

WESTERN AUSTRALIAN TREASURY CORPORATION

# Annual Report 2024

Our purpose is to provide financial solutions for the benefit of the Western Australian public sector.



WESTERN AUSTRALIAN  
TREASURY CORPORATION

Financial Solutions  
for the Benefit of All  
Western Australians





Image courtesy of Tourism Western Australia.

#### 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 ended 30 June 2024. A full copy of this annual report, along with previous years' annual reports, is available in portable document format (PDF) and other formats on our website at [wafc.wa.gov.au](http://wafc.wa.gov.au). Hard copies are printed on paper that contains 100 per cent recycled fibre and is FSC® Mix Certified, which ensures that pulp is derived from well-managed forests and recycled wood or fibre. Manufactured by an ISO 14001 certified mill.

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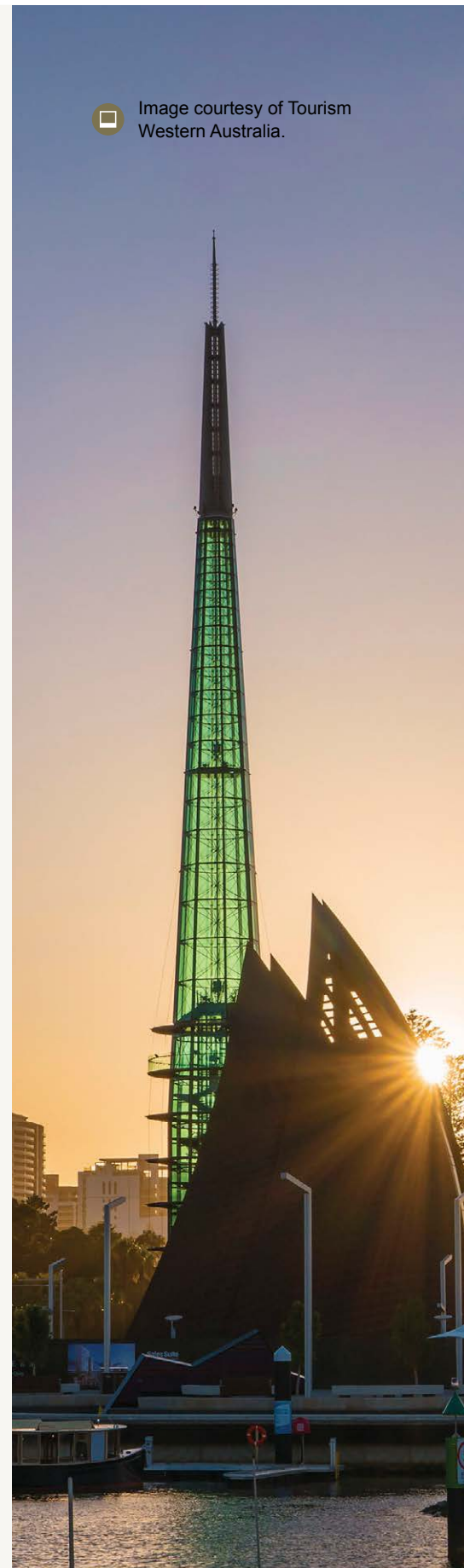
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Image courtesy of Tourism Western Australia.





# Overview

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- **Financial Year Snapshot**
- **Key Achievements**
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- **Performance Against Targets**
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- **Board of Directors**



Image courtesy of Tourism Western Australia.





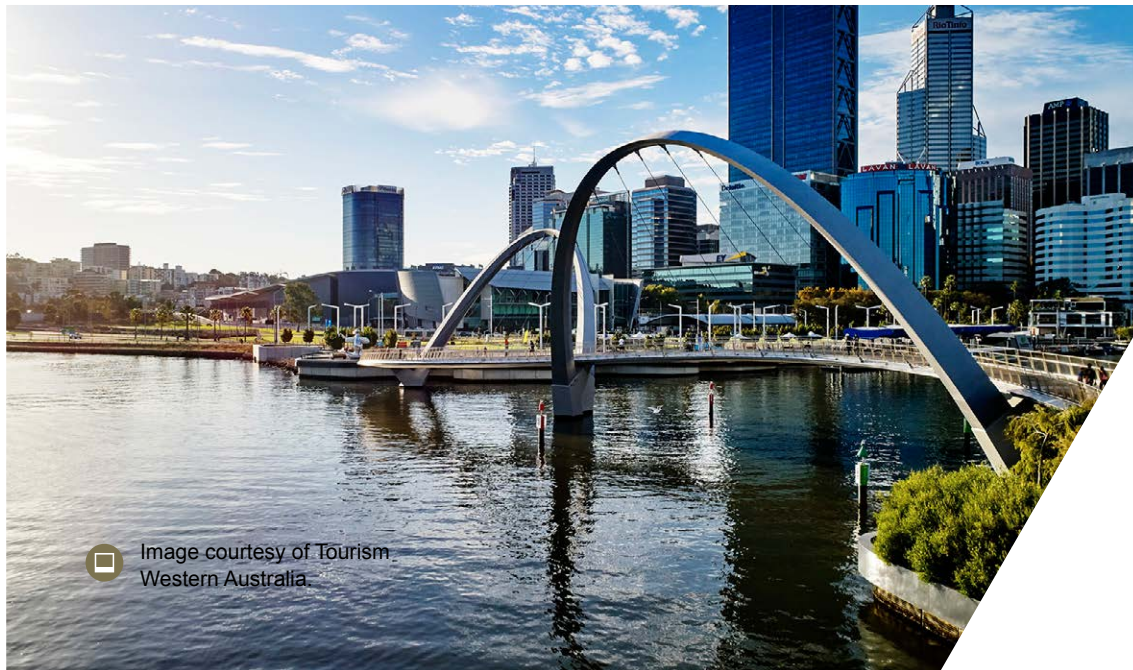


Image courtesy of Tourism  
Western Australia.

# Statement of Compliance

For the year ended 30 June 2024

**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 ended 30 June 2024.

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

Yours sincerely,

**M BARNES** PSM, FIPA<sup>AWA</sup>  
CHAIRPERSON

WESTERN AUSTRALIAN  
TREASURY CORPORATION

23 August 2024

**K GULICH** PSM  
CHIEF EXECUTIVE OFFICER

WESTERN AUSTRALIAN  
TREASURY CORPORATION

23 August 2024



# Purpose, Objectives and Values

## Purpose

To provide financial solutions for the benefit of the Western Australian public sector.



## Objectives

- 1 Provide high-quality, cost-effective products and services to the Western Australian public sector.
- 2 Maintain access to domestic and international capital markets to ensure funds are raised to finance client borrowing needs in a timely and cost-effective manner.
- 3 Ensure the efficient, sustainable performance of Western Australian Treasury Corporation in accordance with the risk appetite of our Board.

## Values

We operate our business in accordance with our values.

### Integrity

We are open, honest and accountable. We adhere to the highest professional and ethical standards. We honour our promises.

### Partnership

We work collaboratively with our stakeholders and colleagues towards achieving successful outcomes.

### Adaptability

We challenge ourselves to think creatively and to continuously improve.

### Achievement

We are engaged and focused on delivering valued outcomes for Western Australia.

### Leadership

We use our knowledge and experience to contribute to the long-term benefit of Western Australia.

View more information about our organisation on our website.





# Financial Year Snapshot

At 30 June 2024


## Total Debt

**\$50.4<sup>b</sup>**  \$0.6b

**We source funds from domestic and international financial markets on behalf of the State of Western Australia.**

This year our total debt on issue amounts to \$50.4 billion. Find out more on [page 80](#).


## Client Debt

**\$45.4<sup>b</sup>**  \$0.5b

**We provide debt funding for government entities, local governments and public universities.**

This year our total client debt amounts to \$45.4 billion. Find out more on [page 25](#).

## Foreign Exchange

**\$1.8<sup>b</sup>**  \$1.25b

**We transact foreign exchange currencies and manage foreign exchange risk for our public sector clients.**

This year we transacted a total of \$1.8 billion in eight currencies on behalf of 15 clients. Find out more on [page 32](#).

## Advisory Engagements

**94**  44

**We provide independent expert financial advice to our public sector clients and the State of Western Australia.**

This year we completed a total of 94 client engagements. Find out more on [page 26](#).



Image courtesy of Tourism Western Australia.



# Key Achievements



## Strong Credit Ratings

### Western Australia's Credit Rating Upgraded to Aaa

Moody's Ratings upgraded Western Australia's credit rating to Aaa in July, highlighting our State's financial strengths. Western Australia is the only Australian state or territory with a triple-A credit rating from both international rating agencies.

Find out more on page 19 >

Image courtesy of Tourism Western Australia.



## Industry Recognition

### Our Green Bond and Chief Executive Officer Receive Awards

Specialised information service KangaNews awarded our 2033 green bond *Australian Sustainability Bond Deal of the Year* and our CEO, Kaylene Gulich, one of their *Market People of the Year*.

Find out more on page 39 >

Image courtesy of KangaNews.



## Exceptional Feedback

### Our Clients Continue to Express High Levels of Satisfaction

Feedback from our public sector clients confirm they continue to be extremely satisfied with our overall capabilities, the quality of advice, the value we add to projects and the services we provide.

Find out more on page 26 >

Image courtesy of Tourism Western Australia.





## Transition to Renewables

### Supporting the Delivery of Large-Scale Battery Energy Storage Systems

Our Corporate Treasury Services team worked closely with Synergy in the management of its foreign currency exposures to deliver groundbreaking projects that support the storage of renewable energy in Western Australia.

Find out more on page 31 >

Image courtesy of Synergy.



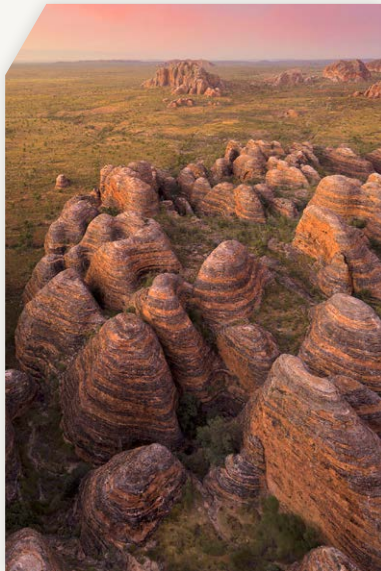
## Increased Service Demand

### Growing Advisory Engagements Confirm Our Valued Advice

The demand for our Advisory Services increased significantly, resulting in nearly double the number of engagements compared with the previous year, confirming the high level of quality and value for money that our team provides.

Find out more on page 26 >

Image courtesy of Pilbara Ports Authority.



## ESG Commitments

### Sustainability Bond Framework Annual Report Released

This first report consolidates our journey to becoming a committed participant in the sustainable finance market and showcases the State's progress towards accelerating climate outcomes and achieving its environmental, social and governance (ESG) ambitions.

Find out more on page 38 >

Image courtesy of Tourism Western Australia.

# Chairperson and CEO's Report



**In what has been another year of unpredictable and challenging global economic and financial conditions, Western Australian Treasury Corporation (WATC) successfully delivered on the State's borrowing requirements, continued to meet our clients' evolving financial needs, and achieved all of our key performance metrics.**

Throughout the year, the global economy and financial markets demonstrated resilience to elevated interest rates, continuing uncomfortable levels of inflation and ongoing geopolitical tensions. While some further normalisation is anticipated, these challenging conditions are expected to continue into 2024–25. Western Australia's continued economic resilience means that the State Government and WATC are well positioned to withstand these conditions.

While the risk of a global recession has been averted, thanks in part to the US economy's resilience to high interest rates and reasonable growth in China's economy despite continuing property market weakness, global growth remains moderate and continues to face multiple headwinds.

Most major central banks have concluded the steepest tightening cycle in the history of the inflation-targeting era, with some banks already starting to adjust policy rates downwards. However, across the advanced economies interest rates remain at, or close to, decade-long highs. At home, rate cuts by the Reserve Bank of Australia (RBA) are not priced in by the cash rate futures market until the second half of the 2024–25 financial year. While inflation in Australia has eased significantly from 2022 highs, it is still above the RBA's target range of 2–3 per cent.

Interest rates are expected to remain above pre-COVID levels, even after the anticipated upcoming monetary easing cycle comes to an end. This is due to a range of factors keeping inflation higher than before the pandemic, as well as high public debt levels across the major advanced economies.



Geopolitical tensions continued in 2023–24, with the ongoing war between Russia and Ukraine, and the escalation of conflict in the Middle East in October 2023.

As noted, troubles in China's property sector continued, although Chinese demand for iron ore remained strong throughout 2023–24. However, looking over the longer term, the outlook remains uncertain as China's economic growth continues to moderate and the composition of growth is gradually changing.

Despite the above challenges, our State's economic performance remained exceptional in 2023–24, outperforming all other Australian states and territories. Western Australia had the fastest State Final Demand (SFD) growth over the year to March and the lowest unemployment rate of mainland states in June. Coupled with the ongoing demand for Western Australia's commodities, this helped our State achieve its sixth consecutive general government operating surplus in 2023–24. The outlook for coming years includes continuing solid growth in SFD, further operating surpluses, and a net debt profile that continues to remain the lowest of all states, despite a record Asset Investment Program.

Reflecting the continued strength of the Western Australian economy, in July 2023 Moody's Ratings revised Western Australia's credit rating to Aaa with a 'stable' outlook, again highlighting our State's ongoing strength in financial management, sustained budget surpluses and the easing of debt. Western Australia is now the only Australian state or territory with a triple-A credit rating from both major international rating agencies.

Similar to our equivalents worldwide, WATC bond yields remained higher than before COVID-19, with 10-year yields ranging between 4.45 and 5.60 per cent. The State's sound fiscal position, low net debt profile and top credit ratings translated into the narrowing of spreads between WATC bond yields and Commonwealth bond yields that continue to remain the narrowest of all the States.

Following last year's release of our *Sustainability Bond Framework* and the successful launch of our inaugural green bond, in December we published our first annual report under the framework. The

## 66

*Reflecting the continued strength of the Western Australian economy, in July 2023 Moody's Ratings revised Western Australia's credit rating to Aaa with a 'stable' outlook, again highlighting our State's ongoing strength in financial management, sustained budget surpluses and the easing of debt.*

report consolidated WATC's journey to becoming a committed participant in the sustainable finance market. It also showcased Western Australia's progress towards accelerating climate outcomes through projects within our green bond, while delivering on our commitment to transparent and timely reporting.

Further validating the great work of WATC in supporting our State's environmental, social and governance transition, our green bond won the KangaNews Awards 2023 for *Australian Sustainability Bond Deal of the Year*. WATC Chief Executive Officer, Kaylene Gulich, was also honoured to be awarded as one of the *KangaNews Market People of the Year*.

It was also pleasing to receive a Silver Award for our 2023 annual report as part of the Institute of Public Administration Australia WA's 2023 WS Lonnie Awards. These awards recognise and promote excellence, accountability and transparency in annual reporting across the Western Australian government sector.

We continued our program to actively engage with investors through various forums. During October we were pleased to host domestic and international investors in conjunction with the

Commonwealth Bank's 2023 Global Markets Conference. The two-day Western Australian component of the conference provided the perfect opportunity to share with investors more of the 'WA story' and expand on the strength and diversity of the economic powerhouse that is our great State.

We successfully launched and priced our first syndicated dual-issue floating rate note as well as a new 2032 benchmark bond. Both issuances attracted strong investor demand with solid participation from both domestic and international investors.

Throughout the year we continued to partner with our clients in assisting with the management of their financial risks and supporting the delivery of State and local government initiatives through the provision of our high-quality, cost-effective financial products and services. Total outstanding client debt increased by \$480 million to \$45.4 billion at 30 June 2024, while investment funds managed on behalf of clients increased by \$1.7 billion to \$8.4 billion at 30 June 2024.

We assisted clients in managing foreign exchange risk, executing \$1.8 billion in foreign exchange transactions in eight different currencies. We also completed 94 client advisory engagements, providing financial advice across an array of key projects for the State.

Our client education and training programs continued to be well attended with over 400 client contacts joining our seminars throughout the year.

As part of our commitment to diversity and inclusion across WATC, and to grow our positive organisational culture, we continued our program of events including celebrating International Women's Day and Harmony Week, as well as running educational seminars and workshops on living with disability and improving our collective understanding of Indigenous culture.

Looking forward to 2024–25, several exciting new initiatives are planned. One of these involves re-aligning and enhancing our key functions and activities to better respond to evolving market conditions and emerging challenges and opportunities. This, and other new initiatives, will ensure we continue to provide financial solutions for the benefit of the Western Australian public sector, now and into the future.

We would like to acknowledge the significant contributions made to WATC and the State by Peter Seeds, Head of Legal and Governance, and Steve Pannell, Program Office Manager, who both retired during the year with a combined 45 years of service at WATC. We wish them both the best in their future endeavours. We also wish to welcome our new team members who bring their unique experience and skills to our organisation.

WATC's achievements and continued success are a direct result of the hard work and dedication of the WATC team and our Board, to which we are very grateful. We also acknowledge and appreciate the support provided by the Hon. Rita Saffioti BBus MLA, Deputy Premier and Treasurer, whose first full year as our Minister championed investing in Western Australia, actively engaging with our investors at several different forums.

We also recognise that our success is not achieved in isolation, but in collaboration with our clients, investors and many other stakeholders.

Thank you to everyone who has contributed to another successful year.



**M BARNES** PSM, FIPA AWA

CHAIRPERSON

WESTERN AUSTRALIAN  
TREASURY CORPORATION

23 August 2024



**K GULICH** PSM

CHIEF EXECUTIVE OFFICER

WESTERN AUSTRALIAN  
TREASURY CORPORATION

23 August 2024



# Performance Against Targets

To ensure that we achieve our corporate objectives, our Board, with the agreement of the Treasurer, sets our annual performance targets. These targets are challenging and when attained ensure benefits are delivered to the Western Australian public sector.

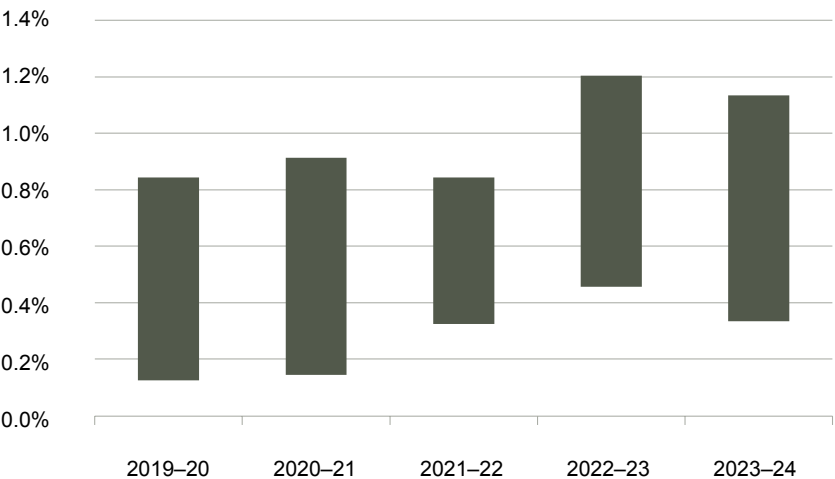
## Key Performance Indicators

Performance targets form part of our *Statement of Corporate Intent*, which is submitted to the Treasurer at the start of each financial year and tabled in Parliament 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 public sector clients and the State.

