The State of Western Australia

Introduction



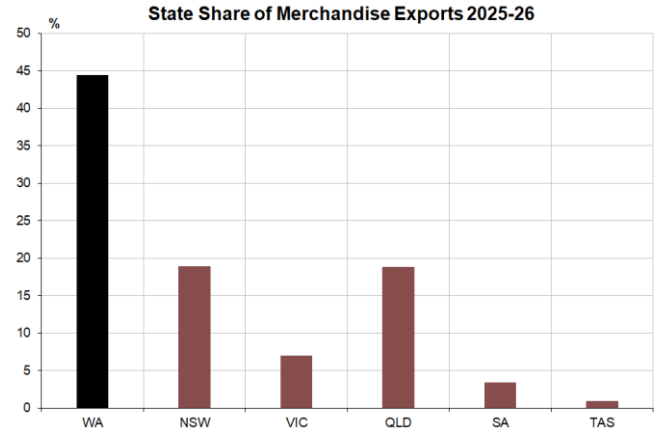
- Western Australia (WA) is 2.5 million square kilometres in size, and one third of the Australian land mass.
- Western Australia's population of 3.1 million accounts for 11% of Australia's population of 27.9 million.
- Western Australia's capital city Perth has a population of approximately 2.5 million.

Economy

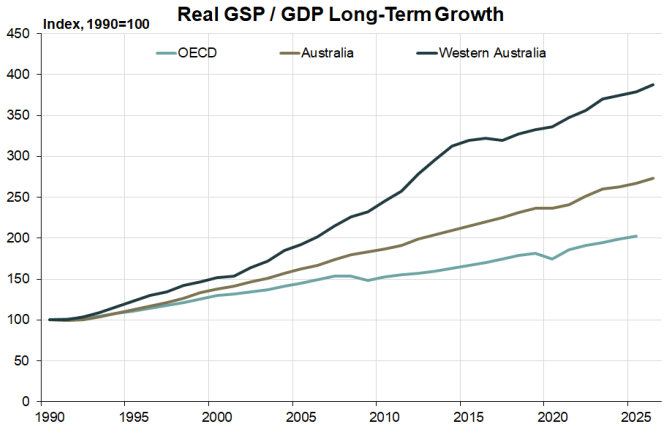
- A high-income, export orientated economy.
- Western Australia is one of the most productive and diversified mineral and petroleum regions in the world, with more than 50 mineral and petroleum products being produced in commercial quantities worth A$227 billion in 2025-26.
- In 2025-26, iron ore was the State's most valuable resource, followed by gold, liquefied natural gas (LNG), lithium, crude oil and condensate, alumina, mineral sands, nickel and copper.
- Real Gross State product growth accelerated to an estimated 3.25% in 2025-26 from 1.3% in 2024-25. Real state final demand rose 3.5% in 2025-26.

The Export Powerhouse of the Australian Economy

Western Australia produced 45% of the nation's merchandise exports in 2025-26.



Source: Australian Bureau of Statistics



Source: Australian Bureau of Statistics, Bloomberg

Western Australia's economic growth has averaged 3.8% over the past 25 years.

Key Economic Indicators	Western Australia	Australia
Real GSP / GDP growth 10-year average	1.8%	2.2%
Real GSP / GDP growth 2025-26	2.4%	2.3%
Nominal GSP / GDP 2025-26	A$477.7 billion	A$2,938.5 billion
Per Capita Nominal GSP / GDP 2025-26	A$155,276	A$105,717
Business Capital Investment 2025-26	A$67.5 billion	A$361.1 billion
Unemployment Rate 2025-26 Average	4.1%	4.3%
Labour Participation Rate 2025-26 Average	68.7%	66.8%
Goods exports value 2025-26	A$240 billion	A$534 billion

