

WESTERN AUSTRALIAN TREASURY CORPORATION  
PRESENTS

# 2026–27 State Budget Update

June 2026

WESTERN AUSTRALIAN  
TREASURY CORPORATION

Financial Solutions  
for the Benefit of All  
Western Australians

# 2026–27 State Budget



**Joann Wilkie PSM**

Under Treasurer, Department of Treasury and Finance Western Australia

Chairperson, Western Australian Treasury Corporation

# 2026–27 State Budget highlights



Most resilient economy in Australia



New investment to set foundations of future growth



Driving more renewable jobs and diversification



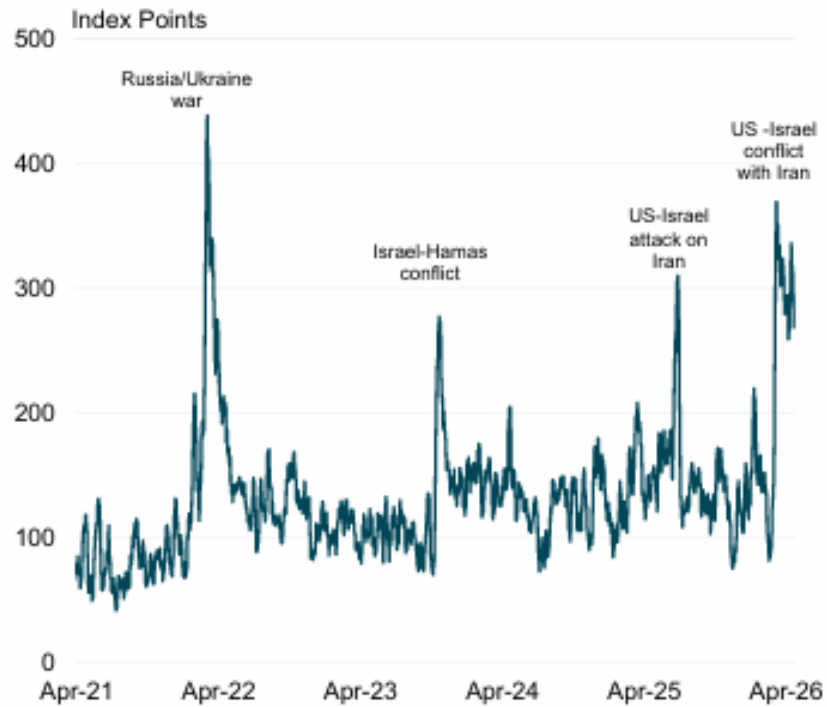
Eighth consecutive operating surplus



Low net debt

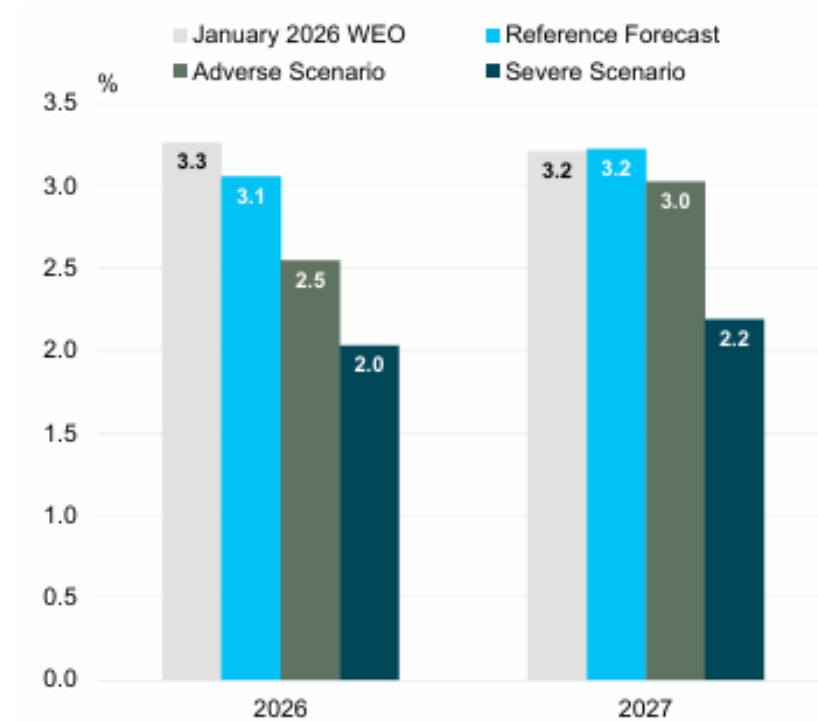
# A new layer of uncertainty

**Geopolitical Risk Index**  
7-day Moving Average



Source: Macrobond, Matteo Iacoviello.

**Global GDP Growth Scenarios**  
Annual Percentage Change



Source: International Monetary Fund.

