

# Annual Report

2022



WESTERN AUSTRALIAN  
**TREASURY CORPORATION**

Financial Solutions  
for the Benefit of All  
Western Australians

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### About This Report

This annual report provides information about the services and performance of Western Australian Treasury Corporation and includes audited financial statements and performance indicators for the financial year ending 30 June 2022. A full copy of this annual report, along with previous years' annual reports, is available in pdf and other formats on our website [www.watc.wa.gov.au](http://www.watc.wa.gov.au).

### 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.

Cover photo courtesy of Tourism Western Australia.



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To the Honourable Mark McGowan BA LLB MLA

**Premier; Treasurer; Minister for Public Sector Management;  
Federal–State Relations**

In accordance with Section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Western Australian Treasury Corporation for the financial year ending 30 June 2022.

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

Yours sincerely,

**M J R COURT**

CHAIRPERSON

WESTERN AUSTRALIAN  
TREASURY CORPORATION

24 August 2022

**K P GULICH** PSM

CHIEF EXECUTIVE OFFICER

WESTERN AUSTRALIAN  
TREASURY CORPORATION

24 August 2022

## Vision, Objectives and Values

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

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

**Objectives** In fulfilling WATC's role as the central financial services provider for the State, our strategic focus for 2021–22 centred on the following key strategic objectives:

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

**Values** WATC adheres to transacting all business in accordance with our corporate values of:

**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 clients 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.

## Highlights of 2021–22

70%

**Staff Engagement**

Significantly improved staff engagement, reflecting our continued focus, initiatives, and strategies to support and enable our staff. [See page 40.](#)

\$47.8 billion  
**Client Debt**

We successfully managed and delivered on all client borrowing requirements during a year of heightened market volatility. [See page 16.](#)

100%

**Client Satisfaction**

We continued to deliver high-quality, cost-effective financial solutions. Our Advisory Services team contributed their expertise to 53 projects for 32 clients. [See page 18.](#)

\$446.1 million  
**Client Foreign Exchange**

We transacted in 11 currencies on behalf of 20 clients and assisted in effectively managing their foreign exchange risk. [See page 20.](#)

\$5.5 billion  
**Client Funds Managed**

We successfully managed five client investment portfolios in accordance with approved policy frameworks. [See page 22.](#)

Return of  
the AAA

**Credit Rating**

S&P Global Ratings reinstated Western Australia's AAA credit rating, which was "supported by Western Australia's track record of robust financial management, a very high-income economy, and exceptional liquidity". [See page 28.](#)

450+ **Building Knowledge**

We engaged with over 450 client contacts through our education and training programs, industry forums and economic presentations. [See page 21.](#)

ESG Credentials  
**Promoting Western Australia**

We produced, in partnership with an intra-government working group, the inaugural *Environmental, Social and Governance (ESG) Information Pack*, to showcase the State's current and planned ESG-related projects and initiatives. [See page 29.](#)

Sustainable  
Lending  
**Supporting Local Government**

We updated our lending framework to ensure our lending practises continue to be responsible and appropriate, supporting the financial sustainability of the sector. [See page 17.](#)

## Chairperson and CEO's Report

*Adding to the roller-coaster ride of previous years, 2021–22 was another year of significant swings and roundabouts. It is pleasing to note that with agility and responsiveness, the WATC team met the considerable challenges that emerged, continuing to support the needs of the State and deliver value to clients.*

Western Australia's management of COVID-19 was effective in reducing the spread of the virus during the first half of the year, allowing time for the State to run its vaccination programs, and prepare for opening its borders and easing travel restrictions. However, by early 2022 the State moved to a new phase in the pandemic, which coincided with the national spread of the Omicron variant. Supporting our workforce and clients through the transition to living with COVID-19 has been a major priority for us.

The up and down nature of the year was reflected in financial markets. The 10-year yield ranged from a low of 1.37 per cent (20 August 2021) to a high of 4.68 per cent (17 June 2022). More recently, we have seen this same volatility unfold through currency exchange rates with the Australian dollar trading between a low of US\$0.6856 and a high of US\$0.7579, and all within a month.

The trend of exceptional activity from central banks continued throughout 2021–22. The Reserve Bank of Australia (RBA), through its yield curve control and quantitative easing programs, held approximately 15 per cent of WATC debt at 30 June 2022. However, during the year the RBA started its tightening cycle. Firstly, the yield curve control target was officially discontinued in November 2021, and a cease in bond purchasing soon followed. Then began the increase of interest rates. During 2021–22, the cash rate target was increased from 0.10 per cent to 0.85 per cent. As we all know, this trend continued into the new financial year.

The RBA's action was in response to a significant swing in global economic activity and

sentiment throughout the year. Central banks and policy makers around the world quickly pivoted to tackle rising inflation amidst COVID-era support measures. The invasion of Ukraine by Russia heightened the global supply chain challenges, with movements in oil prices being the most obvious reflection of this. The Brent crude oil spot price ranged between US\$64.77 per barrel (20 August 2021) and US\$133.89 per barrel (8 March 2022), before closing at US\$115.04 on 30 June 2022.

Iron ore was not immune from the year's volatility, experiencing a difference of US\$137 per tonne between the high and low. Despite this volatility, the State achieved strong fiscal outcomes through conservative budget forecasts and robust revenue growth. The State continued to deliver an operating surplus into 2021–22. Across the forward estimates, net debt is forecast to peak at 9.9 per cent of Gross State Product in 2024–25. The resilience of the Western Australian economy was recognised by S&P Global Ratings, which upgraded the State's credit rating to AAA in June 2022.

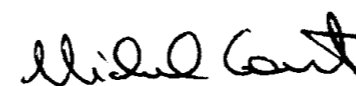
Over the financial year, WATC issued \$4.2 billion in benchmark bonds and floating rate notes to refinance existing maturities as the State moved to fund its asset investment from cash surpluses, and repay debt.

The ongoing management of key balance sheet metrics saw debt maturing within 12 months of 16.5 per cent and, reflecting the strong liquidity in the public sector, liquid asset portfolio cover of 219.5 per cent. These were comfortably within our Board's targets (less than 20 per cent and above 100 per cent, respectively).

When COVID-19 travel restrictions eased, WATC took the opportunity to reengage in person with onshore and offshore investors. These meetings coincided with the return of the State's AAA credit rating, which further supported the positive Western Australian story we were sharing with investors.

Environmental, social and governance (ESG) considerations for investors continued to grow in momentum during the year. WATC coordinated a working group of 24 government agencies to consolidate information on the State's current and planned ESG-related projects and initiatives. This culminated in November 2021 with the Premier's release of the inaugural ESG Information Pack to help inform existing and prospective investors of the State's ESG profile, now and into the future.

On an operational front, our workforce has been exceptionally busy. We have focused on achieving process and system efficiencies through our new treasury management system, together with other information and communications technology reforms, and reviewing our lending framework for the local government sector. We have also farewelled a number of valuable, long-term WATC staff, who are hopefully enjoying a well-deserved retirement. The swing of this is that we have been able to welcome many new faces to WATC, who will help us grow into the future.



**M J R COURT**

CHAIRPERSON

WESTERN AUSTRALIAN  
TREASURY CORPORATION

24 August 2022

Our client-focussed teams continued to share WATC's knowledge and experience to support a large number of Western Australian public entities across a wide range of advisory engagements. A central theme for the year has been supporting education and training, with over 450 clients attending WATC sponsored educational and training programs, industry forums and economic presentations.