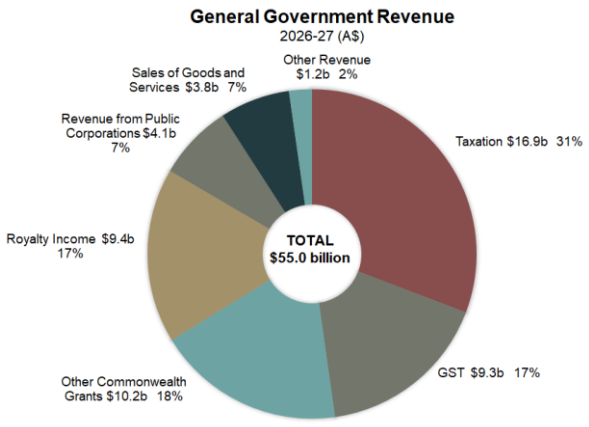
Key 2026-27 Budget Assumptions

	2024-25 Actual	2025-26 Actual	2026-27 Budget Year	2027-28 Outyear	2028-29 Outyear	2029-30 Outyear
Real Gross State Product growth (%) [(a)]	1.3	3.25	2.3	2.0	2.0	2.0
Real State Final Demand growth (%)	3.0	3.5	2.25	2.25	2.75	2.75
Employment growth (%)	3.1	1.6	1.75	1.5	1.5	1.5
Unemployment rate (%) [(b)]	3.7	4.2	4.25	4.25	4.25	4.5
Wage Price Index growth (%) [(c)]	3.7	3.3	3.25	3.25	3.25	3.0
Perth Consumer Price Index growth (%) [(c)(d)]	2.8	4.0	3.75	2.75	2.5	2.5
Iron ore price, $US/t, CFR [(b)(e)]	100.9	104.3	85.2	72.0	72.0	72.0
Iron ore volumes (million tonnes)	864	904	897	900	900	898
Crude oil price ($US per barrel) [(b)]	73.4	76.2	83.9	75.0	72.8	71.4
Exchange rate (US cents) [(b)]	64.8	67.9	68.9	70.4	72.3	74.2
Population growth (%) [©(f)]	2.2	1.8	1.6	1.5	1.5	1.5
Interest rate assumptions (%): [(b)]						
– Public Bank Account interest earnings	4.5	4.4	4.8	4.7	4.6	4.6
– Consolidated Account borrowings	3.6	3.7	4.2	4.4	4.5	4.7

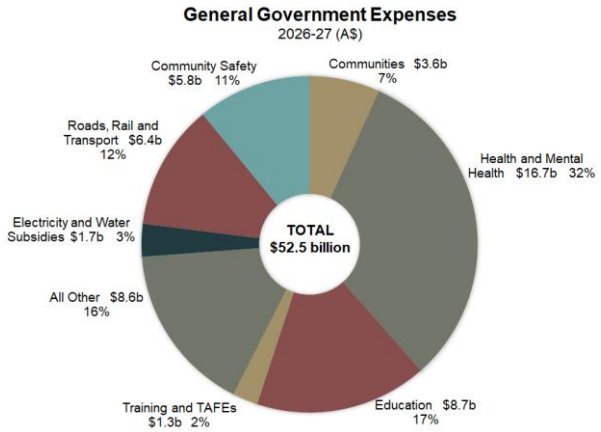
(a) Estimated Actual for 2025-26
(b) Data expressed as annual average during the financial year.
(c) Data expressed in year-ended terms.
(d) The CPI growth rates are based on the total index excluding the electricity sub-index as a result of the successive Household Electricity Credits provided across the State.
(e) The benchmark (61% Fe from January 2026, 62% prior) delivered to North China inclusive of cost and freight (CFR).
(f) Actual population figure for 2025-26 is not available until 17 December 2026.