# A lot can change in a year...

## What's new in this budget cycle?



Global growth  
driven by AI  
surge



Uncertainty  
and volatility  
posing  
downside  
risks



High fuel  
prices and  
cost pass-  
through



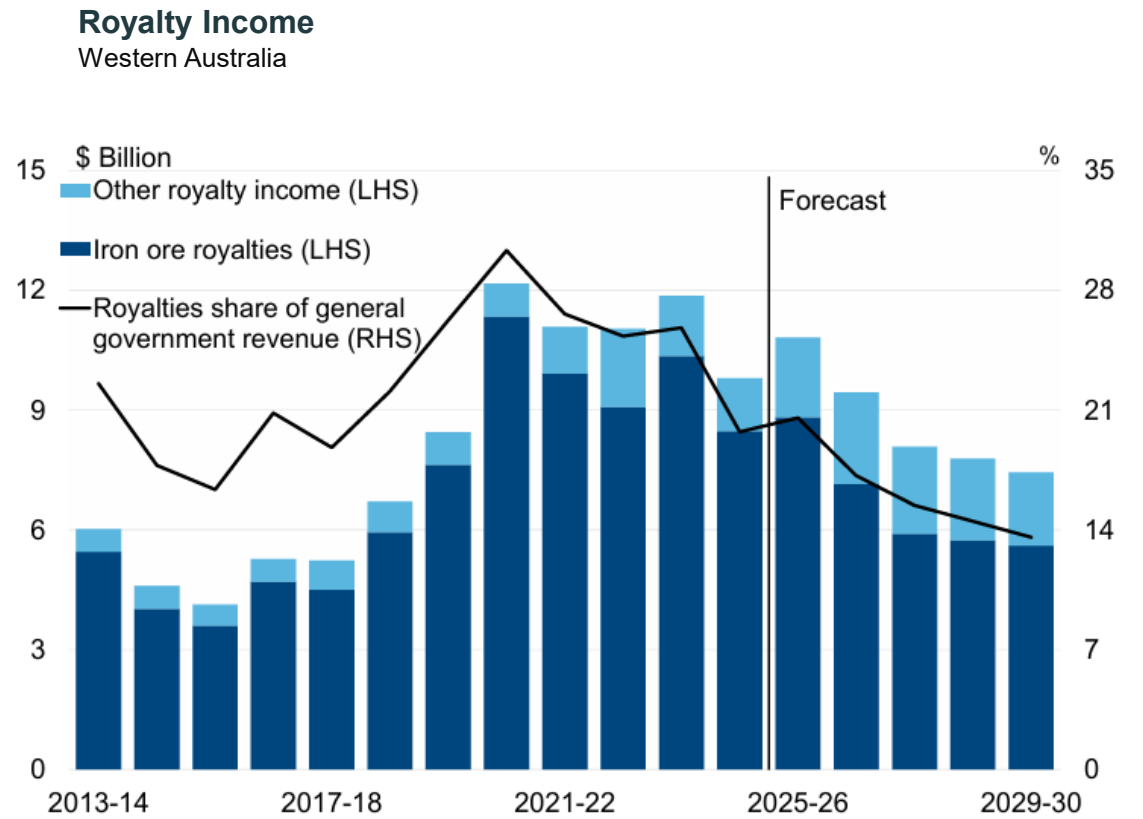
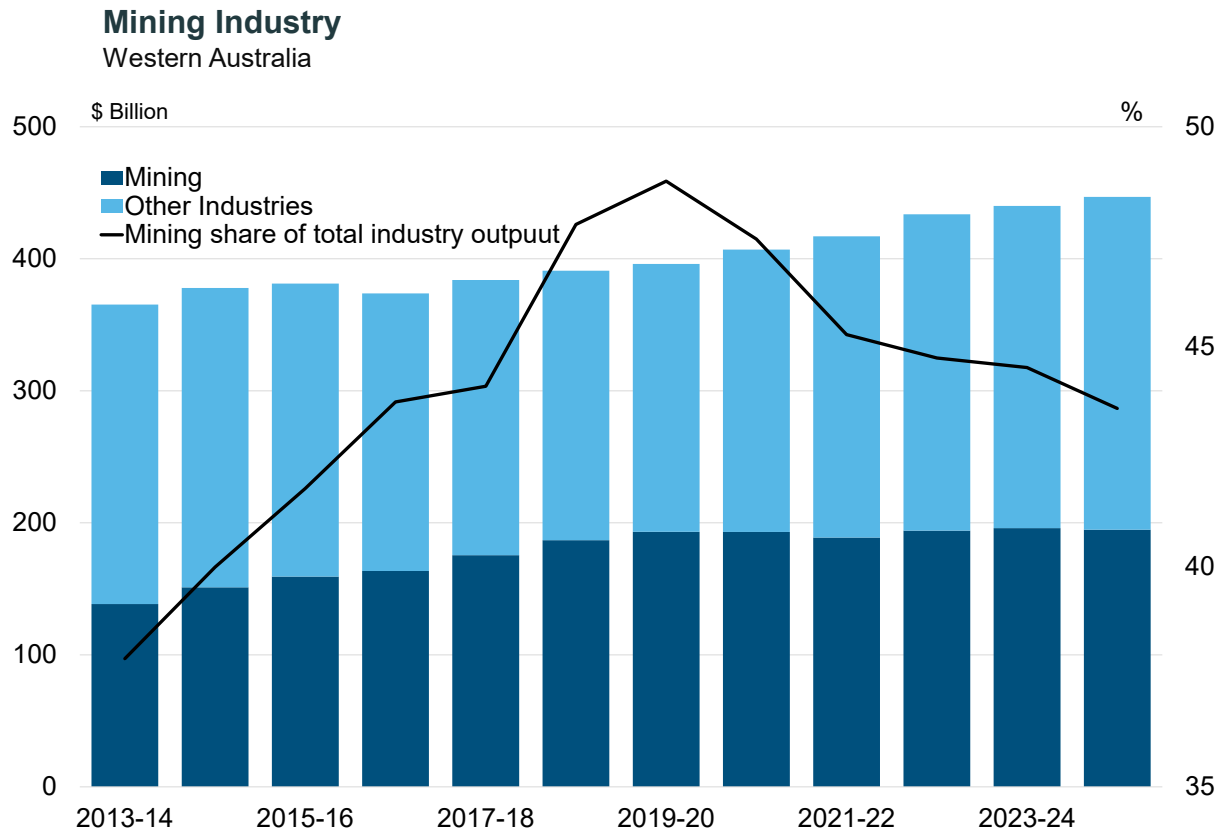
Upscaled  
investment in  
housing and  
health  
and cost-of-  
living relief



WA  
Government's  
new Fiscal  
Strategy

# What remains the same?

## Dominance of the mining industry in WA

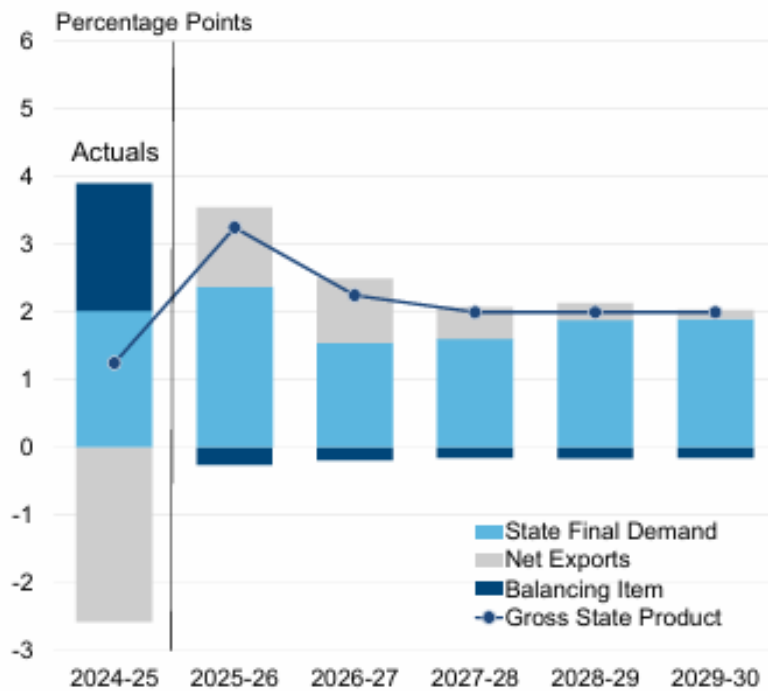


ABS Catalogue 5220.0

2026-27 Economic and Fiscal Outlook, Budget Paper 3, Figure 3

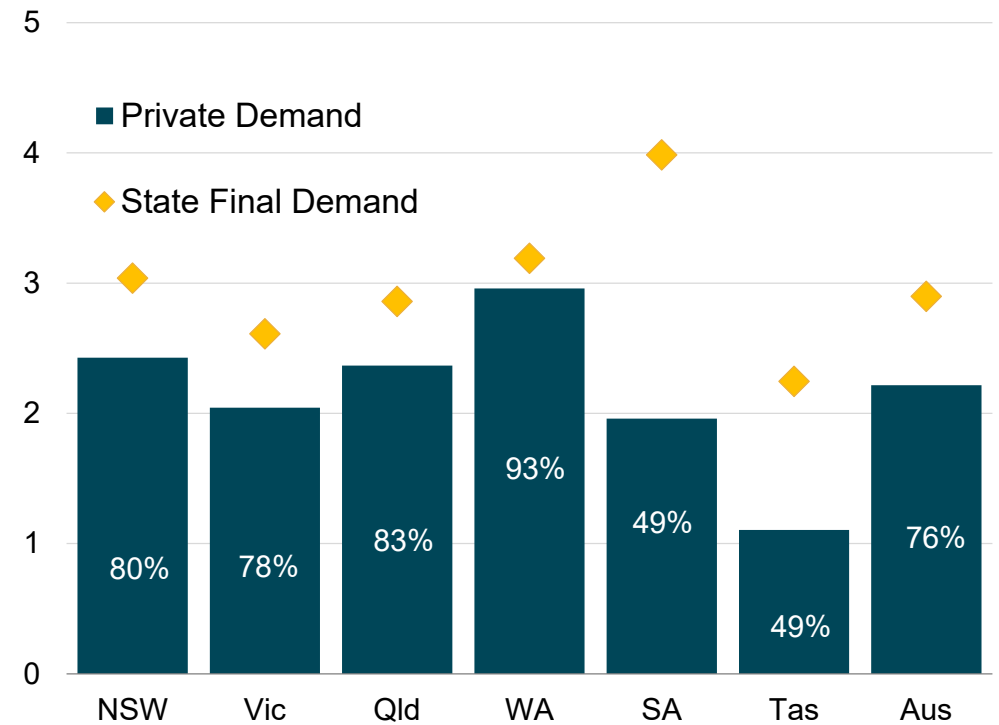
# The WA economy remains resilient

**Gross State Product**  
Contributions to Growth



Source: ABS Catalogue 5220.0, 5206.0, 5302.0, and DTF.

