivering value to clients and the State. See Key Performance Indicators on [page 103](#) for more details.

## Information and Communications Technology

### Cyber Security

Information and communications technology is critical to our operations and ongoing success. With the ever-increasing risk of cyber threats and attacks, we continue to escalate our focus on cyber security. Using mitigation strategies such as the Essential 8 alongside the ISO 27002 control framework has ensured that WATC is continuing to mature its cyber security posture in the prevention, detection and response to security threats.



### Looking Forward

#### Optimising Performance

As part of the implementation of our new *Technology and Change Strategy*, in 2023–24 we will be focussing on:

- further maturing our cyber security capabilities;
- continuing to optimise our information systems; and
- improving our digital information management.

We will also continue to evolve our approach to risk management and expand our Value Improvement Program across our organisation.



# Disclosures and Legal Compliance

- Managing Our Information Assets
- Our People
- Board of Directors' Governance
- Board Committees
- Legislation
- Corporate Governance

## City of Busselton Saltwater Busselton

The City of Busselton is building Saltwater Busselton, a state-of-the-art performing arts and convention centre, opening in 2024. Supported with debt funding from WATC, Saltwater Busselton is set to be a central hub for the region's significant creative industry as well as a prime destination attracting world-class business events and entertainment to the region.

Image courtesy of City of Busselton.



# Managing Our Information Assets

**Information is critical in supporting our business activities and is managed in accordance with the State's records management requirements.**

## Information Management

Data, information and records are all managed as valuable assets that are critical to the success of our operations. All information assets are captured and managed according to our business needs, ensuring the relevant information is readily accessible and appropriately secured if sensitive.

We have an approved recordkeeping plan in accordance with Section 19 of the *State Records Act 2000* (State Records Act), which meets the requirements of Standard 2, Principle 6. We manage our records under the *Recordkeeping Plan (RKP) 20200032*, which was approved by the State Records Office of Western Australia on 26 March 2021 and is valid until March 2026.

Our information management policies and procedures are regularly reviewed and updated as required, as part of our ongoing information governance processes.

WATC continues to adopt a flexible working environment including remote working opportunities. These opportunities are further enhanced through applications for managing digital information in a safe and secure manner.



Image courtesy of Tourism Western Australia.

## Recordkeeping Training

Our recordkeeping induction program for new team members continued with all 17 new starters completing the program within two weeks of their commencement date, in line with our policy. During the year we redesigned our recordkeeping induction program to enable online delivery, providing greater flexibility to accommodate remote working. Our new program is a combination of:

- An initial introduction and overview of our records and information framework, including where and how to find information.
- An audio guided online learning module introducing our information management policy and outlining employee responsibilities and requirements. Once the module is completed, a quiz is used to embed understanding.
- A facilitated practical workshop on how to use our electronic document records management system. After completing the workshop, our Information Management Officer meets with new team members to see how they are finding using the system, answer any of their questions and obtain feedback on their induction.

In accordance with our policy, our people undertake records awareness refresher training every two years. During the year we identified specific staff needs in this area and updated our refresher training program accordingly.

## Digital Information Management Strategy and Roadmap

In 2022, extensive research was undertaken to determine the best way to implement digital information technologies and applications as part of our high-level *Digital Information Strategy and Roadmap*. A prototype information architecture design was developed and refined to meet compliance requirements and WATC usability needs. The prototype has been implemented as part of a pilot program with learnings incorporated into future project deployments.

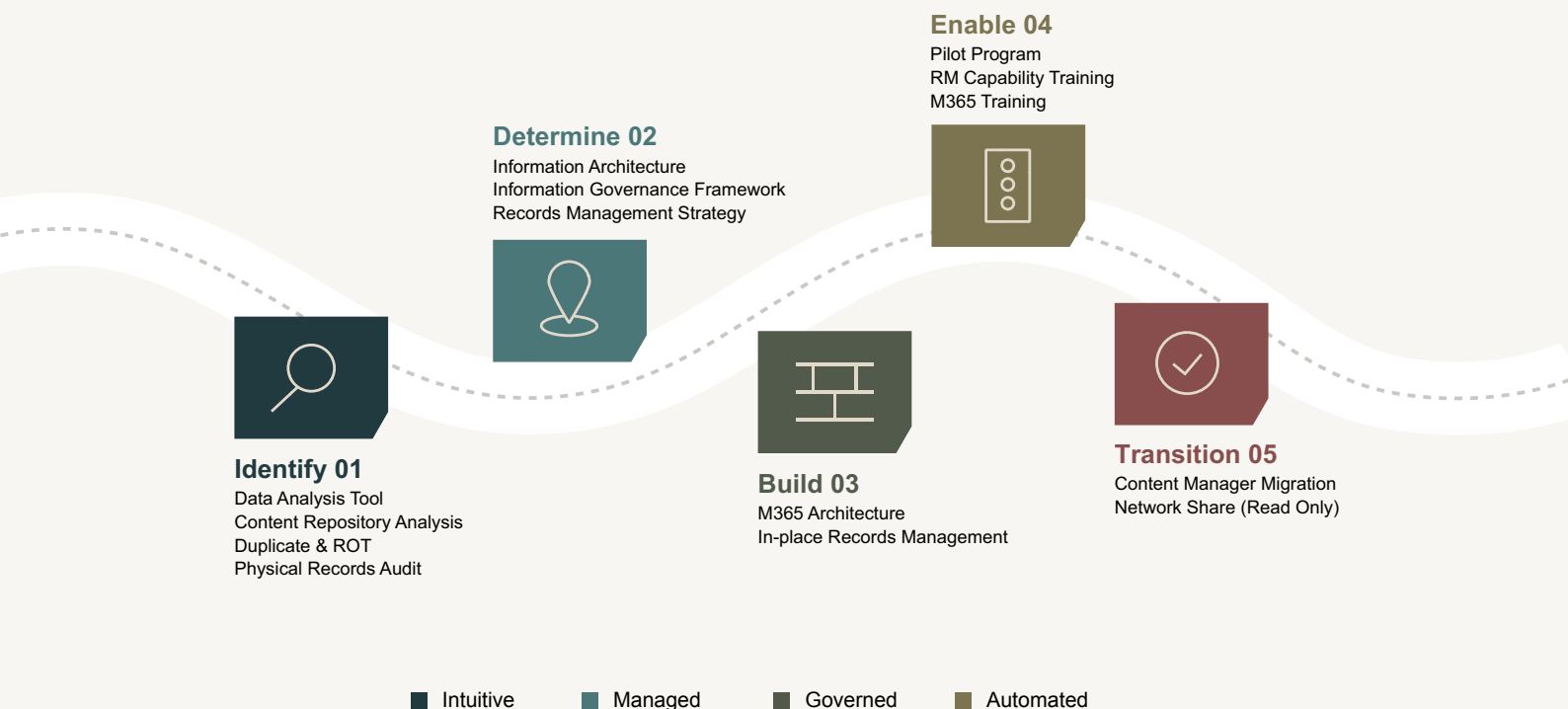
Key achievements on the roadmap this year include the development of the information architecture and governance framework. A staged rollout and change management program is now underway.



Image courtesy of Tourism Western Australia.

## Roadmap to Compliance

### Digital Information Management



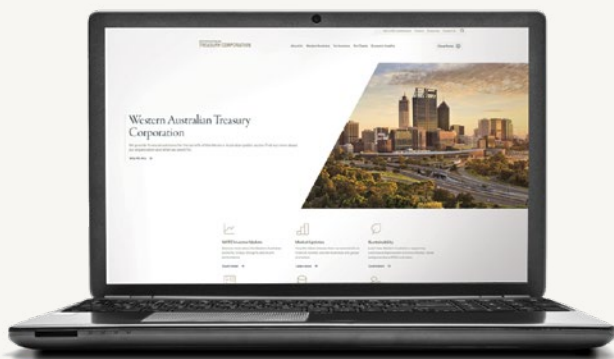
## Freedom of Information

The *Freedom of Information Act 1992* (FOI Act) enables the public to apply for access to documents held by WATC. Guidance on how to apply and obtain requested documents is set out in our *Information Statement*, which is available via our website. The statement is prepared in accordance with the requirements of the FOI Act and is regularly reviewed and updated.

We received one FOI application and one third-party consultation during the financial year. These were both processed in accordance with the FOI Act and our FOI Policy, and within the required timeframes.

## Refreshed Website

In March 2023 WATC launched a new website, which was the culmination of nine months of project work, extensive research and stakeholder consultation. The solution delivered a more intuitive and simplified information architecture, refreshed modern design and more dynamic system. Additionally, following the upgrade to the content management system, the security profile of the website has been much improved, ensuring that WATC's public content is not only more accessible and searchable, but also better protected. The new website has been well received by the public, with user traffic increasing significantly since the launch.



## Implementation of New Accounting System

During the 2022–23 financial year, WATC successfully implemented a new accounting system. As part of the implementation, we worked closely with our internal and external auditors to ensure a smooth transition. The new system features increased functionality and has enabled improvements to our financial management while also delivering efficiencies in processing and enhanced reporting capabilities.



### Looking Forward

#### Our Plans for Managing Information

As part of our Digital Information Strategy and Roadmap for 2023–24, we will continue to progress the design, implementation and user adoption of our new Microsoft 365 information architecture, together with improving our internal communications and recordkeeping.

## Complaints

We are committed to providing an accessible, fair and efficient complaints management process. Our *Complaints Management Policy* is informed by guidance issued by the Ombudsman Western Australia. This includes the appointment of a dedicated Complaints Officer who is responsible for impartially assessing complaints and notifying our Chief Executive Officer about those received and the progress towards a resolution. The policy stipulates strict timeframes for responding to and resolving complaints. We regularly review our complaints policy to ensure it remains current and is easy for users to navigate. There are multiple ways to lodge a complaint, including an online form on our website, by mail, by email or in person.

Complaints, though rare, are viewed as an opportunity to improve our business operations and staff development. We received no complaints in the 2022–23 financial year.



# Our People

**An engaged and capable workforce, one that is aligned to our values and invested in delivering our strategic and operational goals, is essential to the continued success of our organisation.**

## Our Team

Acknowledged by both clients and stakeholders, our workforce is capable, experienced and possesses high levels of professionalism, expertise and technical ability. To maintain and enhance these capabilities, the WATC team is supported with learning and professional development opportunities covering both technical and interpersonal skills.

During the financial year, we increased our staff numbers from 81 to 88. The increase was to cover parental leave, project work or staff temporarily allocated to other roles, and to fill a backlog of long-term vacancies.

People Profile	2022–23	2021–22
Number of WATC staff at 30 June	<b>88</b>	81
Full-Time Permanent	<b>75</b>	69
Full-Time Temporary	<b>5</b>	2
Part-Time Measured on a Full-Time (FTE) Basis	<b>5.16</b>	6.46
On Secondment	<b>0</b>	0



## Significant Contributors

During 2022–23, several long-serving team members retired or transitioned to other employment. With a combined tenure of over 160 years, the collective knowledge and experience of these former colleagues is immense and will be missed. We would like to express our appreciation and acknowledge the significant contributions made to both WATC and the State by:

- Adrian Koelewyn, Chief Dealer Offshore Markets and Funds Management
- Steve Luff, Chief Financial Officer
- Bill McEwen, Technical Specialist
- Julia Tyzack, Chief Accountant
- Geoff Williams, Manager Asset and Liability Management

We wish them well in their future endeavours and thank them for their contributions and the positive legacy they leave behind.

## Improving Staff Engagement

We strive to create an environment where our people are encouraged and supported to do their jobs to the very best of their abilities. We have a key performance indicator that measures staff engagement through a confidential annual staff survey. During 2022–23 our staff engagement rating was 66%, a slight decrease on previous years' results. We are working to improve this rating with a range of initiatives and strategies, many of which are outlined on the following pages.



## Working at WATC

Careers at WATC are a rewarding endeavour that offer interesting and challenging work in a collaborative workplace culture. We recognise the diversity of our team as an asset that provides a variety of perspectives and cultural experiences. We are proud of our inclusive culture and strive for constant improvement through open and respectful communication.

At WATC we offer a range of benefits, beyond remuneration, that appeal to both prospective and current employees. This year we reviewed and improved how we articulate and communicate these benefits, in and outside of our organisation.

For external audiences, the *Careers* page of our new website was designed around the journey prospective employees would take, highlighting our value proposition and pertinent information.

Internally, we communicated key information with the team through all staff presentations and the development of our *HR Matters* communications site. HR Matters is the platform where employees can access staff programs, initiatives and benefits, some of which are outlined in the following highlights.



### Diversity and Inclusion Plan

This year, WATC launched its diversity and inclusion plan as part of our journey to better inclusivity. This included a range of sessions and events to drive First Nations awareness, reinforce our role in reconciliation and broaden our collective perspective. Interactive sessions included an Acknowledgement of Country workshop, a Living with Disability presentation, and training in unconscious bias.



### Supporting Women in Finance

At WATC we are actively working to attract women to the financial sector. Of the new staff joining our team during the 2022–23 financial year, 41% were women, increasing our overall female representation by close to 10%. In March we celebrated International Women's Day with a panel discussion in collaboration with the Department of Treasury, further recognising and acknowledging the contributions of women in finance.



### Continuous Learning and Development

WATC team members are encouraged and supported to undertake professional development, training courses, professional memberships and structured learning to develop their skills and abilities. During the year we introduced individual development plans for all staff. Prepared in conjunction with managers, the plans identify opportunities to enhance current skills and build new capabilities.



### New Reward and Recognition Program

Early in 2023, we relaunched our Reward and Recognition Program based on feedback, best practice and ongoing consultation. The new program supports employee connection and features a wider range of categories to recognise individual and branch contributions, major initiatives, tenure, and more. Since relaunching the program, the number of monthly nominations recognising individual staff contributions has increased by 300%.



### Flexible Working Arrangements

Our flexible working policy provides our people a variety of working arrangements, including working from home, flexible start and finish times, compressed work schedules, part-time work opportunities, and more. Since the new policy was implemented, 65% of our people have established regular working-from-home arrangements.