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

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



**K P GULICH** PSM

CHIEF EXECUTIVE OFFICER

WESTERN AUSTRALIAN  
TREASURY CORPORATION

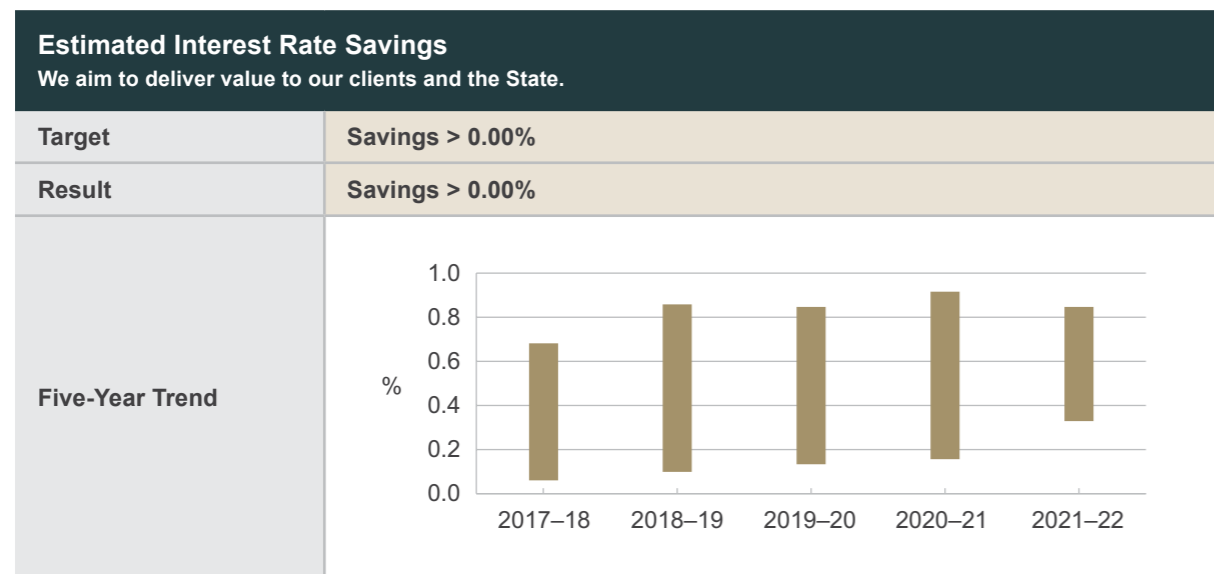
24 August 2022

## Performance Against Targets

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

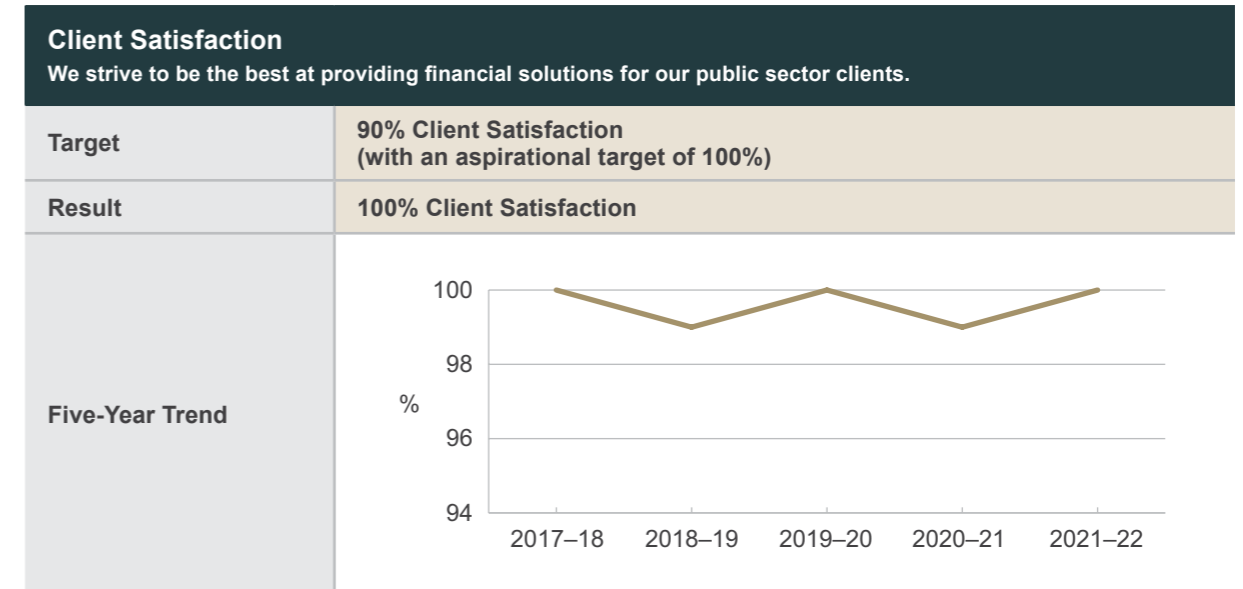
### Key Performance Indicators

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



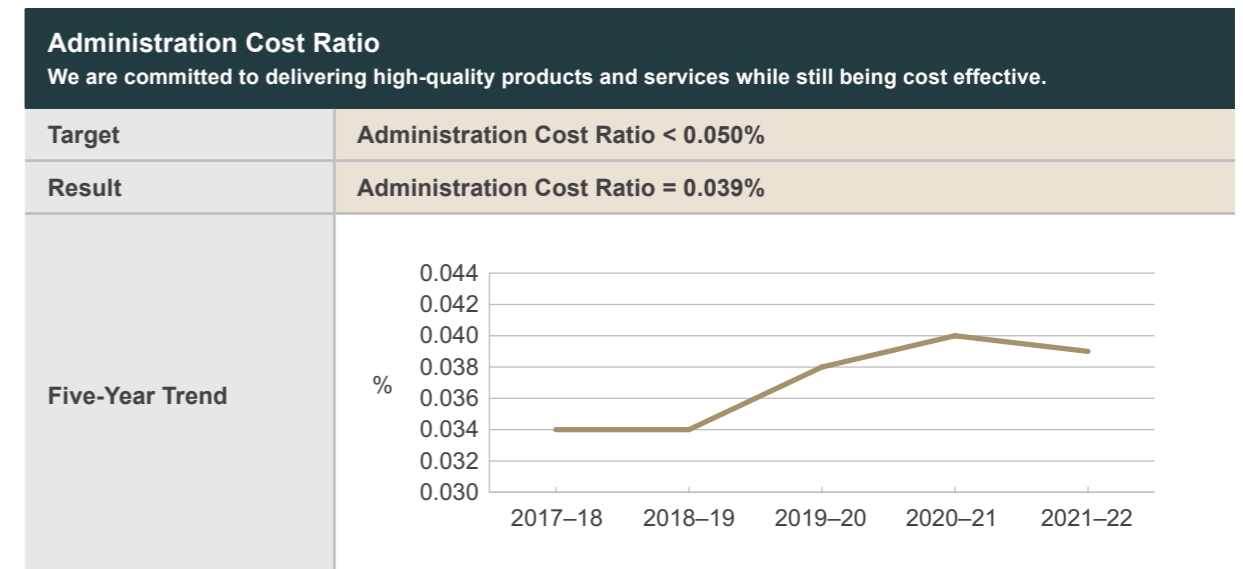
#### Outcome:

**Target Achieved:** Through centralising the management of the State's debt we continued to deliver significant interest rate savings to our clients and the State. The range of estimated interest savings are shown in the graph. See [page 98](#) for more details.



#### Outcome:

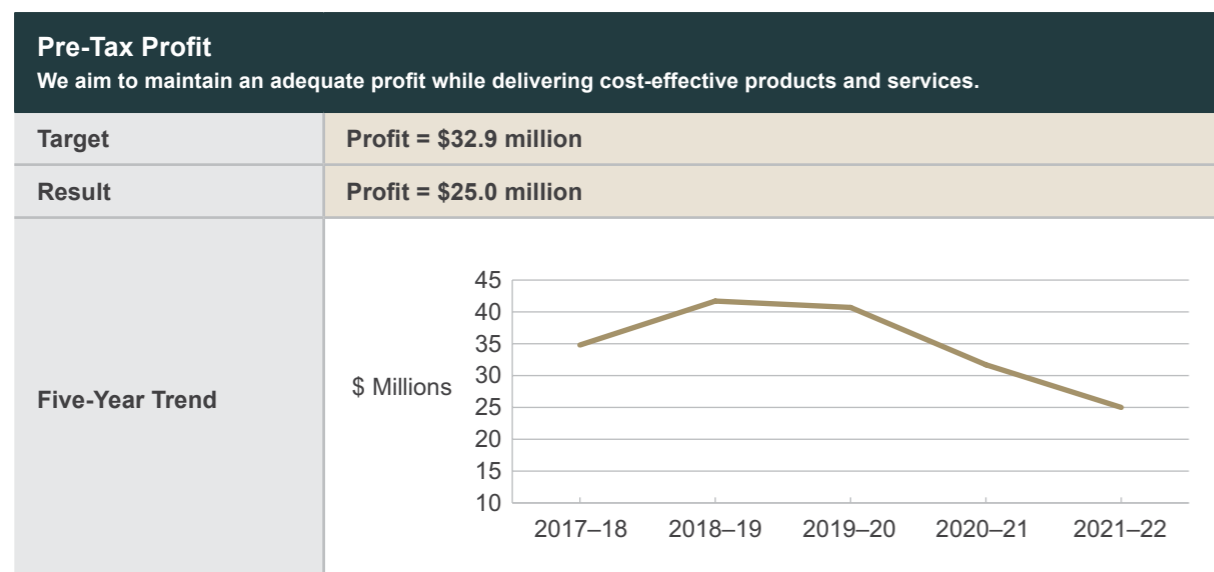
**Target Achieved:** WATC continued to deliver valued financial solutions to clients. Feedback received from clients who engaged with our advisory services was very positive. One hundred per cent of clients surveyed were very to extremely satisfied with the quality of advice we provided, the value we added to their project, our overall capability, and the service we provided.