Target: Savings > 0.00% | Result: Savings > 0.00%



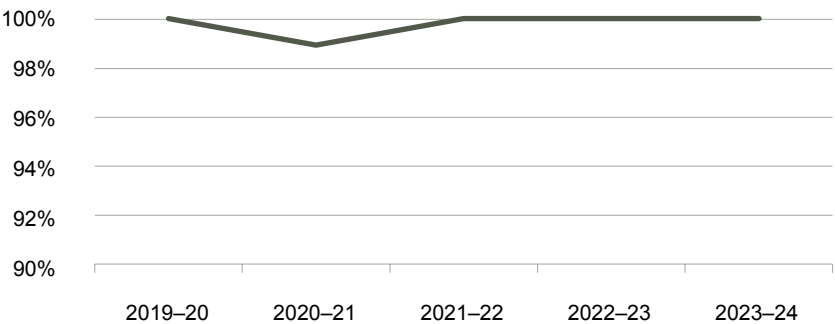
#### COMMENT

During 2023-24 we continued to deliver interest rate savings to our clients and the State through the centralisation of the State's borrowing requirements. Depending on the term of the borrowing and an estimate of a standalone credit rating of our clients, this saving has been estimated to be between 0.34 and 1.13 per cent. See [page 104](#) for more details.

### Client Satisfaction

We strive to provide the best financial solutions for our public sector clients.

Target: 90% Client Satisfaction | Result: 100% Client Satisfaction



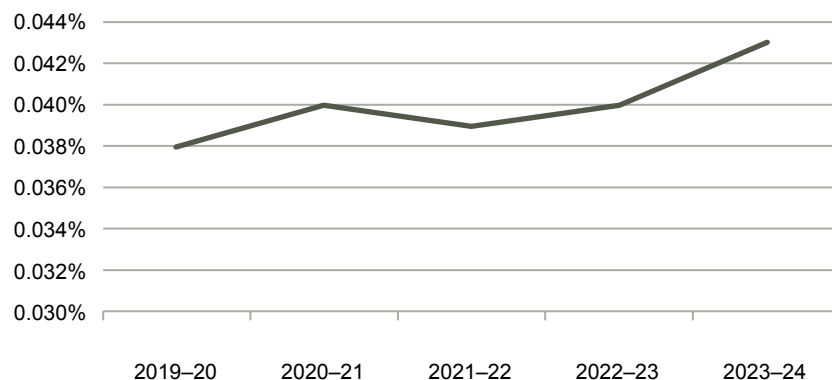
#### COMMENT

As an organisation we continue to deliver valued financial solutions. This year the public sector clients we surveyed confirmed their high level of satisfaction with the value we added to their projects, our overall capability, and the service we provided. See [page 26](#) for more details.

## Administration Cost Ratio

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

Target: Ratio < 0.050% | Result: Ratio = 0.043%



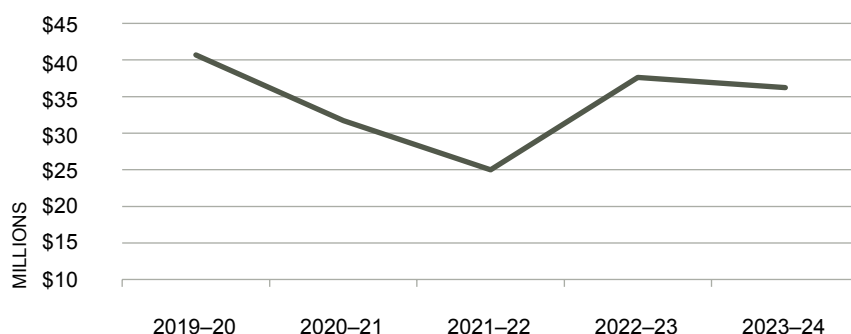
### COMMENT

We continue to successfully manage and control our costs in the administration of our operations, ensuring our continued cost-effectiveness while delivering high-quality products and services. Our admin cost ratio was slightly up from the previous year due to client debt levels being lower than forecast. See [page 106](#) for more details.

## Pre-Tax Profit

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

Target: Profit = \$27.6 million | Result: Profit = \$36.2 million



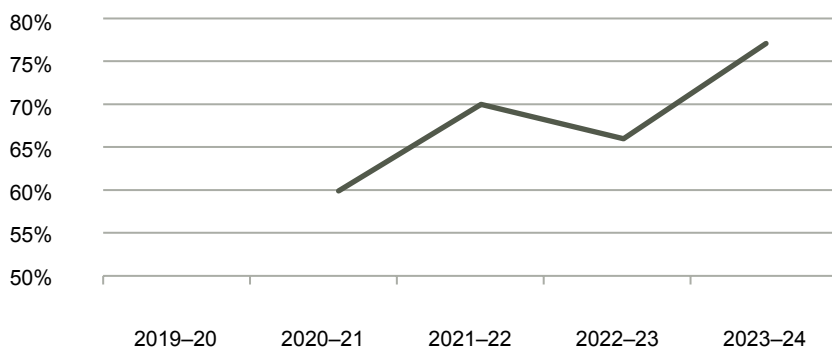
### COMMENT

As the State's central financial services provider, our objective is not to maximise profits but rather to deliver cost-effective products and services. Our pre-tax profit this year was above budget mainly due to lower than budgeted costs and higher interest received from investments as investment balances and interest rates were both higher than forecast. See [page 61](#) for more details.

## Employee Engagement Rating

**We strive to create a working environment where all employees are engaged and supported.**

Target: Rating > 65% | Result: Rating = 77%



Note: There was no survey in 2019-20.

### COMMENT

This year's employee engagement result is a solid increase from last year (up by 11 per cent) and reflects the cumulative benefits of strategies implemented over the last two years to increase engagement levels across the organisation. These strategies continue to be developed and refined. See [page 50](#) for more details.



### Five-Year KPI Summary

Target	2023–24	2022–23	2021–22	2020–21	2019–20
Estimated Interest Rate Savings > 0.00%	Yes	Yes	Yes	Yes	Yes
Assessment of Client Satisfaction	100%	100%	100%	99%	100%
Administration Cost Ratio	0.043%	0.040%	0.039%	0.040%	0.038%
Pre-Tax Profit	\$36.2m	\$37.6m	\$25.0m	\$31.7m	\$40.7m
Employee Engagement Rating	77%	66%	70%	60%	n/a

n/a: not applicable

### Five-Year Financial Summary

	2023–24 \$m	2022–23 \$m	2021–22 \$m	2020–21 \$m	2019–20 \$m
<b>Financial Performance</b>					
Profit Before Income Tax Equivalent	36.2	37.6	25.0	31.7	40.7
<b>Financial Position</b>					
Total Assets	50,541.1	49,692.8	51,207.9	61,892.2	64,658.5
Percentage Change in Assets (%)	1.7	-3.0	-17.3	-4.3	8.7
Total Liabilities	50,368.5	49,525.8	51,054.2	61,739.3	64,506.4
Equity	172.6	167.0	153.7	152.9	152.1

# About Our Organisation

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

## Principal Activities

### Funding and Debt Management

Our organisation plays a key role in financing the Western Australian public sector and delivering on the State's borrowing requirements through issuing and managing a range of debt securities in domestic and global capital markets. We provide debt products and services to support our public sector clients to achieve their financial goals.

### Asset and Investment Management

We manage a large portfolio of financial assets and liabilities, as well as investing funds on behalf of the Western Australian Government and clients. We are experienced in providing secure investment solutions designed to meet our clients' investment needs.

### Financial Advisory Services

Our specialist knowledge and experience in financial markets and financial risk management forms the basis of the advisory services we offer to our public sector clients. We provide expert, independent and professional advice to ensure that optimal financial solutions are delivered to our clients 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 their exposure to financial and business risks.

### Treasury Management Services and Systems

We have considerable experience and expertise in managing financial assets and liabilities. Our scale of operations and volume of activity in the financial markets enable us to deliver efficiencies and pricing benefits to our public sector clients. We also provide tailored treasury management services to suit client needs.

View more information about our organisation on our website.



## Enabling Legislation

Our organisation 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

The Honourable Rita Saffioti BBus MLA: Deputy Premier; Treasurer; Minister for Transport; Tourism.



# Organisational Structure

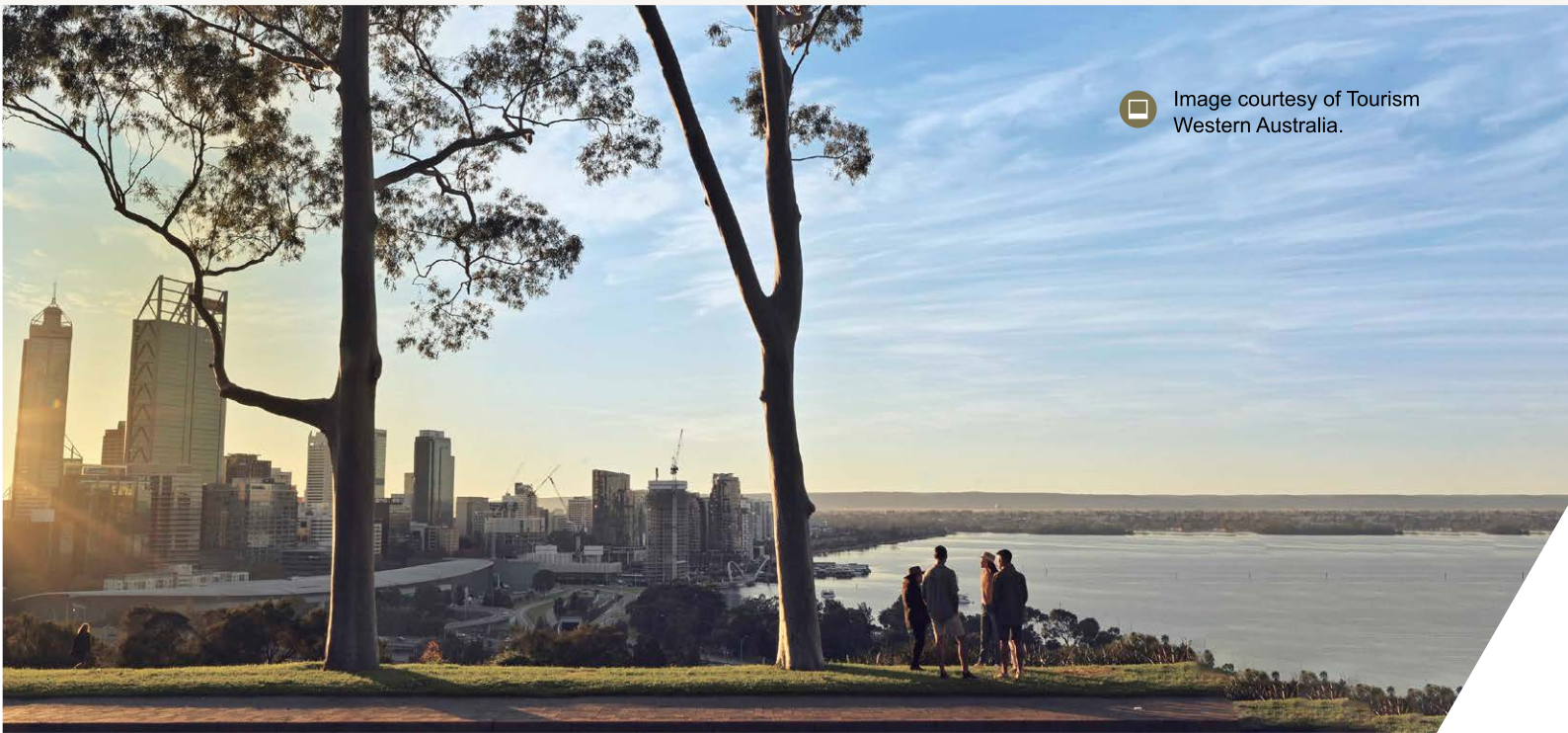
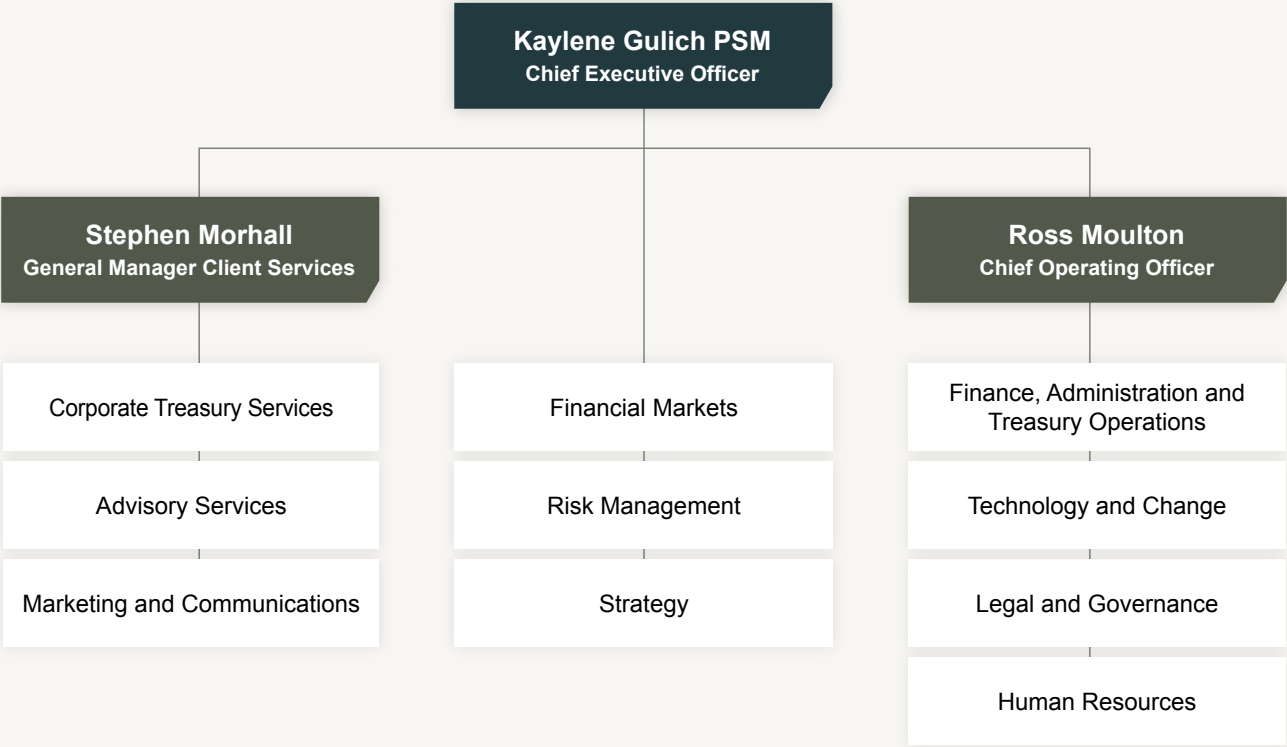


Image courtesy of Tourism Western Australia.

## Functional Areas

### Advisory Services

Providing financial risk and corporate finance advisory services to the Western Australian public sector. This involves 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

Working 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 and financial risk management.

### Finance, Administration and Treasury Operations

Providing accounting, administration, treasury operations, settlements, payroll and business support to the Board, Executive and business units, as well as key external stakeholders.

### Financial Markets

Undertaking debt-funding activities in domestic and global capital markets. Managing financial assets and liabilities, our organisation's liquidity portfolio, investments on behalf of clients, foreign exchange transactions, and economic and financial markets analysis.

### Human Resources

Providing a strategic and operational human resources service to the Board, Executive, business units and employees that aligns with and supports our organisation's strategic objectives, covering all stages of the employee life cycle.

### Legal and Governance

Providing advice and guidance on complying with legislation, policies and sound corporate governance practices, and oversight of the origination and documentation of our organisation's borrowings and other agreements, including financial market and client agreements.

### Marketing and Communications

Assisting and supporting the development, implementation and management of our organisation's marketing and communications activities.

### Risk Management

Measuring and monitoring market, credit, operational and liquidity risk to prevent adverse outcomes for our organisation, providing guidance to the Executive and Board on all risk matters, and contributing to developing a good risk culture within the organisation.

### Strategy

Developing and progressing 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.

### Technology and Change

Providing effective, efficient and secure information management, information systems and technology, and strategic delivery of key initiatives to support our business operations to deliver on business goals and objectives.



## State Guarantee

Under Section 13(1) of the Act, the financial liabilities incurred or assumed by our organisation 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 1986* (WATC 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.

Accordingly, Section 9 (1) (d) of the WATC Act now enables our organisation to, among other things, advise authorities on financial matters referred to in Section 137 of the GTE 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 2023–24 financial year.

 Image courtesy of Tourism Western Australia.



## Credit Ratings

In line with the State’s credit ratings at 30 June 2024, our debt was rated as follows:

Rating Agency	Long-Term	Outlook	Short-Term
Moody’s Ratings	Aaa	Stable	Prime-1
S&P Global Ratings	AAA	Stable	A-1+

# Board of Directors

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



## Michael Barnes PSM FIPAAWA

### 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 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 government on the budget, fiscal strategy, 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 the 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 the Australian Financial Markets Association, VenuesWest and the Western Australian Institute of Sport, and is the Treasurer for IPAA WA. Ms Gulich was awarded a Public Service Medal for outstanding public service to Western Australia through a range of roles.

View more information about our Board and its members on our website.



## Philippa Hobson

### Director

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

Ms Hobson is a Risk Consulting Partner at RSM in Perth. Ms Hobson 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. Ms Hobson's industry experience covers government, utilities, resources, not-for-profit and financial services.

Ms Hobson is passionate about understanding how an organisation's culture impacts 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 is Chair of Pantoro Ltd, Jindalee Lithium Ltd, and Andro Pharmaceuticals Ltd in the UK.