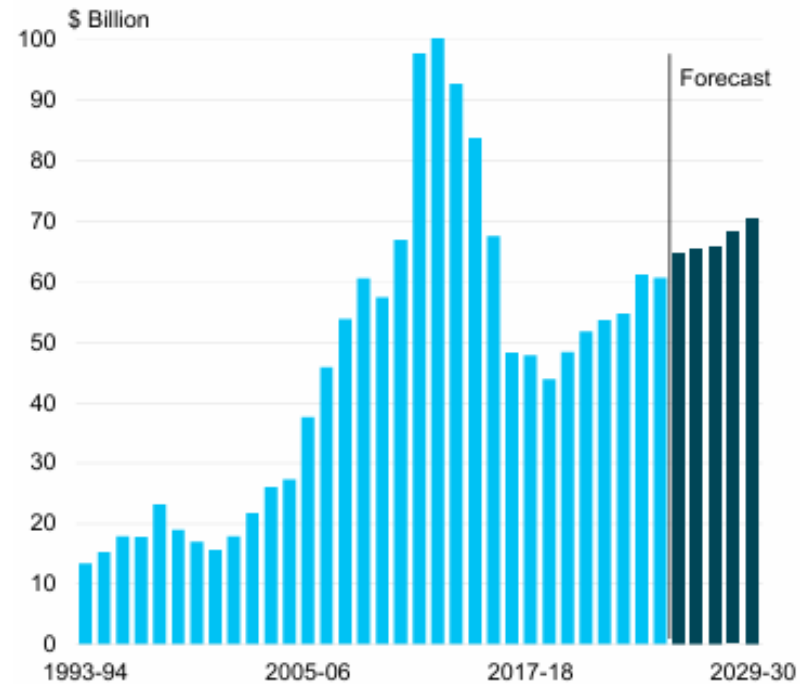
**Contributions to SFD Growth**  
Annual Average Growth, Year to March 2026



Source: ABS Catalogue 5206.0 and DTF

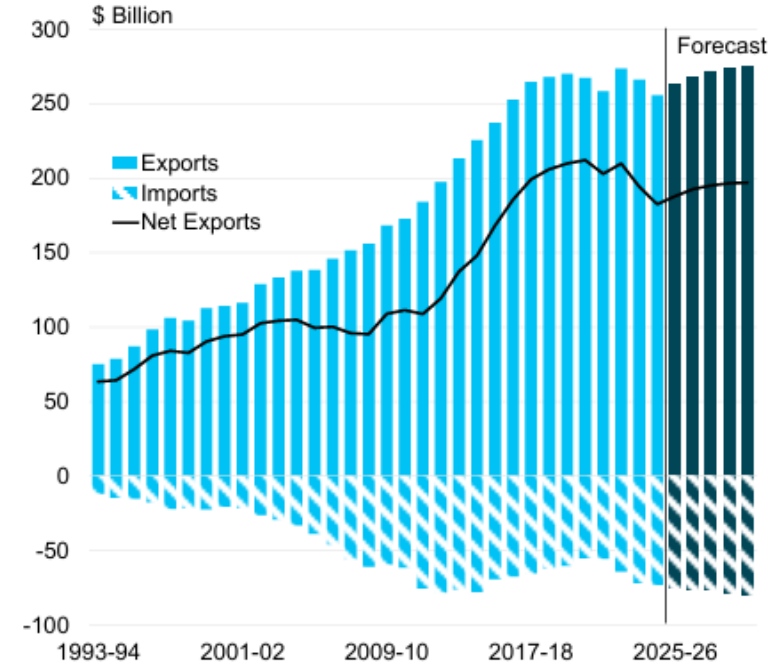
# Sustained business investment and exports

**Business Investment**  
Western Australia, Annual Levels



Source: ABS Catalogue 5206.0, and DTF.

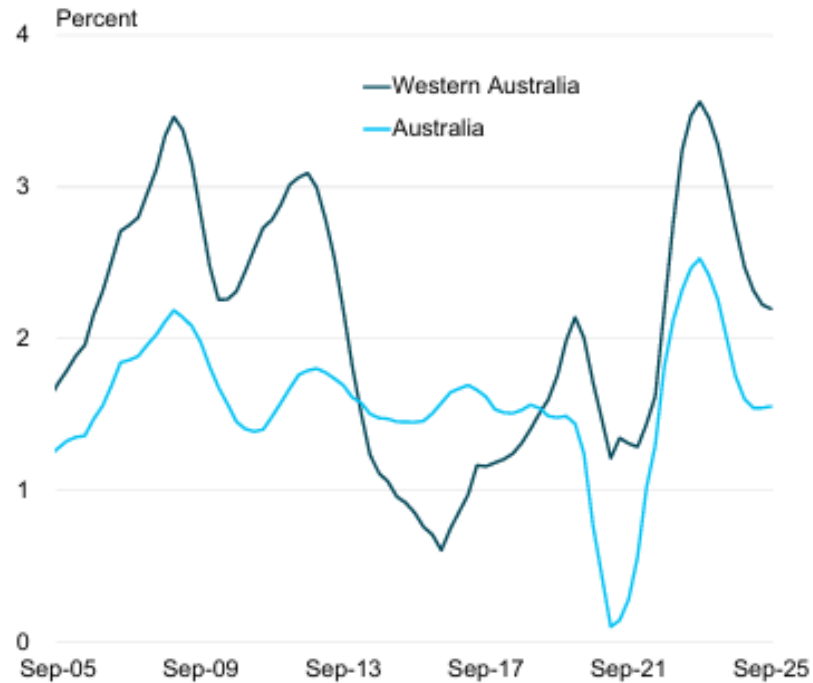
**Net Goods Export**  
Western Australia, Annual Levels



Source: ABS Catalogue 5220.0 and 5302.0, and DTF.