#### Outcome:

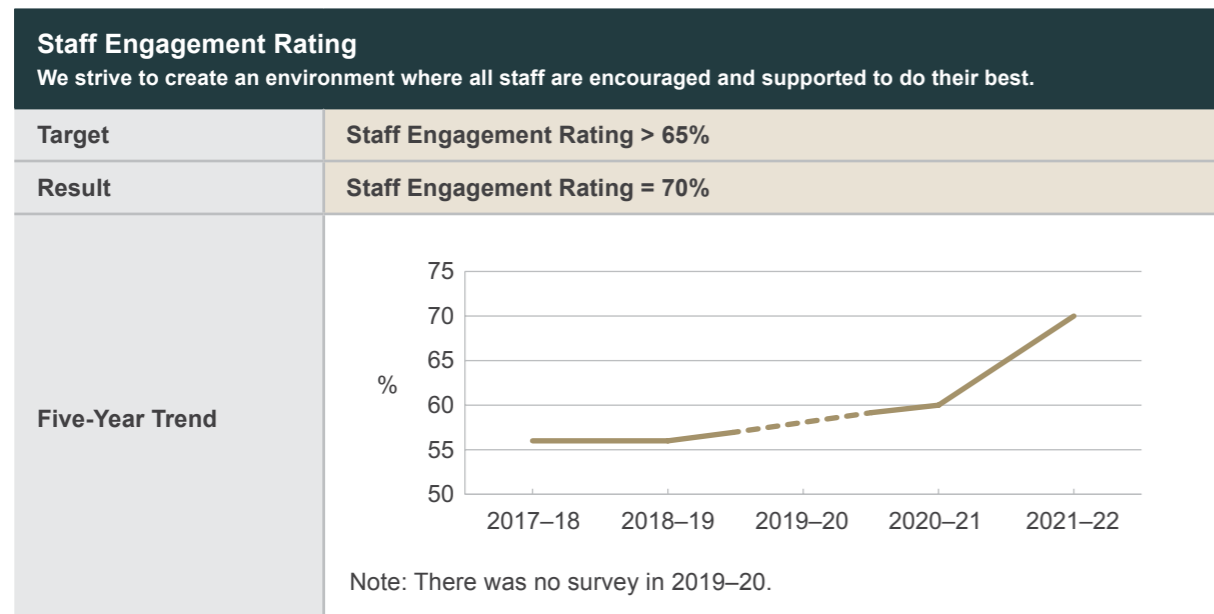
**Target Achieved:** WATC continued to deliver scale benefits to the State by keeping net administration expenses in check. See Key Performance Indicator section on [page 100](#) for a more detailed explanation.

## Performance Against Targets (continued)



### Outcome:

**Target Not Achieved:** Lower than anticipated new borrowings reduced the administration margin collected, and the lower interest rate environment reduced interest earned on investments. While reducing WATC's profit, these reflect good outcomes for the State and Western Australian public sector agencies.



### Outcome:

**Target Achieved:** Staff engagement has significantly improved from previous years' results. The rating for 2021-22 reflects our continued strategic focus, initiatives and strategies to create an environment that supports and enables our staff to deliver WATC's vision and objectives.

Five-Year KPI Summary					
	2021-22	2020-21	2019-20	2018-19	2017-18
Estimated Interest Rate Savings > 0.00%	Yes	Yes	Yes	Yes	Yes
Assessment of Client Satisfaction	100%	99%	100%	100%	99%
Administration Cost Ratio	0.039%	0.040%	0.038%	0.034%	0.034%
Pre-Tax Profit	\$25.0m	\$31.7m	\$40.7m	\$41.7m	\$34.8m
Staff Engagement Rating*	70%	60%	n/a	56%	56%

\* Methodology used changed in 2017-18.

n/a: not applicable

Five-Year Financial Summary					
	2021-22 \$m	2020-21 \$m	2019-20 \$m	2018-19 \$m	2017-18 \$m
<b>Financial Performance</b>					
Profit Before Income Tax Equivalent Expense	25.0	31.7	40.7	41.7	34.8
<b>Financial Position</b>					
Total Assets	51,207.9	61,892.2	64,658.5	59,483.4	55,985.8
Percentage Change in Assets (%)	-17.3	-4.3	8.7	6.2	1.8
Total Liabilities	51,054.2	61,739.3	64,506.4	59,337.9	55,851.3
Equity	153.7	152.9	152.1	145.5	134.5

## Board of Directors

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



**Michael Barnes PSM**  
Chairperson

Mr Barnes assumed the role of Chairperson when he became Acting Under Treasurer in the Department of Treasury in 2014. Mr Barnes was appointed Under Treasurer in 2015. As Under Treasurer, he is the principal economic and financial policy adviser to the Government of Western Australia. He is also the Chairperson of WATC's People and Remuneration Committee. Prior to joining the Department of Treasury in 1997, Mr Barnes worked in the Commonwealth Treasury, where he commenced his career as a graduate in 1992. Mr Barnes holds a Bachelor of Business degree with Honours in Economics, and was awarded a Public Service Medal in the June 2020 Queen's Birthday Honours for outstanding public service to State government finances in Western Australia.



**Michael Court**  
Deputy Chairperson

Mr Court was appointed to the Board as Deputy Chairperson in July 2017. Mr Court was appointed Deputy Under Treasurer in September 2016, which followed more than five years as the Executive Director of the Department of Treasury's Economic business unit. Mr Court joined the Department of Treasury in 1997, after working in the Department of Foreign Affairs and Trade, the Commonwealth Treasury and the London Underground Ltd. Mr Court is currently a member of the Bankwest Curtin Economic 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, knowledge of financial markets and expertise in the Western Australian economy. Ms Gulich has previously held senior roles within the Department of Treasury, as both the Executive Director of the Economic business unit and the Executive Director for Infrastructure and Finance. As well as being a member of CPA Australia and the Australian Institute of Company Directors, Ms Gulich has previously been a Director with Gold Corporation, and is currently a Director on VenuesWest's Board and the Treasurer for IPAA WA. Ms Gulich was awarded a Public Service Medal in the June 2021 Queen's Birthday Honours for outstanding public service to Western Australia through a range of roles.



**David Brumby**  
Director

Mr Brumby was appointed as a Director in February 2020. He has worked in wholesale finance for over 30 years across product and relationship areas, both in Australia and overseas. Between 1999 and 2011, Mr Brumby headed Westpac's Institutional Bank in Western Australia. In 2011, Mr Brumby moved to New York to head Westpac's Corporate & Institutional Banking business, and between 2014 and 2017, he was the Portfolio Manager/Executive Director for Westpac's Natural Resources portfolio. Mr Brumby has degrees in mining engineering from the University of Sydney and the University of NSW, and an MBA (IMD). Mr Brumby now runs a dairy farm with his wife, and assists with managing a dairy farm in New Zealand.



**Philippa Hobson**  
Director

Ms Hobson was appointed as a Director in February 2020 and is the Chairperson of the Audit Committee and a member of the People and Remuneration Committee. Ms Hobson is a Risk Consulting Partner at RSM in Perth. Ms Hobson has over 25 years of internal and external audit and risk consulting experience, as well as gaining commercial experience as Finance Manager of a large funds management organisation. Ms Hobson has worked extensively with clients in the public and private sectors, providing audit, enterprise risk management and governance services, internal controls reviews and process redesign, regulatory and financial targeted reviews, and Sarbanes-Oxley control reviews. Ms Hobson's industry experience covers government, utilities, resources, not-for-profit, financial services and manufacturing. Ms Hobson is passionate about understanding how an organisation's culture impacts on its performance and conformance.