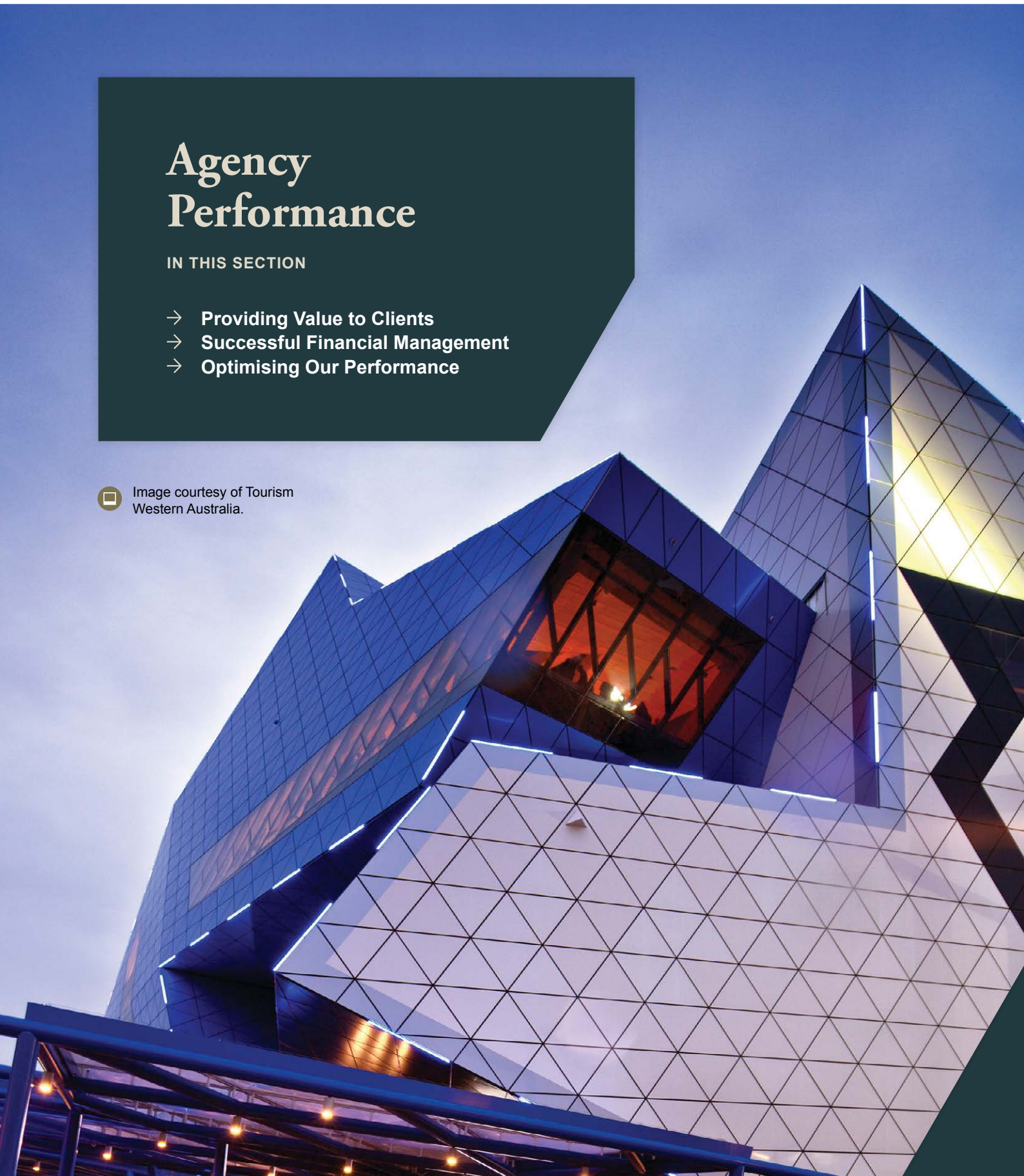
# Agency Performance

## IN THIS SECTION

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



Image courtesy of Tourism Western Australia.



# Providing Value to Clients

**As the central financial services provider for the Western Australian Government, we continue to partner with public sector clients to successfully deliver sound financial management outcomes for their organisations and for the State.**

Using our expertise in debt funding, investment, foreign exchange, financial advice and risk management, we continue to support our clients' individual financial management requirements, delivered through our comprehensive range of high-quality, cost-effective financial products and services.

## Debt Funding Products and Services

A major benefit of our role as the central financial services provider for the Western Australian Government is the consolidation of the State's borrowing requirements and the associated economies of scale this brings. As a result, we deliver significant interest rate savings to our clients and the State, providing debt funding at lower interest rates than clients could achieve by themselves.

Debt funding for clients this financial year supports the delivery of a range of State and local government initiatives providing social and economic infrastructure across Western Australia, including:

- supporting continuous improvement in our State's environmental, social and governance outcomes;
- maintaining, developing and building important economic and community assets, and infrastructure; and
- purchasing essential plant and equipment.

Our range of debt products offer clients a variety of structures, maturities and repayment options. We also provide a complementary range of debt management services to support the effective management of clients' debt portfolios. These include:

- debt portfolio management services to manage interest rate risk in a manner appropriate to clients' business needs; and
- interest cost projection services to assist clients with budgeting and project evaluation.

We work collaboratively with our clients to ensure the most appropriate debt products and structures are recommended, and that solutions support client needs and are aligned with the overarching requirements of the State's borrowing strategy.

View more information about our  
Loan Products on our website.



View more information about our  
Loan Services on our website.



## KEY PERFORMANCE INDICATOR – ESTIMATED INTEREST RATE SAVINGS


→ **\$133 million +**

During 2023–24 we continued to deliver interest rate savings to our clients and the State through the centralisation of the State's borrowing requirements. Depending on the term of the borrowing and an estimate of a standalone credit rating of our clients, this saving has been estimated to be between 0.34 and 1.13 per cent. To monetise this, based on our total client fixed rate term debt, for a AAA-rated client equivalent, a conservative estimate of the minimum interest rate savings we delivered for the year is \$133.9 million, representing a weighted average saving of 0.49 per cent. See [page 104](#) for more details.



SUPPORTING THE  
**Shire of Manjimup**

**WATC funding was used to assist with improving lighting on sporting ovals in Manjimup. The lighting at Rea Park and Collier Street has now been installed.**

 Image courtesy of Shire of Manjimup.





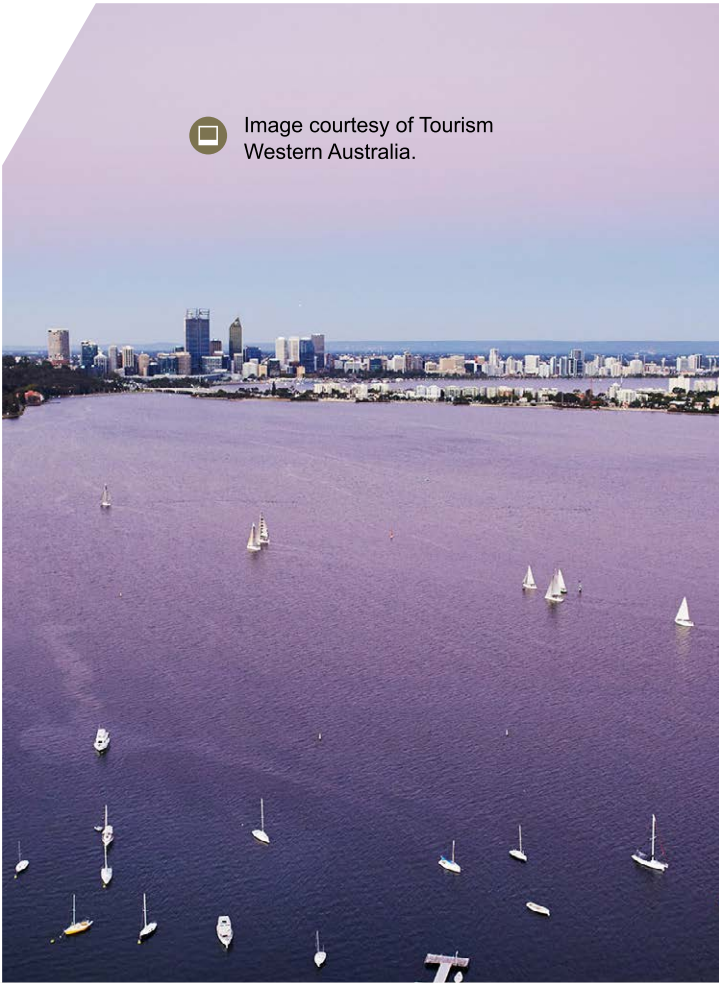
### Client Debt

In line with the State's borrowing program announced in the *Western Australia State Budget 2023–24*, we originally anticipated an \$857 million increase in client borrowings. However, as our clients' requirements were less than expected at the start of the financial year, the actual increase was \$480 million. Our total client debt outstanding at 30 June 2024 was \$45.4 billion, up from \$44.9 billion at the end of 2022–23.

We are also the primary provider of long-term debt funding for local governments across Western Australia. During 2023–24 we approved 39 loans totalling \$65 million for 25 local governments, with our total local government client debt of \$632 million at 30 June 2024. Through our responsible lending to local governments, we support local communities to deliver key infrastructure projects including housing, community facilities, and vital plant and equipment.

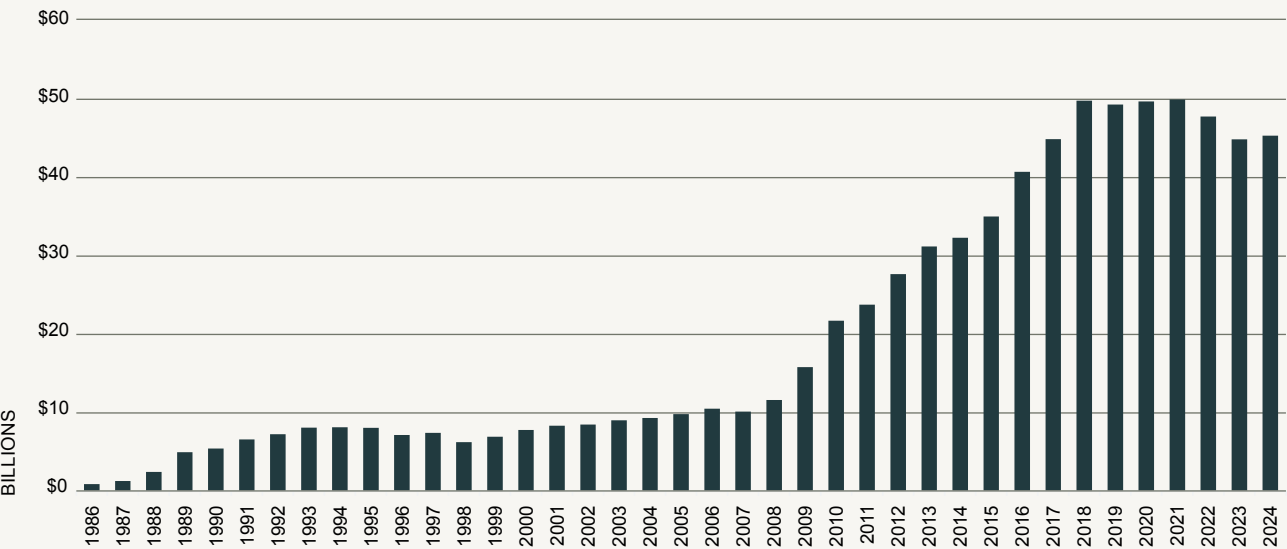
See [page 113](#) for more detailed information on client debt outstanding at 30 June 2024.

 Image courtesy of Tourism Western Australia.



### WATC Client Debt

The increase in WATC client debt from 1986 to 2024.



## Advisory Services

We provide a broad range of corporate finance and financial risk management advisory services which are available to all Western Australian Government entities, local governments and public universities.

Our highly skilled and experienced team provides expert, independent and professional advice and is one of the largest teams of finance professionals dedicated to solely servicing the Western Australian public sector.

Through our collaborative approach, we strive to deliver better outcomes for our clients and for the State. Our broad range of advisory services, which are provided on a cost recovery basis, include:

- **Business Strategy Support:** Our team specialises in financial analysis and provides actionable advice across various areas, including cost modelling, financial reviews, budget planning, environmental, social and governance strategy, and long-term financial planning.
- **Strategic Asset Investment Decision Support:** In aiding informed investment decisions and value-to-state choices, we offer comprehensive cost modelling, value analysis, project finance expertise and alternative funding options. Our services include lease-versus-buy analysis, rigorous cost-benefit evaluations, comprehensive investment logic mapping, and guidance to ensure compliance with strategic asset management framework principles.

- **Procurement Support:** For successful procurement, we assist with everything from constructing pricing workbook templates to evaluating complex pricing responses. Our independent modelling and commercial advice help optimise procurement strategies.
- **Corporate Finance:** Our comprehensive corporate finance services cover valuations, cost of capital analysis, debt structuring reviews and advice on optimal funding mechanisms.
- **Risk Management Support:** Clients benefit from our effective financial risk assessments and valuation expertise. Our detailed treasury policy review service helps our clients gain valuable guidance that strengthens their financial practices.

Demand for our advisory services continues to grow, which is a positive reflection of the quality and value provided by our team. During 2023–24 we completed 94 advisory engagements on behalf of 35 clients, close to double the number of engagements completed in the previous financial year.

View more information about our  
Advisory Services on our website.



### KEY PERFORMANCE INDICATOR – CLIENT SATISFACTION

#### → 100% Client Satisfaction

As part of our quality assurance framework, we request feedback from clients after completing an advisory engagement. As with previous years, client feedback results for the 2023–24 financial year are extremely positive. Clients continue to be very complimentary in their feedback and express very high levels of satisfaction on the quality of advice we provide, the value we add to their projects, our overall capability and the services we deliver. The effectiveness of our Advisory Services team is also evidenced in the number of clients re-engaging our services to help them deliver new projects and initiatives.

SUPPORTING THE

## Western Australian Police Force

The Western Australian Police Force engaged our Advisory Services and Corporate Treasury Services teams for procurement advice and foreign exchange support to secure a new helicopter as part of the Force's aircraft fleet upgrade. Pictured are members of our Advisory Services team at the commissioning event for the new helicopter in July 2023.





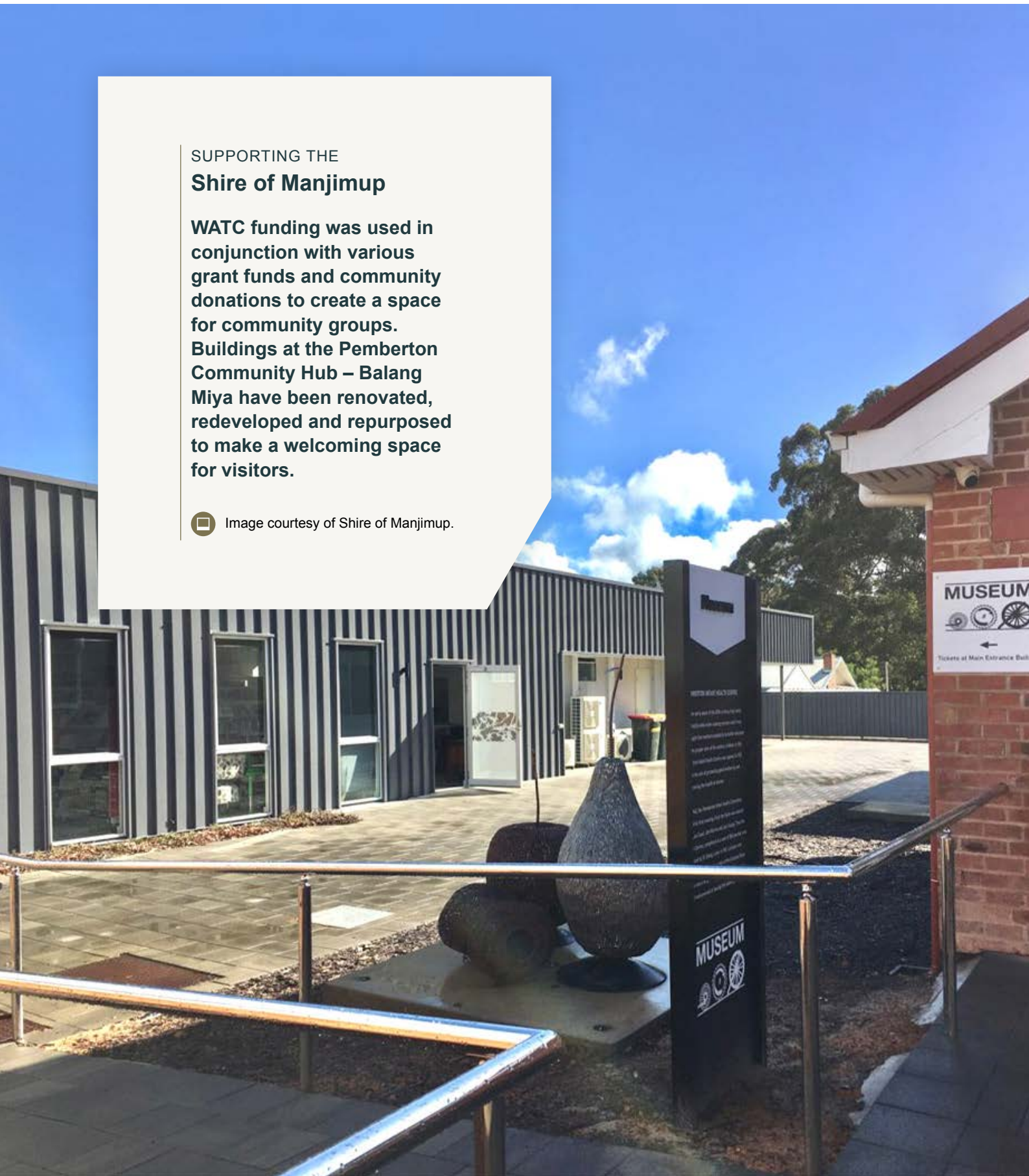
## SUPPORTING THE

**Shire of Manjimup**

**WATC funding was used in conjunction with various grant funds and community donations to create a space for community groups. Buildings at the Pemberton Community Hub – Balang Miya have been renovated, redeveloped and repurposed to make a welcoming space for visitors.**



Image courtesy of Shire of Manjimup.



## CASE STUDY

## Client Engagement

### Road Safety Commission

**Project:**

Safety Camera Tender Pricing Comparator

**Background:**

With responsibility for minimising road trauma on Western Australia's roads, the Road Safety Commission introduced a new *Safety Camera Strategy* to reduce the economic, social and emotional costs of road trauma within the State. Following an initial trial, the Commission, in collaboration with the Western Australian Police Force and the Department of Transport, sought to procure an initial fleet of trailer-mounted safety cameras.

**Appointment:**

The Commission requested our assistance to develop a deployment model that could be used to evaluate pricing responses stemming from a tender process.

**Approach:**

WATC participated in workshops with the Commission's project team to consider the range of pricing models for safety camera services and design a model capable of assessing a range of deployment schedules. Having identified key drivers, we developed a pricing template for the tender process and compared tender pricing responses against the Commission's desired deployment schedule using the model. The outcomes were then communicated to the evaluation panel.

**Outcome:**

Using the safety camera deployment model developed by our team, the Commission structured a deployment forecast to assess tender pricing responses to optimise value-to-state for the planned investment. The new model also allows the Commission to easily compare the financial impacts of any variations in the base-case deployment schedule.



Image of the trial camera trailer courtesy of the Road Safety Commission.

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*A very knowledgeable team who worked very collaboratively with the Road Safety Commission. Each component of the work effort was delivered to a very high standard. Great work.*

Amanda Smith, Project Manager – Camera Procurement, Road Safety Commission



## CASE STUDY

## Client Engagement

### Department of Planning, Lands and Heritage

**Project:**

Housing Diversity Pipeline Option Cost Comparator

**Background:**

The Housing Diversity Pipeline program supports the Government's \$3.2 billion social housing investment. The initiative involves collaboration between government agencies, local government, the development industry and community housing providers to identify suitable development sites, provide incentives for innovative housing projects, and deliver a mix of housing options across metropolitan and regional Western Australia.

**Appointment:**

The Department of Planning, Lands and Heritage sought our assistance to incorporate project delivery methods into a financial model that can assess value for the State under different approaches.

**Approach:**

We met with the Department, along with other stakeholders, to consider the key drivers for various project delivery approaches. Our team then developed a project delivery cash flow model incorporating scenario selectors. The selectors evaluate and stress-test different project delivery methods to assess the value-to-state impacts of adjustments to assumptions and drivers.

**Outcome:**

We provided an effective tool for the Department and other Western Australian Government entities to facilitate and accelerate assessing the commercial viability of competing proposals to address the State's social housing situation.

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*The efforts of the WATC team have enabled the Department of Planning, Lands and Heritage to expedite preliminary financial modelling of prospective projects before investing in consultancy services.*

*This has helped the Department of Planning, Lands and Heritage to prioritise projects which meet the State's objectives and achieve greatest public benefit.*


Ivan Story, Program Manager – Strategy and Engagement, Department of Planning, Lands and Heritage



Image courtesy of the Department of Planning, Lands and Heritage.