### Health and Wellbeing Calendar

In addition to our ongoing wellbeing initiatives, including our employee assistance program, gym and fitness classes, flu vaccinations, skin cancer screenings and health checks, we rolled out a new wellbeing calendar this year. The initiative focussed on a new topic each month, which was specifically chosen to improve team health and mindfulness.

## Graduate Program

WATC regularly accommodates short-term placements for newly employed graduates from Western Australian Government agencies. The placements with WATC provide graduates with an understanding of our role within government and financial markets while exposing them to a variety of development opportunities.

During 2022–23, we hosted two graduates who worked on a range of projects while spending time with our Economics and Advisory Services teams. During their rotation with us, and in addition to contributing to projects that supported our clients and the State, we assisted the graduates to develop their skills in modelling, financial analysis, reporting and presenting financial information.





Image courtesy of Tourism Western Australia.

## Safety Legislation

We are committed to providing a safe and healthy working environment that promotes wellbeing and complies with the relevant legislation. We continued to align with the *Work Health and Safety Act 2020* and regulations that came into effect during March 2022, ensuring that everyone remains aware of their responsibilities and obligations.

## Annual Performance on Work Health and Safety Management

Through a culture of continuous improvement in workplace health, safety and wellbeing, we aim to achieve and maintain a zero lost-time-injury rate, and actively encourage and facilitate team wellbeing. We held four Work Health and Safety (WHS) committee meetings during 2022–23. These were attended by both our team health and safety representatives and members of management. Regular monthly workplace inspections were performed, with identified issues reported and managed. We complied with all legislation relating to WHS, workers' compensation and injury management.

In accordance with the reporting requirements of *Treasurer's Instruction 903 (13)*, there were no lost time injuries, as outlined in the following table. No workers' compensation claims were made.

Measures				Targets	Comments on Result
	2020–21 <sup>1</sup> (Base Year)	2021–22 (Prior Year)	2022–23 (Current Year)		
Number of fatalities	0	0	0	0	Achieved
Lost time injury and/or disease incidence rate	0	0	0	0	Achieved
Lost time injury and/or disease severity rate	0	0	0	0	Achieved
Percentage of injured workers returning to work within 13 weeks	n/a	n/a	n/a	>=80%	n/a
Percentage of injured workers returning to work within 26 weeks	n/a	n/a	n/a	>=80%	n/a
Percentage of managers and supervisors trained in work, health and safety injury management responsibilities, including refresher training within three years	91%	100%	100%	>=80%	Achieved

<sup>1</sup> The performance reporting examines a three-year trend and, as such, the comparison base year is two years prior to the current reporting year.  
n/a: not applicable

# Board of Directors' Governance

**Our Board of Directors is responsible for the performance of WATC's functions under the Western Australian Treasury Corporation Act 1986.**

To ensure that WATC carries out its functions in the best interests of the State, our clients and other stakeholders, our Board of Directors (the Board) sets the strategic direction of WATC, with the agreement of the Treasurer, and establishes the policies and principles under which we operate.

The corporate governance processes established by the Board ensure they are able to fulfil WATC's statutory obligations, guide the affairs of WATC and oversee our performance. The Board relies on and holds to account the Chief Executive Officer for the operational management of WATC and implementation of the strategic direction.

## Board Composition

The membership of the Board is determined in accordance with Section 5B of the *Western Australian Treasury Corporation Act 1986* (the Act). The directors of WATC at 30 June 2023 are as follows:



Name	Position	First Appointed	Term Expires
Michael Barnes	Chairperson	Statutory – 17/02/2014	n/a
Michael Court	Deputy Chairperson	Statutory – 01/07/2017	n/a
Kaylene Gulich <sup>1</sup>	Chief Executive Officer	Statutory – 04/02/2019	n/a
Philippa Hobson	Director	17/02/2020	31/12/2025
Susan Murphy	Director	01/01/2019	31/12/2024
Wayne Zekulich	Director	01/01/2023	31/12/2025

<sup>1</sup> The Chief Executive Officer is the only director with executive responsibilities.  
n/a: not applicable

The Secretary to the Board is Mark Caldwell, Chief Financial Officer.

## Board Remuneration

The annual remuneration for WATC's Board is as follows:

Name	Type of Remuneration	Period of Membership	2022–23
Michael Barnes	Not eligible	12 months	0
Michael Court	Not eligible	12 months	0
Kaylene Gulich	Not eligible	12 months	0
David Brumby <sup>1</sup>	Annual	6 months	\$22,399
Philippa Hobson	Annual	12 months	\$50,526
Susan Murphy	Annual	12 months	\$42,828
Wayne Zekulich <sup>2</sup>	Annual	6 months	\$22,472

<sup>1</sup> David Brumby was a director on the Board until 31 December 2022.

<sup>2</sup> Wayne Zekulich began his tenure as a director on the Board on 1 January 2023.

## Board Responsibilities

The Board is responsible for the performance of the functions of WATC under the Act, which include:

- to borrow and lend moneys to the Western Australian public sector;
- to develop and implement borrowing programs for the purposes of the Act;
- to manage the financial rights and obligations of WATC;
- to advise on financial matters, including debt management, asset management, and project and structured financing;
- to manage investments for the Department of Treasury and other government authorities; and
- to assist government authorities with managing their financial exposures.

In fulfilling this role, the Board guides and monitors the affairs of WATC, including:

- reviewing and establishing, with the Treasurer's agreement, WATC's *Strategic Development Plan* and *Statement of Corporate Intent* each year;
- monitoring the performance of WATC; and
- ensuring that appropriate accounting, risk management, budgeting, compliance, information technology, and internal control policies, systems and reporting processes are in place – these include WATC's *Risk Management Policy* and *Business Continuity Plan*.

## Constitution and Proceedings of the Board

The Constitution and proceedings of the Board are provided for in Schedule 2 of the Act.

## Statutory Corporations (Liability of Directors) Act 1996

WATC's directors are bound by the provisions of the *Statutory Corporations (Liability of Directors) Act 1996*. Accordingly, directors are required to comply with the same fiduciary responsibilities and duties of loyalty and good faith owed by directors of companies incorporated under the *Corporations Act 2001*. In accordance with Clause 18 of Schedule 2 of the Western Australian Treasury Corporation Act 1986, directors are required to leave the room and not take part in deliberations of matters in which they have some material personal interest.



# Board Committees

To assist in the execution of their responsibilities, the Board has established an Audit Committee and a People and Remuneration Committee.

## Attendance at Meetings by Directors

Details of attendance at the Board and Board Committee meetings by each director during the year are as follows:



Image courtesy of Tourism Western Australia.

Director	Board		Audit Committee		People and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Michael Barnes	6	4			5	3
Michael Court	6	6	5	5	5	5
Kaylene Gulich <sup>1</sup>	6	6	5	5	5	5
David Brumby <sup>2</sup>	3	2			3	2
Philippa Hobson	6	6	5	5	5	4
Susan Murphy	6	5	5	3	5	4
Wayne Zekulich <sup>3</sup>	3	3			3	3

<sup>1</sup> Kaylene Gulich was invited to attend Audit Committee meetings.

<sup>2</sup> David Brumby was a director on the Board until 31 December 2022.

<sup>3</sup> Wayne Zekulich began his tenure as a director on the Board on 1 January 2023.

## Audit Committee

The role of the Audit Committee is to give the Board additional assurance regarding the quality, integrity, reliability and adequacy of our accounting and internal control systems, financial reporting and compliance processes. At meetings of the Audit Committee, the external and internal auditors are invited to address the committee without management present.

The members of the Audit Committee as at 30 June 2023 were Philippa Hobson (Chairperson), Michael Court and Susan Murphy. Members are non-executive directors. The Secretary to the Committee was Phillip Metaxas, Senior Risk Advisor.

## People and Remuneration Committee

The People and Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the employment terms and conditions for all of our people, including the Chief Executive Officer.

The members of the People and Remuneration Committee at 30 June 2023 were Michael Barnes (Chairperson), Michael Court, Kaylene Gulich, Philippa Hobson, Susan Murphy and Wayne Zekulich. The Secretary to the committee was Rebecca Ridgway, Human Resources Manager.

# Legislation

## Legislation Administered

*Western Australian Treasury Corporation Act 1986*

### Legislation Impacting on WATC's Activities

#### State Legislation

- *Auditor General Act 2006*
- *Corruption, Crime and Misconduct Act 2003*
- *Disability Services Act 1993*
- *Electoral Act 1907*
- *Electronic Transactions Act 2011*
- *Equal Opportunity Act 1984*
- *Fair Trading Act 2010*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Government Trading Enterprises Act 2023*
- *Long Service Leave Act 1958*
- *Pay-roll Tax Assessment Act 2002*
- *Procurement Act 2020*
- *Public and Bank Holidays Act 1972*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *Stamp Act 1921*
- *State Records Act 2000*
- *State Superannuation Act 2000*
- *Statutory Corporations (Liability of Directors) Act 1996*
- *Work Health and Safety Act 2020*
- *Workers' Compensation and Injury Management Act 1981*

#### Commonwealth Legislation

- *A New Tax System (Goods and Services Tax) Act 1999*
- *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*
- *Census and Statistics Act 1905*
- *Copyright Act 1968*
- *Disability Discrimination Act 1992*
- *Fair Work Act 2009*
- *Fringe Benefits Tax Act 1986*
- *Income Tax Assessment Act 1936*
- *Personal Property Securities Act 2009*
- *Superannuation Guarantee (Administration) Act 1992*
- *Taxation Administration Act 1953*



Image courtesy of Tourism Western Australia.

### Legislative Changes

During the 2022–23 financial year there has been a consequential change to Section 9 of the Western Australian Treasury Corporation Act, pursuant to the *Government Trading Enterprises Bill* which was assented on 22 June 2023.

The *Government Trading Enterprises Act 2023* (the GTE Act) came fully into effect on 1 July 2023. The GTE Act enables WATC, among other things, to advise authorities on financial matters referred to in Section 137 of this Act. This change provides flexibility for WATC to advise authorities on business risks associated with prescribed transactions, including hedging transactions pertaining to commodities.

# Corporate Governance

**External and internal oversight of WATC conduct and outcomes ensures adherence to our core value of integrity.**

## Ethical Standards and Codes of Conduct

The Board acknowledges the need for, and the continued maintenance of, the highest standards of corporate governance practices and ethical conduct by WATC's directors and staff and has established codes of conduct for directors and staff respectively.

The staff *Code of Conduct* (the Code) reflects and supports WATC's values and provides our people with a clear, concise and relevant guide to standards of behaviour in the workplace. The Code applies to directors unless there is an inconsistency, in which case the *Directors' Code of Conduct* will apply.

WATC has also adopted the *Western Australian Public Sector Code of Ethics* and endorsed, in principle, the code of conduct developed by the Australian Financial Markets Association.

## Compliance

The role of WATC's compliance function is to ensure that WATC maintains its high prudential standards and has the appropriate procedures in place to comply with the *Western Australian Treasury Corporation Act 1986*, and other relevant legislation, our policies and industry standards.

## Auditors

### External Audit

Section 21 of the *Western Australian Treasury Corporation Act 1986* states:

*"The provisions of the Financial Management Act 2006 and the Auditor General Act 2006 regulating the financial administration, audit and reporting of statutory authorities apply to and in respect of the Corporation and its operations."*



Image courtesy of Tourism Western Australia.

In accordance with the provisions of the *Financial Management Act 2006* and the *Auditor General Act 2006*, WATC's external auditor is the Auditor General for Western Australia. The Auditor General engages the services of Ernst & Young to conduct the annual audit.

### Internal Audit

WATC's internal audit function is provided by PwC. Appointment to this role by WATC is subject to the *Common Use Arrangements* authorised by the Department of Finance for accessing audit services and financial advice.

## Quarterly Report to the Treasurer

With the exception of the June quarter, WATC submits a quarterly report on our operations to the Treasurer. This report is tabled in Parliament by the Treasurer.

## Professional Advice

Directors are entitled, with the prior approval of the Chief Executive Officer, to obtain such resources and information from WATC, including direct access to management and professional advisers, as they may require in order to carry out their duties as directors. Directors are also entitled, with the prior approval of the Chairperson, to seek independent professional advice, at the expense of WATC, to assist them to carry out their duties as directors.



## Pricing Policy

WATC operates in a dynamic market where the price of our lending to the public sector is primarily driven by the cost of our borrowings. This cost fluctuates according to the prevailing level of interest rates. WATC sets our lending rates at a competitive level after taking into account the cost of funds, market risk, administration costs and the return on capital. The pricing for financial advice and funds management is determined on a cost-recovery basis.

## Insurance Policy

An insurance policy has been taken out to indemnify members of the Board against liabilities under Sections 13 and 14 of the *Statutory Corporations (Liability of Directors) Act 1996*. The amount of the insurance premium paid for 2022–23 was \$120,326.

## Expenditure on Advertising

Under Section 175ZE of the *Electoral Act 1907*, WATC is required to disclose any expenditure we make to:

- advertising agencies
- market research organisations
- polling organisations
- direct mail organisations
- media advertising organisations.

For the year ended 30 June 2023, the only disclosable expenditure incurred was in relation to advertising, where the following amounts were paid:

- \$15,065 paid to BondNews Ltd, trading as KangaNews
- \$2,354 paid to Beilby Downing Teal Pty Ltd

## Unauthorised Use of Credit Cards

Our staff hold corporate credit cards where their role warrants usage. There were no instances of personal expenditure on a corporate card.

## Registry and Treasury Operations

Link Market Services Ltd (trading as Link) acts as agent for providing registry services on behalf of WATC.

# Financial Statements

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements
- Certification of Financial Statements
- Key Performance Indicators
- Independent Auditor's Report
- Client Authorities

## Public Transport Authority Passenger Rail Network

The Public Transport Authority oversees Perth's passenger rail network. Assistance from WATC's foreign exchange services supported a range of maintenance, renewal and development projects, which helped ensure the continued safe and reliable operation of this essential part of Western Australia's public transport infrastructure.