**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.

## About WATC

*Western Australian Treasury Corporation (WATC) is the State's central financial services provider delivering financial solutions that benefit all Western Australians. Our principal activities include funding and debt management, asset and investment management, financial advisory services, financial risk management, and treasury management services and systems.*

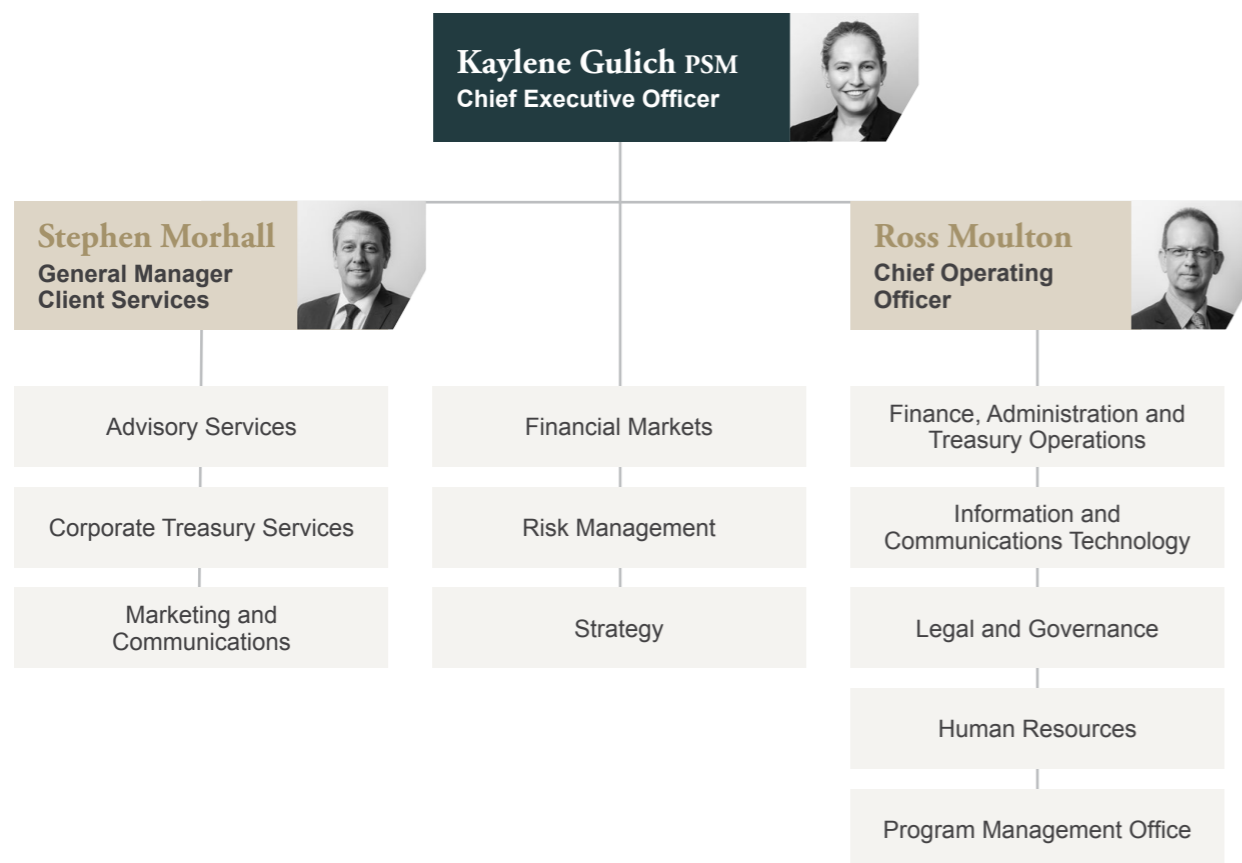
### Enabling Legislation

WATC was established on 1 July 1986 under the *Western Australian Treasury Corporation Act 1986* (the Act) as the State's central borrowing authority. Amendments to the Act in 1998 expanded our role to include providing financial management services to the Western Australian public sector.

### Responsible Minister

The Honourable Mark McGowan BA LLB MLA: Premier; Treasurer; Minister for Public Sector Management; Federal–State Relations.

### Organisational Structure



We manage our operations and deliver services through the following functional areas:

- **Client Services:** Works in partnership with clients to provide a comprehensive suite of high-quality, cost-effective financial products and services in debt finance, investments, foreign exchange, treasury management, financial risk management and advisory services. These products and services are designed to support clients to make informed financial decisions that help them to achieve their objectives, while also realising the overarching goals of the State.
- **Financial Markets:** Undertakes debt-funding activities in domestic and global capital markets, asset and liability management, management of WATC's liquidity portfolio, investment management on behalf of clients, foreign exchange management transactions, and economic and financial markets analysis.
- **Strategy:** Develops and progresses strategic initiatives to improve efficiencies and financial outcomes from a State, client and organisational perspective, in relation to our Financial Markets and Client Services activities.
- **Risk Management:** Measures and monitors market, credit, operational and liquidity risk to prevent adverse outcomes for WATC, provides guidance to the Executive and Board on all risk matters, and contributes to developing a good risk culture within the organisation.

- **Legal and Governance:** Administers compliance with legislation, policies and our corporate governance practices, providing oversight of, and guidance in relation to, the origination and documentation of WATC's borrowings and other agreements, including financial market and client agreements.
- **Corporate Services:** Supports our operations including the areas of business administrative services, finance, administration and treasury operations, human resources, information and communications technology, marketing and communications, and the program management office.

### State Guarantee

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

### Changes in Written Law

There were no changes to the Act during the 2021–22 financial year.

### Ministerial Directives

No ministerial directives were received during the 2021–22 financial year.

### Credit Ratings

In line with the State's credit ratings at 30 June 2022, the debt of WATC is rated as follows:

Rating Agency	Long-Term	Outlook	Short-Term
Moody's Investors Service	Aa1	Stable	Prime-1
Standard & Poor's	AAA	Stable	A-1+



# Agency Performance

## Providing Value to Clients

*As the State's central financial services provider, WATC provides Western Australian government agencies and local governments with a comprehensive range of high-quality, cost-effective financial products and services.*

### Debt Products and Services

#### Our Products and Services

We offer a range of high-quality, cost-effective debt products and services to support our clients' financing requirements, including:

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

WATC's range of flexible debt products cover a wide maturity spectrum and range of structures, offering various repayment options. We work in collaboration with clients to ensure debt products are applied appropriately to achieve each client's individual ongoing debt and debt management needs, within the overarching State borrowing strategy.

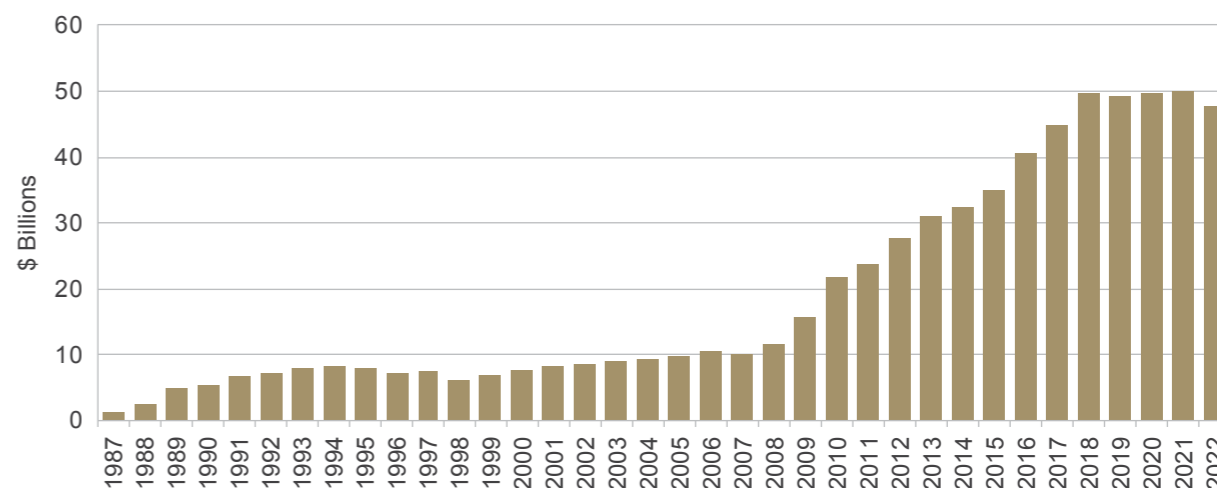
### Client Debt

In line with the State's borrowing program that was announced as part of the 2021–22 State Budget, we anticipated and planned for a net \$2.1 billion annual increase in client borrowings. However, similar to the previous year, the evolving nature of government initiatives and priorities – coupled with the strength and resilience of the Western Australian economy – has led to client borrowings actually decreasing by \$2.2 billion over the course of the year. **Total client debt outstanding at 30 June 2022 was \$47.8 billion**, down from \$50.0 billion at the end of 2020–21. For a full listing of client debt outstanding see [page 107](#).

As at 30 June 2022, the total debt outstanding with WATC by Western Australian local governments was \$602.9 million, a net increase

of \$20.9 million during the 2021–22 financial year. We approved 93 new loans totalling \$147.4 million for our local government clients.

### WATC Client Debt 1987 to 2022



## Supporting Local Government Financial Sustainability

### Our Commitment

As the primary provider of term debt funding to local governments across Western Australia, WATC supports the financial sustainability of the local government sector and is committed to continuing to lend to local governments in a responsible and sustainable manner.