 Images above courtesy of Synergy.

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*WATC have provided significant value via their financial expertise in managing foreign exchange risk associated with Synergy's battery energy storage systems.*

*Victor Li, Manager Corporate Finance – Finance, Synergy*

## CASE STUDY

# Supporting the Transition to Renewable Energy

## Synergy

### Project:

Large-Scale Battery Energy Storage Systems for Western Australia

### Background:

Synergy is Western Australia's largest electricity generator and retailer. In line with the State Government's decarbonisation strategy and move to a more renewable energy future, Synergy is delivering several new battery storage solutions that are key to Western Australia's transition to renewable energy. Two such initiatives in Kwinana and Collie were exposed to foreign currency risk as they both involved procuring from and contracting with overseas suppliers.

### Appointment:

Synergy sought our assistance to manage the foreign exchange risk associated with these two projects.

### Approach:

Working closely with the team from Synergy, we identified the foreign exchange risk associated with both projects and designed appropriate hedging strategies to manage it.

### Outcome:

We executed more than A\$950 million in foreign currency transactions to help Synergy successfully manage its foreign currency exposures and deliver these ground-breaking projects.

## Foreign Exchange Services

Throughout the Western Australian public sector, our clients are exposed to financial risks which, if left unmanaged, can result in negative financial outcomes.

Foreign exchange risk is one of the business risks that our clients face and is required to be effectively managed in consultation with our organisation as part of the *Treasurer's Instructions*.

Our foreign exchange services provide clients with access to a range of tools and products to help them successfully navigate the complexities of foreign currency exposures, minimise risk and develop effective risk management strategies.

Clients benefit from our expertise and experience in managing foreign exchange exposures as well as our direct access to wholesale foreign exchange markets, multi-currency funds settlement systems, capital markets information and treasury management systems.

Combining these systems and data with our experience and expertise ensures our clients are fully supported and aware of their foreign exchange risks and can make informed decisions in terms of materiality and management.

This financial year, we executed in excess of A\$1.8 billion in foreign exchange transactions in eight currencies and on behalf of 15 clients, a substantial increase from the \$550 million transacted on behalf of clients in the previous financial year.

## Government Trading Enterprise Reform

With the introduction of the *Government Trading Enterprises Act 2023* (the Act) on 1 July 2023, we have been working closely with the Department of Treasury, assisting with the development of guidance notes to support the implementation of the Act. These guidance notes will assist Western Australian Government Trading Enterprises (GTEs) as they transition to the Act's new requirements.

The overarching purpose of the Act is to standardise governance, strategic planning

and accountability across GTEs and strengthen their connection with the Western Australian Government. A requirement of the Act is that GTEs must now consult with our organisation when determining the appropriateness of business and financial risk management strategies prior to undertaking any hedging transactions.

The Act also enables us to assist clients in evaluating and managing a wider range of business risks than previously permitted by our legislation.

We are continuing to develop and refine our approach as we help clients to identify and better understand these business and financial risks, quantify financial impacts and sensitivities, and explore the mitigation strategies available.

## Asset and Investment Management Services

We assist in managing State and public sector client finances by providing investment products and treasury management services. These products and services are tailored to suit each client's specific business requirements and aid the process of managing financial risks, including interest rate, liquidity and credit risks.

We also research and analyse investment opportunities to support clients in managing their short, medium and long-term investment needs.

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

## Managed Investments

Our total client funds managed at 30 June 2024 was \$8.4 billion (up from \$6.7 billion the previous year) across five investment portfolios. We continue to manage each of these portfolios in accordance with client-approved policy frameworks that include defined risk parameters and performance benchmarks. We also provide back-office trade capture and reporting on treasury management services for two clients.

## WATC FOCUS

## Increasing Awareness and Understanding of Financial and Economic Issues

### Objective:

To promote, educate and assist clients across the Western Australian public sector on sound financial management and the economic environment.

### Outcome:

We engaged over 400 client contacts through our education and training program, with attendee numbers significantly higher than in previous years. Attendees continue to provide very positive feedback, with many advising that attending our seminars has improved their understanding of financial risk management.

#### *Foreign Exchange Seminars*

Each year we offer a series of foreign exchange educational seminars which are available to all Western Australian public sector entities and local governments. These seminars promote awareness and understanding of foreign exchange risk management issues. This year, we held three foreign exchange seminars with a total of 70 client contacts attending from organisations across the public sector.

#### *Economic Insights*

Our in-house team of economists produce a wide range of publications including regular market updates, and commentary and analysis of key economic data in Australia. These publications are available on our [website](#), with some publications available through our [mailing lists](#).

Our economists also deliver regular economic presentations to our clients' boards and finance teams.

A highlight this year was their online economic presentation providing insights into the economic challenges and opportunities for Western Australia in the global transition to net zero. The event was



very popular with over 240 client contacts from more than 60 different government entities joining the session, representing general government, local government and Government Trading Enterprises.

#### *Financial Modelling*

At the invitation of the Department of Finance, our Advisory Services team shared their knowledge of financial modelling and bid construction and evaluation to the Department of Finance's procurement and project management teams. During the financial year our team conducted three of these presentations with a total of 64 attendees participating.

#### *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 our products and services, and the roles of the client contacts who attended.



## CASE STUDY

## Future Health Research and Innovation Fund Investment Strategy Review

### Department of Treasury

#### Project:

Future Health Research and Innovation Fund

#### Background:

The Future Health Research and Innovation Fund was established to provide a secure source of funding to drive health and medical research, innovation and commercialisation, and through these activities improve the health and prosperity of all Western Australians.

#### Appointment:

As investment manager for the Fund, we were requested by the State's Expenditure Review Committee to support the Department of Treasury to review the fund's investment objectives and investment strategy.

#### Approach:

The previous portfolio structure comprised mainly government bonds issued by the Australian states and territories, and floating rate notes issued by the four major Australian banks. Our analysis modelled the risk-and-return characteristics of various portfolio structures containing a broad range of asset classes. Supported by our analysis, the Department of Treasury's recommendation for a new investment strategy was approved by the Expenditure Review Committee. This strategy incorporates a portfolio of fixed and floating-rate corporate debt securities and will be benchmarked to a blend of publicly available fixed-income indices.

#### Outcome:

In the six months from when the transition to the new strategy began in December 2023, the Fund invested over \$400 million in accordance with the new investment strategy and has achieved returns in excess of its composite benchmark. In July 2024 the Fund disbursed \$52.4 million as forecast earnings to the fund owner for allocation to medical research and innovation projects.



Image courtesy of Tourism Western Australia.



## Looking Forward

### Financial Management Regulations

We will assist the Department of Treasury to review the *Financial Management Regulations* for investments to ensure they are contemporary and support sound financial risk management outcomes for our clients and the State.

### Government Trading Enterprise Reform

We will continue to enhance our service offering in support of the Government Trading Enterprise reforms. We will also review our legislation in preparation for the next tranche of the reform rollout.

# Successful Financial Management

**We successfully delivered on the State's 2023–24 borrowing requirements and continued to meet our clients' evolving debt financing needs in what has been another year of unpredictable and challenging global economic and financial conditions.**

Despite these challenging global conditions, we continue to be able to access and source funding from domestic and international financial markets, with our new issuances attracting strong investor demand. Our ability to complete our funding task is well supported by the State's sound fiscal position, with our low net-debt profile and top credit ratings being a positive story for our investors.

We are continually monitoring the ever-changing global economic and financial market environment and remain vigilant to identify opportunities that present and manage any challenges that may impact our future financing requirements. We remain confident in the State's economic resilience and our continued ability to deliver on the State's and our clients' future financing needs.

## Economic and Market Conditions

Global economic growth moderated further in 2023–24, with mixed performance across the major economies.

In the US, gross domestic product (GDP) growth accelerated in the second half of 2023 with more moderate growth into 2024, with ongoing increases in private consumption and investment. US labour market conditions clearly eased towards the end of 2023–24 but remained sound, with the ongoing rise in employment and the still-low unemployment rate. GDP growth in the euro area and UK improved in early 2024, after a weak second half of 2023. Japanese growth remains soft, with GDP falling in the March quarter.

After accelerating in the first three quarters of 2023–24, Chinese GDP growth slowed towards the end of the financial year to reach just 4.7 per cent, which is quite weak by historical standards, despite

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*We are continually monitoring the ever-changing global economic and financial market environment and remain vigilant to identify opportunities that present and manage any challenges that may impact our future financing requirements.*

stabilisation measures taken by its government and central bank.

Troubles in China's property sector continued in 2023–24, though China's demand for iron ore remained strong throughout the financial year.

Inflation rates fell further across the advanced economies during 2023–24 but remained above the respective central bank targets in most cases. The disinflation process slowed in the first half of 2024, especially in the US. The escalation of the conflict in the Middle East and output cuts by OPEC+ resulted in oil prices remaining elevated throughout 2023–24.

As a result, central bank interest rates remained elevated, despite the start of the monetary policy easing cycle in Canada and continental Europe. The elevated policy rates, combined with heightened inflation expectations, were reflected during 2023–24 in the relatively high levels of government bond yields including further increases in the US.

In Australia, real GDP growth slowed over the course of 2023–24 and remained negative in per capita terms. The weakening performance of the Australian economy was due to softer household

consumption growth, a decline in private and public gross fixed capital formation, and a fall in exports. Despite weaker economic growth, Australian labour market conditions remain strong, with employment rising by a cumulative 389,000 over the course of the last financial year. The unemployment rate picked up from the multi-decade lows of mid-2023 but remains modest at 4.1 per cent in June 2024.

Australian consumer price index inflation continued to ease for most of 2023–24, before the disinflation process stalled above the Reserve Bank of Australia's (RBA) target band of 2–3 per cent, with services price inflation remaining elevated. Given this, the RBA, having increased its cash rate target to 4.35 per cent in November 2023 has maintained interest rates at a decade high rate.

Western Australian state final demand rose by 4.1 per cent over the year to March 2024 – by far the most of all the states – while merchandise exports remained solid at A\$251.1 billion in 2023–24. Labour market conditions remain strong, with Western Australia having the lowest unemployment rate of all the mainland states of 3.7 per cent and the strongest annual employment growth over the year to June 2024. All this is reflected in the outstanding fiscal position of the State, with the sixth consecutive net operating surplus in 2023–24 and the lowest net debt to gross state product profile of all the Australian states.

## Financial Market Activities

### Borrowing Program

Following the release of the *Western Australia State Budget 2023–24*, we announced our borrowing program for the financial year. An estimated \$5.9 billion in term funding requirements was highlighted to meet our client borrowing and refinancing requirements. Over the course of the financial year our gross issuance was \$6.6 billion, an increase from our original estimated program, reflecting pre-funding of upcoming bond maturities in 2024–25.

### Delivering on Client Requirements

In delivering on the borrowing requirements of the State and our clients, we were active across all elements of financial markets through reverse

enquiry, tenders and syndications. In doing so we successfully completed our yearly funding task, which included the successful issuance of:

- **New Floating Rate Notes**

On 14 November 2023 we simultaneously issued by syndication two new floating rate notes (FRNs) with 21 February 2029 and 21 February 2031 maturities. The issues attracted strong investor support with the total bids across both exceeding \$3.4 billion. The final issue volume for the 2029 FRN was \$1.0 billion, allocated to 17 institutions with 93.5 per cent going to domestic investors. The final issue volume for the 2031 FRN was also \$1.0 billion, allocated to 13 institutions with 100 per cent going to domestic investors.

- **New Benchmark Bond**

On 17 May 2024 we issued by syndication a new fixed rate benchmark bond with a 4.50 per cent coupon and a 21 July 2032 maturity. The new issue found strong investor interest with total bids exceeding \$4.0 billion from 44 bidders, with the final issue volume of \$1.35 billion allocated to 40 investors. Domestic investors included asset managers, banks and other official institutions. Offshore investors also participated strongly with over 24 per cent of the issue placed with various international central banks, fund managers and commercial banks.

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

### State Bonds

We offer state bonds to individual investors and those seeking to purchase them as a designated investment as part of their application to migrate to Australia. At 30 June 2024 there was \$163.5 million in State Bonds outstanding.

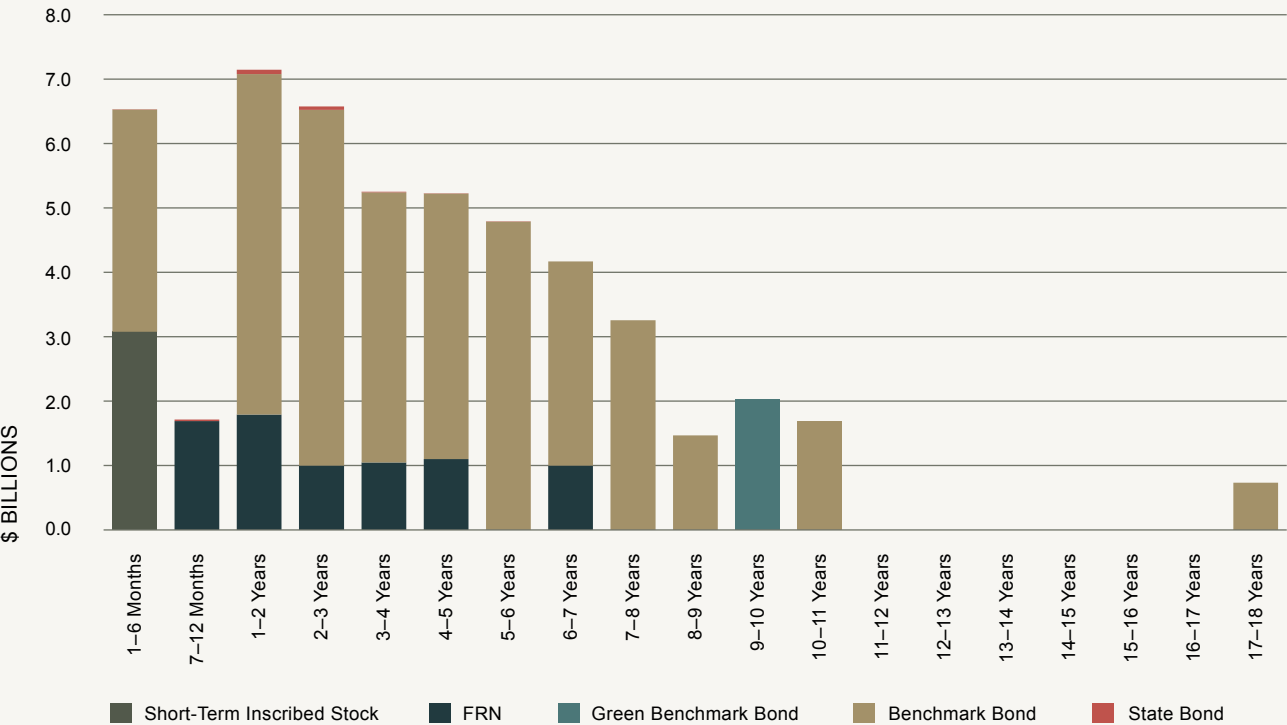
View information about Western Australian State Bonds on our website.





### WATC Maturity Profile

As at 30 June 2024

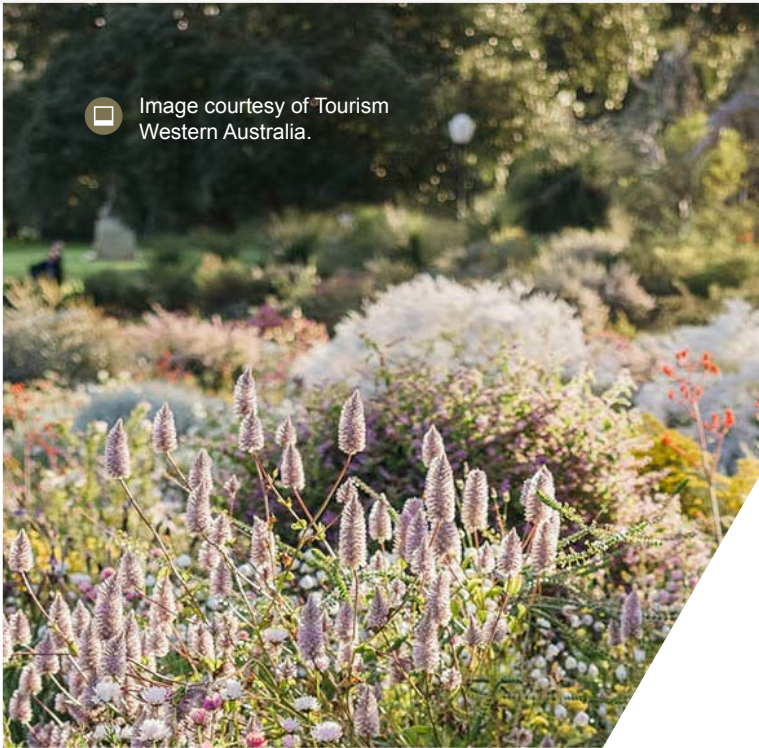


### Credit Ratings

Under the *Western Australian Treasury Corporation Act 1986* all of our financial liabilities are guaranteed by the Treasurer on behalf of the State. At 30 June 2024, our borrowings were afforded the highest credit ratings of AAA by S&P Global Ratings and Aaa by Moody's Ratings.

Moody's Ratings revised Western Australia's credit rating to Aaa in July 2023, highlighting our State's ongoing strength in financial management, sustained budget surpluses and the decreased debt burden. Western Australia is now the only Australian state or territory with a triple-A credit rating from both major international rating agencies.

See [page 19](#) for more information about our credit ratings.



## Sustainability Bond Framework Annual Report

Following last year’s release of our *Sustainability Bond Framework* and the successful launch of our inaugural green bond, in December we published our first *Sustainability Bond Framework Annual Report*.

Importantly, the annual report consolidates our journey to becoming a committed participant in the sustainable finance market and showcases our State’s progress towards accelerating climate outcomes through the projects funded by our green bond. The report also delivers on our commitment to transparent and timely reporting.

Through the report we demonstrate the alignment between the State Government’s sustainability

strategy and the 10 projects initially selected for inclusion within the green bond project pool. These projects were chosen based on three key environmental themes strongly connected to priority policies of the Western Australian Government. Each project will contribute significantly to achieving meaningful, positive change.

A key component of the report is the allocation of green bond proceeds by project with detailed project descriptions, delivery statuses and impact indicators included. Verification provided by an independent assurance provider is also included.

The report focuses on progressing renewable energy generation through the State’s main electricity grid. A minimum of 50 per cent of the proceeds over the life of our green bond are

## Projects in Green Bond Within Prioritised Western Australian Government Environmental Themes

1	Reducing Emissions from Electricity Generation	Renewable Energy	Wind Farms
			Standalone Power Systems
			Solar Schools Program
		Energy Efficiency	Large-Scale Batteries
			Advanced Metering Infrastructure
			LED Streetlights
2	Transport Infrastructure to Support Net-Zero Transition	Clean Transportation	METRONET
			Electric Vehicle Initiatives
			Active Infrastructure
3	Enhancing Climate Adaptation and Resilience	Sustainable Water	Renewable Energy Powered Desalination Plant

committed to projects that reduce emissions from electricity generation. This supports the Western Australian Government's commitment to phase-out State owned coal-fired power generation by 2030 and reduce own-source emissions to 80 per cent below 2020 levels.