Image courtesy of Public Transport Authority.



# Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	2023 \$m	2022 \$m
<b>INCOME</b>			
<b>Revenue</b>			
Interest on Investments		100.3	26.2
Interest from Authorities		1,374.9	1,002.1
Fee Income		2.7	2.7
<b>Total Revenue</b>		<b>1,477.9</b>	1,031.0
<b>Total Income</b>		<b>1,477.9</b>	1,031.0
<b>EXPENSES</b>			
<b>Expenses</b>			
Interest on Borrowings		1,376.6	890.6
Borrowing Related Expenses		1.1	1.4
Depreciation		0.2	0.2
Amortisation of Intangible Assets		0.3	0.9
Administration Expenses	4	19.5	19.2
Net Fair Value Movement	5	42.6	93.7
<b>Total Expenses</b>		<b>1,440.3</b>	1,006.0
<b>Profit before income tax equivalent expense</b>		<b>37.6</b>	25.0
Income Tax Equivalent Expense	6	11.3	7.5
<b>Profit for the period</b>		<b>26.3</b>	17.5
<b>Total Comprehensive Income for the period</b>		<b>26.3</b>	17.5

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



# Statement of Financial Position

As at 30 June 2023

	Note	2023 \$m	2022 \$m
<b>ASSETS</b>			
Cash Assets	7	207.9	233.2
Investments	8	5,036.5	4,215.2
Receivables and Other Financial Assets	9	304.0	242.3
Loans to Authorities	10	44,142.4	46,515.1
Tax Assets	11	1.1	1.2
Plant and Equipment	12	0.4	0.6
Intangible Assets	13	0.5	0.3
<b>Total Assets</b>		<b>49,692.8</b>	51,207.9
<b>LIABILITIES</b>			
Payables and Other Financial Liabilities	15	2,009.0	785.5
Borrowings	16	47,481.7	50,257.5
Tax Liabilities	17	18.6	7.4
Provisions	18	16.5	3.8
<b>Total Liabilities</b>		<b>49,525.8</b>	51,054.2
<b>NET ASSETS</b>		<b>167.0</b>	153.7
<b>EQUITY</b>			
Retained Earnings		164.0	150.7
Reserves		3.0	3.0
<b>Total Equity</b>		<b>167.0</b>	153.7

The Statement of Financial Position should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

For the year ended 30 June 2023

	Reserves \$m	Retained Earnings \$m	Total Equity \$m
<b>Balance at 1 July 2021</b>	3.0	149.9	152.9
Profit for the period	0.0	17.5	17.5
Total Comprehensive Income for the period	0.0	17.5	17.5
Transactions with owners in their capacity as owners:			
Distributions to Owners	0.0	(16.7)	(16.7)
Total	0.0	(16.7)	(16.7)
<b>Balance at 30 June 2022</b>	3.0	150.7	153.7
<b>Balance at 1 July 2022</b>	<b>3.0</b>	<b>150.7</b>	<b>153.7</b>
Profit for the period	<b>0.0</b>	<b>26.3</b>	<b>26.3</b>
Total Comprehensive Income for the period	<b>0.0</b>	<b>26.3</b>	<b>26.3</b>
Transactions with owners in their capacity as owners:			
Distributions to Owners	<b>0.0</b>	<b>(13.0)</b>	<b>(13.0)</b>
Total	<b>0.0</b>	<b>(13.0)</b>	<b>(13.0)</b>
<b>Balance at 30 June 2023</b>	<b>3.0</b>	<b>164.0</b>	<b>167.0</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$m	2022 \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received on Loans to Authorities		1,309.1	996.5
Interest received on Investments		108.0	59.4
Proceeds from Sale and Maturity of Investments		4,684.4	4,719.2
Payment for Investments		(5,340.0)	(3,968.5)
Loans to Authorities		(8,386.0)	(8,706.6)
Loans Repaid by Authorities		11,300.6	10,885.2
Other Payment on behalf of Authorities		(0.5)	0.0
Proceeds from Issuance of Borrowings		15,965.5	15,859.5
Repayment of Borrowings		(18,201.6)	(19,462.5)
Fee Income		2.9	2.8
Interest and other Cost of Finance paid		(1,382.2)	(1,134.5)
Administration and Borrowing Related Expenses		(20.9)	(20.4)
Payment of Taxation Equivalents		0.0	(3.7)
<b>Net Cash (used in)/provided by Operating Activities</b>	20b	<b>39.3</b>	<b>(773.6)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for Plant and Equipment		0.0	(0.3)
Payment for Intangible Assets		(0.4)	(0.2)
<b>Net Cash used in Investing Activities</b>		<b>(0.4)</b>	<b>(0.5)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of Dividend		0.0	(16.7)
<b>Net Cash used in Financing Activities</b>		<b>0.0</b>	<b>(16.7)</b>
Net (decrease)/increase in Cash and cash equivalents		38.9	(790.8)
Cash and cash equivalents at the beginning of the Financial Year		677.8	1,468.6
Cash and cash equivalents at the end of the Financial Year	20a	716.7	677.8
Included in the above are the following			
<b>CASH FLOWS TO STATE GOVERNMENT</b>			
Payment of Dividend		0.0	(16.7)
Payment of Taxation Equivalents		0.0	(3.7)
<b>Net Cash provided to State Government</b>		<b>0.0</b>	<b>(20.4)</b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



# Notes to the Financial Statements

For the year ended 30 June 2023

## NOTE 1

The Western Australian Treasury Corporation (WATC) was established on 1 July 1986 under the *Western Australian Treasury Corporation Act 1986* as the State's central financing authority. WATC is located at Level 12, 225 St Georges Terrace, Perth, Western Australia.

### General

WATC's financial statements for the year ended 30 June 2023 have been prepared in accordance with Australian Accounting Standards. The term "Australian Accounting Standards" includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). The financial report also complies with International Financial Reporting Standards.

In preparing these financial statements, WATC has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB.

The Australian Accounting Interpretations are adopted through AASB 1048 'Interpretation and Application of Standards' and are classified into those corresponding to International Accounting Standards Board (IASB) Interpretations and those only applicable in Australia.

### Early adoption of standards

WATC cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by *Treasurer's Instruction (TI) 1101* 'Application of Australian Accounting Standards and Other Pronouncements'. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by WATC for the annual reporting period ended 30 June 2023.

## NOTE 2

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) General Statement

- (i) WATC is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act* and the Treasurer's Instructions are legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements. There are no modifications in the financial statements.

- (ii) The financial statements are presented in Australian dollars and all values are rounded to \$'000,000 unless otherwise stated.
- (iii) The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.
- (iv) Comparative information has been adjusted to conform with current year presentation.

## NOTE 2 (continued)

### (b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention except as noted below.

WATC maintains Investments, Loans to Authorities and Borrowings to fulfil its functions and has elected to designate these financial assets and financial liabilities as fair value through profit or loss, consistent with the provisions of AASB 9 'Financial Instruments'. WATC satisfies the eligibility criteria for this election as it manages its business daily on a fair value basis. In accordance with AASB 9, all derivative financial instruments are also accounted for on a fair value basis through profit or loss. By nature, the market quoted rates used for valuation of financial assets and financial liabilities include an allowance for credit risk.

WATC presents its statement of financial position in order of liquidity based on its intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

#### *Critical accounting judgements and estimates*

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to the use of mid prices instead of bid-offer prices for the measurement of Investments, Loans to Authorities and Borrowings. WATC aims to minimise its exposure to risk in these financial assets and liabilities. To the extent that the risk positions in these items are offset, mid prices are used with bid-offer prices being applied to any net open position, if WATC had them.

Key assumptions made in the valuation of financial assets and financial liabilities are disclosed in [Note 19](#).

### (c) Revenue

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised as shown below.

#### *Fee Income*

Fee Income in respect of services provided is recognised in the period in which the service is provided.

#### *Interest*

Interest revenue is recognised as it accrues using the effective interest method and includes items of a similar nature realised in managing the relevant portfolios. Any realised gains or losses on financial assets are also recognised as interest.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 2 (continued)

### (d) Plant and Equipment

Items of Plant and Equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of Plant and Equipment costing less than \$5,000 are expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

All items of Plant and Equipment are initially recognised at cost. After initial recognition, Plant and Equipment are stated at cost less any accumulated depreciation and any impairment in value. Depreciation is calculated based on the estimated useful lives using the straight line method. The estimated useful lives for each class of depreciable asset are as follows:

	2023	2022
Computer Equipment	3-5 years	3-5 years
Other Equipment	5-10 years	5-10 years

### *Impairment*

The carrying values of Plant and Equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of Plant and Equipment is the greater of fair value less costs to sell and the depreciated replacement cost.

Impairment losses are recognised in the Statement of Comprehensive Income.

### (e) Intangible Assets

Computer software is the only Intangible Asset which WATC has in its financial statements. The cost of utilising the assets is expensed (amortised) over their useful lives.

Intangible Assets acquired separately are capitalised at cost as at the date of acquisition. Following initial recognition, the cost model is applied to the class of Intangible Assets. The useful lives of these assets are assessed to be finite. Intangible Assets are amortised over a period of three years.

Intangible Assets are tested for impairment where an indicator of impairment exists. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.



## NOTE 2 (continued)

### (f) Investments

WATC classifies its Investments as financial assets at fair value through profit or loss. WATC does not hold any investments that are classified as held to maturity or available for sale.

Investments are initially recognised at fair value on trade date and subsequently measured at fair value applicable at reporting date. Unrealised gains or losses arising from this policy are brought to account in the Statement of Comprehensive Income. Fair values are derived using market quoted mid point prices to the extent that Investments are held in offsetting risk positions, otherwise bid prices are applied. Commonwealth and State Government investments are held for portfolio management purposes. Whilst these investments generally have maturity dates greater than twelve months, they are used in the ordinary course of business to economically hedge WATC's benchmark bonds and are therefore held in the expectation of being realised within twelve months.

### (g) Loans to Authorities

Loans to Authorities are initially recognised at fair value on trade date and subsequently measured at fair value applicable at reporting date and are recorded as assets in the Statement of Financial Position. Unrealised gains or losses arising from this policy are brought to account in the Statement of Comprehensive Income. Fair values are derived using market quoted mid point prices to the extent that Loans to Authorities are held in offsetting risk positions, otherwise bid prices are applied. In normal circumstances, upon maturity, Loans to Authorities are either rolled over or refinanced.

### (h) Borrowings

Borrowings are initially recognised at fair value on trade date and subsequently measured at the fair value applicable at reporting date. Unrealised gains or losses arising from this policy are brought to account in the Statement of Comprehensive Income. Fair values are derived using market quoted mid point prices to the extent that Borrowings are held in offsetting risk positions, otherwise ask prices are applied. In normal circumstances, maturities of Borrowings are either rolled over or refinanced. Borrowing related expenses are charged to the Statement of Comprehensive Income as incurred.

### (i) Derivative Financial Instruments

Derivatives are used exclusively to provide an economic hedge of interest rate and foreign currency exposures. All derivatives are recognised in the Statement of Financial Position at fair value on trade date. All derivatives are classified as held for trading. The carrying value of a derivative is remeasured at fair value throughout the life of the contract. Unrealised gains or losses arising from this policy are brought to account in the Statement of Comprehensive Income.

### (j) Foreign Currency Translation

Foreign currency transactions are brought to account in Australian dollars at trade date at the rate of exchange applying at that date. At the end of the reporting period, all monetary assets and liabilities are translated at the exchange rates existing at 30 June 2023. Exchange gains or losses are brought to account in the Statement of Comprehensive Income.

Both the functional and presentation currency of WATC is Australian dollars (AUD).

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 2 (continued)

### (k) Borrowing Costs

Borrowing Costs are recognised as an expense when incurred. Interest expense is recognised as it accrues and includes items of a similar nature realised in managing the relevant portfolios. Any realised gains or losses on financial liabilities are also recognised as interest.

### (l) Employee Benefits

#### (i) Sick Leave

No provision is made for sick leave benefits as they are non-vesting and the sick leave taken in a financial year is not expected to exceed the benefit accruing in a year.

#### (ii) Annual Leave

This benefit is recognised at the reporting date in respect of employees' services up to that date and is measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

#### (iii) Long Service Leave

The liability for long service leave expected to be settled within 12 months after the reporting date is recognised in the provision for employee benefits, and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months after the end of the reporting period is recognised in the provision for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### (iv) Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer the superannuation schemes detailed hereunder in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for employees varies according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995. Employees commencing employment prior to 16 April 2007 who were not members of either of these schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. WATC makes contributions to GESB or other fund providers on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish WATC's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

## NOTE 2 (continued)

WATC also has an unfunded superannuation liability as a result of prior service of current staff who were previously within the public service. The liability for these future payments is provided for at reporting date in the Statement of Financial Position. The liability under this scheme has been calculated annually by Mercer Human Resource Consulting using the projected unit credit method. The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The GSS, the WSS and the GESBS, where the current service superannuation charge is paid by WATC to GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS, the WSS and the GESBS are extinguished by the concurrent payment of employer contributions to GESB.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from an agency perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

The superannuation expense of the defined benefit plan is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plan are recognised immediately as income or expense in the Statement of Comprehensive Income.

The superannuation expense of the defined contribution plan is recognised as and when the contributions fall due.

### (m) Dividend Policy

WATC's dividend policy has been formulated to ensure that WATC pays an appropriate dividend to the State which is consistent with sound commercial practice and has regard to the financial health of WATC. WATC's policy provides for dividends to be paid to the State Consolidated Account at a level of 75% of WATC's after tax equivalent profit subject to adjustments which have been agreed with the Treasurer. Dividends for the current financial year will be declared by the Board and paid in the subsequent financial year.

### (n) Income Tax

WATC operates within a tax equivalent regime (TER) whereby an equivalent amount in respect of income tax is payable to the Western Australian Treasury. The calculation of the liability in respect of income tax is governed by TER guidelines and directions approved by Government.