As part of this commitment, we undertook a comprehensive review of our local government lending framework and implemented a number of improvements to our credit assessment and ongoing governance framework which will take effect on 1 July 2022.

### Support and Resources

Our local government clients are being fully supported to transition to our new framework. A number of training resources were developed, as well as a comprehensive communications campaign. This included a series of presentations, webinars, email updates, eLearning resources, frequently asked questions, and articles in the WATC and local government sector newsletters.

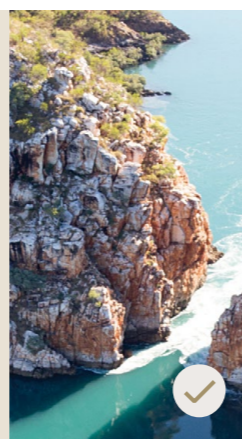


## Providing Value to Clients (continued)

### Delivering on Clients' Requirements

To ensure we continue to deliver on the requirements of our clients, we have a client-focused key performance indicator that, through independent surveys and direct client feedback, measures client satisfaction. Client feedback completed during 2021–22 achieved 100 per cent satisfaction across a range of measures.

See Key Performance Indicators on [page 9](#) for more details.



### Financial Advisory Services

#### Our Team and Services

Our Advisory Services team provides independent expert advice on corporate and financial risk management. Our services support clients and encourage better-informed financial decision making.

Our team delivers high-quality, easy-to-understand financial analysis, modelling and scenarios to enhance the corporate and financial risk management analyses on client projects, supporting them in their consideration and understanding of the implications of their financial decisions.

We work collaboratively with our clients to ensure better outcomes for both them and for the State. We do so by integrating our expertise, experience and understanding of the State's public sector with the unique business knowledge of each of our clients.

#### Client Engagements

This financial year we have continued with, and completed, a number of engagements associated with delivering new State infrastructure that feature complex funding approaches and compliance with Infrastructure Australia processes.

These include:

- **Main Roads Western Australia:** Agricultural supply chain improvements which involved evaluating initiatives to improve the grain freight transport network in Western Australia.
- **Department of Transport:** Westport, a multi-billion dollar potential port and logistics project.

We also delivered client engagements on:

- **Cost–Benefit Analysis:** Calculating the benefit–cost ratio measuring multiple scenarios and cases, which are underpinned by integrated financial models that involve, at times, over one million calculations per scenario.
- **Business Case Development Support:** Providing workshop facilitation services, assistance in option evaluations and risk mitigation assessments, and guidance on compliance with *Strategic Asset Management Framework* guidelines.
- **Financial Modelling:** Developing and validating financial models to provide clients with a clearer vision of current and longer term financial sustainability.

### Client Feedback

Following the completion of each advisory service engagement, clients are requested to provide their feedback. As in previous years, the feedback received for the 2021–22 financial year was extremely positive across all areas. Clients expressed **very high levels of satisfaction** on the quality of advice provided, the value added to their projects, and our team's overall capability and level of service.

The effectiveness of our Advisory Services team is also apparent through our client re-engagement levels. Existing clients regularly appoint our team to work on new projects, providing further evidence that we continue to deliver high-quality, cost-effective financial solutions that meet client needs.

## Case Study: The Value from the Pawsey Supercomputing Research Centre

### Nature of the Engagement

The Department of Jobs, Tourism, Science and Innovation (JTSI) engaged WATC to analyse the value to Western Australia of the State Government's financial support of the Pawsey Supercomputing Research Centre (Pawsey), whose primary function is to accelerate scientific research for the benefit of the nation.

WATC quantified financial and economic value – both historical and forecast – which Pawsey brings to the State so that value could be contrasted with the State's investment cost.

### About Pawsey

Located in Western Australia, Pawsey is an unincorporated joint venture between Australia's national science agency CSIRO, Curtin University, Edith Cowan University, Murdoch University and The University of Western Australia, and has one of the most powerful public research supercomputers in the Southern Hemisphere. Pawsey is a significant National Collaborative Research Infrastructure Strategy facility that offers world-class services and expertise in high-performance computing, data storage and visualisation at no cost to researchers. The Centre supports university, industry and government research in key scientific areas such as radio astronomy, bioinformatics, energy and resources.

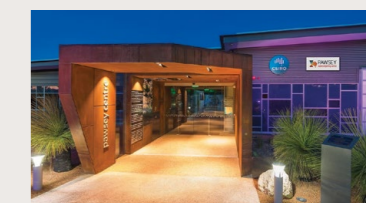
### Improved Client Outcome

Using a benefit–cost assessment framework, WATC was able to estimate the significant value that the State derives from certain quantifiable services and activities provided by Pawsey. This analysis supported a wider JTSI evaluation of the impact of the State Government's investment into Pawsey.

*"The economic modelling undertaken by WATC was an important component of our evaluation work. The advice was of high quality and added key value."*

Claire Patterson, Director, Science and Innovation, JTSI

Photo courtesy of Pawsey Supercomputing Research Centre



## Providing Value to Clients (continued)

### Foreign Exchange Services

#### Our Products and Services

WATC provides a broad range of foreign exchange products and services that assist clients with identifying and quantifying foreign currency exposures. Working in partnership with our clients, and ensuring they are fully informed of their foreign exchange risks, we design and execute currency management strategies to manage their exposure. This includes assisting clients with managing foreign exchange risk in compliance with *Treasurer's Instruction 826*.

As a preferred counterparty in the financial markets, clients benefit from WATC's direct access to wholesale foreign exchange markets, multi-currency funds settlement systems, dedicated capital market information and treasury management systems. We deliver complete and ongoing client support by providing cash flow projections, audit confirmations, position reporting and market valuations of outstanding transactions.

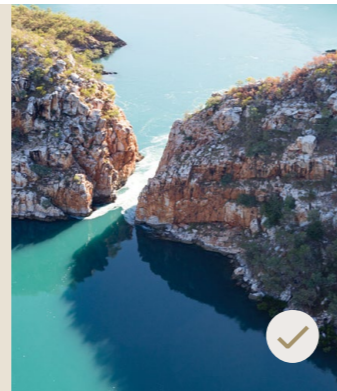
### Client Projects

In addition to delivering value in cost-effective foreign exchange transactions, we worked with clients in an advisory capacity on a number of interesting projects to help identify, and successfully manage, foreign exchange risk. Some of our clients and their projects included:

- **Department of Finance:** Pathwest Robotic Instrument Services
- **Department of Fire and Emergency Services:** Google mapping services procurement
- **Public Transport Authority:** specialised railway equipment and radio systems
- **Synergy:** Big Battery Project
- **Western Australia Police Force:** helicopter and armoured tactical response vehicle procurement, and the Emergency Services Radio Network.

### Client Foreign Exchange

During the year, we executed in excess of **\$446.1 million in foreign exchange transactions in 11 currencies and on behalf of 20 clients**. All of these clients benefited from the competitive pricing that we are able to achieve through our scale of operations.



## Building Knowledge and Understanding

During 2021–22 we engaged with over 450 client contacts across a range of education and training seminars, industry forums and economic presentations, delivered in either an online or in-person format.

### Foreign Exchange Seminars

Six seminars were held promoting awareness and understanding of foreign exchange risk management issues. The seminars ranged from an introductory level providing an overview of foreign exchange, through to more advanced levels covering the use of options, hedging and cash flow risk management.

We also provided procurement master classes which focused on foreign exchange risk management within procurement, how it can arise, risk transfer mechanisms and how best to manage the risk through the procurement process.

### Economic Presentations

Two presentations were held where chief economists from major Australian banks presented their views on interest rates, currencies and the economy to our clients and staff.

### Industry Events

We hosted clients at five industry events where presentation topics were aligned and relevant to WATC and clients' roles.

### Specialised Financial Training

As the State's central financial services provider, we look for opportunities to deliver relevant, specialised technical training programs that further develop and enhance the understanding of financial risk management across the State's public sector. This year we facilitated two *Financing Large-Scale Investments* training programs which were run in collaboration with Macquarie University.



## Providing Value to Clients (continued)

### Asset and Investment Management Services

#### Our Products and Services

WATC assists in managing the finances of the State, and our clients, by providing investment products and treasury management services. These products and services are tailored to suit individual client needs and assist with the management of financial risks, including interest rate and credit risks. We also undertake research and development of investment product opportunities to assist clients in managing their short to medium-term investment needs.

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

### Client Investments Managed

We manage the investment of funds on behalf of the Public Bank Account and the Future Health Research and Innovation Fund, as well as for Landgate and Lotterywest. Total **client funds under management at 30 June 2022 was \$5.5 billion**, across five investment portfolios. Client investment portfolios are managed by WATC in accordance with client approved policy frameworks which include defined risk parameters and performance benchmarks.