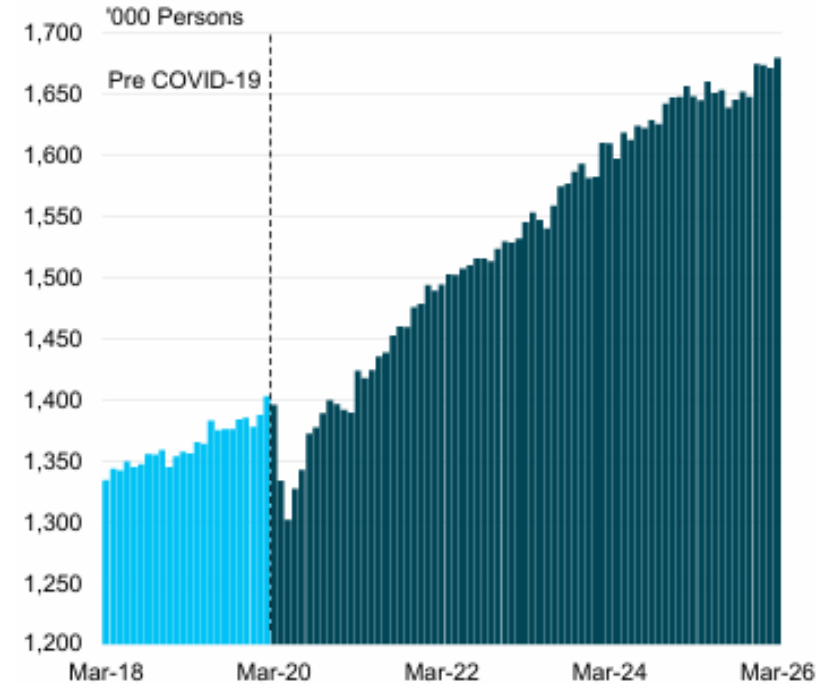
# Population growth and labour market strength

**Population Growth**  
Year-ended, September 2025



Source: ABS Catalogue 3101.0 and DTF.

**Employment**  
Monthly Level



Source: ABS Catalogue 6202.0.

# Economic assumptions summary

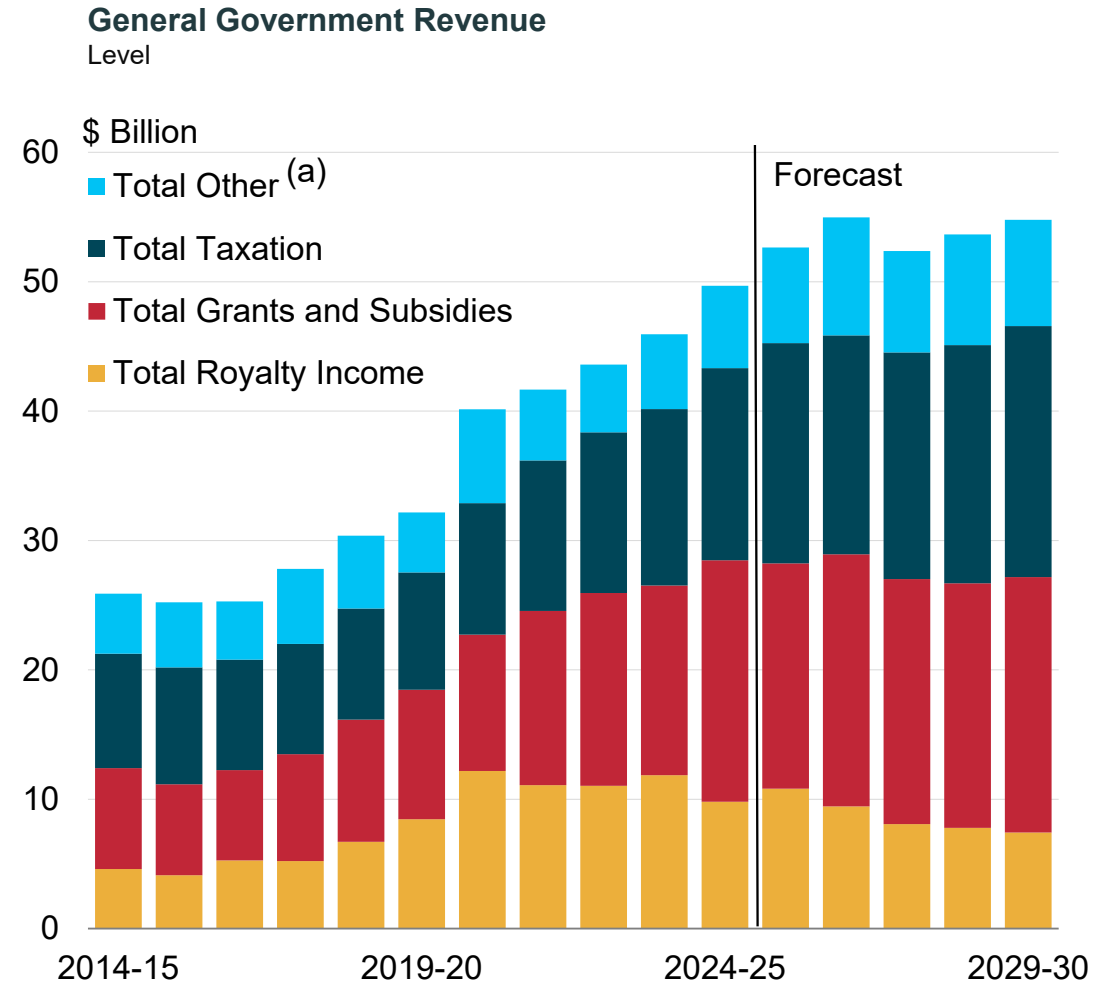
	2024-25 actual	2025-26 estimate	2026-27 budget year	2027-28 outyear	2028-29 outyear	2029-30 outyear
<b>Western Australia Budget</b>						
Real GSP growth (%)	1.3	3.25	2.25	2.0	2.0	2.0
Perth CPI growth (%)	2.8	5.5	3.75	2.75	2.5	2.5
WPI growth (%)	3.7	3.75	3.25	3.25	3.25	3.0
Iron ore price, \$US/t, CFR	100.9	104.7	85.2	72.0	72.0	72.0
Crude oil price (\$US per barrel)	73.4	79.9	83.9	75.0	72.8	71.4
Exchange rate (US cents)	64.8	67.4	68.9	70.4	72.3	74.2
<b>Commonwealth Budget</b>						
Real GDP growth (%)	1.3	2.25	1.75	2.25	2.5	2.5
CPI growth (%)	2.1	5.0	2.5	2.5	2.5	2.5
WPI growth (%)	3.4	3.25	3.5	3.5	3.5	3.75

Source: 2026-27 WA Government Economic and Fiscal Outlook, Budget Paper 3 and 2026-27 Commonwealth Government Budget Strategy and Outlook, Budget Paper 1.

# Revenue growth moderating on conservative assumptions

General government operating revenue is forecast to grow by \$2.3 billion (or 4.4%), to \$55 billion in 2026-27.