As a consequence of participation in the TER, WATC is required to comply with Australian Accounting Standard AASB 112 "Income Taxes".

The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 2 (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income are recognised in other comprehensive income, and directly in equity are recognised directly in equity.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

### (o) Impairment of Assets

At each reporting date, WATC assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, WATC makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and depreciated replacement cost. The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

### (p) Receivables

Receivables are recognised at cost. The carrying amount approximates fair value, as they are generally settled within thirty days. An allowance for uncollectible amounts is made when there are indications that an asset is impaired. There is no previous evidence of amounts being uncollected, due to the nature of WATC's clients.

### (q) Payables

Payables are recognised at the amounts payable when WATC becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount approximates fair value, as they are generally settled within thirty days.

## NOTE 2 (continued)

### (r) Cash and Cash Equivalents

Cash Assets in the Statement of Financial Position comprise cash at bank and in hand. The carrying amount approximates fair value as these items are short term in nature. For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash in hand and short term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

### (s) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year.

Accrued salaries are settled within a fortnight of the financial year end. WATC considers the carrying amount of accrued salaries to be equivalent to the fair value.

### (t) Swap Fair Value Reserve

WATC enters into interest rate and currency swaps to mitigate interest rate and foreign exchange exposure on medium and long term debt raised to fund its clients' long term funding requirements.

In accordance with accounting standards, changes in swap fair values are brought to account in the Statement of Comprehensive Income. A discretionary capital reserve has been established which may be used to separately identify net profits created by this policy and which may, in the future, be transferred to retained earnings upon maturity of the transactions.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 3

### DISCLOSURE OF CHANGES IN ACCOUNTING POLICY

#### Initial application of an Australian Accounting Standard

WATC has adopted all Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2022. None have had a material financial impact on WATC.

#### Future impact of Australian Accounting Standards issued but not yet operative

WATC cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements' or by an exemption from TI 1101. WATC has not applied early any of the following Australian Accounting Standards that have been issued. Where applicable, WATC plans to apply these Australian Accounting Standards from their application date.

The following new standards and amendments are not expected to have any impact on WATC:

<b>AASB Amendment</b>	<b>Affected Standards</b>
AASB 17	'Insurance Contracts'
AASB 2020-1	'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current'
AASB 2020-3	'Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments'
AASB 2020-6	'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date'
AASB 2021-7	'Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections'
AASB 2022-1	'Amendments to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9 - Comparative Information'
AASB 2022-9	'Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector'

The impact of the following new standards and amendments has not yet been fully determined:

<b>AASB Amendment</b>	<b>Affected Standards</b>
AASB 2021-2	'Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates'



	2023 \$m	2022 \$m
<b>NOTE 4</b>		
<b>ADMINISTRATION EXPENSES</b>		
<b>Employee Benefit Expenses</b>		
The following employee benefit expenses are included in Administration Expenses.		
Salaries	11.8	11.1
Workers Compensation costs	0.2	0.1
Superannuation expense	1.4	1.1
Long Service Leave Provision	(0.1)	(0.1)
	13.3	12.2
<b>Administration Expenses</b>		
Employee Benefit Expenses	13.3	12.2
Services and Contracts	3.0	2.6
Equipment Maintenance	0.8	1.9
Accommodation costs	1.0	0.9
Other costs	1.4	1.6
	19.5	19.2

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

	2023 \$m	2022 \$m
<b>NOTE 5</b>		
<b>NET FAIR VALUE MOVEMENT</b>		
Unrealised Gain/(Loss) - Investments	3.0	(123.0)
Unrealised Gain/(Loss) - Loans to Authorities	(424.1)	(3,731.8)
Unrealised Gain/(Loss) - Borrowings	311.1	4,593.7
Unrealised Gain/(Loss) - Derivatives	67.4	(832.6)
Net Fair Value Movement	(42.6)	(93.7)
Add Interest movements		
Interest on Investments	100.3	26.2
Interest from Authorities	1,374.9	1,002.1
Interest on Borrowings	(1,376.6)	(890.6)
	98.6	137.7
Net gain on financial assets and financial liabilities at fair value through profit and loss	56.0	44.0

WATC manages its operations on a portfolio basis to achieve its long term objectives. Realised losses totalling A\$22.0 million (2022, A\$33.5 million) are reflected in interest revenue and expense. The Net Fair Value Movement represents unrealised fair value adjustments to be realised over the term of the underlying securities.

	2023 \$m	2022 \$m
<b>NOTE 6</b>		
<b>INCOME TAX EQUIVALENT EXPENSE</b>		
The prima facie income tax equivalent expense on accounting profit reconciles to the income tax equivalent expense in the accounts as follows:		
Accounting profit before income tax equivalent expense	37.6	25.0
Income tax equivalent expense at 30% (2022, 30%)	11.3	7.5
Income tax equivalent expense	11.3	7.5
Income tax equivalent expense comprises movements in:		
Current income tax equivalent expense	11.1	7.4
Deferred tax income relating to the origination	0.2	0.1
Total income tax equivalent expense	11.3	7.5
Deferred Tax Assets:		
Employee Provisions	1.0	1.2
Total (Note 11)	1.0	1.2
<b>NOTE 7</b>		
<b>CASH ASSETS</b>		
Bank Deposits	207.8	233.2
Overseas Bank Accounts	0.1	0.0
	207.9	233.2
Average Balance	222.5	231.3
Interest Revenue	6.9	0.8
Average Interest Rate	3.11%	0.35%

Cash Assets represent only those funds held in accounts with banks and does not include money market investments. To facilitate the maturity of WATC's benchmark bond lines, larger than normal cash balances are left in the bank account overnight prior to bond maturities.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

	2023 \$m	2022 \$m
<b>NOTE 8</b>		
<b>INVESTMENTS - AT FAIR VALUE</b>		
<b>Investments - non derivative</b>		
Investments comprise the following:		
Short Term Money Market Investments	2,782.7	2,465.2
Government Stock	2,253.8	1,750.0
Total	5,036.5	4,215.2
<b>Maturity Profile</b>		
Up to 3 Months	945.7	875.4
3 to 12 Months	2,529.8	1,775.0
1 to 5 Years	1,027.7	834.2
Over 5 Years	533.3	730.6
Total	5,036.5	4,215.2
<b>Repricing Profile</b>		
Up to 3 Months	945.7	875.4
3 to 12 Months	2,529.8	1,775.0
1 to 5 Years	1,027.7	834.2
Over 5 Years	533.3	730.6
Total	5,036.5	4,215.2
<b>Credit Exposure</b>		
Rating	%	%
AAA	6.45	0.00
AA	71.57	94.44
A	19.08	5.56
BBB	2.90	0.00
	100.00	100.00
Average Balance	4,176.5	3,264.6
Interest Revenue	93.4	25.4
Average Interest Rate	2.24%	0.78%

WATC invests its surplus funds in accordance with the *Western Australian Treasury Corporation Act*. Further information on valuation methods is shown in [Note 19](#). All Investments are classified as financial assets at fair value through profit and loss.

	2023 \$m	2022 \$m
<b>NOTE 9</b>		
<b>RECEIVABLES AND OTHER FINANCIAL ASSETS</b>		
Accrued Interest Receivable	294.6	229.8
Foreign Currency Receivable	0.0	2.7
Other Debtors	9.4	9.8
	<b>304.0</b>	<b>242.3</b>

Accrued Interest Receivable comprises accruals relating to advances made to clients and investments with financial institutions. Other debtors represent financial instrument transactions undertaken prior to 30 June 2023 and due for settlement after 30 June 2023.

## NOTE 10

### LOANS TO AUTHORITIES - AT FAIR VALUE

<b>10a. Loans to Authorities - non derivative</b>	<b>44,142.4</b>	46,515.1
<b>Maturity Profile</b>		
Up to 3 Months	1,103.9	1,236.7
3 to 12 Months	5,513.2	4,846.5
1 to 5 Years	23,165.0	25,888.7
Over 5 Years	14,360.3	14,543.2
Total	<b>44,142.4</b>	<b>46,515.1</b>
<b>Repricing Profile</b>		
Up to 3 Months	14,534.1	15,539.4
3 to 12 Months	5,115.2	5,169.1
1 to 5 Years	12,112.7	13,299.2
Over 5 Years	12,380.4	12,507.4
Total	<b>44,142.4</b>	<b>46,515.1</b>

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

	2023 \$m	2022 \$m
<b>NOTE 10 (continued)</b>		
<b>10b. Loans to Authorities - derivative</b>	<b>(19.9)</b>	(4.3)
<b>Maturity Profile</b>		
Up to 3 Months	(0.0)	(0.6)
3 to 12 Months	(0.7)	(1.7)
1 to 5 Years	(19.2)	(2.0)
Total derivatives (Note 15)	(19.9)	(4.3)
<b>Repricing Profile</b>		
Up to 3 Months	(14.0)	(2.3)
3 to 12 Months	0.3	(0.5)
1 to 5 Years	(6.2)	(1.5)
Total derivatives (Note 15)	(19.9)	(4.3)
Average Balance	44,703.4	49,576.8
Interest Revenue	1,374.9	1,002.1
Average Interest Rate	3.08%	2.02%

WATC advances funds to State Government and Local Government authorities within Western Australia. In normal circumstances, most advances are either rolled over or refinanced. State Government advances (98.6% of total (2022, 98.7%)) are guaranteed by the State whilst Local Government advances (1.4% of total (2022, 1.3%)) are secured by debenture and are charged in accordance with the provisions of the *Local Government Act* upon the general funds of the Local Government. There were no indications of impairment to lendings to Local Government at 30 June 2023 (2022, nil). Loans to Authorities are not readily traded on organised markets in standardised form. Further information on valuation methods is shown in [Note 19](#).

## NOTE 11

### TAX ASSETS

Deferred Tax Asset	1.1	1.2
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	2023 \$m	2022 \$m
<b>NOTE 12</b>		
<b>PLANT AND EQUIPMENT</b>		
Equipment (at cost)	1.2	1.5
Less Accumulated Depreciation	0.8	0.9
Total Plant and Equipment	0.4	0.6
<b>Reconciliation</b>		
Equipment		
Opening balance	0.6	0.5
Additions	0.0	0.3
Disposals/Write-Offs	(0.3)	(1.6)
Depreciation	(0.2)	(0.2)
Accumulated depreciation on disposal	0.3	1.6
Closing balance	0.4	0.6

<b>NOTE 13</b>		
<b>INTANGIBLE ASSETS</b>		
Intangible Assets (at cost)	1.8	7.4
Less Accumulated Amortisation	1.3	7.1
Total Intangible Assets	0.5	0.3
<b>Reconciliation</b>		
Intangible Assets		
Opening balance	0.3	1.0
Additions	0.5	0.2
Disposals	(6.1)	(4.1)
Amortisation	(0.3)	(0.9)
Accumulated amortisation on disposal	6.1	4.1
Closing balance	0.5	0.3

## NOTE 14

### IMPAIRMENT OF ASSETS

There were no indications of impairment to Plant and Equipment and Intangible Assets at 30 June 2023 and 2022.

WATC held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date, there were no intangible assets not yet available for use.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

	2023 \$m	2022 \$m
<b>NOTE 15</b>		
<b>PAYABLES</b>		
Interest Accrued (at amortised cost)	462.3	427.2
Other Creditors (at amortised cost)	1,173.4	217.0
	1,635.7	644.2
Other Financial Liabilities (at fair value) (Notes 10b and 16b)	373.3	141.3
	2,009.0	785.5

Payables comprises accrued interest and sundry creditors relating to debt instruments and unrepresented cheques. Interest Accrued is owed to financial institutions. Other creditors includes financial instrument transactions undertaken prior to 30 June 2023 and due for settlement after 30 June 2023. Other financial liabilities are discussed in more detail in [Note 19](#).

## NOTE 16

### BORROWINGS - AT FAIR VALUE

#### 16a. Borrowings - non derivative

#### Maturity Profile

Up to 3 Months	527.3	2,651.5
3 to 12 Months	7,553.6	5,900.2
1 to 5 Years	24,318.5	26,458.6
Over 5 Years	15,082.3	15,247.2
Total borrowings at fair value	47,481.7	50,257.5

#### Repricing Profile

Up to 3 Months	7,710.6	10,663.8
3 to 12 Months	5,857.6	4,102.4
1 to 5 Years	18,831.2	20,244.1
Over 5 Years	15,082.3	15,247.2
Total borrowings at fair value	47,481.7	50,257.5

	2023 \$m	2022 \$m
<b>NOTE 16 (continued)</b>		
<b>16b. Borrowings - derivative</b>	<b>353.4</b>	137.0
<b>Maturity Profile</b>		
Up to 3 Months	0.1	(2.2)
3 to 12 Months	(6.7)	(13.4)
1 to 5 Years	138.2	(26.1)
Over 5 Years	221.8	178.7
Total derivatives (Note 15)	353.4	137.0
<b>Repricing Profile</b>		
Up to 3 Months	132.6	118.0
3 to 12 Months	17.2	17.9
1 to 5 Years	50.7	(116.9)
Over 5 Years	152.9	118.0
Total derivatives (Note 15)	353.4	137.0
Average Balance	47,983.1	52,978.2
Interest Expense	1,376.6	890.6
Average Interest Rate	2.87%	1.68%

WATC raises its funds in the domestic and offshore capital markets. Under Section 13(1) of the *Western Australian Treasury Corporation Act*, the financial liabilities of WATC are guaranteed by the Treasurer on behalf of the State of Western Australia. WATC's borrowings are well diversified across markets and maturities. Further information on valuation methods is shown in [Note 19](#).