While the report connects a selection of State Government projects for funding under the Framework, there are many other transformational projects that continue to be funded as part of our standard benchmark bond lines. The report also signals our intention to stay active in the sustainable bond market and outlines how we will continue to work with our government partners and explore opportunities for future issuances.

Find out more about our Sustainable Finance Program on our website.



## Update to the State's ESG Information Pack

We continue to take a leading role on behalf of the Western Australian public sector in communicating to investors the State's environmental, social and governance (ESG) credentials. In July 2023 we produced and coordinated the release of the second annual update to the Western Australian Government's ESG information pack: *Supporting Continuous Improvement in ESG Outcomes for Western Australia*.

The publication provides updated information on key ESG initiatives being progressed by the Western Australian Government over the previous 12 months, including new initiatives contained in the 2023–24 State Budget.

This publication series is part of our commitment to transparency and ensuring we provide timely and relevant information to keep our investors and financial markets updated and informed.

View the complete ESG Information Pack Series on our website.



## Green Bond Wins Industry Awards

Every year KangaNews, a specialised information service covering the Australian and New Zealand debt markets, awards the year's most outstanding institutions, deals and people. The KangaNews awards are decided solely on the votes of hundreds of market participants.

This year our green bond won the KangaNews Award 2023 for *Australian Sustainability Bond Deal of the Year*. Our Chief Executive Officer, Kaylene Gulich, was also named one of their Market People of the Year.

These awards recognise the very positive view that both market participants and our peers have of our first green bond issuance. Similarly, they further validate WATC's role in supporting the Western Australian Government's delivery of positive environmental, social and governance outcomes.



## Looking Forward

### ESG

We will continue to take a leading role in coordinating and evolving the publication of information on the State's journey to improving environmental, social and governance (ESG) outcomes. Specifically, we will be delivering an information pack for investors on the topic of decarbonisation.

We will continue to work with our stakeholders in identifying opportunities to expand our *Sustainable Finance Program* through the issuance of a second ESG-labelled bond. We will also consider adding social projects in future labelled issuances.





## Investor Tour

As part of our role to promote investment in Western Australia, in October 2023 we hosted national and international fixed-income investors in conjunction with the Commonwealth Bank of Australia's 2023 *Global Markets Conference*.

The two-day Western Australian component of the conference showcased the strength and diversity of our economy with a full program of experiences. Delegates and guests were welcomed by the Honourable Rita Saffioti BBus MLA, Deputy Premier and Treasurer of Western Australia, who provided an introduction and overview of our great State which laid the foundation for a successful event.

Our theme – 'Western Australia, it's like no other' – was reinforced through presentations from Western Australian government and business experts, and on-site visits that showcased our traditional strengths in mining, as well as other existing, new and emerging industries. Delegates were able to gain a greater understanding of the diversity of our State's economy and experience our cultural heritage.

We received very positive feedback from attendees noting a deeper appreciation of Western Australia and agreeing that it truly is a state like no other.







## Looking Forward

### Economic Outlook

Global economic growth is expected to remain moderate at around three per cent in 2024–25. Despite recent upgrades to the global outlook, this forecast is surrounded by significant risks. Ongoing divergence is likely across the advanced economies, with a slowdown anticipated for the US and China, and a recovery predicted for Europe and Japan.

The degree of uncertainty surrounding the global outlook remains high with several other contributing factors:

- Geopolitical risks remain elevated due to the ongoing war between Russia and Ukraine as well as the escalation of conflict in the Middle East. Both pose an upside risk to oil prices and increase the likelihood of supply chain disruptions.
- While central banks in most advanced economies are expected to embark on, or in some cases continue, monetary policy easing, the timings and scale remain uncertain. It will also take a while for the impact of interest rate cuts to run through the economies.
- Despite monetary easing, interest rates are likely to remain higher than before COVID-19. It is uncertain how businesses and households will adjust to this new regime.

Australian GDP growth is forecast to accelerate from late 2024. This is mainly due to improving household demand, supported by a rise in real disposable income amid an expected decline in inflation, even though inflation forecasts remain above the RBA's target range until mid-2025. However, in line with the international experience, inflation could prove stickier than currently expected. Given this, the outlook for interest rates in 2024–25 is uncertain, with the first rate cut priced in by markets only for the second half of 2024–25. This uncertain environment could weigh on the spending decisions of households and businesses during the year ahead.

Western Australian economic growth is expected to accelerate slightly in 2024–25, reflecting stronger exports due to new mining projects coming online. Household consumption and dwelling investment are anticipated to grow at a similar pace to 2023–24, while business investment is expected to consolidate following another year of strong growth. The State's strong economic fundamentals and outstanding fiscal position mean that Western Australia is well equipped to face the mounting global headwinds.

## 66

*Western Australian economic growth is expected to accelerate slightly in 2024–25, reflecting stronger exports due to new mining projects coming online. Household consumption and dwelling investment are anticipated to grow at a similar pace to 2023–24, while business investment is expected to consolidate following another year of strong growth.*



Image courtesy of Tourism Western Australia.

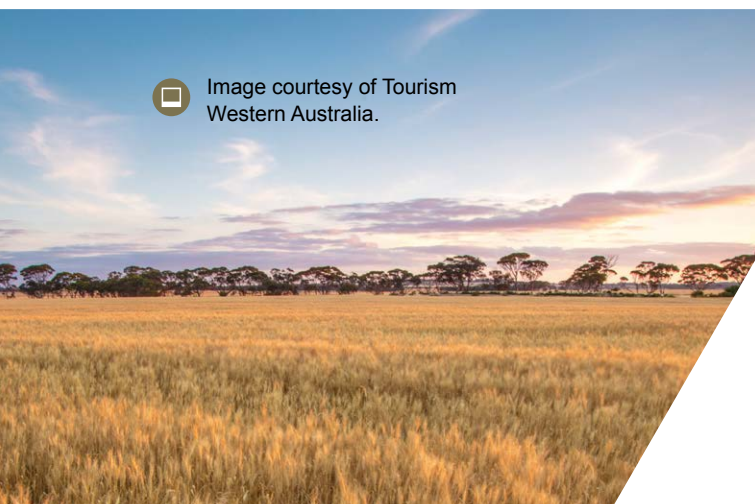




Image courtesy of Tourism Western Australia.



## Looking Forward

### Borrowing Program for 2024–25

The new money program for 2024–25 is estimated at \$600 million. In addition, there is approximately \$5.3 billion of maturing benchmark bonds and floating rate notes. This results in an estimated gross term funding program of \$5.9 billion for 2024–25.

The sourcing and composition of our funding is subject to market conditions and the borrowing requirements of our clients. Our forecast borrowing program across the forward estimates period following the release of the *Western Australia State Budget 2024–25* is as follows:



## Looking Forward

### Funding Strategy for 2024–25

We plan to deliver on the State's funding and debt management requirements for 2024–25 by:

- Consider opportunities to issue a minimum of one new floating rate note maturity in the 5–7-year maturity range.
- Where able, issue into outstanding floating rate note maturities in response to investor demand and to meet our clients' floating rate borrowing requirements.
- Build volume in existing benchmark bonds and support activity where possible to enhance liquidity in those lines.
- Seek to establish a new benchmark bond line with the aim of extending the maturity profile of our existing benchmark curve beyond the 2034 maturity. This will include considering opportunities for expanding our *Sustainable Finance Program* through the issuance of a second ESG-labelled bond.

View our current Borrowing Program and Funding Strategy on our website.



## Forecast Borrowing Program

Term Funding Requirement	2024–25 \$b	2025–26 \$b	2026–27 \$b	2027–28 \$b
New Money Program (Estimated)	0.6	1.6	2.8	1.3
Projected Maturities	5.3	7.1	6.2	5.2
Total Term Funding	5.9	8.7	9.0	6.5



SUPPORTING THE

## Town of East Fremantle

**WATC funding was used in conjunction with Lotterywest grants to assist the Town of East Fremantle with the East Fremantle Oval Precinct Redevelopment, which included upgrades to East Fremantle oval, the adjacent skate park and playground.**



Image courtesy of the Town of East Fremantle.





# Optimising Our Performance

During another year of challenging global economic and financial conditions, we continued to deliver on our stakeholders' requirements and achieve our key performance metrics while operating within relevant legislative, governance and compliance requirements.

We operate in a dynamic and constantly changing environment that produces both risks and opportunities, necessitating a flexible approach to the management of our operations. We assess potential risks and opportunities in accordance with the *Western Australian Treasury Corporation Act 1986* and our Board-approved risk management and compliance framework, which provide a clear governance structure for operational decision making.

## Risk Management

Risk is inherent in all our functions, and the effective management of risk is integral to achieving our business mandate and strategic objectives. Our Board regularly considers its risk appetite and assesses our risk management process, systems and reporting structures to ensure they remain appropriate. Our *Risk Appetite Statement* identifies a range of material risks and clearly articulates our Board's appetite for each of them with specific target statements and risk measures.

Our *Risk Management Framework* outlines our overarching approach to managing risk and details the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout our organisation.

We use a *Risk Taxonomy* to categorise our material financial and non-financial risks, which are constantly monitored, evaluated, managed and reported on.

As an organisation, we continue to invest time and resources in ensuring our risk management practices are contemporary and evolve in accordance with market best-practice. Key highlights in risk management this year include:

- **Model Risk Management Framework:** Implementing a new quality-assurance process and more rigorous framework for identifying, testing and developing models used in the operations of our business.
- **Cyber Security:** Remaining ever vigilant to cyber security threats and maintaining a disciplined focus on ensuring the security of our systems.
- **Financial Risk Management Policies:** Maintaining our ongoing program to review, assess and update our key financial risk management policies to ensure they are clear, easily understood and effective.
- **Operational Resilience:** Continuing to test and refine our business continuity framework to ensure that we can effectively respond to business disruptions.
- **Lending to Local Governments:** Embedding improvements in our local government loan approval process to deliver more timely assessments of loan applications for our clients.



Image courtesy of Tourism Western Australia.



## Managing the State's Liquidity

A key factor rating agencies take into consideration when determining credit ratings is liquidity risk. Western Australia's exceptional liquidity coverage is cited as a major strength that has contributed to our State receiving triple-A credit ratings from both major international rating agencies.

We work collaboratively with the Department of Treasury and our clients to successfully manage and maintain our State's financial assets and liabilities. Additionally, our Board sets key metrics, which it monitors closely, to ensure effective balance sheet management and sufficient liquidity levels. During the 2023–24 financial year, our organisation and the State both maintained elevated levels of liquidity, ensuring targets for our debt metrics were met.

## Improving Our Operations

We completed an in-depth operational review this year to ensure we continue to meet the evolving financial needs of our clients and the State and remain agile to the challenges and opportunities of a changing market.

Based on the results of our review, we are refining our organisational structure to improve alignment, enhance key functions and allow for continued growth and optimisation as the State's central financial services provider.

These refinements will also support planned new strategic initiatives, ensuring we remain focussed on meeting the financial needs of the Western Australian public sector, now and into the future.

# 16%

### Debt Maturing Within 12 Months

Target: Less than 20%

**Result: Target achieved**

# 236%

### Liquid Asset Portfolio Cover

Target: Greater than 100%

**Result: Target achieved**



## Looking Forward

### Balance Sheet Reform

We will continue to review our balance sheet management practices to ensure they remain appropriate to meet our objectives under different funding tasks and market conditions.

### Organisational Adaptability

We will continue to implement refinements to our organisational structure and operations to enhance our key functions, activities and resources, allowing for continued growth and optimised performance.

## KEY PERFORMANCE INDICATOR – ADMINISTRATION COST RATIO OF 0.043%

This ratio allows us to monitor our administrative efficiency and the cost effectiveness of funding client borrowing by calculating the average administrative on-cost to be covered by our clients. In 2023–24 we achieved an administration cost ratio of 0.043 per cent, which was below our target of less than 0.050 per cent, affirming our cost-effectiveness while delivering value to clients and the State. See Key Performance Indicators on [page 106](#) for more details.



# Disclosures and Legal Compliance

## IN THIS SECTION

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



Image courtesy of  
Tourism Western  
Australia.



# 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, critical to the success of our operations. All information assets are captured and managed according to our business needs, ensuring relevant information is readily accessible and appropriately secured.

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.

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

## Recordkeeping Training

Our recordkeeping induction program for new team members continued with all 12 new starters completing the program within two weeks of their commencement date in line with our policy. Our recordkeeping induction 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 service provider, Information Proficiency, meets with new team members to see how they are finding using the system, answer any 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 employee needs in this area and updated our refresher training program accordingly.

## Digital Information Management Strategy and Roadmap

In 2022 we undertook extensive research to determine the best way to implement digital information technologies and applications as part of our high-level *Digital Information Strategy and Roadmap*. We are now in the fifth and final stage of this roadmap.

Key achievements this year include progressing our employee rollout and change management program, with 80 per cent of employees now migrated to SharePoint Online. Halfway through the rollout, a solution review was completed to ensure specified goals were met and the solution was fit for purpose. In addition to the employee rollout, the project team has implemented solutions for vendor management, policies, email management and templates.

## Roadmap to Compliance

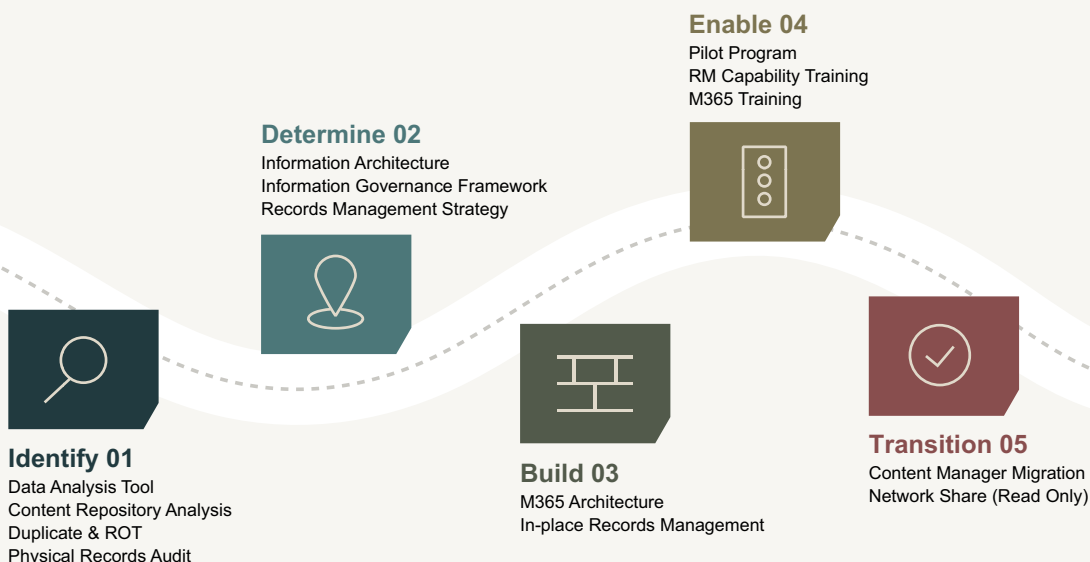
### Digital Information Management

■ Intuitive

■ Managed

■ Governed

■ Automated



## Annual Report Wins Award

Our previous annual report received a Silver Award in the Government Trading Enterprise category at the Institute of Public Administration Australia WA's 2023 WS Lonnie Awards.

This annual event recognises excellence in annual reporting across the Western Australian public sector and promotes and encourages accountability and transparency, themes that are central to good governance. Each year, an independent judging panel awards gold, silver and bronze medals across a range of government categories after assessing eligible annual reports against the selection criteria.

One of our core values is integrity and we strive to be open, honest and accountable in all aspects of our business. We have consistently applied this value to our annual reporting approach and, with many of our previous annual reports also having won Lonnie Awards, this is a great recognition of our delivery of this aspect of our values.

## Freedom of Information

The *Freedom of Information Act 1992* (FOI Act) enables the public to apply for access to documents held by our organisation. Guidance on how to apply for 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 this financial year. These were both processed in accordance with the FOI Act and our FOI Policy, and within the required timeframes.

View our Privacy Statement and Public Interest Disclosure on our website.





## 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 any received and 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, email or in person.

Complaints at our organisation are viewed as an opportunity to improve our business operations and services provided. We received one complaint in August 2023 made by a bond holder against our registry services provider, which was resolved to the full satisfaction of the complainant.



## Looking Forward

### Digital Information Management

Completing our Digital Information Strategy and Roadmap, and transitioning to support and develop the solution as it is embedded across our organisation.

### Privacy and Responsible Information Sharing

The Western Australian Government is introducing legislation to protect the personal information of Western Australians and to facilitate responsible use and sharing of government information. We will be implementing the *Privacy and Responsible Information Sharing Framework* to support the upcoming legislation.

SUPPORTING THE

### Shire of Perenjori

**WATC funding was used to assist the Shire of Perenjori's housing construction.**



Image courtesy of the Shire of Perenjori.

# Our People

**We continue to develop our existing team at the same time as building out the depth and capacity of our workforce to respond to current and future challenges.**

## Improving Employee Engagement

Our annual *Employee Engagement Survey* provides valuable insights into the connection our people have with the values and objectives of our organisation.

The survey is curated to measure levels of employee motivation, pride and commitment, and provide clear pathways for feedback and recommendations. All WATC employees are invited to take part in the survey, and participants are de-identified to encourage open and candid responses.

Results include an employee engagement rating (captured as a percentage value to indicate performance) and expanded data grouped by theme. Expanded data insights are crucial to identifying current and emerging employee trends, and informing areas of focus, workplace policies and key initiatives.

This year our employee engagement rating was 77 per cent, an increase from last year and, in trend terms, demonstrative of ongoing improvement. Positive results in recent years reflect the success of a range of strategies implemented at WATC, many derived from previous survey insights. Some of these strategies are outlined as follows.

## Working at WATC

### Diversity and Inclusion

We recognise diversity as an asset and purposefully build our teams to ensure varied professional expertise and cultural perspectives. Initially launched in 2022, our annual *Diversity and Inclusion Plan* continues to guide our progress in this space, delivering a range of information sessions, activities and resources to engage and educate our workforce. A range of topics were covered this year, including gaining a meaningful understanding of Acknowledgement of Country as well as respect at work legislation, all designed to respectfully explore and celebrate diversity in the workplace.

### Health and Wellbeing

WATC offers a range of activities and services each year to promote the importance of employee wellbeing and ensure related resources are readily accessible. The calendar of activities is largely based on suggestions and feedback from our people, with a new topic introduced every two months. Focus areas this year included ergonomics and mobility, mental health, sun safety, volunteering, financial wellbeing and keeping healthy.

## KEY PERFORMANCE INDICATOR – EMPLOYEE ENGAGEMENT RATING

### → 77% Employee Engagement Rating – 11% Increase

Our employee engagement rating this year of 77 per cent is a solid increase from last year's 66 per cent and a continuation of the positive improvements made in the rating over recent years. The result reflects the cumulative benefits of our ongoing focus on implementing new initiatives and strategies to continually improve employee engagement across the organisation.



## Reward and Recognition

One of the ways we acknowledge the contributions of our people is through our *Reward and Recognition Program*, which is designed to strengthen connections and encourage and promote ways of working that align with our corporate values. The program is split into six categories to suit a variety of business circumstances and has been devised based on employee feedback and consultative guidance.