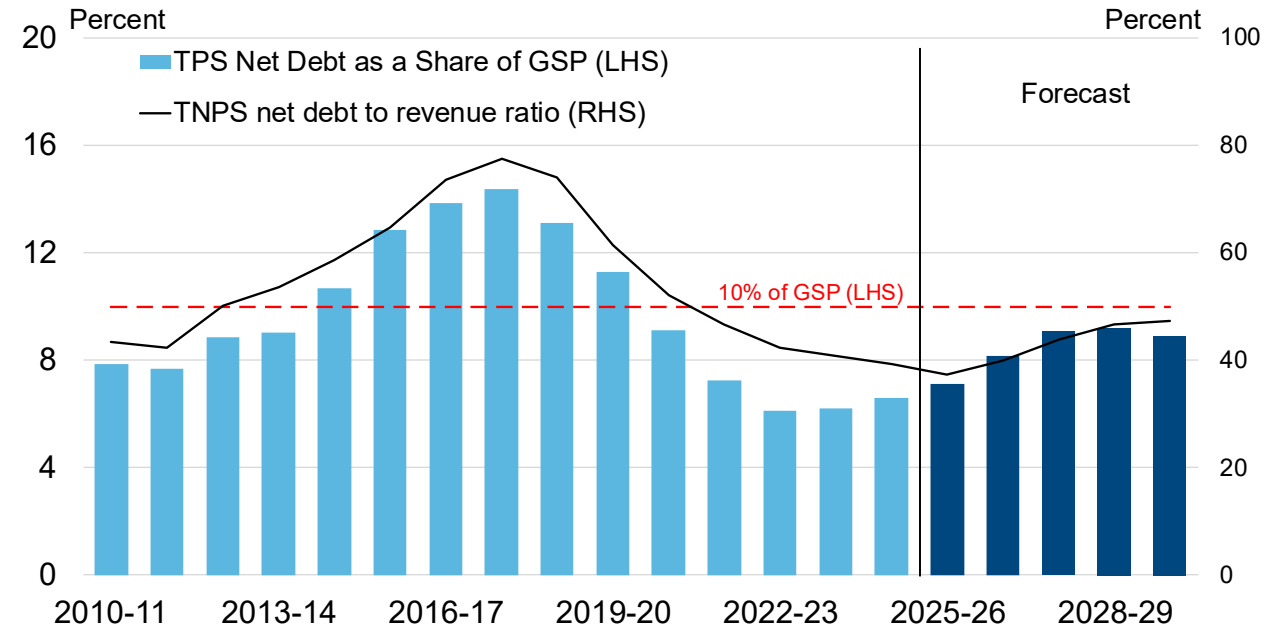
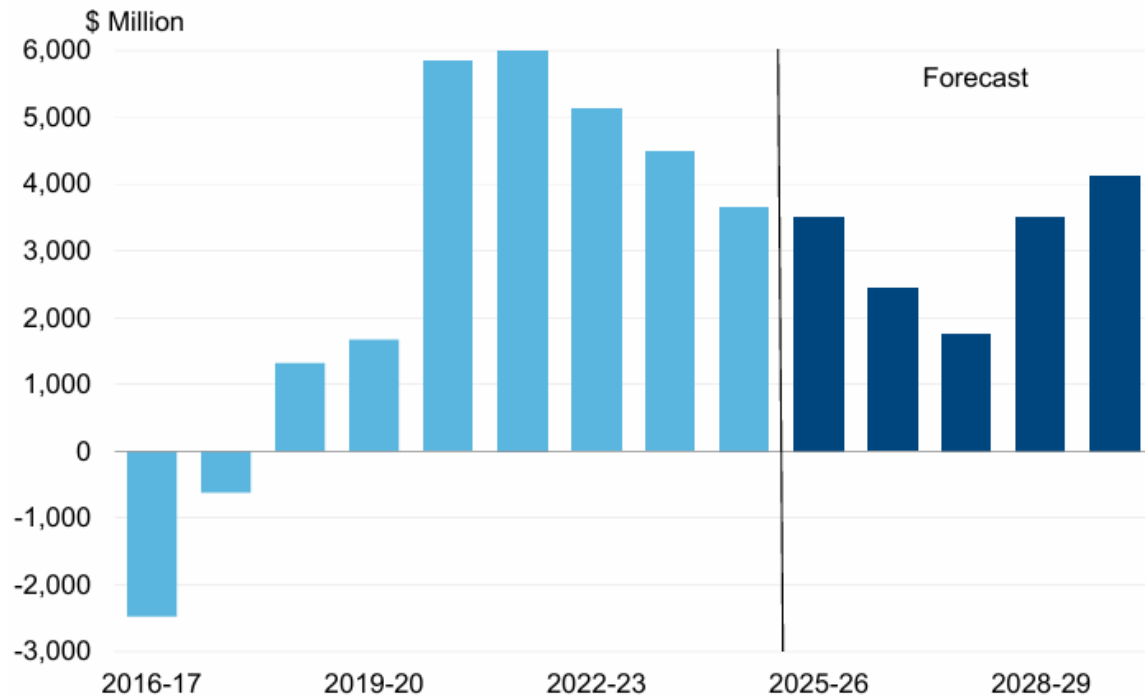
General government revenue averages \$53.6 billion a year over the three outyears.



(a) The sum of interest income, other income, revenue from public corporations and the sale of goods and services.

# Responsible financial management

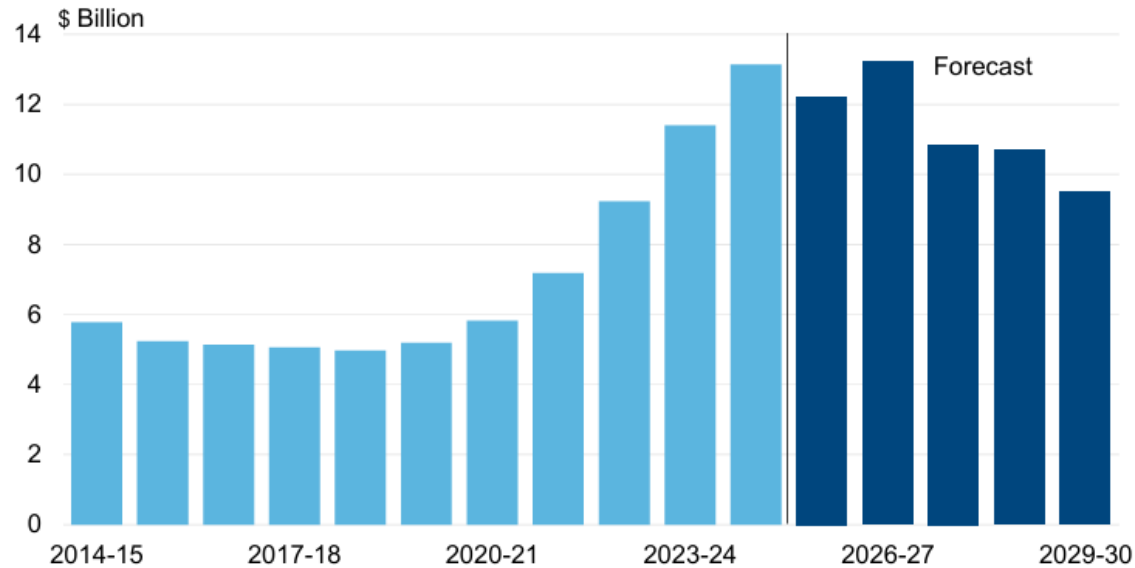
**Net Operating Balance**  
General Government Sector



2026-27 Economic and Fiscal Outlook, Budget Paper 3, Figure 5

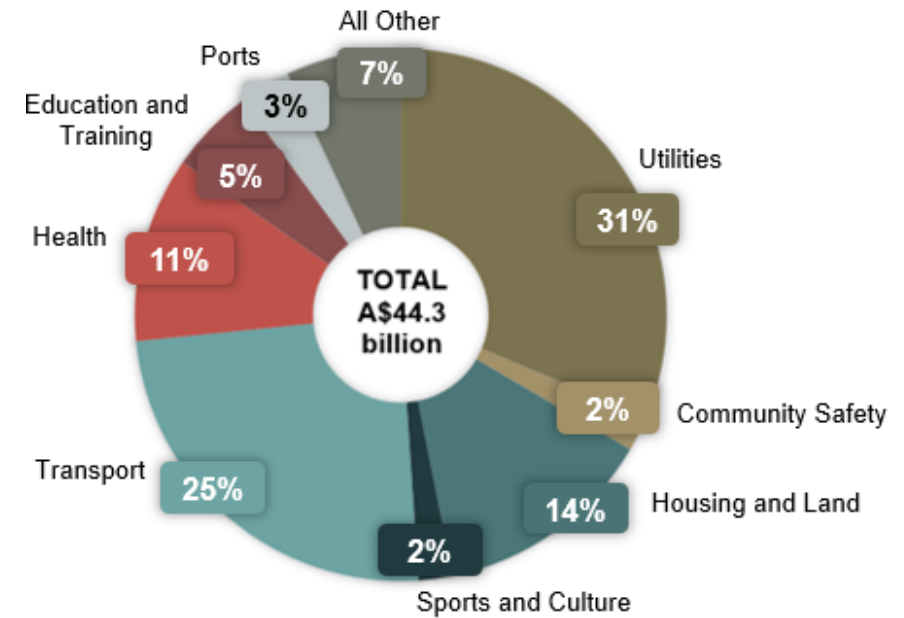
# Investment in infrastructure and net debt is affordable