## BORROWINGS - AT FACE VALUE

Payable 12 months or less from 30 June		
– Domestic	8,102.1	8,297.0
– Overseas	0.0	253.5
	8,102.1	8,550.5
Payable more than 12 months from 30 June		
– Domestic	41,688.0	43,175.9
	41,688.0	43,175.9
Balance 30 June at face value	49,790.1	51,726.4



# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 16 (continued)

### OVERSEAS BORROWINGS

Overseas Borrowings include Australian currency and foreign currency loans. Foreign currency loans have been translated using the exchange rates applicable at 30 June 2023 and 2022 and are shown below:

Exchange Rate Translation at 30/06/23		
	Payable 12 Months or Less from 30/06/23 A\$m	Payable More than 12 Months from 30/06/23 A\$m
<b>Foreign Currency Borrowing</b>		
<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

Exchange Rate Translation at 30/06/22		
	Payable 12 Months or Less from 30/06/22 A\$m	Payable More than 12 Months from 30/06/22 A\$m
<b>Foreign Currency Borrowing</b>		
USD 174.5 million	253.5	Nil

At reporting date, all foreign currency loans are either economically hedged, swapped or covered forward specifically or invested in the foreign currency. Consequently, any gain or loss on the translation of the overseas borrowing is matched by a corresponding loss or gain made on the foreign currency contract, the overseas investment or the back to back lending and the net exchange gain or loss is therefore zero.

	2023 \$m	2022 \$m
<b>NOTE 17</b>		
<b>TAX LIABILITIES</b>		
Current Income Tax Equivalent Liability	18.6	7.4
	18.6	7.4

The current income tax equivalent liability relates to 2023 and 2022 tax liabilities.

	2023 \$m	2022 \$m
<b>NOTE 18</b>		
<b>PROVISIONS</b>		
Annual Leave	1.3	1.5
Long Service Leave	2.2	2.1
Superannuation - Defined Benefit Plans	0.0	0.2
Provision for Dividends	13.0	0.0
	<b>16.5</b>	<b>3.8</b>

Provision for dividend refers to the dividend payable to the Consolidated Account for the 30 June 2022 financial year.

This is calculated as 75% of the after tax equivalent profit.

## Gold State Superannuation Scheme

### Accounting Policy

Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income in the year in which they occur.

### Scheme Information

#### *Nature of the benefits provided by the Scheme*

Some former Pension Scheme members have transferred to Gold State Super. In respect of their transferred benefit, the members receive a lump sum benefit at retirement, death or invalidity which is related to their salary during their employment and indexed during any deferral period after leaving public sector employment.

#### *Description of the regulatory framework*

The Scheme operates under the *State Superannuation Act 2000* (Western Australia) and the *State Superannuation Regulations 2001* (Western Australia).

Although the scheme is not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Western Australian government has undertaken (in a Heads of Government Agreement) to operate the scheme in accordance with the spirit of the SIS legislation.

As an exempt public sector superannuation scheme (as defined in the SIS legislation), the Scheme is not subject to any minimum funding requirements.

As a constitutionally protected superannuation fund (as defined in the Income Tax Assessment legislation), the Scheme is not required to pay tax.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 18 (continued)

### *Description of other entities' responsibilities for the governance of the Scheme*

The Government Employees Superannuation Board (GESB) is the Scheme's Trustee and is responsible for the governance of the Scheme. As Trustee, GESB has a legal obligation to act solely in the best interests of Scheme beneficiaries. GESB has the following roles:

- Administration of the Scheme and payment to the beneficiaries when required in accordance with the Scheme rules;
- Management and investment of the Scheme assets (although the liabilities in this report are not supported by assets); and
- Compliance with the Heads of Government Agreement referred to above.

### *Description of risks*

There are a number of risks to which the Scheme exposes WATC. The more significant risks relating to the defined benefits are:

- Salary risk - The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and the associated employer contributions; and
- Inflation risk - The risk that inflation (which affects the indexation of deferred benefits) will be higher than assumed, increasing defined benefit amounts and the associated employer contributions; and
- Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

### *Description of significant events*

There were no Scheme amendments affecting the defined benefits payable, curtailments or settlements during the year.

	2023 \$m	2022 \$m
<b>NOTE 18 (continued)</b>		
<b><i>Reconciliation of the Net Defined Benefit Liability/(Asset)</i></b>		
Net Defined Benefit liability/(asset) at start of year	0.2	0.3
(+) Current service cost	0.0	0.0
(+) Net interest	0.0	0.0
(+) Past service cost/curtailments	0.0	0.0
(+) (Gains)/losses on settlement	0.0	0.0
(-) Actual return on Scheme assets less Interest income	0.0	0.0
(+) Actual (gains)/losses arising from changes in demographic assumptions	0.0	0.0
(+) Actual (gains)/losses arising from changes in financial assumptions	0.0	0.0
(+) Actual (gains)/losses arising from liability experience	0.1	(0.1)
(+) Adjustment for effect of asset ceiling	0.0	0.0
(-) Employer contributions	(0.3)	0.0
Net defined benefit liability/(asset)	0.0	0.2
<b><i>Reconciliation of the Fair Value of Scheme Assets</i></b>		
Fair Value of Scheme assets at beginning of year	0.0	0.0
(+) Interest income	0.0	0.0
(+) Actual return on Scheme assets less Interest income	0.0	0.0
(+) Employer contributions	0.2	0.0
(+) Contributions by Scheme participants	0.0	0.0
(-) Benefits paid	0.2	0.0
(-) Taxes, premiums & expenses paid	0.0	0.0
(+) Transfers in	0.0	0.0
(+) Contributions to accumulation section	0.0	0.0
(+) Settlements	0.0	0.0
(+) Exchange rate changes	0.0	0.0
Fair value of Scheme assets at end of year	0.0	0.0



# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

	2023 \$m	2022 \$m
<b>NOTE 18 (continued)</b>		
<b><i>Reconciliation of the Defined Benefit Obligation (DBO)</i></b>		
Present value of defined benefit obligations at beginning of year	0.2	0.3
(+) Current service cost	0.0	0.0
(+) Interest cost	0.0	0.0
(+) Contributions by Scheme participants	0.0	0.0
(+) Actuarial (gains)/losses arising from changes in demographic assumptions	0.0	0.0
(+) Actuarial (gains)/losses arising from changes in financial assumptions	0.0	0.0
(+) Actuarial (gains)/losses arising from liability experience	0.1	(0.1)
(-) Benefits paid	(0.3)	0.0
(-) Taxes, premiums & expenses paid	0.0	0.0
(+) Transfers in	0.0	0.0
(-) Contributions to accumulation section	0.0	0.0
(+) Past service cost/curtailments	0.0	0.0
(+) Gain/loss on settlements	0.0	0.0
(+) Settlements	0.0	0.0
(+) Exchange rate changes	0.0	0.0
Present value of defined benefit obligations at end of year	0.0	0.2

## ***Reconciliation of the Effect of the Asset Ceiling***

The asset ceiling has no impact on the net defined benefit liability/(asset).

## ***Fair value of Scheme assets***

There are no assets in Gold State Super for current employees to support the transferred benefits. Hence, there is/are:

- No fair value of Scheme assets;
- No asset allocation of Scheme assets;
- No financial instruments issued by the employer;
- No assets used by the employer; and
- No asset-liability matching strategies.

## NOTE 18 (continued)

### *Significant Actuarial Assumptions at the Reporting Date*

#### *Assumptions to Determine Start of Year DBO and Defined Benefit Cost for the Current Year*

		2023	2022
Discount rate		3.35%	1.50%
Expected salary increase rate	2021/22	-	2.00%
	2022/23	3.50%	2.00%
	thereafter	3.50%	3.00%
	2021/22	-	1.75%
CPI	2022/23	3.00%	1.75%
	2023/24	3.00%	-
	2024/25	3.00%	-
	thereafter	2.50%	2.00%

#### *Assumptions to Determine DBO at Valuation Date*

Discount rate		3.55%	3.35%
Expected salary increase rate	2022/23	3.50%	3.50%
CPI	2022/23	3.50%	3.00%
	2023/24	5.80%	3.00%
	2024/25	3.00%	3.00%
	thereafter	2.50%	2.50%

The discount rate is based on the Government bond maturing in May 2030. The decrement rates used (eg mortality and retirement rates) are based on the actuarial review of the Scheme at 30 June 2020 updated by the Australian Government Actuary (ALT 2015-17) and Mercer public sector pensioner mortality tables (retiree and spouse pensioners).

The salary increase assumption used at 30 June 2023 is 3.50% pa (2022: 3.50%).

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 18 (continued)

### *Sensitivity Analysis*

The defined benefit obligation as at 30 June 2023 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected salary increase rate and indexation sensitivity.

Scenario A: 0.5% pa lower discount rate assumption

Scenario B: 0.5% pa higher discount rate assumption

Scenario C: 0.5% pa lower expected salary increase rate and indexation assumption

Scenario D: 0.5% pa higher expected salary increase rate and indexation assumption

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% pa discount	+0.5% pa discount	-0.5% pa salary	+0.5% pa salary
Discount rate	3.55% pa	3.05% pa	4.05% pa	3.55% pa	3.55% pa
Salary increase rate	3.50% pa	3.50% pa	3.50% pa	3.00% pa	4.00% pa
Defined benefit obligation (A\$m)	0.02	0.02	0.02	0.02	0.02

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other obligations.

The salary assumptions in the above table are long term salary assumptions. The short term assumptions have also been adjusted as described in Scenario C and D.

### *Funding arrangements*

WATC contributes, as required, to meet the benefits paid.

### *Expected contributions*

	2024 \$m
Expected employer contributions	0.0

### *Maturity profile of defined benefit obligation*

The weighted average duration of WATC's defined benefit obligation is 5.4 years.

## NOTE 19

### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICY

#### Risk Management Governance

WATC's Board of Directors (the Board) is responsible for WATC performing its functions under the *Western Australian Treasury Corporation Act 1986*.

In carrying out these functions, the Board ensures that appropriate risk management policies, systems and reporting processes are in place. To assist in fulfilling its obligations in this regard, the Board has implemented risk management policies covering market risk, credit risk, liquidity and funding risk and operational risk.

WATC has established the Asset and Liability Management Committee (ALCO) which meets on a monthly basis and is responsible for the following functions with respect to risk management:

- providing advice on WATC's risk management processes and strategies;
- advising on matters relating to WATC keeping risk exposure levels within agreed levels;
- providing advice on developments in risk that may have an impact on WATC; and
- providing advice on recommendations flowing from the annual review of WATC's risk management policies.

WATC incurs risk in relation to the financial services it provides to its clients. These services include lending, financial risk management and investment activities. The key risks that WATC manages are:

- Interest Rate Risk;
- Exchange Rate Risk;
- Credit Risk;
- Liquidity Risk;
- Funding Risk; and
- Operational Risk.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 19 (continued)

WATC ensures that it maintains appropriate capital cover to mitigate these risks as described in the Capital Requirement section below.

WATC, as a matter of policy, does not take any material exchange rate risk and seeks to minimise its exposure to losses resulting from all other financial risks.

WATC enters into interest rate and currency swaps to mitigate foreign exchange and interest rate exposure on debt raised to fund its clients' funding requirements. In accordance with accounting standards, changes in swap fair values are brought to account in the Statement of Comprehensive Income. Unrealised gains or losses do not represent cash profit or loss to WATC.

### Interest Rate Risk

Interest rate risk is the risk that a movement in interest rates will cause a loss.

WATC's interest rate risk is primarily controlled through Value-at-Risk (VaR) limits set by the Board. VaR quantifies the amount that the value of a portfolio could fall over a set period of time given a fixed probability.

WATC gives high regard to the minimisation of interest rate risk. As a matter of course, all of WATC's interest rate risk exposures resulting from lending and market support activities are economically hedged. The effectiveness of these hedging arrangements is reviewed on an ongoing basis in order to minimise WATC's VaR.

Market exposures using VaR and other interest rate sensitivity measures are assessed daily. Risk control is further enhanced by the use of stress testing which is performed on a monthly basis or more frequently if required. Stress testing gives an indication of the level of possible losses that can be incurred under extreme market conditions. It also highlights those areas on the curve where WATC is sensitive to interest rate movements.

WATC's VaR measure related to market risk is detailed below:

	2023 \$m	2022 \$m
<b>Value at Risk (VaR)</b>		
Average Daily Balance for Year	1.1	1.3
Lowest for Year	0.4	0.7
Highest for Year	2.3	2.8
Closing Balance	0.9	1.8

## NOTE 19 (continued)

### Interest Rate Risk Exposure

The following table details WATC's exposure to interest rate risk as at the reporting date:

	Weighted Average Effective Interest Rate %	At Call \$m	Up to 3 Months \$m	3 to 12 Months \$m	1 to 5 Years \$m	Over 5 Years \$m	Non Interest Bearing \$m	Total \$m
<b>2023</b>								
<b>Financial Assets:</b>								
Cash and Cash Equivalents	3.11	207.9						207.9
Receivables							304.1	304.1
Investments	2.24		945.7	2,529.8	1,027.7	533.3		5,036.5
Loans to Authorities	3.08		14,534.1	5,115.2	12,112.7	12,380.4		44,142.4
		207.9	15,479.8	7,645.0	13,140.4	12,913.7	304.1	49,690.9
<b>Financial Liabilities:</b>								
Payables								
– non derivative							1,635.6	1,635.6
– derivative			0.1	(6.0)	157.3	221.8		373.2
Borrowings	2.87		7,710.6	5,857.6	18,831.2	15,082.3		47,481.7
		-	7,710.7	5,851.6	18,988.5	15,304.1	1,635.6	49,490.5
<b>2022</b>								
<b>Financial Assets:</b>								
Cash and Cash Equivalents	0.35	233.2						233.2
Receivables							242.4	242.4
Investments	0.78		875.4	1,775.0	834.2	730.6		4,215.2
Loans to Authorities	2.02		15,539.4	5,169.1	13,299.2	12,507.4		46,515.1
		233.2	16,414.8	6,944.1	14,133.4	13,238.0	242.4	51,205.8
<b>Financial Liabilities:</b>								
Payables								
– non derivative							644.0	644.0
– derivative			120.2	18.5	(115.4)	118.0		141.3
Borrowings	1.68		10,663.8	4,102.4	20,244.1	15,247.2		50,257.5
		-	10,784.0	4,120.9	20,128.7	15,365.2	644.0	51,042.8

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 19 (continued)

### Exchange Rate Risk

Foreign exchange risk is the risk of loss due to changes in foreign exchange rates. WATC's policy is not to take any foreign exchange risk apart from the minor exposure created by the need to maintain small balances in foreign bank accounts for operational purposes.