Key 2026-27 Budget Aggregates

	2024-25 Actual	2025-26 Actual	2026-27 Budget Year	2027-28 Outyear	2028-29 Outyear	2029-30 Outyear
GENERAL GOVERNMENT SECTOR						
Net Operating Balance ($m)	**3,652**	**4,191**	**2,441**	**1,752**	**3,501**	**4,123**
Revenue ($m)	49,689	52,759	54,980	52,378	53,653	54,786
Revenue Growth (%)	8.1	6.2	4.4	-4.7	2.4	2.1
Expenses ($m)	46,037	48,568	52,539	50,626	50,152	50,663
Expense Growth (%)	11.0	5.5	6.9	-3.6	-0.9	1.0
TOTAL PUBLIC SECTOR						
Net Debt at 30 June ($m)	**30,172**	**33,412**	**40,264**	**43,329**	**44,684**	**43,987**
Net Debt as a Share of GSP (%)	6.6	6.9	8.2	9.1	9.2	8.9
Asset Investment Program ($m)	13,132	12,269	13,234	10,852	10,685	9,518
Cash Surplus/Deficit ($m)	-1,718	-2,844	-5,109	-2,532	-949	1,269



Source: Department of Treasury and Finance



Source: Department of Treasury and Finance

The Australian Commonwealth and the States

Commonwealth Government

Allocated powers under the Australian constitution over matters of national interest including defence, external affairs, international trade and commerce, currency and banking.

Commonwealth Taxation Powers

Taxes levied under national legislation include personal income tax, corporate tax, excise and customs duties, royalties on offshore natural resources and the Goods and Services Tax (GST). All revenue (net of administration costs) from the GST is allocated to the states.

State Governments

State governments retain power and responsibility over all matters not delegated to the Commonwealth under the constitution. These include education, public health, police and justice system, roads, railways, ports, electricity and water supply etc.

State Taxation Powers

The States impose and have full constitutional control over payroll taxes, stamp duties, land taxes, gambling taxes and royalties on onshore natural resources.

The Australian Commonwealth and the States - Vertical and Horizontal Imbalances and Equalisation Methods - A Tightly Linked Fiscal Relationship

Vertical Imbalance

The Commonwealth and the States and Territories have a tight fiscal relationship – however, there is an imbalance between revenues and spending requirements:

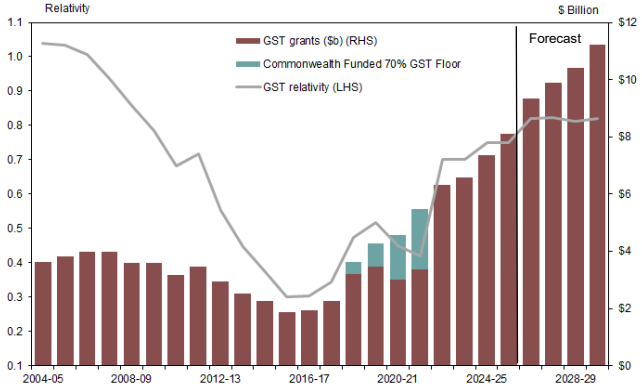
- The Commonwealth Government collects the majority of total government revenue, and the States and Territories oversee approximately half of total government spending.
- The Commonwealth therefore provides the State and Territory Governments with a large portion of their revenues via grants, which come in three forms – GST, specific purpose, and general revenue grants.

Horizontal Imbalance

The Commonwealth also works to smooth revenue imbalances between the States and Territories through the Horizontal Fiscal Equalisation (HFE) framework which:

- Endeavours to equalise the fiscal capacity of each State and Territory to provide a consistent level of services to residents of each through the relative distribution of GST.
- Is set out in the Intergovernmental Agreement on Federal Financial Relations. GST revenue sharing relativities are updated annually while the methods used for calculating the relativities are reviewed every five years.

Western Australia is a Strong Net Contributor to the Commonwealth - The Commonwealth Government assesses the fiscal capacity of each Australian state to determine a re-distribution of GST revenue to strengthen the capacity of those States with weaker fiscal capacity. In 2018 the Commonwealth Parliament legislated a new way to distribute GST revenue among the states and territories (states). The GST floor sets a relativity below which a state's GST share cannot fall. It creates a minimum per person GST share that each state receives, irrespective of its fiscal circumstances. The floor increased from 0.70 to 0.75 in 2024-25.