**Asset Investment Program**  
Total Public Sector



2026-27 Economic and Fiscal Outlook, Budget Paper 3, Figure 2

**Asset Investment Program**  
Total Public Sector, WA



2026-27 Economic and Fiscal Outlook, Budget Paper 3, Figure 3

# Key initiatives: health, housing, jobs, cost of living



\$ **4.7**<sup>b</sup>

\$4.7 billion investment to boost **housing supply** over the forwards, lifting total new investment to \$10.8b since 2021.



\$ **9.1**<sup>b</sup>

\$9.1 billion in additional **health and mental health investment**, helping to bring more than 900 additional beds online.



\$ **13.2**<sup>b</sup>

\$13.2 billion **infrastructure** investment across the State.



\$ **2.6**<sup>b</sup>

\$2.6 billion new investment in **water and energy**, including investment in decarbonisation and to secure our water future.



\$ **1.4**<sup>b</sup>

\$1.4 billion **Clean Energy Fund** supporting renewable transition and jobs.



\$ **1**<sup>b</sup> +

Over \$1 billion of **Cost-of-Living** support for Western Australians.

# Perdaman Urea Plant

- Major resource investment in the Pilbara
- Value-adding to WA gas resources
- Largest urea plant in Australia
- Leveraging offshore gas supply
- Supported by government and policy settings



# Clean Energy Link

- Enables renewable energy transition
- Clean Energy Link is under construction now
- Integrated with key industrial hubs
- Streamlined priority project



# Henderson Defence Precinct

- Enables advanced naval capability
- Major long-term investment
- Supports AUKUS submarine operations
- Pipeline of shipbuilding projects
- Part of a larger industrial hub



# Conclusion



# 2026–27 State Budget



**Kaylene Gulich PSM**

Chief Executive Officer, Western Australian Treasury Corporation

# WATC Borrowing Program

The core benchmark bond funding program also incorporates issuance undertaken through Western Australian Treasury Corporation's Sustainable Bond Program



# WATC supports financing expenditure approved through the Western Australian State Budget

- Borrows on behalf of the general government sector, government-owned trading enterprises, local governments and universities.
- The Treasurer of Western Australia guarantees all financial liabilities incurred or assumed by WATC.
- Highly rated across both the credit and ESG spectrums, current as at:
  - Moodys: May 2026
  - S&P: August 2025
  - MSCI: January 2026

## Credit Rating of Western Australia and WATC

	S&P Global Ratings	Moody's Ratings
<b>Long Term</b>	AAA	Aaa
<b>Short Term</b>	A-1+	Prime-1
<b>Outlook</b>	Stable	Stable

## ESG Rating of Western Australia



# WATC Programs and Partners

At 7 May 2026

**We partner with Fixed Income Dealer Panel members**, consisting of major Australian and Global Banks. They support market making, turnover and sharing of information.

## Benchmark Bonds and Floating Rate Notes

- Benchmark bonds: Total outstanding: **A\$41.0 billion** (including A\$6.9 billion in green labelled bonds)
- FRNs: Total outstanding: **A\$9.1 billion**



### **13 Dealer Panel members** **5 Australian and 8 International Banks**

ANZ, Barrenjoey, Citi, CBA, Deutsche Bank, J P Morgan, Merrill Lynch, NAB, Nomura, Royal Bank of Canada, Toronto Dominion, UBS and Westpac.

## Short Term Debt Domestic

- Undertaken on a tap basis
- Total outstanding: **A\$2.9 billion**



### **Requirements communicated bilaterally with key banking partners**

## Short Term Debt International – Euro Commercial Paper

- A\$6.0 billion multicurrency capacity – typically issue in \$US and swap back to \$A
- Maturities 1 – 364 days
- Total outstanding: **A\$0.15 billion**



### **8 Dealer Panel members** **4 Australian and 4 International Banks**

Bank of America, Barclays, Citi, CBA, ING, NAB, UBS and Westpac.

WATC will be more active in markets over the coming years with a growing new money and refinancing program

### 2026–27 State Budget Borrowing Program Update

Term Funding Requirement	2026–27 State Budget			
	2026–27 \$b	2027–28 \$b	2028–29 \$b	2029–30 \$b
New Money Program (Est.)	5.8	4.3	2.5	1.6
Projected Maturities	5.8	5.3	6.1	7.1
<b>Total Maturities + New Money</b>	<b>11.1</b>	<b>9.6</b>	<b>8.6</b>	<b>8.7</b>
Less Pre-funding	0.7	0.0	0.0	0.0
<b>Total Term Funding</b>	<b>10.4</b>	<b>9.6</b>	<b>8.6</b>	<b>8.7</b>

- Estimated 'New Money' program of \$14.2 billion over budget out-years to assist in funding the \$44.3 billion Asset Investment Program
- Total requirement of \$37.3 billion shows the impact of WATC's refinancing obligations that will continue to build with increasing total debt outstanding

### Balance Sheet Management

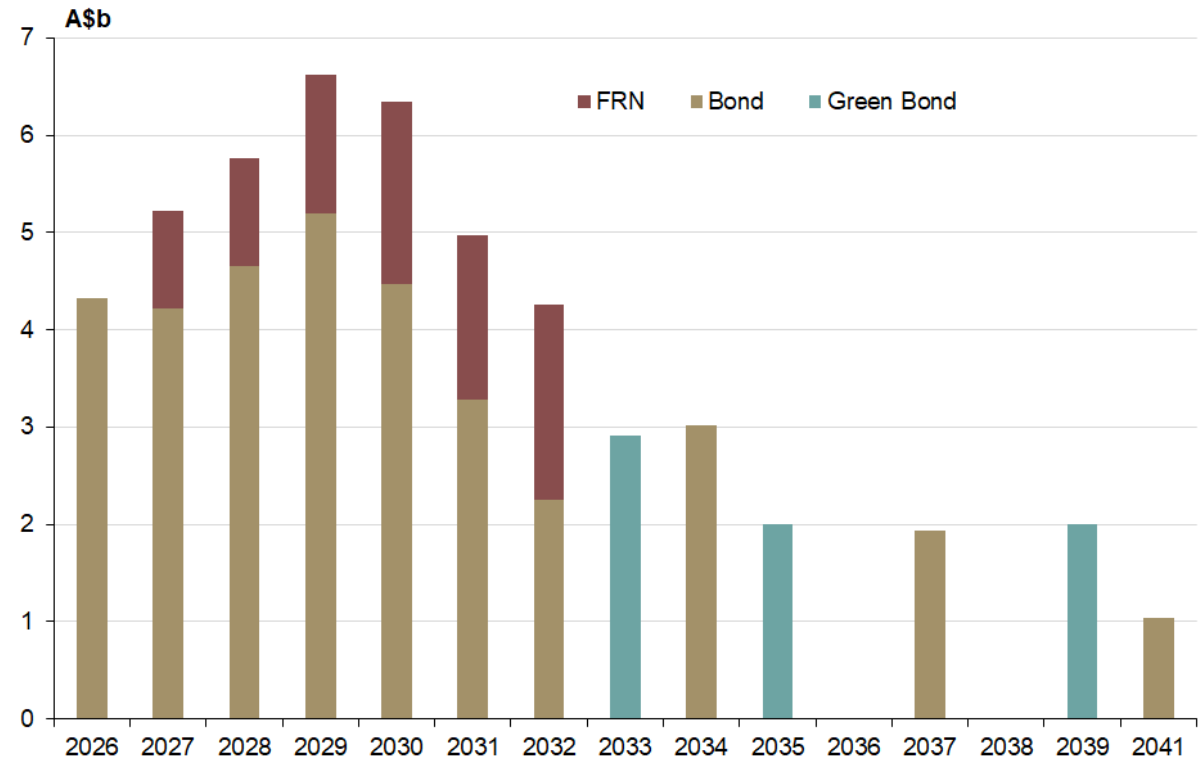
- Target optimal mix between floating and fixed rate exposure.
- Limit debt maturing with 12 months to less than 20% of total borrowing at 30 June.
- Liquid assets covering 100% of debt maturing with 12 months at 30 June.