In practice, all of the foreign currency denominated liabilities of WATC are matched or backed off against foreign currency denominated assets in one or more of the following forms:

- a foreign currency denominated lending;
- a foreign currency denominated receivable under a cross currency swap;
- a foreign currency denominated receivable under a forward exchange rate contract; and/or
- a foreign currency denominated investment.

WATC also undertakes foreign exchange transactions and currency options on behalf of clients in accordance with section 9(1)(g) of the *Western Australian Treasury Corporation Act*. Each market transaction is offset by a transaction with the client so that no exchange rate risk is borne by WATC.

### Credit Risk

Credit risk is the risk of financial loss due to a counterparty not meeting its financial obligations to WATC.

WATC's governing legislation only permits lending to Western Australian public sector agencies or to entities that have approval to borrow from WATC conferred by a written law. WATC does not set aside capital to cover its exposure to public sector agencies due to the nature of its relationship to such entities. As a result, WATC's management of credit risk is primarily focused on its investment, derivative and local government counterparties.

WATC has a comprehensive Credit Risk Management Policy that is designed to reduce credit risk by ensuring diversification of WATC's credit exposures and by setting minimum standards for the credit quality of counterparties. WATC also reduces credit risk in relation to derivative instruments by using ISDA Master Agreements with netting provisions and Credit Support Annexes (CSAs).

	2023 %	2022 %
<b>Credit Exposure of Investments by Rating</b>		
AAA	6.45	0.00
AA	71.57	94.44
A	19.08	5.56
BBB	2.90	0.00
	<b>100.00</b>	100.00
<b>Credit Exposure of Derivatives by Rating</b>		
AA	92.94	101.15
A	7.06	(1.15)
	<b>100.00</b>	100.00

## NOTE 19 (continued)

### Liquidity Risk

Liquidity risk relates to WATC's ability to have sufficient funds available to meet its financial obligations as and when they fall due, without having to incur excessive losses or funding costs.

WATC minimises this risk in a number of ways, including:

- ensuring that its holdings of liquid assets and/or standby facilities are equal to or above a minimum level;
- preparing cash flow forecasts on a daily basis;
- carrying out scenario analysis for adverse market conditions;
- diversifying its funding activity across markets and across the maturity spectrum; and
- having access to an intra day overdraft facility in order to handle its intra day liquidity requirements.

By maintaining a minimum level of liquid assets, WATC ensures that it has sufficient liquidity to meet unforeseen large net cash outflows or temporary market disruptions.

### Liquidity Table

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Up to 3 Months \$m	3 to 12 Months \$m	1 to 5 Years \$m	Over 5 Years \$m	Total \$m
<b>2023</b>					
<b>Financial Liabilities:</b>					
Borrowings					
– non derivative	949.0	8,676.6	28,288.8	18,546.4	56,460.8
	949.0	8,676.6	28,288.8	18,546.4	56,460.8
Derivatives					
– derivative payable	101.4	372.4	931.2	231.9	1,636.9
– derivative receivable	89.9	294.3	706.1	140.4	1,230.7
Derivatives Net	11.5	78.1	225.1	91.5	406.2
Total	960.5	8,754.7	28,513.9	18,637.9	56,867.0

### 2022

#### Financial Liabilities:

Borrowings					
– non derivative	2,992.5	7,058.8	30,030.6	18,108.9	58,190.8
	2,992.5	7,058.8	30,030.6	18,108.9	58,190.8
Derivatives					
– derivative payable	335.3	254.5	871.5	204.2	1,665.6
– derivative receivable	395.1	308.0	676.5	113.8	1,493.3
Derivatives Net	(59.7)	(53.4)	195.0	90.4	172.2
Total	2,932.8	7,005.3	30,225.6	18,199.3	58,363.0



# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 19 (continued)

### Funding Risk

Funding risk is the risk that funding may not always be available. This can arise where there is a lack of funding facility diversification or the funding requirement over a particular time period is excessive.

This risk is minimised by WATC through the diversification of funding activity across domestic and offshore markets and across the maturity spectrum and by maintaining a highly liquid investment portfolio.

The Board requires ALCO to ensure that appropriate facilities and funding sources are maintained. In addition, the Board sets minimum debt maturity and liquidity coverage targets within which management must operate in order to ensure funding risk is appropriately controlled.

### Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

WATC's Operational Risk Management Policy sets out the methodology by which its operational risks are identified, assessed, controlled and monitored. The key objectives of the policy are:

- to promote a culture which allows operational risk to be managed in a consistent manner;
- to ensure staff have a clear understanding of their responsibilities with respect to operational risk management;
- to effectively identify and manage operational risks so that business objectives can be met; and
- to calculate the level of capital that is commensurate with WATC's operational risk exposures.

### Capital Requirements

Under WATC's capital policy, a defined minimum amount of capital must be retained to cover its market, credit and operational risk exposures. WATC considers retained earnings and reserves as its capital.

WATC's total capital requirements vary over time as a function of the level and profile of client lending, the volume of market support activity and the availability of suitable funding/hedge instruments. Therefore, to prudently manage its capital retention levels, WATC makes forward projections (normally over a 3-year horizon) of its capital requirements. This information is used by the Board to determine the minimum amount of capital that must be retained to ensure sufficient capital is available to cover expected exposures over the projection period.

A review of WATC's capital requirements is carried out at least annually.

## NOTE 19 (continued)

### MANAGEMENT

Investments, Loans to Authorities, Borrowings and Derivative financial instruments have been designated as fair value through profit and loss. Balances are recorded at fair value in the Statement of Financial Position and unrealised gains or losses are brought to account in the Statement of Comprehensive Income. Fair values are derived using market quoted mid point prices to the extent that financial assets and liabilities are held in offsetting risk positions. Credit risk is not a significant determinant of fair value as WATC's liabilities are guaranteed by the Treasurer on behalf of the State and therefore changes in fair value are largely attributable to market related movements in prices and yields.

In carrying out its strategy, WATC is a net borrower from the capital markets. WATC's funding preferences in terms of term structure and product usage must be balanced against investor preferences in order to source funds at the lowest cost. In this regard, WATC accepts a degree of market risk by allowing the maturity profile of its funding portfolio to only approximate the maturity profile of its lending portfolio. Derivative instruments, including swaps, forward rate agreements and futures, are used to economically hedge and minimise the residual market risks incurred.

The amounts to be exchanged on these contracts are calculated with reference to the notional amount and other terms of the derivatives. Credit exposure represents WATC's estimate of its exposure at reporting date in the event of non-performance by counterparties. WATC has adopted APRA's "Current Exposure Method" to determine the credit exposure arising from its derivative transactions. At 30 June 2023, WATC is confident that all its counterparties will meet their obligations.

Details of the notional amount, fair value and credit exposure of the derivative instruments used for managing interest rate risk are shown below.

	Notional Amount \$m	Fair Value \$m	Credit Exposure \$m
<b>As at 30 June 2023</b>			
Futures	440.9	0.0	0.0
Interest Rate Swaps	11,312.8	(373.3)	353.9
<b>As at 30 June 2022</b>			
Futures	1,758.2	0.0	0.0
Interest Rate Swaps	13,275.5	142.2	136.1

Interest rate swaps are used from time to time to manage funding and interest rate risk by issuing fixed rate benchmark bonds and interest rate swaps to generate floating rate exposures. At times, floating to fixed swaps are used to change floating rate borrowings to fixed rate borrowings in order to match WATC's lending to client authorities. With interest rate swaps, WATC agrees with counterparties to exchange, at predetermined intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional face value. Interest rate swaps are also used to provide term floating rate funds for client authorities. At 30 June 2023, WATC had lent funds amounting to A\$15,789.9 million (2022, A\$17,271.0 million) on this basis.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 19 (continued)

Forward rate agreements are used by WATC to secure a guaranteed return or cost on known cash flows as and when they fall due. These agreements establish an interest rate on a notional principal over a specified period. Futures contracts are used essentially for the same purpose as forward rate agreements. The contracts used by WATC are the bank bill, 3-year and 10-year bond contracts.

WATC borrows in foreign currencies when the all in cost after swapping back into Australian dollars is cheaper than the equivalent domestic borrowing. Whereas WATC manages interest rate risk on a portfolio basis, it manages the exchange rate risk on foreign currency borrowings as part of the borrowing transaction. At 30 June 2023, WATC had foreign currency swaps and forwards amounting to A\$0.01 million with a fixed future obligation in Australian dollars of A\$nil (2022, foreign currency swaps and forwards amounting to A\$326.0 million with a fixed future obligation in Australian dollars of A\$250.8 million). Additionally, WATC has arranged foreign exchange transactions for clients amounting to A\$117.7 million (2022, A\$277.4 million). These transactions are arranged with clients on a back to back basis and therefore WATC does not have any net exposure. The fair value of A\$0.5 million (2022, A\$1.9 million) relating to these forward foreign exchange transactions receivable from authorities and payable to third parties is included in [Notes 10\(b\)](#) and [16\(b\)](#) respectively.

All financial assets and liabilities have been recognised at the reporting date at their fair value. For valuation purposes, WATC uses quoted market rates wherever possible to discount cash flows to present values. Those stocks without quoted market rates are valued using appropriate zero coupon yield curves, which include adequate consideration for credit risk, to closely approximate market. As at 30 June, the market interest rates used by WATC for valuation purposes were:

	Coupon	Market Rate as at 30 June 2023	Market Rate as at 30 June 2022
Overnight	-	4.10%	0.85%
90 days	-	4.35%	1.73%
180 days	-	4.64%	2.57%
20 October 2022	-	-	1.54%
16 October 2023	-	4.34%	2.98%
23 July 2024	-	4.48%	3.17%
23 July 2025	-	4.42%	3.54%
21 October 2026	-	4.28%	3.69%
21 October 2027	-	4.23%	3.77%
20 July 2028	-	4.24%	3.81%
24 July 2029	-	4.31%	3.93%
22 October 2030	1.50%	4.38%	4.03%
22 October 2031	1.75%	4.45%	4.11%
20 July 2033	4.25%	4.48%	-
24 October 2034	-	4.65%	4.32%
23 July 2041	2.25%	5.06%	4.38%
Proxy 2047	-	5.12%	-

## NOTE 19 (continued)

### Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

There were no transfers between levels during the year ended 30 June 2023.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>30 June 2023</b>				
Financial assets designated at fair value through profit or loss				
Investments	1,977.5	3,059.0	-	5,036.5
Loans to Authorities	85.1	44,057.3	-	44,142.4
Derivative financial assets	-	(19.9)	-	(19.9)
Total Assets	2,062.6	47,096.4	-	49,159.0
Financial liabilities designated at fair value through profit or loss				
Borrowings	37,488.1	9,993.6	-	47,481.7
Derivative financial liabilities	-	353.4	-	353.4
Total Liabilities	37,488.1	10,347.0	-	47,835.1

### 30 June 2022

Financial assets designated at fair value through profit or loss

Investments	1,691.9	2,523.3	-	4,215.2
Loans to Authorities	56.4	46,458.7	-	46,515.1
Derivative financial assets	-	(4.3)	-	(4.3)
Total Assets	1,748.3	48,977.7	-	50,726.0

Financial liabilities designated at fair value through profit or loss

Borrowings	38,471.3	11,786.2	-	50,257.5
Derivative financial liabilities	(1.1)	138.1	-	137.0
Total Liabilities	38,470.2	11,924.3	-	50,394.5



# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 19 (continued)

The valuation technique used to determine the value of Level 2 assets or liabilities is the generation of a range of zero coupon yield curves using Level 1 inputs or the valuation of an asset or liability at a spread to a particular curve. Inputs include prices on WATC benchmark bond lines, bank bill swap rates, money market rates, exchange rates, observed spreads between issuers and benchmark rates and observed spreads between curves at particular points on the curve. These inputs are revised daily to improve estimation results against observable criteria.

Investments are valued utilising quoted prices in an active market for identical assets where available or on a discounted cash flow basis using appropriate zero coupon yield curves.

Loans to Authorities are valued on a discounted cash flow basis using WATC zero coupon yield curves.

Derivative financial assets and liabilities, which includes over the counter derivatives such as interest rate swaps, forward rate agreements and foreign currency swaps are valued on a discounted cash flow basis using WATC zero coupon yield curves.

Borrowings are valued utilising quoted prices in an active market for identical liabilities where available or on a discounted cash flow basis using swap zero coupon yield curves.

	2023 \$m	2022 \$m
<b>NOTE 20</b>		
<b>NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>20a. Reconciliation of Cash</b>		
For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Bank Deposits (Note 7)	207.8	233.2
Short Term Money Market Investments	508.8	444.6
Overseas Bank Accounts (Note 7)	0.1	0.0
	<b>716.7</b>	<b>677.8</b>

	2023 \$m	2022 \$m
<b>NOTE 20 (continued)</b>		
<b>20b. Reconciliation of Net Cash provided by Operating Activities to Profit for the period</b>		
Profit for the period	<b>26.3</b>	17.5
Depreciation	<b>0.2</b>	0.2
Amortisation of Intangible Assets	<b>0.3</b>	0.9
Increase in Receivables	<b>(65.6)</b>	(2.1)
Increase/(Decrease) in Accrued Interest Payable	<b>103.4</b>	(30.9)
Increase in Other Creditors	<b>0.1</b>	0.4
Increase in tax liabilities	<b>11.1</b>	7.4
Decrease in deferred tax liability	<b>0.1</b>	0.1
Increase in Employee Benefits	<b>(0.5)</b>	0.0
Tax Equivalent Payment	<b>0.0</b>	(3.7)
Fair Value Adjustment	<b>(0.5)</b>	(0.2)
Premium/Discount Amortisation	<b>(101.3)</b>	(183.0)
Other Receipt on behalf of Client Authorities	<b>42.6</b>	93.7
Increase/(Decrease) in Investments	<b>(655.5)</b>	750.7
Increase in Lending	<b>2,914.6</b>	2,178.5
Decrease in Borrowings	<b>(2,236.0)</b>	(3,603.0)
Net Cash provided by (used in) Operating Activities	<b>39.3</b>	(773.6)

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 21

### REMUNERATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

WATC has determined that key management personnel include Ministers, directors and senior officers of WATC. However, WATC is not obligated to compensate Ministers. Disclosures relating to Ministers' compensation is included in the Annual Report on State Finances.