Source: Department of Treasury and Finance

Western Australian Treasury Corporation

Overview

- Western Australian Treasury Corporation (WATC) was established as the central borrowing authority for the State of Western Australia by the Western Australian Treasury Corporation Act 1986.
- WATC borrows funds in domestic and overseas markets for lending to over 150 semi-government and local government authorities in Western Australia and provides advisory, investment and foreign exchange services to the Western Australian public sector.
- All borrowings by WATC are guaranteed by the Treasurer on behalf of the State of Western Australia by virtue of section 13(1) of the Western Australian Treasury Corporation Act 1986.

Rating Agency	Long-Term	Short-Term
Standard & Poor's	AAA (Stable Outlook)	A-1+
Moody's Investors Service	Aaa (Stable Outlook)	Prime-1

Funding Programs

Domestic Benchmark Bonds	Domestic Floating Rate Notes	Domestic Commercial Paper	Euro Commercial Paper	Euro Medium Term Note
13 Dealer Panel members. • 13 Maturities between 2027-2041.	• Dealt through Bond Dealer panel. • 6 Maturities between 2027-2032.	• Undertaken on a tap basis. • Requirements communicated to over 60 institutions.	• 8 Dealer Panel members. • US$6 billion multicurrency. • Maturities 1-364 days.	• 13 Dealer Panel members. • US$2.0 billion multicurrency. • Maturities 1 month - 30 years. • Reverse inquiry facility.

Fixed Interest Market Making Panel

- ANZ Investment Bank
- Barrenjoey Markets Pty Ltd
- Citigroup Global Markets Australia Pty Limited
- Commonwealth Bank of Australia
- Deutsche Capital Markets Australia Ltd
- J P Morgan Australia Limited
- Merrill Lynch (Australia) Pty Ltd
- National Australia Bank Limited
- Nomura International plc
- Royal Bank of Canada - Sydney Branch
- Toronto Dominion (South East Asia) Ltd
- UBS AG, Australia Branch
- Westpac Banking Corporation

Euro Commercial Paper Program Dealer Panel

- Bank of America Europe DAC
- Citigroup Global Markets Limited
- Commonwealth Bank of Australia
- Barclays Bank PLC
- UBS AG London Branch
- Westpac Banking Corporation
- National Australia Bank Limited
- ING Bank NV.

Euro Medium Term Note Program Dealer Panel

- Australia and New Zealand Banking Group Limited
- Citigroup Global Markets Limited
- Commonwealth Bank of Australia
- Daiwa Capital Markets Europe Limited
- Deutsche Bank AG, London Branch
- Merrill Lynch International
- Mizuho International plc
- National Australia Bank Limited
- Nomura International plc
- RBC Europe Limited
- SMBC Nikko Capital Markets Limited
- UBS AG, London Branch
- Westpac Banking Corporation