# Moving towards a longer debt profile to accommodate increased funding needs

## 2026/27 Funding Priorities

- **Recent activity has included:**
  - \$2.0 bn October 2039 maturity green bond issued in April 2026
  - \$2.0 bn March 2032 maturity floating rate note issued in January 2026
- **FY27 will focus on:**
  - Establishment of at least one new benchmark bond line – most likely to fill an existing gap in the profile
  - Establishing another FRN line
  - Build up existing benchmark bonds and FRNs, look to opportunistically increase the 2041 bond.
  - Maintaining our presence in short term debt markets that provides flexibility in funding agencies and managing liquidity
  - Actively manage our refinancing risk by supporting switches for clients, and buybacks in the market

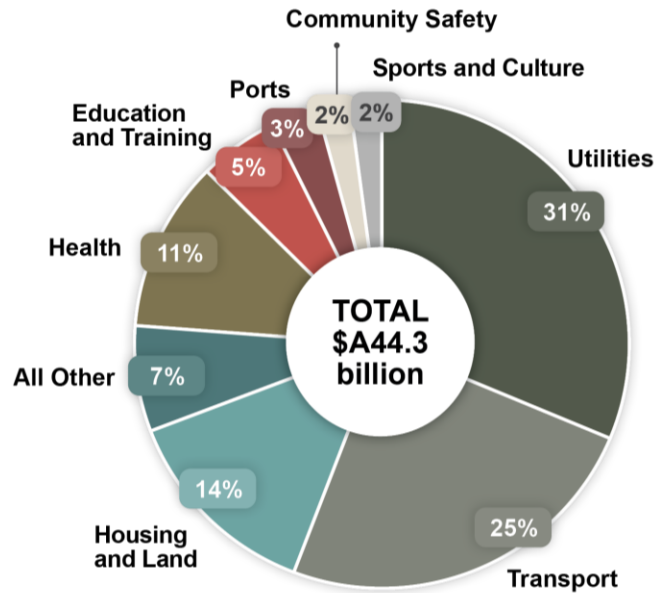
WATC: Term Outstanding at 31 May 2026



# Our Borrowing Program contributes to funding the State Government’s infrastructure commitments with 80% aligned to ICMA green and social asset categories

**Asset Investment Program (\$ billions)**

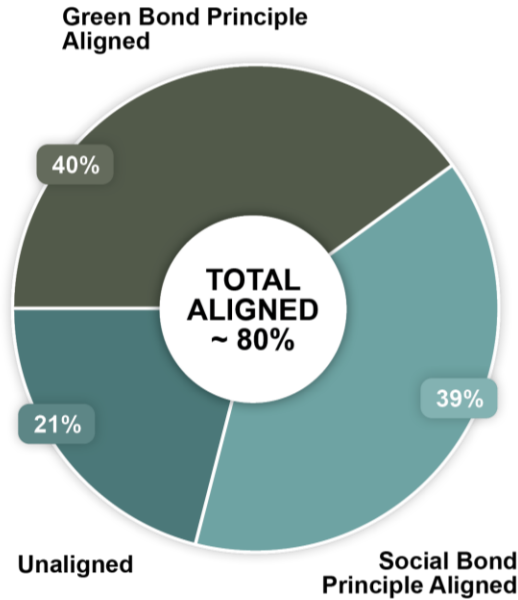
Financial Years 2027 to 2030



Source: Department of Treasury and Finance

**Asset Investment Program Alignment**

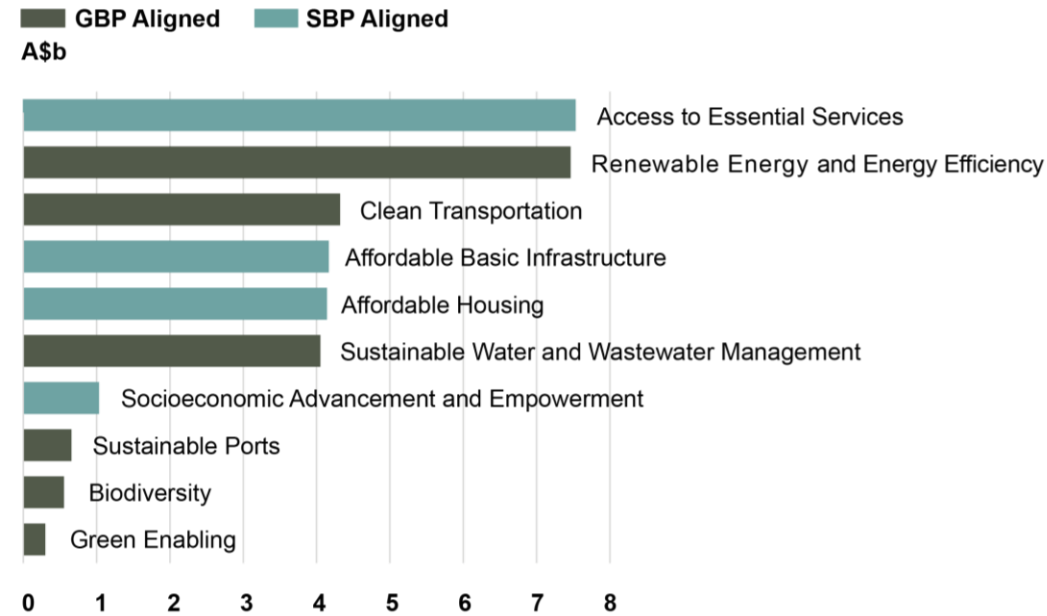
Financial Years 2027 to 2030



Source: Western Australian Treasury Corporation

**Green and Social Bond Principle Categories (\$ billions)**

Financial Years 2027 to 2030



Source: Western Australian Treasury Corporation

- WATC’s internal assessment estimates that 80% of the Western Australian Government’s budgeted Infrastructure Program can be aligned to the ICMA’s green and social bond principles categories.
- Demonstrates the significant contribution that WATC’s entire program makes towards improving environment and social outcomes in Western Australia.