## Learning and Development

We encourage our people to undertake professional development, supporting them with training courses, job rotations, secondments, professional memberships and structured learning opportunities. This year, business unit heads were given the opportunity to upskill as a group via a structured learning program that focused on exploring and developing leadership capabilities.

## Leadership Program

People development continued this year with the launch of our *Leadership Program* – a series of integrated shared-learning workshops designed to sustainably expand leadership capabilities at WATC. Workshops were staggered over a six-month period and were specifically tailored to support our executive team and business unit heads. Key focuses include gaining an understanding of contemporary leadership practices, sharing knowledge and experiences, identifying development areas and implementing processes at an organisational level to support leadership goals. Findings from 360° feedback surveys for our leadership teams were incorporated into the program with one-on-one and group coaching provided to ensure learnings are successfully applied.

## Graduate Program

We regularly accommodate the short-term placement of newly employed graduates from the *Treasury Graduate Program* and other Western Australian Government entities. These placements impart an understanding of WATC's role in the public sector and provide graduates with an assortment of valuable development opportunities.

Our Advisory Services team hosted two graduates this year. During their respective rotations, these graduates worked on a range of projects across

the Western Australian public sector, developing their skills in modelling, financial analysis, reporting and the presentation of financial information.

## Our Workforce

### Significant Contributions

Peter Seeds retired in July 2023 after being part of our team for a remarkable 31 years. While working at WATC, Peter's role changed over the years, working initially as an originations officer and then as a senior finance officer, before being appointed as the head of our legal function in 2009. Peter's impact on governance and compliance at WATC is unparalleled. His enduring contributions to our organisation and the State more broadly are, we hope, a source of great pride for him and his family.

After an impressive 14 years at WATC, Steve Pannell also retired in July. Steve was initially recruited as a principal analyst and went on to hold other roles across the organisation. In 2020 he was appointed as the head of our Program Management Office. Under his leadership, many strategic business objectives and key initiatives have been successfully delivered, supporting positive and lasting change.

We congratulate Peter and Steve on their meaningful legacies, thank them for their considerable contributions to WATC and wish them every success in their future endeavours.



## Looking Forward

### The Future at WATC

Our workforce is expected to grow over the next financial year with planned recruitment to fill existing positions, as well as new roles, that will support our planned strategic initiatives to meet the financial needs of the Western Australian public sector, now and into the future.

View our complete list of employee benefits on our website.



## People Profile

Our total employee numbers at 30 June 2024 were 83, compared to 88 at the end of the previous financial year. The lower number of employees is reflective of there being several vacant positions carried over the end of this financial year, stemming from normal turnover and retirements.

Our employee numbers are expected to increase going forward as we fill existing vacant positions and recruit for new roles to support strategic initiatives.

People Profile	2022–23	2023–24
Number of WATC Employees at 30 June	88	<b>83</b>
Full-Time Permanent	75	<b>74</b>
Full-Time Temporary	5	<b>2</b>
Part-Time Measured on a Full-Time (FTE) Basis	5.16	<b>4.29</b>
On Secondment	0	<b>1</b>

## Work Health and Safety

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 in 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 support team wellbeing. We held four Workplace Health and Safety (WHS) committee meetings during 2023–24. These were attended by both our health and safety representatives and members of management. 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 the *Treasurer's Instructions 903 (13)*, there were no lost time injuries and no workers' compensation claims were made.


Measures				Targets	Comments on Result
	2021–22 <sup>1</sup> (Base Year)	2022–23 (Prior Year)	2023–24 (Current Year)		
Number of fatalities	0	0	<b>0</b>	0	Achieved
Lost time injury and/or disease incidence rate	0	0	<b>0</b>	0	Achieved
Lost time injury and/or disease severity rate	0	0	<b>0</b>	0	Achieved
Percentage of injured workers returning to work within 13 weeks	n/a	n/a	<b>n/a</b>	>=80%	n/a
Percentage of injured workers returning to work within 26 weeks	n/a	n/a	<b>n/a</b>	>=80%	n/a
Percentage of managers and supervisors trained in work, health and safety injury management responsibilities, including refresher training within three years	100%	100%	<b>100%</b>	>=80%	Achieved

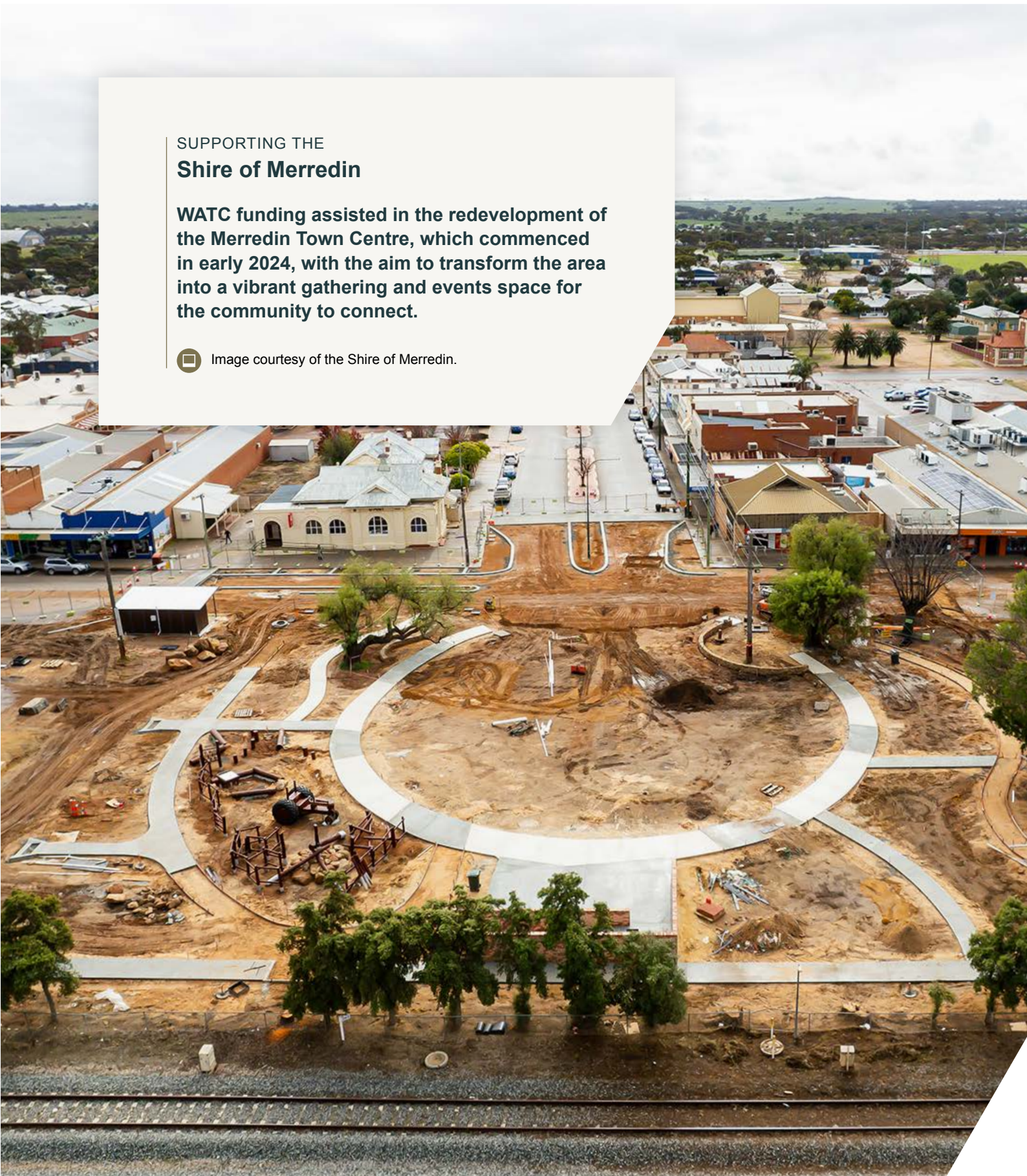
<sup>1</sup> The performance reporting examines a three-year trend and, as such, the comparison base year is two years prior to the current reporting year.  
n/a: not applicable



## SUPPORTING THE Shire of Merredin

**WATC funding assisted in the redevelopment of the Merredin Town Centre, which commenced in early 2024, with the aim to transform the area into a vibrant gathering and events space for the community to connect.**

 Image courtesy of the Shire of Merredin.





# 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 2024 were 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 was Mark Caldwell, Chief Financial Officer.

Image courtesy of Tourism Western Australia.



## Board Remuneration

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

Name	Type of Remuneration	Period of Membership	2023–24 <sup>1</sup>
Michael Barnes	Not eligible	12 months	0
Michael Court	Not eligible	12 months	0
Kaylene Gulich	Not eligible	12 months	0
Philippa Hobson	Annual	12 months	\$74,451
Susan Murphy	Annual	12 months	\$57,358
Wayne Zekulich	Annual	12 months	\$52,709

<sup>1</sup> A residual payment of \$1,947 was made to David Brumby in connection with his directorship which finished on 31 December 2022.

## Board Responsibilities

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

- To borrow money to lend to Western Australian government authorities.
- To develop and implement borrowing programs for the purpose of the Act.
- To manage the financial rights and obligations of WATC and government authorities.
- To advise on financial matters, including debt management, asset management, project and structured financing and business risks.
- To manage investments for the Department of Treasury and other government authorities.
- 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.
- 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 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 and 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

Attendance details for each director this year are as follows:

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

<sup>1</sup> Kaylene Gulich was invited to attend Audit Committee meetings.  
n/a: not applicable

### 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 at 30 June 2024 were Philippa Hobson (Chairperson), Michael Court and Susan Murphy. Members are non-executive directors. The Secretary to the committee was Christabelle Madzikanda, Senior Risk Analyst.

### 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 our people, including the Chief Executive Officer.

The members of the People and Remuneration Committee at 30 June 2024 were Michael Barnes (Chairperson), Michael Court, Kaylene Gulich, Philippa Hobson, Susan Murphy and Wayne Zekulich. The Secretary to the committee was Rebecca Ridgway, Head of Human Resources.

# 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*

### Subsidiary Legislation

- *Financial Management Regulations 2007*
- *Government Trading Enterprises Regulations 2023*
- *Western Australian Treasury Corporation (Debt Paper Regulations) 1986*

### 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*



# 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 employees. The *WATC Code of Conduct* (the Code) reflects and supports our values and provides our people with a clear, concise and relevant guide to behavioural standards in the workplace. The Code also applies to directors.

In developing the Code we aligned it with the principles of the *Western Australian Public Sector Code of Ethics*. We also endorse the code of conduct developed by the Australian Financial Markets Association.

Expectations of conduct for our directors are also outlined in the Board Charter and are in line with obligations under the *Statutory Corporations (Liability of Directors) Act 1996*.

## Compliance

The role of our compliance function is to ensure we maintain high prudential standards and have 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."*

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

We operate 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. We set 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 2023–24 was \$31,290.

## 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 2024, the only disclosable expenditure incurred was in relation to advertising, where the following amounts were paid:

- \$27,975 to BondNews Ltd, trading as KangaNews; and
- \$2,056 to Beilby Downing Teal Pty Ltd.

## Unauthorised Use of Credit Cards

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

## Act of Grace Payments

No act of grace payments were made during the year.

## Registry and Treasury Operations

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

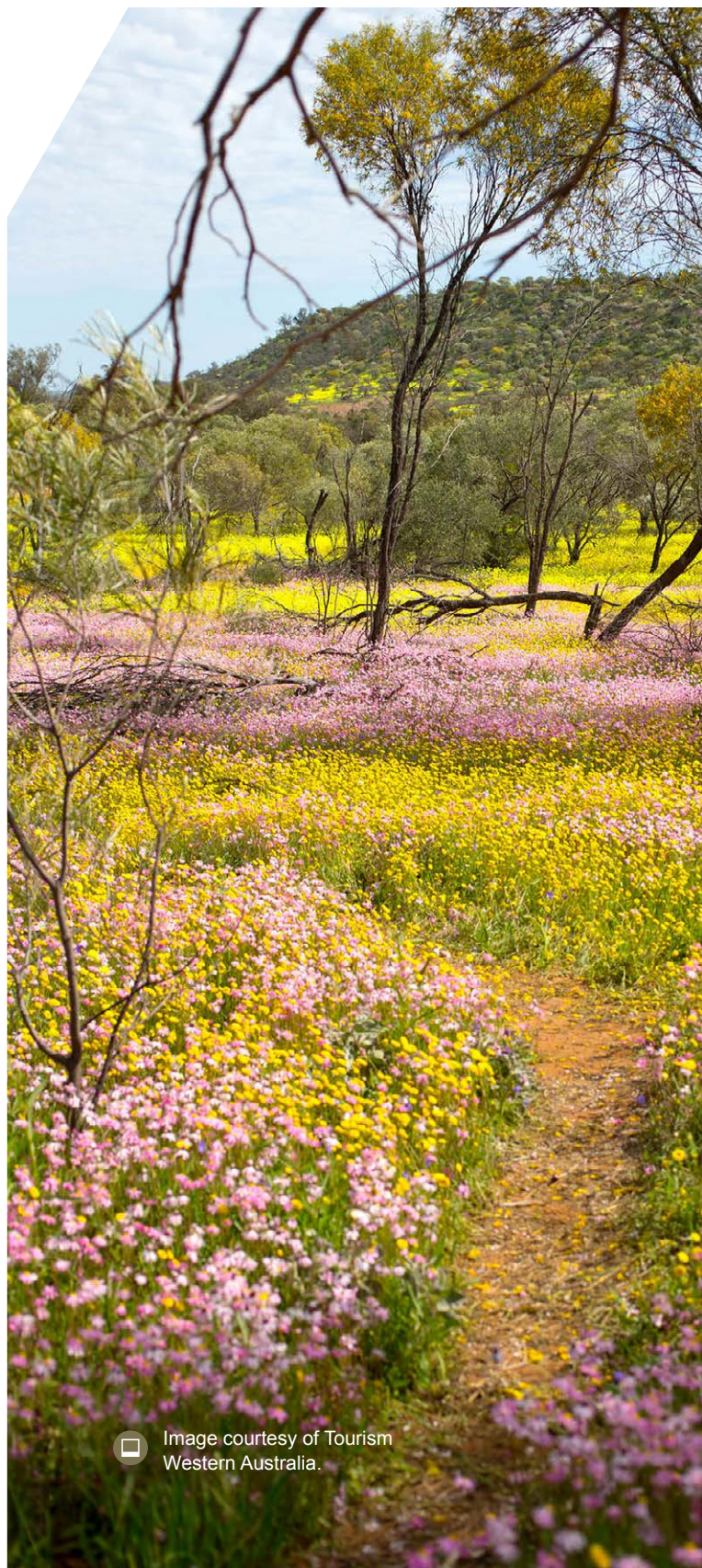


Image courtesy of Tourism Western Australia.



# Financial Statements

## IN THIS SECTION

- **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**



Image courtesy of Tourism Western Australia.



# Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2024 \$m	2023 \$m
<b>INCOME</b>			
<b>Revenue</b>			
Interest on Investments		156.3	100.3
Interest from Authorities		1,599.7	1,374.9
Fee Income		3.0	2.7
<b>Total Revenue</b>		<b>1,759.0</b>	<b>1,477.9</b>
<b>Total Income</b>		<b>1,759.0</b>	<b>1,477.9</b>
<b>EXPENSES</b>			
<b>Expenses</b>			
Interest on Borrowings		1,655.1	1,376.6
Borrowing Related Expenses		1.0	1.1
Depreciation		0.2	0.2
Amortisation of Intangible Assets		0.3	0.3
Administration Expenses	4	20.8	19.5
Net Fair Value Movement	5	45.4	42.6
<b>Total Expenses</b>		<b>1,722.8</b>	<b>1,440.3</b>
<b>Profit before income tax equivalent expense</b>		<b>36.2</b>	<b>37.6</b>
Income Tax Equivalent Expense	6	10.9	11.3
<b>Profit for the period</b>		<b>25.3</b>	<b>26.3</b>
Other Comprehensive Income		0.0	0.0
<b>Total Comprehensive Income for the period</b>		<b>25.3</b>	<b>26.3</b>

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

# Statement of Financial Position

As at 30 June 2024

	Note	2024 \$m	2023 \$m
<b>ASSETS</b>			
Cash Assets	<u>7</u>	<b>112.9</b>	207.9
Investments	<u>8</u>	<b>5,092.7</b>	5,036.5
Receivables and Other Financial Assets	<u>9</u>	<b>326.2</b>	304.0
Loans to Authorities	<u>10</u>	<b>45,006.3</b>	44,142.4
Tax Assets	<u>11</u>	<b>1.1</b>	1.1
Plant and Equipment	<u>12</u>	<b>0.2</b>	0.4
Intangible Assets	<u>13</u>	<b>1.7</b>	0.5
<b>Total Assets</b>		<b>50,541.1</b>	49,692.8
<b>LIABILITIES</b>			
Payables and Other Financial Liabilities	<u>15</u>	<b>2,496.9</b>	2,009.0
Borrowings	<u>16</u>	<b>47,857.2</b>	47,481.7
Tax Liabilities	<u>17</u>	<b>10.9</b>	18.6
Provisions	<u>18</u>	<b>3.5</b>	16.5
<b>Total Liabilities</b>		<b>50,368.5</b>	49,525.8
<b>NET ASSETS</b>		<b>172.6</b>	167.0
<b>EQUITY</b>			
Retained Earnings		<b>169.6</b>	164.0
Reserves		<b>3.0</b>	3.0
<b>Total Equity</b>		<b>172.6</b>	167.0

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 2024

	Reserves \$m	Retained Earnings \$m	Total Equity \$m
<b>Balance at 1 July 2022</b>	3.0	150.7	153.7
Profit for the period	0.0	26.3	26.3
Other Comprehensive Income	0.0	0.0	0.0
Total Comprehensive Income for the period	0.0	26.3	26.3
Transactions with owners in their capacity as owners:			
Distributions to Owners	0.0	(13.0)	(13.0)
Total	0.0	(13.0)	(13.0)
<b>Balance at 30 June 2023</b>	3.0	164.0	167.0
<b>Balance at 1 July 2023</b>	3.0	164.0	167.0
Profit for the period	0.0	25.3	25.3
Other Comprehensive Income	0.0	0.0	0.0
Total Comprehensive Income for the period	0.0	25.3	25.3
Transactions with owners in their capacity as owners:			
Distributions to Owners	0.0	(19.7)	(19.7)
Total	0.0	(19.7)	(19.7)
<b>Balance at 30 June 2024</b>	3.0	169.6	172.6

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 2024

	Note	2024 \$m	2023 \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest Received on Loans to Authorities		1,571.4	1,309.1
Interest Received on Investments		134.8	108.0
Proceeds from Sale and Maturity of Investments		5,908.0	4,684.4
Payment for Investments		(5,801.9)	(5,340.0)
Loans to Authorities		(12,707.8)	(8,386.0)
Loans Repaid by Authorities		12,226.8	11,300.6
Other Payment on behalf of Authorities		0.0	(0.5)
Proceeds from Issuance of Borrowings		15,600.5	15,965.5
Repayment of Borrowings		(15,309.0)	(18,201.6)
Fee Income		2.9	2.9
Interest and Other Cost of Finance Paid		(1,608.9)	(1,382.2)
Administration and Borrowing Related Expenses		(21.2)	(20.9)
Payment of Taxation Equivalents		(18.6)	0.0
<b>Net Cash (used in)/provided by Operating Activities</b>	<u>20b</u>	<b>(23.0)</b>	<b>39.3</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for Intangible Assets		(1.6)	(0.4)
Proceeds from Sale of Plant and Equipment		0.0	0.0
<b>Net Cash used in Investing Activities</b>		<b>(1.6)</b>	<b>(0.4)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of Dividend		(32.8)	0.0
<b>Net Cash used in Financing Activities</b>		<b>(32.8)</b>	<b>0.0</b>
Net (decrease)/increase in Cash and Cash Equivalents		<b>(57.4)</b>	<b>38.9</b>
Cash and Cash Equivalents at the beginning of the financial year		<b>716.7</b>	<b>677.8</b>
Cash and Cash Equivalents at the end of the financial year	<u>20a</u>	<b>659.3</b>	<b>716.7</b>
Included in the above are the following			
<b>CASH FLOWS TO STATE GOVERNMENT</b>			
Payment of Dividend		(32.8)	0.0
Payment of Taxation Equivalents		(18.6)	0.0
<b>Net Cash provided to State Government</b>		<b>(51.4)</b>	<b>0.0</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 2024

## 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 2024 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 2024.