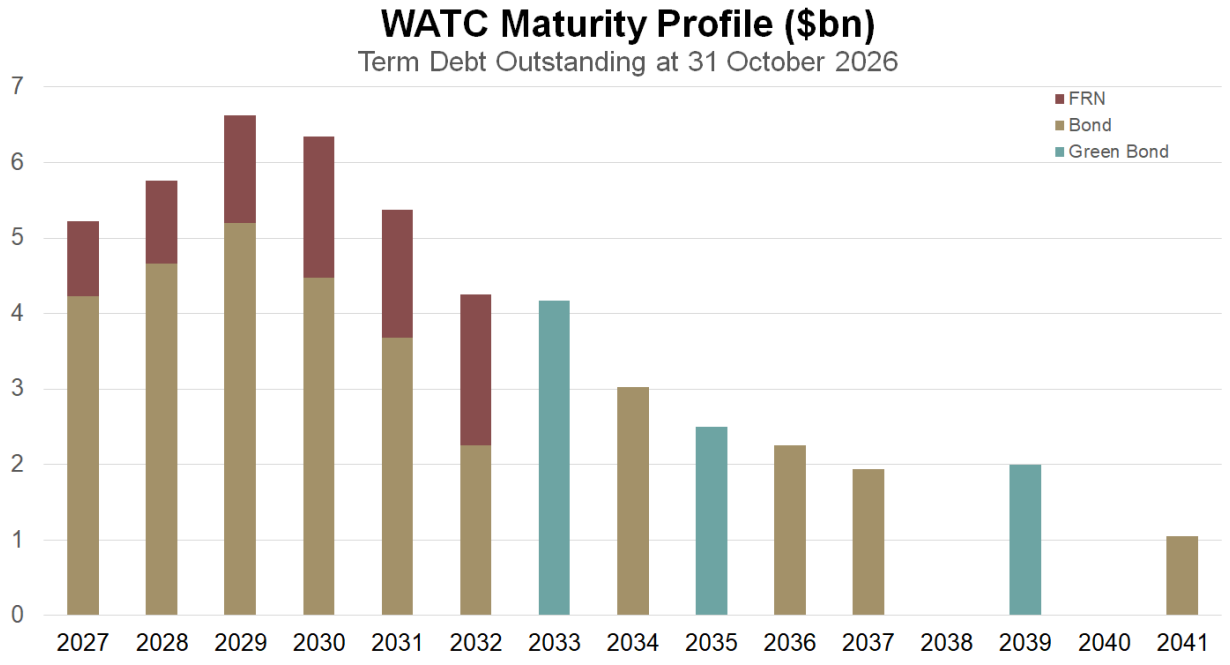
Long-term Borrowing - Domestic

BENCHMARK BOND LINES – 31 October 2026

Coupon	Maturity	Amount on Issue
3.00%	21/10/27	A$4.2 billion
3.25%	20/07/28	A$4.7 billion
2.75%	24/07/29	A$5.2 billion
1.50%	22/10/30	A$4.5 billion
1.75%	22/10/31	A$3.7 billion
4.50%	21/07/32	A$2.3 billion
4.25% (Green Bond)	20/07/33	A$4.2 billion
2.00%	24/10/34	A$3.0 billion
4.75% (Green Bond)	24/10/35	A$2.5 billion
5.50%	22/10/36	A$2.3 billion
5.00%	21/10/37	A$1.9 billion
5.75% (Green Bond)	24/10/39	A$2.0 billion
2.25%	23/07/41	A$1.0 billion
Total Benchmark Bonds on Issue		**A$41.4 billion**

FLOATING RATE NOTE LINES – 31 October 2026

Coupon	Maturity	Amount on Issue
Variable	23/02/27	A$1.0 billion
Variable	08/03/28	A$1.1 billion
Variable	21/02/29	A$1.4 billion
Variable	19/02/30	A$1.9 billion
Variable	21/02/31	A$1.7 billion
Variable	10/03/32	A$2.0 billion
Total Floating Rate Notes on Issue		**A$9.1 billion**
TOTAL LONG-TERM DEBT ON ISSUE		**A$50.5 billion**



Source: Western Australian Treasury Corporation

Western Australia - A Good Value Proposition

- **Good Credit Ratings** – AAA (Stable Outlook) from S&P and Aaa (Stable Outlook) from Moody's.
- **An Export-Driven Economy** – underpinned by its diversified range of resources and strong export growth.
- **Sound Government Financial Management** – with continued vigilance on expense control, but still continuing to build the bigger picture with necessary asset investments.
- **WATC's Active Market Presence** – in domestic and overseas financial markets.
- **Good Liquidity** – with large volumes on issue, qualifying as Level 1 Assets by APRA under Basel III.

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