# WATC greatly values investor diversity and is actively engaging all market segments

## Allocation ranges by major investor type and region

### Last 3 new Benchmark Bond issues (\$5.7 billion)



Investor Type	Allocation Range
Fund Manager	36 - 63 %
Bank Balance Sheet	19 - 32 %
Central Bank / Official Institution	7 - 15 %
Hedge Fund	5 - 9%
Sovereign Wealth Fund	2 - 8%
Trading	1 - 4%

Region	Allocation Range
Australia / New Zealand	46 - 64 %
Europe, UK & Middle East	28 - 43 %
Asia	9 - 14 %

### Last 2 new Floating Rate Note issues (\$3.6 billion)



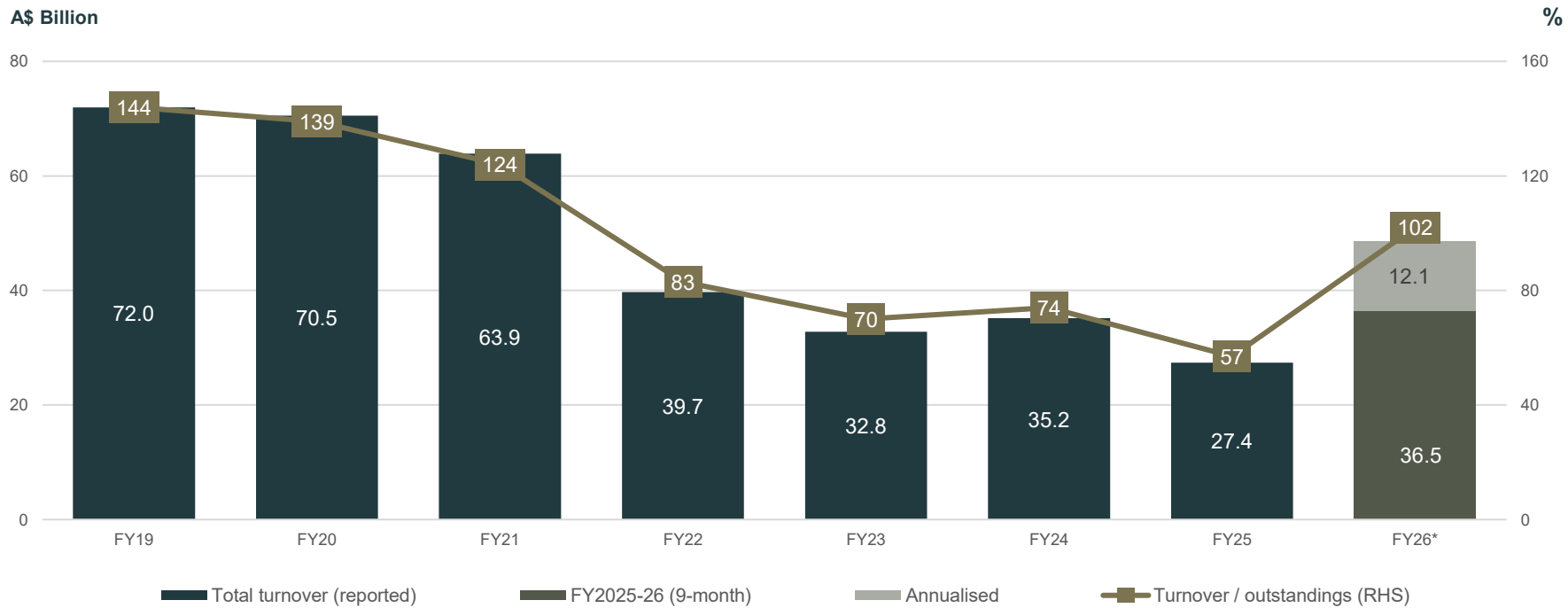
Investor Type	Allocation Range
Bank Balance Sheet	74 - 90 %
Fund Manager	8 - 21 %
Hedge Fund	0 - 3 %
Trading	1 -2 %
Central Bank / Official Institution	0 - 1 %

Region	Allocation Range
Australia / New Zealand	90 - 96 %
Europe, UK & Middle East	4%
Asia	0 - 6 %

INVESTOR TRADING

WATC secondary turnover has increased reflecting both growth in semi market investor activity globally and WATC's increased issuance program creating supply

**Total Dealer Panel Turnover in WATC Term Debt**



**Financial Year 2026 Annualised Total**  
 ≈ A\$48.6b (102%)

# WATC is a strongly credentialed green bond issuer and recognised as leading market practice

1

## Clear Alignment with International Standards



WATC's Sustainability Bond Framework is fully aligned to International Capital Market Association Green Bond Principles, the globally accepted benchmark for green bond issuance.

2

## Independent Expert Review



WATC has obtained a Second Party Opinion from Moody's Ratings: 'We have assigned an *SQS1 Sustainability Score (excellent)* to WATC's green bonds'.

3

## Clear Alignment with International Standards



WATC's green bond project pool shows strong alignment with the Australian Sustainable Finance Taxonomy.

4

## ESG Rating of Western Australia



Western Australia's ESG commitments received positive independent ratings'. Rating is current as at January 2026.

i

- WATC's strong credentials support continued access to sustainable debt markets.
- The sustainable bond program also enhances WATC's ESG credibility in broader debt markets and provides a platform for engaging investors on Western Australia's integrated ESG and economic narrative.

WATC’s green bonds focus on additionality – evidenced through our new Impact Framework that demonstrates the positive outcomes investors have contributed capital to

	WA Government Policy Theme	Allocation to date	Projects	Outcomes	Impact
1	Reducing emissions from electricity generation	\$2.8 billion	<ul style="list-style-type: none"> <li>• Windfarms</li> <li>• Standalone Power Systems</li> <li>• Solar Schools Program</li> <li>• Clean Energy Link</li> <li>• Large-Scale Batteries</li> <li>• Advanced Metering Infrastructure</li> <li>• LED Streetlights</li> </ul>	<p>FY25 estimated emissions avoided: 111,753 tCO2e</p> <p>FY28 forecast emissions avoided: 534,825 tCO2e</p>	<p>Contribution to:</p> <ul style="list-style-type: none"> <li>• Transition to net-zero by 2050</li> <li>• Long-term climate resilience</li> <li>• Sustainable land management protecting biodiversity for future generations</li> </ul>
2	Transport infrastructure to support net-zero transition	\$1.6 billion	<ul style="list-style-type: none"> <li>• METRONET</li> <li>• Electric Vehicle Initiatives</li> <li>• Active Infrastructure</li> <li>• Electric Bus Fleet</li> </ul>	<p>FY25 estimated emissions avoided: 1,826 tCO2e</p> <p>72km of new electrified rail</p>	
3	Enhancing climate change adaptation and resilience	\$0.4 billion	<ul style="list-style-type: none"> <li>• Renewable Desalination Plant</li> </ul>	<p>Forecast supply of drinking water: 50 GL/year</p>	
4 New	Enhancing and protecting our natural capital	NA*	<ul style="list-style-type: none"> <li>• Softwood Plantation Investment Scheme</li> <li>• Plan for Our Parks</li> <li>• Forest Management Plan</li> </ul>	<p>Increase in protected areas and areas under sustainable forest management</p>	

\*proceeds will be allocated from the recent \$2 billion 2039 green bond

Q&A



WESTERN AUSTRALIAN  
**TREASURY CORPORATION**

Level 12, St Georges Square  
225 St Georges Terrace  
PERTH WA 6000

**Phone** +61 8 9235 9100  
**Email** [watc@watc.wa.gov.au](mailto:watc@watc.wa.gov.au)

[watc.wa.gov.au](http://watc.wa.gov.au)