## NOTE 2

### SUMMARY OF MATERIAL 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 2006* 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 139 'Financial Instruments: Recognition and Measurement'. WATC satisfies the eligibility criteria for this election as it manages its business daily on a fair value basis. In accordance with AASB 139, 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.

### (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:

	2024	2023
Computer Equipment	3-5 years	3-5 years
Other Equipment	5-10 years	5-10 years

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## NOTE 2 (continued)

### *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.

### (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 the 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.

## NOTE 2 (continued)

### (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 2024. 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).

### (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 cash outflows.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## NOTE 2 (continued)

### (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.

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.

## NOTE 2 (continued)

### (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.

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.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## NOTE 2 (continued)

### (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.

### (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.

## 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 2023. 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.



## NOTE 3 (continued)

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 2021-7	'Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections'
AASB 2021-2	'Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates'
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 2023-5	'Amendments to Australian Accounting Standards - Lack of Exchangeability'

	<b>2024 \$m</b>	<b>2023 \$m</b>
<b>NOTE 4</b>		
<b>ADMINISTRATION EXPENSES</b>		
<b>Employee Benefit Expenses</b>		
The following employee benefit expenses are included in Administration Expenses.		
Salaries	<b>12.5</b>	11.8
Workers Compensation Costs	<b>0.2</b>	0.2
Superannuation Expense	<b>1.4</b>	1.4
Long Service Leave Provision	<b>(0.1)</b>	(0.1)
	<b>14.0</b>	13.3
<b>Administration Expenses</b>		
Employee Benefit Expenses	<b>14.0</b>	13.3
Services and Contracts	<b>3.2</b>	3.0
Equipment Maintenance	<b>1.1</b>	0.8
Accommodation Costs	<b>0.9</b>	1.0
Other Costs	<b>1.6</b>	1.4
	<b>20.8</b>	19.5

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

	2024 \$m	2023 \$m
<b>NOTE 5</b>		
<b>NET FAIR VALUE MOVEMENT</b>		
Unrealised Gain - Investments	54.3	3.0
Unrealised Gain/(Loss) - Loans to Authorities	62.5	(424.1)
Unrealised Gain/(Loss) - Borrowings	(365.1)	311.1
Unrealised Gain - Derivatives	202.9	67.4
Net Fair Value Movement	(45.4)	(42.6)
Add Interest movements		
Interest on Investments	156.3	100.3
Interest from Authorities	1,599.7	1,374.9
Interest on Borrowings	(1,655.2)	(1,376.6)
	100.8	98.6
Net gain on financial assets and financial liabilities at fair value through profit and loss	55.4	56.0

WATC manages its operations on a portfolio basis to achieve its long term objectives. Realised losses totalling A\$12.8 million (2023, A\$22.0 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.

## NOTE 6

### INCOME TAX EQUIVALENT EXPENSE

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	36.2	37.6
Income tax equivalent expense at 30% (2023, 30%)	10.9	11.3
Tax effect of expenses that are not deductible/assessable in determining taxable profit		
Sundry Expenses	0.0	0.0
Income Tax Equivalent Expense	10.9	11.3

	2024 \$m	2023 \$m
<b>NOTE 6 (continued)</b>		
Income tax equivalent expense comprises movements in:		
Current income tax equivalent expense	10.9	11.1
Deferred tax income relating to the origination and reversal of temporary differences	0.0	0.2
Total income tax equivalent expense	10.9	11.3
Deferred Tax Assets:		
Employee Provisions	1.1	1.0
Total ( <i>Note 11</i> )	1.1	1.0
<b>NOTE 7</b>		
<b>CASH ASSETS</b>		
Bank Deposits	112.9	207.8
Overseas Bank Accounts	0.0	0.1
	112.9	207.9
Average Balance	213.2	222.5
Interest Revenue	12.2	6.9
Average Interest Rate	5.72%	3.11%

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 2024

	2024 \$m	2023 \$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	2,800.5	2,782.7
Government Stock	2,292.2	2,253.8
Total	5,092.7	5,036.5
<b>Maturity Profile</b>		
At Call	0.0	0.0
Up to 3 Months	3,505.0	945.7
3 to 12 Months	0.0	2,529.8
1 to 5 Years	961.8	1,027.7
Over 5 Years	625.9	533.3
Total	5,092.7	5,036.5
<b>Repricing Profile</b>		
At Call	0.0	0.0
Up to 3 Months	3,505.0	945.7
3 to 12 Months	0.0	2,529.8
1 to 5 Years	961.8	1,027.7
Over 5 Years	625.9	533.3
Total	5,092.7	5,036.5
<b>Credit Exposure</b>		
Rating	%	%
AAA	0.00	6.45
AA	82.96	71.57
A	16.03	19.08
BBB	1.01	2.90
	100.00	100.00
Average Balance	4,791.5	4,176.5
Interest Revenue	144.1	93.4
Average Interest Rate	3.01%	2.24%

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.

	2024 \$m	2023 \$m
<b>NOTE 9</b>		
<b>RECEIVABLES AND OTHER FINANCIAL ASSETS</b>		
Accrued Interest Receivable	325.5	294.6
Other Debtors	0.7	9.4
	<b>326.2</b>	<b>304.0</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 2024 and due for settlement after 30 June 2024.

## NOTE 10

### LOANS TO AUTHORITIES - AT FAIR VALUE

<b>10a. Loans to Authorities - non derivative</b>	<b>45,006.3</b>	44,142.4
<b>Maturity Profile</b>		
Up to 3 Months	2,180.3	1,103.9
3 to 12 Months	6,116.6	5,513.2
1 to 5 Years	22,595.0	23,165.0
Over 5 Years	14,114.4	14,360.3
Total	<b>45,006.3</b>	<b>44,142.4</b>
<b>Repricing Profile</b>		
Up to 3 Months	15,334.6	14,534.1
3 to 12 Months	6,223.5	5,115.2
1 to 5 Years	12,605.6	12,112.7
Over 5 Years	10,842.6	12,380.4
Total	<b>45,006.3</b>	<b>44,142.4</b>

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

	2024 \$m	2023 \$m
<b>NOTE 10 (continued)</b>		
<b>10b. Loans to Authorities - derivative</b>	<b>9.7</b>	<b>(19.9)</b>
<b>Maturity Profile</b>		
Up to 3 Months	(0.3)	0.0
3 to 12 Months	24.3	(0.7)
1 to 5 Years	(14.3)	(19.2)
Over 5 Years	0.0	0.0
Total derivatives	9.7	(19.9)
<b>Repricing Profile</b>		
Up to 3 Months	(11.4)	(14.0)
3 to 12 Months	24.2	0.3
1 to 5 Years	(3.1)	(6.2)
Over 5 Years	0.0	0.0
Total derivatives	9.7	(19.9)
Average Balance	42,868.3	44,703.4
Interest Revenue	1,599.7	1,374.9
Average Interest Rate	3.73%	3.08%

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 (2023, 98.6%)) are guaranteed by the State whilst local government advances (1.4% of total (2023, 1.4%)) are secured by debenture and are charged in accordance with the provisions of the *Local Government Act 1995* upon the general funds of the local government. There were no indications of impairment to lendings to local government at 30 June 2024 (2023, 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	1.1
--------------------	-----	-----



	2024 \$m	2023 \$m
<b>NOTE 12</b>		
<b>PLANT AND EQUIPMENT</b>		
Equipment (at cost)	1.2	1.2
Less Accumulated Depreciation	(1.0)	(0.8)
Total Plant and Equipment	0.2	0.4
<b>Reconciliation</b>		
Equipment		
Opening balance	0.4	0.6
Additions	0.0	0.0
Disposals/Write-Offs	0.0	(0.3)
Depreciation	(0.2)	(0.2)
Accumulated depreciation on disposal	0.0	0.3
Closing balance	0.2	0.4

<b>NOTE 13</b>		
<b>INTANGIBLE ASSETS</b>		
Intangible Assets (at cost)	3.4	1.8
Less Accumulated Amortisation	(1.7)	(1.3)
Total Intangible Assets	1.7	0.5
<b>Reconciliation</b>		
Intangible Assets		
Opening balance	0.5	0.3
Additions	1.6	0.5
Disposals	0.0	(6.1)
Amortisation	(0.3)	(0.3)
Accumulated amortisation on disposal	0.0	6.1
Closing balance	1.7	0.5

## NOTE 14

### IMPAIRMENT OF ASSETS

There were no indications of impairment to plant and equipment and intangible assets at 30 June 2024 and 2023.

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 2024

	2024 \$m	2023 \$m
<b>NOTE 15</b>		
<b>PAYABLES AND OTHER FINANCIAL LIABILITIES</b>		
Interest Accrued (at amortised cost)	461.2	462.3
Other Creditors (at amortised cost)	1,612.0	1,173.4
	2,073.2	1,635.7
Other Financial Liabilities (at fair value) ( <i>Notes 10b</i> and <i>16b</i> )	423.7	373.3
	2,496.9	2,009.0

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 2024 and due for settlement after 30 June 2024. 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	5,431.2	527.3
3 to 12 Months	2,808.3	7,553.6
1 to 5 Years	23,714.6	24,318.5
Over 5 Years	15,903.1	15,082.3
Total borrowings at fair value	47,857.2	47,481.7

##### Repricing Profile

Up to 3 Months	13,055.6	7,710.6
3 to 12 Months	1,114.2	5,857.6
1 to 5 Years	18,775.5	18,831.2
Over 5 Years	14,911.9	15,082.3
Total borrowings at fair value	47,857.2	47,481.7

	2024 \$m	2023 \$m
<b>NOTE 16 (continued)</b>		
<b>16b. Borrowings - derivative</b>	<b>433.4</b>	353.4
<b>Maturity Profile</b>		
Up to 3 Months	11.2	0.1
3 to 12 Months	26.9	(6.7)
1 to 5 Years	119.9	138.2
Over 5 Years	275.4	221.8
Total derivatives	433.4	353.4
<b>Repricing Profile</b>		
Up to 3 Months	129.7	132.6
3 to 12 Months	68.5	17.2
1 to 5 Years	40.8	50.7
Over 5 Years	194.6	152.9
Total derivatives	433.4	353.4
Average Balance	47,052.1	47,983.1
Interest Expense	1,655.2	1,376.5
Average Interest Rate	3.52%	2.87%

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	8,387.5	8,102.1
– Overseas	0.0	0.0
	8,387.5	8,102.1
Payable more than 12 months from 30 June		
– Domestic	42,059.5	41,688.0
– Overseas	0.0	0.0
	42,059.5	41,688.0
Balance 30 June at face value	50,447.0	49,790.1



# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## 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 2024 and 2023 and are shown below:

	Exchange Rate Translation at 30/06/24	
	Payable 12 Months or Less from 30/06/24 A\$m	Payable More than 12 Months from 30/06/24 A\$m
<b>Foreign Currency Borrowing</b>		
<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

	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>

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.

	2024 \$m	2023 \$m
<b>NOTE 17</b>		
<b>TAX LIABILITIES</b>		
Current Income Tax Equivalent Liability	10.9	18.6
	10.9	18.6

The current income tax equivalent liability in the current year relates to 2024 tax liabilities. In the prior year, current income tax equivalent liabilities related to 2022 and 2023 tax liabilities.

	2024 \$m	2023 \$m
<b>NOTE 18</b>		
<b>PROVISIONS</b>		
Annual Leave	1.2	1.3
Long Service Leave	2.3	2.2
Superannuation - Defined Benefit Plans	0.0	0.0
Provision for Dividends	0.0	13.0
	3.5	16.5

Provision for Dividends refers to the dividend payable to the Consolidated Account for the 30 June 2022 financial year, which was paid during 2024. 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.

#### *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.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## NOTE 18 (continued)

### 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;
- 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.

	2024 \$m	2023 \$m
<b>Reconciliation of the Net Defined Benefit Liability/(Asset)</b>		
Net Defined Benefit liability/(asset) at start of year	0.0	0.2
(+) Actual (gains)/losses arising from liability experience	0.0	0.1
(-) Employer contributions	0.0	(0.3)
Net defined benefit liability/(asset)	0.0	0.0
<b>Reconciliation of the Fair Value of Scheme Assets</b>		
Fair Value of scheme assets at beginning of year	0.0	0.0
(+) Employer contributions	0.0	0.2
(-) Benefits paid	0.0	(0.2)
Fair value of scheme assets at end of year	0.0	0.0
<b>Reconciliation of the Defined Benefit Obligation (DBO)</b>		
Present value of defined benefit obligations at beginning of year	0.0	0.2
(+) Interest expense	0.0	0.0
(+) Actuarial (gains)/losses arising from changes in financial assumptions	0.0	0.0
(+) Actuarial (gains)/losses arising from liability experience	0.0	0.1
(-) Benefits paid	0.0	(0.3)
Present value of defined benefit obligations at end of year	0.0	0.0



## NOTE 18 (continued)

### *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.

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

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

		2024	2023
Discount rate		3.55%	3.35%
Expected salary increase rate		3.50%	3.50%
CPI	2022/23	0.00%	3.00%
	2023/24	5.80%	3.00%
	2024/25	3.00%	3.00%
	thereafter	2.50%	2.50%

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

Discount rate		4.35%	3.55%
Expected salary increase rate		3.50%	3.50%
CPI	2023/24	0.00%	5.80%
	2024/25	3.40%	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 2024 is 3.50% pa (2023: 3.50%).

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## NOTE 18 (continued)

### *Sensitivity Analysis*

The defined benefit obligation as at 30 June 2024 under several scenarios is presented below.

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

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	4.35% pa	3.85% pa	4.85% pa	4.35% pa	4.35% pa
Salary increase rate	3.50% pa	3.50% pa	3.50% pa	3.00% pa	4.00% pa
Defined benefit obligation (A\$'000s)	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*

	2025 \$m
Expected employer contributions	0.0

### *Maturity profile of defined benefit obligation*

The weighted average duration of WATC's defined benefit obligation is 4.8 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.

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.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## NOTE 19 (continued)

### 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:

	2024 \$m	2023 \$m
<b>Value at Risk (VaR)</b>		
Average Daily Balance for Year	1.0	1.1
Lowest for Year	0.0	0.4
Highest for Year	1.7	2.3
Closing Balance	1.1	0.9

## 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>2024</b>								
<b>Financial Assets:</b>								
Cash and Cash Equivalents	5.72	112.9						112.9
Receivables							326.2	326.2
Investments	3.01		3,505.1	0.0	961.8	625.9		5,092.7
Loans to Authorities	3.73		15,334.6	6,223.5	12,605.6	10,842.6		45,006.3
		112.9	18,839.7	6,223.5	13,567.4	11,468.4	326.2	50,538.1
<b>Financial Liabilities:</b>								
Payables								
– non derivative							2,073.1	2,073.1
– derivative			11.5	2.7	134.2	275.4		423.8
Borrowings	3.52		13,055.7	1,114.2	18,775.5	14,911.9		47,857.3
		0.0	13,067.2	1,116.9	18,909.7	15,187.3	2,073.1	50,354.2

### 2023

#### Financial Assets:

Cash and Cash Equivalents	3.11	207.9						207.9
Receivables							304.0	304.0
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	304.0	49,690.9

#### Financial Liabilities:

Payables								
– non derivative							1,635.6	1,635.6
– derivative			0.1	(6.0)	157.3	221.9		373.3
Borrowings	2.87		7,710.6	5,857.6	18,831.2	15,082.3		47,481.7
		0.0	7,710.7	5,851.6	18,988.5	15,304.2	1,635.6	49,490.6

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## 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).

	2024 %	2023 %
<b>Credit Exposure of Investments by Rating</b>		
AAA	0.00	6.45
AA	82.96	71.57
A	16.03	19.08
BBB	1.01	2.90
	100.00	100.00
<b>Credit Exposure of Derivatives by Rating</b>		
AAA	0.00	0.00
AA	95.91	92.94
A	4.09	7.06
	100.00	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>2024</b>					
<b>Financial Liabilities:</b>					
Borrowings					
– non derivative	6,040.5	3,849.0	27,718.5	19,504.4	57,112.4
	6,040.5	3,849.0	27,718.5	19,504.4	57,112.4
Derivatives					
– derivative payable	141.0	1,045.2	1,160.2	245.7	2,592.1
– derivative receivable	110.2	925.2	896.9	166.6	2,098.9
Derivatives Net	30.8	120.0	263.3	79.1	493.2
Total	6,071.3	3,969.0	27,981.8	19,583.5	57,605.6

### 2023

#### Financial Liabilities:

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

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## 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 2024, 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 2024</b>			
Futures	(811.8)	0.0	0.0
Interest Rate Swaps	13,026.5	(423.7)	(407.4)
Forward Rate Agreements	0.0	0.0	0.0

### As at 30 June 2023

Futures	440.9	0.0	0.0
Interest Rate Swaps	11,312.8	(373.3)	353.9
Forward Rate Agreements	0.0	0.0	0.0

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 2024, WATC had lent funds amounting to A\$16,224.1 million (2023, A\$15,789.9 million) on this basis.

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.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## NOTE 19 (continued)

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 2024, WATC had foreign currency swaps and forwards amounting to A\$nil with a fixed future obligation in Australian dollars of A\$nil (2023, foreign currency swaps and forwards amounting to A\$0.01 million with a fixed future obligation in Australian dollars of A\$nil).