#### Directors' Remuneration

M A Barnes, Chairperson, M J R Court, Deputy Chairperson, K P Gulich, Chief Executive Officer, D D Brumby, Director, W Zekulich, Director, P Hobson, Director and S L Murphy, Director are the current directors of WATC, other than K P Gulich are non-executive. The number of directors whose total of fees, salaries, superannuation and other benefits for the financial year fall within the following bands are:

\$	2023	2022
0	2	2
20,001 - 30,000	2*	-
40,001 - 50,000	1	2
50,001 - 60,000	1	1
450,001 - 460,000	1	1

\* Mr Zekulich joined WATC during the year and therefore this salary represents part year only.  
Mr Brumby resigned from WATC during the year and therefore this salary represents part year only.

	2023 \$	2022 \$
The total remuneration of the directors of WATC is:	600,989	590,358
Which comprises:		
Short Term Employment Benefits	539,498	531,978
Other Long Term Employment Benefits	10,240	10,781
Post Employment Benefits	51,251	47,599

The superannuation included here represents the superannuation expense incurred by WATC in respect of the directors.

No directors are members of the Pension Scheme.

## NOTE 21 (continued)

### Other Key Management Personnel Remuneration

Other Key Management Personnel are V Cinquina, Head of Financial Markets, S L Luff/M Caldwell, Chief Financial Officer and Board Secretary, K S Middleton, Chief Risk Officer, S J B Morhall, General Manager Client Services, R A Moulton, Chief Operating Officer and R L Ridgway, Human Resource Manager.

The number of other key management personnel, other than directors, whose total fees, salaries, superannuation and other benefits, including payout of entitlements, for the financial year, fall within the following bands are:

\$	2023	2022
180,001 - 190,000	-	1
200,001 - 210,000	1	-
230,001 - 240,000	1*	1
240,001 - 250,000	1	1
260,001 - 270,000	1	-
270,001 - 280,000	1	1
300,001 - 310,000	-	1
310,001 - 320,000	-	1
320,001 - 330,000	1	-
330,001 - 340,000	1	-

\* Mr Caldwell joined WATC during the year and therefore this salary represents part year only.

	2023 \$	2022 \$
The total remuneration of other key management personnel is:	<b>1,882,154</b>	1,557,887
Which comprises:		
Short Term Employment Benefits	<b>1,668,588</b>	1,386,256
Other Long Term Employment Benefits	<b>35,503</b>	24,300
Post Employment Benefits	<b>178,063</b>	147,331

The superannuation included here represents the superannuation expense incurred by WATC in respect of other key management personnel other than directors.

No other key management personnel are members of the Pension Scheme.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

	2023 \$	2022 \$
<b>NOTE 21 (continued)</b>		
The total remuneration of directors and key management personnel is:	<b>2,483,143</b>	2,148,245
Which comprises:		
Short Term Employment Benefits	<b>2,208,086</b>	1,918,234
Other Long Term Employment Benefits	<b>45,743</b>	35,081
Post Employment Benefits	<b>229,314</b>	194,930
<b>NOTE 22</b>		
<b>AUDITOR'S REMUNERATION</b>		
Amounts paid or due and payable to the Office of the Auditor General for auditing the financial statements and performance indicators.	<b>226,050</b>	197,600

## NOTE 23

### RELATED PARTY TRANSACTIONS

WATC is wholly-owned and controlled by the State of Western Australia. Related parties of WATC include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other statutory authorities and State government departments, including their related bodies, that are included in the whole of government consolidated financial statements;
- associates and joint ventures of an entity that are included in the whole of government financial statements; and
- the Government Employees Superannuation Board (GESB).

### Significant transactions with government related entities

In its role as the State's central borrowing authority, WATC advances funds, which are guaranteed by the State, to various State Government authorities. As at 30 June 2023, 98.6% (2022, 98.7%) of total loans to authorities were advanced to State Government authorities. The loans are provided at the cost of borrowing to WATC plus a margin to cover administration expenses and have various maturities. Details of maturity profile, interest earned and average interest earned are shown in [Note 10](#).

In addition, WATC receives services from various government departments and agencies in the normal course of business. These transactions take place on an arm's length basis and include superannuation payments to GESB and accommodation rental payments to the Department of Finance.

### Material transactions with related parties

WATC had no material related party transactions with key management personnel or their close family members or their jointly controlled entities.

## NOTE 24

### EXPLANATORY STATEMENT

#### 24a. Actual/Budget Comparison 2022/23

	Actual \$m	Budget \$m	Variance \$m	Comment
<b>Revenue</b>				
Interest on Investments	100.3	35.0	65.3	1
Interest from Authorities	1,374.9	1,419.1	(44.2)	2
Fee Income	2.7	2.1	0.6	
	1,477.9	1,456.2	21.7	
Total Income	1,477.9	1,456.2	21.7	
<b>Expenses</b>				
Interest on Borrowings	1,376.6	1,397.8	(21.2)	4
Borrowing Related Expenses	1.1	3.5	(2.4)	
Depreciation	0.2	0.3	(0.1)	
Amortisation of Intangible Assets	0.3	0.5	(0.2)	
Administration Expenses	19.5	21.7	(2.2)	
Net Fair Value Movement	42.6	0.0	42.6	3
	1,440.3	1,423.8	16.5	
Profit before income tax equivalent	37.6	32.4	5.2	
Income tax equivalent expense	11.3	9.6	1.7	
Profit for the period	26.3	22.8	3.5	
Total Comprehensive Income	26.3	22.8	3.5	

#### Comments - Reasons For Variations From Budgeted Amounts

1. The increase in Interest on Investments compared to budget was due to a higher than anticipated balance invested and higher interest rates.
2. The decrease in Interest from Authorities compared to budget was due to a lower than anticipated client authority borrowing program.
3. The relationship between net fair value movement and interest income and expense is discussed at [Note 5](#). The budget does not separately identify unrealised gains or losses.
4. The decrease in Interest on Borrowings compared to budget was due to lower than anticipated interest rates and debt levels.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2023

## NOTE 24 (continued)

### 24b. Comparison Between 2022/23 And The Previous Year

	2023 \$m	2022 \$m	Change \$m	Comment
<b>Revenue</b>				
Interest on Investments	100.3	26.2	74.1	1
Interest from Authorities	1,374.9	1,002.1	372.8	2
Fee Income	2.7	2.7	(0.0)	
	1,477.9	1,031.0	446.9	
Total Income	1,477.9	1,031.0	446.9	
<b>Expenses</b>				
Interest on Borrowings	1,376.6	890.6	486.0	4
Borrowing Related Expenses	1.1	1.3	(0.2)	
Depreciation	0.2	0.2	0.0	
Amortisation of Intangible Assets	0.3	0.9	(0.6)	
Administration Expenses	19.5	19.2	0.3	
Net Fair Value Movement	42.6	93.8	(51.2)	3
	1,440.3	1,006.0	434.3	
Profit before income tax equivalent	37.6	25.0	12.6	
Income tax equivalent expense	11.3	7.5	3.8	
Profit for the period	26.3	17.5	8.8	
Total Comprehensive Income	26.3	17.5	8.8	

1. Interest on Investments has increased by \$74.1 million from the previous year mainly due to higher interest rates.
2. Interest from Authorities has increased by \$372.8 million from the previous year mainly due to the impact of higher interest rates.
3. Net Fair Value Movement has changed by \$51.2 million from the previous year mainly due to changes in interest rates.
4. Interest on Borrowings has increased by \$486.0 million from the previous year as a result of higher interest rates.

## NOTE 25

### COMMITMENTS

There are no expenditure commitments contracted for and payable at 30 June 2023 (2022, nil).

## NOTE 26

### SUBSEQUENT EVENTS

There have been no events subsequent to balance date which would have a material effect on WATC's financial statements at 30 June 2023.

## NOTE 27

### CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2023 (2022, nil).



# Certification of Financial Statements

For the year ended 30 June 2023

The accompanying financial statements of the Western Australian Treasury Corporation have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



**M CALDWELL** MSC, FCPA  
CHIEF FINANCIAL OFFICER

WESTERN AUSTRALIAN  
TREASURY CORPORATION

25 August 2023



**K GULICH** PSM  
CHIEF EXECUTIVE OFFICER

WESTERN AUSTRALIAN  
TREASURY CORPORATION

25 August 2023



**M BARNES** PSM, FIPA AWA  
CHAIRPERSON

WESTERN AUSTRALIAN  
TREASURY CORPORATION

25 August 2023

# Key Performance Indicators

## VISION (2022/2023)

To be recognised as the best at providing financial solutions for the benefit of the Western Australian public sector.

## KEY OUTCOME

The key outcome of this vision is that clients are able to borrow from WATC at a commercially competitive cost.

## KEY OUTPUT

A key output flowing from the pursuit of this vision is providing service of the highest quality to our clients through understanding their needs, offering expert financial risk management advice and providing financial products and services that are competitively priced.

## GLOSSARY OF TERMS

A glossary of terms is provided at the end of this report to assist with the interpretation of the performance indicators.

## KEY EFFECTIVENESS INDICATOR – ESTIMATED INTEREST RATE SAVINGS

In order to gauge its effectiveness in providing competitively priced loan funds to clients, WATC monitors the Australian corporate bond market.

The following table shows the estimated savings to clients borrowing from WATC compared to the estimated cost to clients of borrowing in the corporate bond market for the past three years. A direct cost comparison is impossible because none of WATC's clients currently issue bonds in their own name.

**Table 1 – Estimated Marginal Interest Rate Savings to Clients by Reference to Bond Credit Rating and Term to Maturity\***

Term to Maturity as at 30/6/23 (Years)	AAA			AA+			AA			AA-		
	22/23 %	21/22 %	20/21 %	22/23 %	21/22 %	20/21 %	22/23 %	21/22 %	20/21 %	22/23 %	21/22 %	20/21 %
1 to 2		0.34	0.15		0.39	0.15		0.59	0.25	<b>0.74</b>	0.5	0.18
2 to 3	<b>0.49</b>		0.16	<b>0.69</b>		0.32	<b>0.92</b>		0.35	<b>0.97</b>	0.56	0.21
3 to 4	<b>0.46</b>	0.33			0.48			0.59		<b>0.88</b>	0.65	0.29
4 to 5	<b>0.53</b>	0.37	0.16	<b>0.85</b>	0.53	0.42	<b>0.94</b>		0.51	<b>0.97</b>	0.57	0.39
5 to 6	<b>0.56</b>	0.43	0.23			0.47	<b>1.13</b>	0.84		<b>1.19</b>	0.70	0.31
6 to 7		0.39	0.24			0.65	<b>1.20</b>	0.69	0.91			0.44
7 to 8	<b>0.77</b>		0.16	<b>1.18</b>				0.74	0.54			
8 to 9		0.47			0.70				0.75			
9 to 10	<b>0.74</b>											
10 to 11												
11 to 12												
12 to 13												
13 to 14												

\* A blank entry in the table means there is no reference bond available in the corporate bond market for comparative purposes. Target Interest Rate Saving is an amount above 0.00%.

## Key Performance Indicators (continued)

By way of example, the saving of 0.34% identified in the first row of the AAA 21/22 column represents the estimated interest rate saving to a client (able to borrow in the corporate bond market with an AAA credit rating) when borrowing from WATC.

The savings identified in Table 1 would be significantly greater than shown for all but the largest of WATC's clients due to the relatively small size of individual client borrowing requirements. In reality, most clients would be unable to borrow at the interest rates available in the corporate bond market due to this constraint. In general, the market imposes a liquidity risk premium because a small issue volume implies a small secondary market in the bond. The premium compensates for the increased difficulty of selling at fair market prices in a small secondary market. As a guide, in the current market environment, issue volumes need to be of the order of \$500 – \$750 million to avoid the risk of incurring a significant liquidity risk premium.

In this regard, WATC's effectiveness is further demonstrated by its ability to make available competitively priced loan funds to clients, with borrowing terms from 1 day to greater than 10 years, regardless of the size of client borrowing programs. By way of contrast, only the largest of corporate bond market participants are able to issue bonds with different terms to maturity. Having multiple bond issues allows WATC to reduce the initial interest cost of bond issues by improving the secondary market and hence liquidity of its bonds.

### Cost Estimation Methodology

A number of corporate bonds were selected for the purpose of comparison to WATC's Debt Portfolio Manager (DPM) lending program. To be selected, a bond had to satisfy the following conditions:

- be rated between AAA and AA-;
- be on issue at 30 June 2023 and have at least one year until maturity at 30 June 2024;
- not be guaranteed by the Commonwealth or other central governments; and
- not be subordinated debt.

The month-end traded interest rates for the selected corporate bonds were tracked over the year. The rate for each bond was compared to the DPM fixed rate for an equivalent term lending, net of WATC's on-cost margin. This margin was removed because it represents the loan issue and administration costs that clients would reasonably be expected to incur in arranging their own borrowing programs.

The estimated saving to the client for a given observation is defined as the observed corporate bond rate minus the equivalent DPM fixed rate. The savings shown in Table 1 are defined as the average of the monthly observations. Where more than one bond falls into a particular maturity category, the results are also averaged.