At 30 June 2022, we held \$113.7 million from clients utilising our overnight cash deposit and term deposit facilities, a substantial increase from the client investments held at 30 June 2021.

We also continued to provide back-office trade capture and reporting of treasury management services for two clients.

**We Enabled...**

Water Corporation is progressing projects across the State that improve water quality and deliver a more secure water supply. Enabled by debt funding from WATC, one such project was the construction of a new 42-million-litre water storage tank for the town of Merredin.

Photo courtesy of Water Corporation



## Increasing Knowledge on Financing Large-Scale Investments

Following on from the success of WATC's Financing Large-Scale Investments training program run in collaboration with Macquarie University in 2020, another two training sessions were run during 2021–22. A total of **59 WATC staff and clients have now completed the program**.

### Program Outline

Adapted from a unit of Macquarie University's *Master of Applied Finance*, the two-day program provided an overview of financing large-scale investments and how this differs from standard corporate finance. Attendees learned about the:

- process, techniques and principles required to structure, value and finance large-scale infrastructure and industrial projects, and;
- different ways project finance allocates risks and responsibilities in complex projects and renders them financeable.

### Participant Feedback

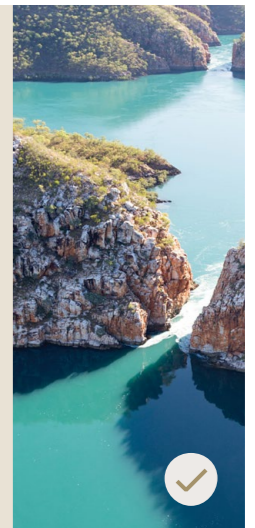
Feedback on the program from all participants was very positive and affirmed that **the program improved their skills and knowledge**.



## Building on Our Achievements in 2022–23

We will be working with our clients and investors to implement a sustainability bond framework to finance client initiatives that meet internationally recognised environmental, social and governance (ESG) standards. The framework will complement the Western Australian Government's ongoing efforts to improve ESG outcomes for the State.

We will continue to work with our clients to support the delivery of key client projects and State initiatives.



## Successful Financial Management

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

### Delivering on Clients' Borrowing Requirements

In sourcing funds to meet client debt financing requirements, we borrow from domestic and international capital markets, both of which continue to be impacted by the ongoing COVID-19 pandemic, increasing inflation and central bank policy tightening cycles.

For us, these impacts were felt principally via increased volatility and higher yields in the financial markets. This was particularly the case in the first half of 2022 as market commentary

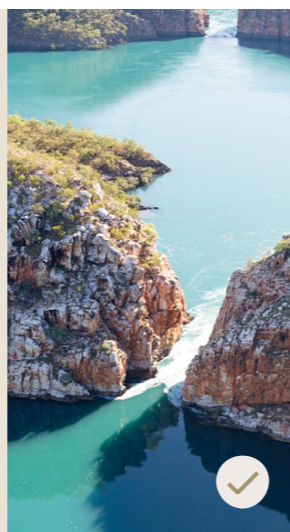
fuelled speculation of more rapid and outsized central bank tightening due to inflationary spikes largely caused by rising energy costs and supply chain disruptions.

Our flexible and adaptable approach has meant that despite these challenges and uncertainty, we successfully managed and delivered on all client borrowing, refinancing and repayment requirements during the financial year.

### Savings Delivered

To ensure continued effective delivery, we have a key performance indicator (KPI) to measure estimated interest rate savings. This calculation approximates how much clients save when borrowing from us, as compared to the corporate bond market. The KPI was achieved with WATC continuing to deliver interest rate savings estimated in the range of 0.33–0.84 per cent to clients throughout 2021–22.

See Key Performance Indicators on [page 98](#) for more details.



### Economic and Market Conditions

The global economy continued to grow strongly in the second half of 2021, however, activity faced increasing headwinds in the first half of 2022. A rapid rebound in demand, the ongoing impact of COVID-19 on global supply chains and sharp rises in commodity prices, exacerbated by the war in Ukraine, have pushed inflation to the highest level in decades, driving central banks to begin aggressively raising interest rates.

The Australian economy has been one of the strongest performers among the developed economies. However, strong demand, tight labour market conditions and supply chain disruptions have pushed Australian inflation to its highest level since the spike following the introduction of the goods and service tax in 2000. The Reserve Bank of Australia (RBA) raised the cash rate by 125 basis points to 1.35 per cent over the course of May, June and July in 2022 – the fastest pace of tightening since 1994. The RBA is expected to continue raising interest rates to drive inflation back to the 2–3 per cent target band.

Central banks, including the RBA, have also ended their quantitative easing programs and announced plans to gradually reduce the size of their bond holdings, which the RBA will achieve by not reinvesting the proceeds of maturing bonds in its portfolio. In addition, the maturity of Term Funding Facility loans is expected to see a significant decline in the RBA balance sheet over the next couple of years.

Expectations for central bank interest rate increases and the end of quantitative easing have driven a substantial increase in the cost of new borrowing, both in Australia and overseas.

Western Australia's strong domestic economy and record-high merchandise exports of \$242 billion in 2021–22 (46 per cent of the national total) helped drive the State unemployment rate to 3.4 per cent in June 2022 with a participation rate of 69.3 per cent, which is well above the national average.

Western Australia's strong economic performance sees the State as the only Australian jurisdiction to record an operating surplus and a reduction in net debt in 2021–22.

### Financial Market Activities

#### Flexibility During Uncertainty

Following the release of the 2021–22 Western Australia State Budget in September 2021, we announced our 2021–22 borrowing program which highlighted an estimated \$2.1 billion increase in client borrowings. However, reflecting the strong fiscal position of the State, we saw client borrowing decrease by \$2.2 billion over the course of the year.

### We Supported...

**The Western Australia Police Force's acquisition of the Mission Mapping System and a forward-looking infra-red camera for its fixed wing aircraft was supported by WATC's foreign exchange services. This sophisticated equipment is used for aerial law enforcement across Western Australia.**

Photo courtesy of Western Australia Police Force



## Successful Financial Management (continued)

### Adapting to Change

While the repayment of client debt reduced our funding task, WATC was still active across all elements of financial markets and exposed to the volatile market conditions. Despite these challenging conditions, **we successfully delivered on all client requirements**. During 2021–22 we:

- issued \$4.2 billion in benchmark bonds and floating rate notes (FRNs) to refinance maturities during the financial year;
- trialed a pilot repurchase program to term out of shorter dated benchmark bonds, and;
- successfully undertook two tenders of our existing 2031 and 2034 benchmark bonds.

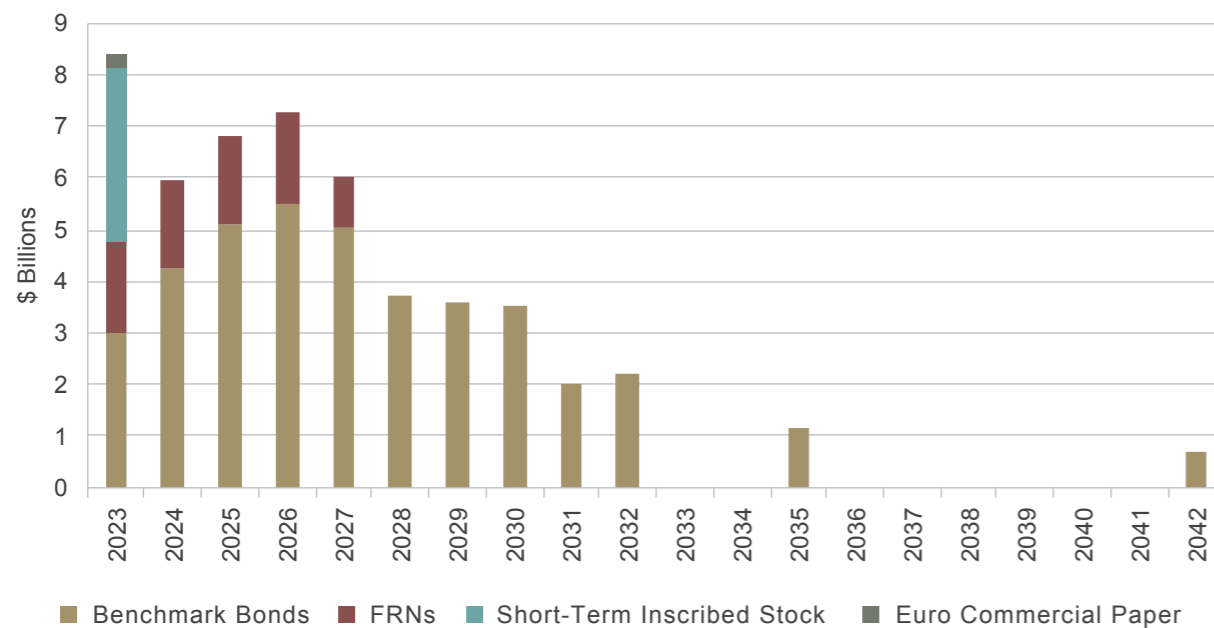
In February 2022 we launched, by syndicated issuance, a new 23 February 2027 FRN to meet our clients' floating rate funding

requirements. The new FRN was well supported by Australian investors, raising \$1.0 billion. At the time of pricing, it **achieved the lowest initial margin** for an Australian state FRN since 2015.