Additionally, WATC has arranged foreign exchange transactions for clients amounting to A\$1,741.2 million (2023, A\$117.7 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\$26.1 million (2023, A\$0.5 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 2024	Market Rate as at 30 June 2023
Overnight	-	4.35%	4.10%
90 days	-	4.47%	4.35%
180 days	-	4.66%	4.64%
16 October 2023	-	0.00%	4.34%
23 July 2024	-	4.27%	4.48%
23 July 2025	-	4.43%	4.42%
21 October 2026	-	4.36%	4.28%
21 October 2027	-	4.34%	4.23%
20 July 2028	-	4.36%	4.24%
24 July 2029	-	4.43%	4.31%
22 October 2030	1.50%	4.54%	4.38%
22 October 2031	1.75%	4.67%	4.45%
21 July 2032	4.50%	4.72%	0.00%
20 July 2033	4.25%	4.80%	0.00%
24 October 2034	-	4.94%	4.65%
23 July 2041	2.25%	5.31%	5.06%
Proxy 2047	-	5.37%	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 2024.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>30 June 2024</b>				
Financial assets designated at fair value through profit or loss				
Investments	2,030.7	3,062.0	0.0	5,092.7
Loans to Authorities	79.4	44,926.9	0.0	45,006.3
Derivative Financial Assets	0.0	9.7	0.0	9.7
Total Assets	2,110.1	47,998.6	0.0	50,108.7
Financial liabilities designated at fair value through profit or loss				
Borrowings	37,128.5	10,728.7	0.0	47,857.2
Derivative Financial Liabilities	0.0	433.4	0.0	433.4
Total Liabilities	37,128.5	11,162.1	0.0	48,290.6

### 30 June 2023

Financial assets designated at fair value through profit or loss

Investments	1,977.5	3,059.0	0.0	5,036.5
Loans to Authorities	85.1	44,057.3	0.0	44,142.4
Derivative Financial Assets	0.0	(19.9)	0.0	(19.9)
Total Assets	2,062.6	47,096.4	0.0	49,159.0

Financial liabilities designated at fair value through profit or loss

Borrowings	37,488.1	9,993.6	0.0	47,481.7
Derivative Financial Liabilities	0.0	353.4	0.0	353.4
Total Liabilities	37,488.1	10,347.0	0.0	47,835.1

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## 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.

	2024 \$m	2023 \$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 ( <i>Note 7</i> )	112.8	207.8
Short Term Money Market Investments	546.5	508.8
Overseas Bank Accounts ( <i>Note 7</i> )	0.0	0.1
	<b>659.3</b>	<b>716.7</b>



	2024 \$m	2023 \$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	25.3	26.3
Depreciation	0.2	0.2
Amortisation of Intangible Assets	0.3	0.3
Unrealised Foreign Exchange Gain	0.0	0.0
Gain on Sale of Equipment	0.0	0.0
Increase in Receivables	(29.0)	(65.6)
Increase in Accrued Interest Payable	13.5	103.4
Increase in Other Creditors	0.6	0.1
Increase in Tax Liabilities	10.9	11.1
Increase in Deferred Tax Asset	0.0	0.0
Decrease in Deferred Tax Liability	0.0	0.1
Increase in Employee Benefits	0.0	(0.5)
Tax Equivalent Payment	(18.6)	0.0
Other Receipts on behalf of Client Authorities	0.0	(0.5)
Premium/Discount Amortisation	11.8	(101.3)
Fair Value Adjustment	45.4	42.6
(Increase)/Decrease in Investments	106.1	(655.5)
(Increase)/Decrease in Lending	(481.0)	2,914.6
Increase/(Decrease) in Borrowings	291.5	(2,236.0)
Net Cash (used in)/provided by Operating Activities	(23.0)	39.3

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## 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, W Zekulich, Director, P Hobson, Director and S L Murphy, Director are the current directors of WATC. Directors 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:

\$	2024	2023
0 - 10,000	1	2
20,001 - 30,000	-	2*
40,001 - 50,000	-	1
50,001 - 60,000	2	1
70,001 - 80,000	1	-
450,001 - 460,000	-	1
471,000 - 480,000	1	-

2023

\* 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.

	2024 \$	2023 \$
The total remuneration of the directors of WATC is:	664,569	600,989
Which comprises:		
Short Term Employment Benefits	596,350	539,498
Other Long Term Employment Benefits	9,892	10,240
Post Employment Benefits	58,327	51,251

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:

\$	2024	2023
200,001 - 210,000	-	1*
210,001 - 220,000	2*	-
230,001 - 240,000	-	1
240,001 - 250,000	-	1
250,001 - 260,000	1	-
260,001 - 270,000	1	1
270,001 - 280,000	-	1
290,001 - 300,000	1	-
320,001 - 330,000	-	1
330,001 - 340,000	2	1

2023

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

2024

\* Mr Luff retired from WATC during the year and therefore this salary represents part year only.

	2024 \$	2023 \$
The total remuneration of other key management personnel is:	<b>1,913,746</b>	1,882,154
Which comprises:		
Short Term Employment Benefits	<b>1,707,480</b>	1,668,588
Other Long Term Employment Benefits	<b>34,381</b>	35,503
Post Employment Benefits	<b>171,885</b>	178,063

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.

The total remuneration of directors and key management personnel is:	<b>2,578,316</b>	2,483,143
Which comprises:		
Short Term Employment Benefits	<b>2,303,830</b>	2,208,086
Other Long Term Employment Benefits	<b>44,274</b>	45,743
Post Employment Benefits	<b>230,212</b>	229,314



# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

	2024 \$	2024 \$
<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, controls and key performance indicators.	<b>259,800</b>	247,000

## 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 2024, 98.6% (2023, 98.6%) 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 2023/24

	Actual \$m	Budget \$m	Variance \$m	Comment
<b>Revenue</b>				
Interest on Investments	156.3	122.0	34.3	1
Interest from Authorities	1,599.7	1,766.5	(166.8)	2
Fee Income	3.0	3.0	0.0	
	1,759.0	1,891.5	(132.5)	
<b>Expenses</b>				
Interest on Borrowings	1,655.1	1,837.7	(182.6)	4
Borrowing Related Expenses	1.0	3.5	(2.5)	
Depreciation	0.2	0.4	(0.2)	
Amortisation of Intangible Assets	0.3	0.3	0.0	
Administration Expenses	20.8	22.8	(2.0)	
Foreign Exchange Loss	0.0	0.0	0.0	
Net Fair Value Movement	45.4	0.0	45.4	3
	1,722.8	1,864.6	(141.8)	
Profit before income tax equivalent	36.2	26.9	9.3	
Income Tax Equivalent Expense	10.9	7.9	3.0	
Profit for the period	25.3	19.0	6.3	
Other Comprehensive Income	0.0	0.0	0.0	
Total Comprehensive Income	25.3	19.0	6.3	

#### 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 debt levels.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2024

## NOTE 24 (continued)

### 24b. Comparison Between 2023/24 And The Previous Year

	2024 \$m	2023 \$m	Change \$m	Comment
<b>Revenue</b>				
Interest on Investments	156.3	100.3	56.0	1
Interest from Authorities	1,599.7	1,374.9	224.8	2
Fee Income	3.0	2.7	0.3	
	1,759.0	1,477.9	281.1	
Total Income	1,759.0	1,477.9	281.1	
<b>Expenses</b>				
Interest on Borrowings	1,655.1	1,376.5	278.6	4
Borrowing Related Expenses	1.0	1.0	0.0	
Depreciation	0.2	0.2	0.0	
Amortisation of Intangible Assets	0.3	0.3	0.0	
Administration Expenses	20.8	19.5	1.3	
Net Fair Value Movement	45.4	42.6	2.8	3
	1,722.8	1,440.3	282.6	
Profit before income tax equivalent	36.2	37.6	(1.5)	
Income Tax Equivalent Expense	10.9	11.3	(0.4)	
Profit for the period	25.3	26.3	(1.0)	
Other Comprehensive Income	0.0	0.0	0.0	
Total Comprehensive Income	25.3	26.3	(1.0)	

- Interest on Investments has increased by \$56.0 million from the previous year mainly due to higher interest rates.
- Interest from Authorities has increased by \$224.8 million from the previous year mainly due to the impact of higher interest rates.
- Net Fair Value Movement has changed by \$2.8 million from the previous year mainly due to changes in interest rates.
- Interest on Borrowings has increased by \$278.6 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 2024 (2023, 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 2024.

## NOTE 27

### CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2024 (2023, nil).



# Certification of Financial Statements

For the year ended 30 June 2024

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 2024 and the financial position as at 30 June 2024.

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



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

WESTERN AUSTRALIAN  
TREASURY CORPORATION

23 August 2024



**K GULICH** PSM  
CHIEF EXECUTIVE OFFICER

WESTERN AUSTRALIAN  
TREASURY CORPORATION

23 August 2024



**M BARNES** PSM, FIPAAWA  
CHAIRPERSON

WESTERN AUSTRALIAN  
TREASURY CORPORATION

23 August 2024

# Key Performance Indicators

## VISION (2023/2024)

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 30/6/24 (Years)	AAA			AA+			AA			AA-		
	23/24 %	22/23 %	21/22 %	23/24 %	22/23 %	21/22 %	23/24 %	22/23 %	21/22 %	23/24 %	22/23 %	21/22 %
1 to 2	<b>0.34</b>		0.34	<b>0.55</b>		0.39	<b>0.69</b>		0.59	<b>0.63</b>	0.74	0.5
2 to 3	<b>0.34</b>	0.49			0.69		<b>0.56</b>	0.92		<b>0.68</b>	0.97	0.56
3 to 4	<b>0.38</b>	0.46	0.33	<b>0.77</b>		0.48	<b>0.79</b>		0.59	<b>0.79</b>	0.88	0.65
4 to 5	<b>0.41</b>	0.53	0.37	<b>0.89</b>	0.85	0.53	<b>0.95</b>	0.94		<b>1.02</b>	0.97	0.57
5 to 6		0.56	0.43	<b>0.65</b>			<b>1.01</b>	1.13	0.84		1.19	0.70
6 to 7	<b>0.66</b>		0.39	<b>0.86</b>				1.20	0.69			
7 to 8		0.77			1.18		<b>0.99</b>		0.74			
8 to 9	<b>0.66</b>		0.47			0.70						
9 to 10		0.74					<b>1.13</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 23/24 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 2024 and have at least one year until maturity at 30 June 2025;
- 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 2019/20 to 2023/24**

Year	Net Administration Expense \$m	Average Loan Funds Outstanding \$m	Target Administration Cost Ratio %	Actual Administration Cost Ratio %
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
2022/23	18.424	46,344	<0.050	0.040
<b>2023/24</b>	<b>19.298</b>	<b>45,127</b>	<b>&lt;0.060</b>	<b>0.043</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 2024.



**K GULICH** PSM  
CHIEF EXECUTIVE OFFICER

WESTERN AUSTRALIAN  
TREASURY CORPORATION

23 August 2024



**M BARNES** PSM, FIPA AWA  
CHAIRPERSON

WESTERN AUSTRALIAN  
TREASURY CORPORATION

23 August 2024

# Independent Auditor's Report



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

2024

#### 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 as at 30 June 2024, 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 material 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 2024 and the financial position as 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.

# 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 Western Australian Treasury Corporation 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 controls within the system were suitably designed to achieve the overall control objectives identified as at 30 June 2024, and the controls were implemented as designed as at 30 June 2024.

### 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 Engagements 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 2024 reported in accordance with the *Financial Management Act 2006* and Treasurer's Instructions (legislative requirements). 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 report of the Western Australian Treasury Corporation for the year ended 30 June 2024 is in accordance with the legislative requirements, and the key performance indicators are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2024.

### 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 2024, 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**

This auditor's report relates to the financial statements and key performance indicators of the Western Australian Treasury Corporation for the year ended 30 June 2024 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  
29 August 2024

# Client Authorities

Face Value Net Debt Outstanding to Western Australian Treasury Corporation  
at 30 June 2024

Authority Name	Balance at 1 July 2023 \$'000	Net Advances During Year \$'000	Balance at 30 June 2024 \$'000
Albany City Council	5,322	-1,454	3,868
Armadale City Council	37,569	-3,848	33,721
Ashburton Shire Council	1,299	-415	884
Augusta-Margaret River Shire Council	14,567	-1,070	13,497
Bassendean Town Council	1,001	-286	715
Bayswater City Council	16,516	-2,361	14,155
Belmont City Council	12,236	-618	11,618
Beverley Shire Council	2,118	-117	2,001
Boddington Shire Council	1,756	-369	1,387
Boyup Brook Shire Council	72	-23	49
Bridgetown-Greenbushes Shire Council	1,695	-99	1,596
Brookton Shire Council	669	-152	517
Broome Shire Council	7,787	-551	7,236
Broomehill-Tambellup Shire Council	1,682	-111	1,571
Bruce Rock Shire Council	2,295	-93	2,202
Bunbury City Council	9,254	6,028	15,282
Bunbury Water Corporation	5,009	-737	4,272
Busselton City Council	48,242	-4,184	44,058
Canning City Council	28,550	-4,269	24,281
Capel Shire Council	4,089	-302	3,787
Carnamah Shire Council	52	-34	18
Carnarvon Shire Council	1,879	712	2,591
Chittering Shire Council	6,250	-544	5,706
Claremont Town Council	5,415	-226	5,189
Cockburn City Council	7,500	-2,500	5,000
Collie Shire Council	1,333	-199	1,134
Commissioner of Main Roads	130,000	557,220	687,220
Coorow Shire Council	6,287	-211	6,076
Corrigin Shire Council	1,320	-94	1,226
Cottesloe Town Council	2,461	-352	2,109
Country Housing Authority	1,853	-1,853	0
Cranbrook Shire Council	36	-36	0

## Client Authorities (continued)

Authority Name	Balance at 1 July 2023 \$'000	Net Advances During Year \$'000	Balance at 30 June 2024 \$'000
Cuballing Shire Council	1,288	-163	1,125
Cue Shire Council	657	-96	561
Cunderdin Shire Council	895	-79	816
Curtin University	20,871	-2,883	17,988
Dalwallinu Shire Council	3,315	-310	3,005
Dandaragan Shire Council	2,241	-166	2,075
Dardanup Shire Council	8,756	1,043	9,799
Denmark Shire Council	1,932	-203	1,729
Derby-West Kimberley Shire Council	2,685	4,763	7,448
Donnybrook-Balingup Shire Council	273	2,848	3,121
Dowerin Shire Council	1,161	-106	1,055
Dumbleyung Shire Council	184	-12	172
Dundas Shire Council	190	-53	137
East Pilbara Shire Council	13,509	-2,788	10,721
Edith Cowan University	34,071	-1,884	32,187
Electricity Generation and Retail Corporation	161,130	0	161,130
Electricity Networks Corporation	7,425,132	140,100	7,565,232
Esperance Shire Council	2,262	-246	2,016
Exmouth Shire Council	3,099	-367	2,732
FES Ministerial Body	31,171	-2,977	28,194
Fremantle City Council	20,003	-1,843	18,160
Fremantle Port Authority	135,913	-1,267	134,646
Gingin Shire Council	1,843	484	2,327
Gnowangerup Shire Council	520	-96	424
Gosnells City Council	7,157	13,420	20,577
Greater Geraldton City Council	20,161	-3,697	16,464
Halls Creek Shire Council	1,739	-1,739	0
Harvey Shire Council	982	2,768	3,750
Housing Authority	3,213,542	-622,297	2,591,245
Irwin Shire Council	5,462	441	5,903
Jerramungup Shire Council	991	-183	808
Joondalup City Council	1,898	-936	962



## Client Authorities (continued)

Authority Name	Balance at 1 July 2023 \$'000	Net Advances During Year \$'000	Balance at 30 June 2024 \$'000
Kalamunda City Council	7,756	-1,261	6,495
Kalgoorlie-Boulder City Council	5,656	-1,049	4,607
Karratha City Council	44	-23	21
Katanning Shire Council	3,585	-285	3,300
Kellerberrin Shire Council	2,089	-289	1,800
Kent Shire Council	715	-138	577
Kimberley Ports Authority	6,208	-1,823	4,385
Kojonup Shire Council	5,436	-438	4,998
Kondinin Shire Council	2,316	1,634	3,950
Kulin Shire Council	884	-99	785
Kwinana City Council	13,592	-2,240	11,352
Lake Grace Shire Council	1,214	-177	1,037
Laverton Shire Council	1,507	-256	1,251
Manjimup Shire Council	5,079	3,222	8,301
Melville City Council	1,383	-176	1,207
Merredin Shire Council	489	1,381	1,870
Mid West Ports Authority	6,143	-623	5,520
Mingenew Shire Council	197	-56	141
Minister for Education	398,009	2,032	400,041
Minister for Fisheries	4,000	-1,000	3,000
Moora Shire Council	598	2,827	3,425
Morawa Shire Council	419	-28	391
Mosman Park Town Council	4,734	-264	4,470
Mount Marshall Shire Council	910	-50	860
Mukinbudin Shire Council	1,068	44	1,112
Mundaring Shire Council	8,462	-770	7,692
Murchison Shire Council	1,723	-189	1,534
Murdoch University	2,223	94,851	97,074
Murray Shire Council	4,451	-452	3,999
Nannup Shire Council	758	-93	665
Narembeen Shire Council	742	-77	665
Narrogin Shire Council	1,520	-139	1,381

## Client Authorities (continued)

Authority Name	Balance at 1 July 2023 \$'000	Net Advances During Year \$'000	Balance at 30 June 2024 \$'000
Nedlands City Council	1,572	-647	925
Northam Shire Council	7,032	-421	6,611
Northampton Shire Council	946	-139	807
Nungarin Shire Council	354	751	1,105
Peppermint Grove Shire Council	655	-39	616
Perenjori Shire Council	170	956	1,126
Pilbara Ports Authority	138,573	-3,848	134,725
Pingelly Shire Council	1,833	-67	1,767
Plantagenet Shire Council	1,648	-382	1,266
Port Hedland Town Council	23,901	-1,922	21,979
Public Transport Authority	3,434,415	990,132	4,424,547
Quairading Shire Council	344	-66	278
Ravensthorpe Shire Council	696	-148	548
Regional Power Corporation	849,511	33,161	882,672
Rockingham City Council	5,405	-1,235	4,170
Serpentine-Jarrahdale Shire Council	4,021	1,580	5,601
Shark Bay Shire Council	701	-34	667
South Perth City Council	13,252	-3,233	10,019
Southern Metropolitan Regional Council	1,800	-69	1,731
Southern Ports Authority	4,805	-1,473	3,332
Subiaco City Council	5,603	-498	5,105
Swan City Council	48,056	1,588	49,644
Tammin Shire Council	94	-28	66
The Minister for Agriculture and Food exercising power under Sec 6(1) of the the Loans ( <i>Co-operative Companies</i> ) <i>Act 2004</i>	21,175	7,200	28,375
The Treasurer on behalf of the State of Western Australia	22,886,945	0	22,886,945
Three Springs Shire Council	44	-44	0
Toodyay Shire Council	5,273	-329	4,944
Trayning Shire Council	664	717	1,381
University of Western Australia	172,134	-6,004	166,130
Upper Gascoyne Shire Council	858	445	1,303

## Client Authorities (continued)

Authority Name	Balance at 1 July 2023 \$'000	Net Advances During Year \$'000	Balance at 30 June 2024 \$'000
Victoria Park Town Council	12,438	-2,990	9,448
Victoria Plains Shire Council	1,707	-247	1,460
Vincent City Council	13,061	-2,887	10,174
Wagin Shire Council	403	-8	395
Wandering Shire Council	76	-5	71
Wanneroo City Council	65,334	0	65,334
Waroonna Shire Council	1,662	-134	1,528
Water Corporation	5,040,346	-638,700	4,401,646
West Arthur Shire Council	686	38	724
Western Australian Land Authority	121,300	-47,100	74,200
Wickepin Shire Council	310	-40	270
Williams Shire Council	516	-64	452
Wiluna Shire Council	2,502	-125	2,377
Wongan-Ballidu Shire Council	1,915	-107	1,808
Wyalkatchem Shire Council	24	-24	0
Wyndham-East Kimberley Shire Council	4,932	-825	4,107
Yalgoo Shire Council	47	-47	0
Yilgarn Shire Council	761	-98	663
York Shire Council	1,175	-315	860
<b>TOTAL</b>	<b>44,886,731</b>	<b>479,952</b>	<b>45,366,683</b>

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# 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:

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

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