## KEY EFFECTIVENESS INDICATOR – ADMINISTRATION COST RATIO

**Table 2 – WATC Administration Cost Ratio 2018/19 to 2022/23**

Year	Net Administration Expense \$m	Average Loan Funds Outstanding \$m	Target Administration Cost Ratio %	Actual Administration Cost Ratio %
2018/19	17.032	49,570	<0.050	0.034
2019/20	18.820	49,521	<0.050	0.038
2020/21	19.810	49,847	<0.050	0.040
2021/22	18,957	48,890	<0.050	0.039
<b>2022/23</b>	<b>18,424</b>	<b>46,344</b>	<b>&lt;0.050</b>	<b>0.040</b>

Clients are able to benefit from the economies of scale that result from the centralised or pooled borrowing arrangements of WATC. Through this pooling, WATC is able to reduce the administration cost per dollar of lending to the client.

The economies of scale achieved by WATC generate savings to the client that would not be available to individual clients attempting to fund their borrowing requirements directly from the market. In general, the level of specialisation and expertise provided by WATC would not be cost effective for an individual client to maintain.

WATC's administration cost ratio will fluctuate from time to time due to changes in aggregate debt levels as well as direct management action. Changes in aggregate debt levels are impacted by government asset sales and debt management policy in general which is beyond the control of WATC.



# Key Performance Indicators (continued)

## Glossary of Terms


Term	Explanation
Liquidity Risk	The risk that a bond owner, wanting to sell a bond in the secondary market, is not able to find a buyer willing to pay a fair price for the bond having regard to currently observed market rates and the initial liquidity risk premium
Liquidity Risk Premium	The increase in the interest rate required by the buyer of a bond to compensate for liquidity risk.
Maturity Date	The date on which the final bond payment is to be made.
Term to Maturity	The amount of time until the final bond payment is due.
Issue Volume	The face value amount at issue date. This is the amount that a bond issuer must repay on the maturity date of the bond.
Corporate Bond Market	The market in which bonds issued in the name of individual corporate entities are bought and sold.
Reference Bond	A corporate bond selected for comparison to WATC's lending rates.

## CERTIFICATION OF PERFORMANCE INDICATORS

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess Western Australian Treasury Corporation's performance and fairly represent the performance of Western Australian Treasury Corporation for the financial year ended 30 June 2023.



**K GULICH** <sup>PSM</sup>  
CHIEF EXECUTIVE OFFICER  
WESTERN AUSTRALIAN  
TREASURY CORPORATION  
25 August 2023



**M BARNES** <sup>PSM, FIPA AWA</sup>  
CHAIRPERSON  
WESTERN AUSTRALIAN  
TREASURY CORPORATION  
25 August 2023

# Independent Auditor's Report



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

2023

#### Western Australian Treasury Corporation

To the Parliament of Western Australia

### Report on the audit of the financial statements

#### Opinion

I have audited the financial statements of the Western Australian Treasury Corporation (Corporation) which comprise:

- the Statement of Financial Position at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Western Australian Treasury Corporation for the year ended 30 June 2023 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

#### Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Page 1 of 5

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# Independent Auditor's Report (continued)

In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Corporation.

## Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## Report on the audit of controls

### Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Western Australian Treasury Corporation. The controls exercised by the Board are those policies and procedures established to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with the State's financial reporting framework (the overall control objectives).

In my opinion, in all material respects, the controls exercised by the Western Australian Treasury Corporation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with the State's financial reporting framework during the year ended 30 June 2023.

### The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

### Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagement ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

## Report on the audit of the key performance indicators

### Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Western Australian Treasury Corporation for the year ended 30 June 2023. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Western Australian Treasury Corporation are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2023.

### The Board's responsibilities for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.



# Independent Auditor's Report (continued)

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

## Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments, I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## My independence and quality management relating to the report on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Other information

Those charged with governance are responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

**Matters relating to the electronic publication of the audited financial statements and key performance indicators**

The auditor's report relates to the financial statements and key performance indicators of the Western Australian Treasury Corporation for the year ended 30 June 2023 included in the annual report on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance on the integrity of the Corporation's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.



Caroline Spencer  
Auditor General for Western Australia  
Perth, Western Australia  
25 August 2023

# Client Authorities

## Face Value Net Debt Outstanding to WATC at 30 June 2023

Authority Name	Balance at 1 July 2022 \$'000	Net Advances During Year \$'000	Balance at 30 June 2023 \$'000
Albany City Council	7,277	(1,955)	5,322
Armadale City Council	37,241	328	37,569
Ashburton Shire Council	1,792	(493)	1,299
Augusta-Margaret River Shire Council	15,705	(1,138)	14,567
Bassendean Town Council	355	646	1,001
Bayswater City Council	3,465	13,051	16,516
Belmont City Council	12,832	(594)	12,236
Beverley Shire Council	2,257	(139)	2,118
Boddington Shire Council	2,113	(357)	1,756
Boyup Brook Shire Council	94	(22)	72
Bridgetown-Greenbushes Shire Council	1,681	14	1,695
Brookton Shire Council	811	(142)	669
Broome Shire Council	7,231	556	7,787
Broomehill-Tambellup Shire Council	1,814	(132)	1,682
Bruce Rock Shire Council	221	2,074	2,295
Bunbury City Council	11,593	(2,339)	9,254
Bunbury Water Corporation	5,807	(798)	5,009
Busselton City Council	46,175	2,067	48,242
Cambridge Town Council	1,107	(1,107)	0
Canning City Council	23,884	4,666	28,550
Capel Shire Council	4,425	(336)	4,089
Carnamah Shire Council	84	(32)	52
Carnarvon Shire Council	219	1,660	1,879
Chittering Shire Council	3,450	2,800	6,250
Claremont Town Council	8,142	(2,727)	5,415
Cockburn City Council	10,000	(2,500)	7,500
Collie Shire Council	1,536	(203)	1,333
Commissioner of Main Roads	0	130,000	130,000
Coolgardie Shire Council	2,310	(2,310)	0
Coorow Shire Council	171	6,116	6,287
Corrigin Shire Council	1,410	(90)	1,320
Cottesloe Town Council	2,811	(350)	2,461

Authority Name	Balance at 1 July 2022 \$'000	Net Advances During Year \$'000	Balance at 30 June 2023 \$'000
Country Housing Authority	6,370	(4,517)	1,853
Cranbrook Shire Council	71	(35)	36
Cuballing Shire Council	966	322	1,288
Cue Shire Council	751	(94)	657
Cunderdin Shire Council	988	(93)	895
Curtin University	23,571	(2,700)	20,871
Dalwallinu Shire Council	3,619	(304)	3,315
Dandaragan Shire Council	2,404	(163)	2,241
Dardanup Shire Council	2,449	6,307	8,756
Denmark Shire Council	1,676	256	1,932
Derby-West Kimberley Shire Council	3,067	(382)	2,685
Donnybrook-Balingup Shire Council	339	(66)	273
Dowerin Shire Council	1,265	(104)	1,161
Dumbleyung Shire Council	204	(20)	184
Dundas Shire Council	242	(52)	190
East Pilbara Shire Council	2,393	11,116	13,509
Edith Cowan University	35,885	(1,814)	34,071
Electricity Generation and Retail Corporation	161,130	0	161,130
Electricity Networks Corporation	7,356,082	69,050	7,425,132
Esperance Shire Council	2,512	(250)	2,262
Exmouth Shire Council	3,453	(354)	3,099
FES Ministerial Body	34,138	(2,967)	31,171
Fremantle City Council	21,912	(1,909)	20,003
Fremantle Port Authority	147,104	(11,191)	135,913
Gingin Shire Council	1,843	0	1,843
Gnowangerup Shire Council	625	(105)	520
Gosnells City Council	15,274	(8,117)	7,157
Greater Geraldton City Council	24,436	(4,275)	20,161
Halls Creek Shire Council	2,647	(908)	1,739
Harvey Shire Council	1,164	(182)	982
Housing Authority	4,225,708	(1,012,166)	3,213,542
Irwin Shire Council	6,022	(560)	5,462



## Client Authorities (continued)

Authority Name	Balance at 1 July 2022 \$'000	Net Advances During Year \$'000	Balance at 30 June 2023 \$'000
Jerramungup Shire Council	737	254	991
Joondalup City Council	2,808	(910)	1,898
Kalamunda City Council	8,986	(1,230)	7,756
Kalgoorlie-Boulder City Council	6,672	(1,016)	5,656
Karratha City Council	17	27	44
Katanning Shire Council	3,143	442	3,585
Kellerberrin Shire Council	1,570	519	2,089
Kent Shire Council	848	(133)	715
Kimberley Ports Authority	7,942	(1,734)	6,208
Kojonup Shire Council	5,249	187	5,436
Kondinin Shire Council	2,718	(402)	2,316
Kulin Shire Council	980	(96)	884
Kwinana City Council	15,853	(2,261)	13,592
Lake Grace Shire Council	1,460	(246)	1,214
Laverton Shire Council	1,842	(335)	1,507
Manjimup Shire Council	5,675	(596)	5,079
Melville City Council	1,609	(226)	1,383
Merredin Shire Council	585	(96)	489
Mid West Ports Authority	6,820	(677)	6,143
Mingenew Shire Council	252	(55)	197
Minister for Education	388,568	9,441	398,009
Minister for Fisheries	5,465	(1,465)	4,000
Moora Shire Council	699	(101)	598
Morawa Shire Council	447	(28)	419
Mosman Park Town Council	5,051	(317)	4,734
Mount Magnet Shire Council	7	(7)	0
Mount Marshall Shire Council	958	(48)	910
Mukinbudin Shire Council	1,239	(171)	1,068
Mundaring Shire Council	9,194	(732)	8,462
Murchison Shire Council	1,923	(201)	1,723
Murdoch University	2,692	(469)	2,223
Murray Shire Council	3,165	1,286	4,451

Authority Name	Balance at 1 July 2022 \$'000	Net Advances During Year \$'000	Balance at 30 June 2023 \$'000
Nannup Shire Council	493	265	758
Narembeen Shire Council	817	(75)	742
Narrogin Shire Council	1,284	236	1,520
Nedlands City Council	2,709	(1,137)	1,572
Northam Shire Council	5,701	1,331	7,032
Northampton Shire Council	1,128	(182)	946
Nungarin Shire Council	399	(45)	354
Peppermint Grove Shire Council	691	(36)	655
Perenjori Shire Council	211	(41)	170
Perth City Council	705	(705)	0
Pilbara Ports Authority	142,198	(3,625)	138,573
Pingelly Shire Council	3,060	(1,227)	1,833
Plantagenet Shire Council	2,070	(422)	1,648
Port Hedland Town Council	0	23,901	23,901
Public Transport Authority	3,048,958	385,457	3,434,415
Quairading Shire Council	410	(66)	344
Ravensthorpe Shire Council	840	(144)	696
Regional Power Corporation	803,353	46,158	849,511
Rockingham City Council	6,627	(1,222)	5,405
Serpentine-Jarrahdale Shire Council	5,275	(1,254)	4,021
Shark Bay Shire Council	771	(70)	701
South Perth City Council	16,414	(3,162)	13,252
Southern Metropolitan Regional Council	5,030	(3,230)	1,800
Southern Ports Authority	6,194	(1,389)	4,805
Subiaco City Council	6,104	(501)	5,603
Swan City Council	26,757	21,299	48,056
Tammin Shire Council	136	(42)	94
The Minister for Agriculture and Food exercising power under Sec 6(1) of the Loans ( <i>Co-operative Companies</i> ) <i>Act 2004</i>	20,072	1,103	21,175
The Treasurer on behalf of the State of Western Australia	24,986,945	(2,100,000)	22,886,945
Three Springs Shire Council	106	(62)	44

## Client Authorities (continued)

Authority Name	Balance at 1 July 2022 \$'000	Net Advances During Year \$'000	Balance at 30 June 2023 \$'000
Toodyay Shire Council	5,591	(318)	5,273
Trayning Shire Council	529	135	664
University of Western Australia	177,958	(5,824)	172,134
Upper Gascoyne Shire Council	985	(127)	858
Victoria Park Town Council	15,477	(3,039)	12,438
Victoria Plains Shire Council	265	1,442	1,707
Vincent City Council	13,735	(674)	13,061
Wagin Shire Council	466	(63)	403
Wandering Shire Council	0	76	76
Wanneroo City Council	65,334	0	65,334
Waroon Shire Council	1,791	(129)	1,662
Water Corporation	5,429,046	(388,700)	5,040,346
West Arthur Shire Council	523	163	686
Western Australian Land Authority	176,625	(55,325)	121,300
Wickepin Shire Council	356	(46)	310
Williams Shire Council	590	(74)	516
Wiluna Shire Council	2,824	(322)	2,502
Wongan-Ballidu Shire Council	2,052	(137)	1,915
Wyalkatchem Shire Council	47	(23)	24
Wyndham-East Kimberley Shire Council	5,899	(967)	4,932
Yalgoo Shire Council	129	(82)	47
Yilgarn Shire Council	857	(96)	761
York Shire Council	1,373	(198)	1,175
<b>TOTAL</b>	<b>47,801,403</b>	<b>(2,914,672)</b>	<b>44,886,731</b>

# Contact Details

## Western Australian Treasury Corporation

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Website	<a href="http://watc.wa.gov.au">watc.wa.gov.au</a>

## Registry Information

Link Market Services Limited is the agent for supplying registry services to Western Australian Treasury Corporation's stockholders. Please call Link Market Services Limited on 1800 098 828 (FreeCall) for all stockholding enquiries.

Link Market Services Limited office addresses:

<b>Western Australia</b>	Level 12, QV1 Building 250 St Georges Terrace PERTH WA 6000
<b>Victoria</b>	Level 13, Tower 4 727 Collins Street MELBOURNE VIC 3008
<b>New South Wales</b>	Level 12 680 George Street SYDNEY NSW 2000
<b>Queensland</b>	Level 21 10 Eagle Street BRISBANE QLD 4000

Image courtesy of Tourism Western Australia.

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