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

During the financial year our total assets and liabilities reduced by \$10.6 billion, a decrease of 17 per cent from the previous year. In addition to market movements impacting asset and liability valuations, client debt reduced by \$2.2 billion and our liquidity holdings at year end were lower than previous years, reflecting a lower refinancing task of our near-term maturities.

### WATC Maturity Profile by Financial Year



## Reducing Risk Through Optimised Activity

At WATC, one of our corporate values is adaptability and we are constantly reviewing our performance, challenging our assumptions and exploring opportunities to improve our operations in order to deliver value. This approach has proved increasingly important amid ever-changing global economic and financial market environments.

### Identification of Risk

Traditionally, the refinancing of maturing bond lines has been undertaken within a very narrow timeframe. However, in line with the historical ramp-up of the State's borrowing requirements, the outstanding amount for each bond line increased significantly between 2009 and 2018. Consequently, larger amounts are required to be refinanced at maturity, which has increased our exposure to refinancing risk and potential financial market shocks.

### Progressive Optimisation

During the financial year we conducted a pilot to determine the viability of an early buy-back program for outstanding debt issues within 12–18 months of maturity. In the pilot, near-term maturities were refinanced and extended into longer dated maturities, in line with and in support of State debt metric outcomes.

The success of the pilot scheme now provides us with an additional tool in the management and earlier refinancing of large debt maturities and will support the more efficient use of investment and credit limits.

## We Supported...

The Shire of Wyndham-East Kimberley, supported with debt funding from WATC, built the Kununurra Splash Park for the community. The playground also acts as a popular tourism feature for the region.

Photo courtesy of Shire of Wyndham-East Kimberley



## Successful Financial Management (continued)

### Engaging with Investors

After a two-and-a-half-year hiatus due to COVID-19 induced restrictions, we recommenced a travel program during the financial year to meet investors in person and promote the Western Australian economic and fiscal story.

In early June 2022, following the release of the *2022–23 Western Australian State Budget*, the Western Australian Premier and Treasurer, Mark McGowan, along with Under Treasurer, Michael Barnes, and WATC CEO, Kaylene Gulich, presented to domestic investors and market intermediaries in Sydney. This trip also included meetings with members of our Fixed Interest Dealer Panel to discuss Western Australian budget outcomes, WATC’s 2022–23 borrowing program and financial market conditions.

We also partnered with a member of our Fixed Interest Dealer Panel in the latter half of June 2022 to deliver an offshore investor marketing program in Europe. Dovetailing into the Premier’s other overseas travel arrangements, there was a full itinerary of international investor meetings, which directly resulted in new investor participation in our bonds. The meetings also coincided with S&P Global Ratings’ announcement of the **return of our State’s AAA credit rating**, which further supported the positive Western Australian story we were sharing with investors.

### AAA Credit Rating for Western Australia

In June 2022, S&P Global Ratings reinstated Western Australia’s AAA credit rating due to “Western Australia’s continued budgetary outperformance compared with its domestic and global peers”.

S&P also stated the ratings upgrade was “supported by Western Australia’s track record of robust financial management, a very high-income economy, and exceptional liquidity”, and highlighted that these strengths “help counterbalance risks associated with dependence on the resources sector”.

Source: S&P Global Ratings, Research Update 27 June 2022



Prior to our national and international travel recommencing, we connected with our investors digitally by participating in virtual roundtables, teleconferences, webinars and online meetings. We also continued conversations with investors via Q&As and articles in *KangaNews*, an information service on the Australasian fixed-income markets with a substantial international readership.

## Showcasing the State’s ESG Credentials

### Important to Investors

The headline topic discussed at nearly all of our European investor meetings related to the State’s environmental, social and governance (ESG) credentials and ongoing commitment to the Paris agreement objective to achieve net zero greenhouse gas emissions by 2050.

For the past 18 months WATC has coordinated a working group of 24 government agencies to consolidate information on the State’s current and planned ESG-related projects and initiatives. This work will help inform existing and prospective investors of the State’s ESG profile, now and into the future, to aid their investment decisions in an increasingly ESG-conscious environment.

### Framework Development

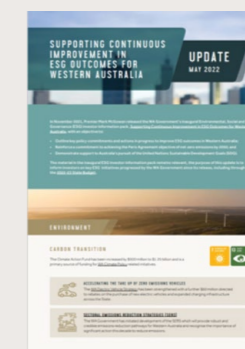
On 16 November 2021, the Premier launched the State Government’s inaugural ESG information pack titled *Supporting Continuous Improvement in ESG Outcomes for Western Australia*. The launch was followed up with a WATC-coordinated ESG update on 31 May 2022 following the release of the 2022–23 State Budget.

The most recent ESG update outlined our development of a sustainability bond framework to provide the Western Australian Government with a vehicle to finance initiatives meeting internationally recognised green and social bond standards. This framework will complement the State’s ongoing efforts to progress global objectives and the United Nations’ Sustainable Development Goals. Subject to final approvals and funding requirements, we will be in a position to issue the State’s first green or sustainable bond during 2023.

### Western Australia Tackling Climate Change

Reinforcing the State’s commitment to the Paris agreement objective to achieve net zero greenhouse gas emissions for the whole State by 2050, in June 2022 the State Government announced a whole-of-government emissions reduction target for 2030 of 80 per cent below 2020 levels.

This interim target applies to emissions from all government agencies across the State, with a key contribution to come from the State’s commitment to invest an estimated \$3.8 billion in renewable energy sources to replace all coal fired electricity generation by 2030.



## Successful Financial Management (continued)

### Our Plans for Successful Financial Management in 2022–23

#### Economic Outlook for 2022–23

While growth in the Australian economy remained strong through to the end of 2021–22, there is significant uncertainty over the outlook. Key drivers of uncertainty continue to be the evolution of the COVID-19 pandemic and government policy responses (particularly China’s Zero-COVID policy), the fallout from the war in Ukraine and ongoing central bank monetary tightening.

The introduction of aggressive central bank interest rate increases to combat higher inflation has raised the likelihood of a sharp slowdown in the global economy, with potential consequences for the stability of the financial system over the 2022–23 financial year.

Western Australian economic conditions are expected to remain robust in 2022–23, with growth driven by strong business and public sector investment, while export volumes are forecast to remain at record levels. However, the State is also vulnerable to developing global headwinds.

### Sustainability Bond Framework

In 2023, WATC will implement a sustainability bond framework to provide a vehicle to finance initiatives that meet with internationally recognised green and social bond standards. This will meet growing investor demand and complement the Western Australian Government’s concerted efforts to improve ESG outcomes for the State.

### Estimated Borrowing Program for 2022–23

The new money program for 2022–23 is estimated at \$1.5 billion. In addition, there is approximately \$4.8 billion of maturing benchmark bonds and FRNs, resulting in a gross term funding program of \$6.3 billion. The 2022–23 Western Australian State Budget also included an allocation of surplus funds to repay \$1.2 billion of debt maturities, resulting in a net term funding program of \$5.1 billion.

The sourcing of WATC’s funding is subject to various market conditions and market mix during the year and may be amended, as necessary, to meet WATC’s pricing, liquidity and lending targets.

The WATC forecast borrowing program across the forward estimates period is detailed in the following table:

Term Funding Requirement				
	2022–23 \$b	2023–24 \$b	2024–25 \$b	2025–26 \$b
<b>New Money Program (Estimated)</b>	<b>1.5</b>	<b>0.7</b>	<b>0.6</b>	<b>0.4</b>
<b>Projected Maturities</b>				
Bond	3.0	4.4	5.1	5.5
Floating Rate Note	1.8	1.8	1.7	1.7
<b>Total Maturities + New Money</b>	<b>6.3</b>	<b>6.9</b>	<b>7.4</b>	<b>7.6</b>
Debt Repayment	-1.2			
<b>Total Term Funding</b>	<b>5.1</b>	<b>6.9</b>	<b>7.4</b>	<b>7.6</b>

### Funding Strategy for 2022–23

To meet the State’s funding and debt management requirements for 2022–23, we plan to:

- Pursue the opportunity to issue a new benchmark bond line, in thematic format under the *Sustainability Bond Framework*, with the aim of filling gaps in our bond maturity curve.
- Subject to refinancing and New Money requirements, issue a new five-year maturity FRN and continue to issue FRNs into outstanding lines, in response to investor demand and to accommodate the term floating-rate borrowing requirements of clients.

In addition, we will continue to:

- Issue across the yield curve to fund lending to clients.
- Enhance liquidity in existing lines of benchmark bonds by:
  - maintaining sufficient volumes on issue to retain benchmark bond status;
  - supporting these securities, where possible, in the market; and
  - issuing through our Fixed Interest Dealer Panel by tender, private placement or syndication.
- Meet short-term lending and liquidity funding requirements by maintaining approximately \$2.5 billion to \$4.5 billion of short-term paper on issue through domestic Short-Term Inscribed Stock and the offshore Euro Commercial Paper Program.
- Ensure that debt issuance undertaken through domestic and offshore borrowing programs is issued in a manner that satisfies the requirements for an exemption from interest withholding tax under Section 128F of the *Income Tax Assessment Act 1936*.



### We Supported...

The Public Transport Authority oversees a comprehensive maintenance and renewal program of Perth’s passenger rail network, supported by debt funding and foreign exchange services from WATC. The program ensures the network’s continued safe and reliable operation as part of Western Australia’s public transport infrastructure.

Photo courtesy of Public Transport Authority of Western Australia



## Optimising Our Performance

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

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

### Managing the State's Liquidity

In managing the State's financial assets and liabilities, we work closely with the Department of Treasury and our clients to ensure the State's liquidity is effectively managed. Our Board has put in place two debt metric targets to further assist the ongoing management of our balance sheet and to contribute to improvements in the State's liquidity.

# 16.5%

Debt Maturing Within 12 Months

Target: Less than 20%

# 219.5%

Liquid Asset Portfolio Cover

Target: Greater than 100%

As at 30 June 2022, both of these targets were successfully achieved while managing approximately \$10.0 billion in investment funds for ourselves and our clients.

The achievement of these goals is an important part of the contribution we make to the State's credit worthiness. In recognition of our work in this area, it was rewarding to note that a key component of S&P Global Ratings reinstating Western Australia's AAA credit rating was due to the State's "exceptional liquidity".

### Risk Management

#### What We Do

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

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

Our achievements for 2021–22 were all successfully managed and delivered within our Board's approved framework and risk appetite.

### Enhancing Our Risk Management

During the financial year we merged our Risk and Compliance teams into a newly restructured Risk Management branch, taking advantage of synergies within these teams. The branch now coordinates the maturation and evolution of these important risk and compliance functions.

We also continued to evolve our approach to enterprise risk management, and strengthened our approach to how we identify, assess, communicate, manage and analyse risk across the organisation. Over 2021–22 this included:

- forming a new Operational Risk and Compliance Committee for enterprise-wide oversight of our non-financial risks;
- sharpening our Asset and Liability Committee's mandate to better focus on managing financial risk; and
- reviewing, refreshing and renewing all of our key risk management policies.

### Improving Our Operations

#### Value Improvement Program

Aligned with our culture of continuous improvement, we embedded a more formalised pathway by implementing our Value Improvement Program. This program has introduced business process improvement tools, techniques and strategies to review and improve both system and non-system processes.

Following on from the successful implementation of our new treasury management system in 2020, there were a number of process improvements that were identified and enabled by the new system. Our Value Improvement Program commenced with an initial pilot, which identified system and non-system-based opportunities for improvement. These ranged from providing extra training to deliver increased efficiencies and improvements in competencies, to ways of reducing rework and operational risks. The identified improvements have been prioritised and managed to completion. Following the pilot, the program will be expanded across the organisation during 2022–23.

### We Supported...

**The Shire of Augusta Margaret River is refurbishing its recreation centre into a modern community facility for health and wellness, a project that is supported with debt funding from WATC.**

Image courtesy of the Shire of Augusta Margaret River, designed by Gresley Abas



## Optimising Our Performance (continued)

### Change Advisory Board

During 2021–22, we introduced the Change Advisory Board (CAB) to provide a new approach to support system change management.

The CAB makes decisions on which systems changes to advance based on the highest value delivery in the shortest time. Through this mechanism, the CAB assists in the assessment, prioritisation, authorisation, resourcing and scheduling of complex system changes.

In the short time since its inception, the CAB has already significantly improved both the efficiency and effectiveness of system changes, and progressed initiatives across the organisation.

### Digital Information Management

Our Digital Information Management project aims to develop a high-level strategy and prioritised roadmap to further improve the way we manage our information. The goal is to move towards a seamless way of working by:

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

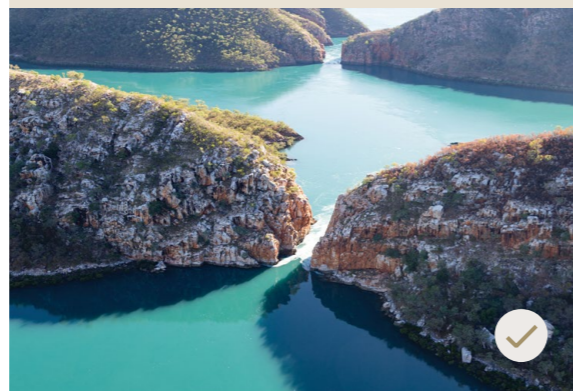
Phase 1 of the project is to review and document our information sources, systems and assets. Building on the findings of Phase 1, Phase 2 will establish the information management architecture and associated governance framework to support a frictionless way of working.

### Efficiency and Cost Effectiveness

We use our Administration Cost Ratio Key Performance Indicator to ensure we are delivering high-quality products and services while still being a cost-effective solution for our clients. This ratio allows us to monitor our administrative efficiency and the cost effectiveness of funding client borrowing. It measures the average administrative on-cost that must be borne by our clients.

In 2021–22 we achieved an Administration Cost Ratio of 0.039 per cent, well below our target of less than 0.05 per cent, affirming that we continue to be cost effective while delivering value to clients and the State.

See Key Performance Indicators on [page 100](#) for more details.



### Information and Communications Technology

#### Staying Vigilant on Cyber Security

Information and communications technology is critical to our continued operations and ongoing success. With the ever-increasing risk of cyber threats and attacks, we escalated our focus on cyber security.

During the financial year we made significant enhancements to our cyber security posture and maturity as part of an ongoing program of continuous improvement. This program ensures the integrity and safekeeping of our information, systems and assets, and uninterrupted continuation of our operations.

### Improving Remote Working Capabilities

COVID-19 related disruptions necessitated flexible working arrangements for all staff. We provided our staff with critical support by facilitating remote working capabilities and ensuring a secure and seamless transition between office and home.

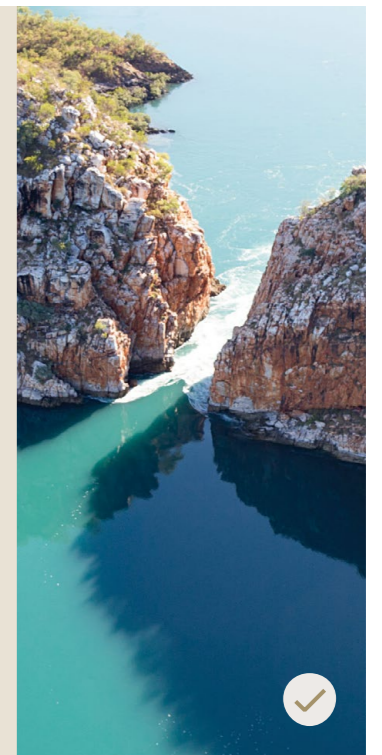
Throughout the year we continued to evolve and enhance our remote working facilities as staff worked from home more often. This included the rollout of an improved virtual private network. We also proactively provided staff with guides and recommendations on how to maintain and improve the security of their home information and communications technology set-up.

### Our Plans to Optimise Performance in 2022–23

As part of the implementation of our new *Digital Strategic Plan*, we will be focussing on:

- further maturing our cyber security capabilities;
- optimising our information systems;
- improving our change management to deliver seamless information management; and
- training and developing staff in the use of new technologies and cyber security awareness.

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



# Disclosures and Legal Compliance

## Managing Our Information Assets

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

### Information Management

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

We have an approved recordkeeping plan in accordance with Section 19 of the *State Records Act 2000* (State Records Act), which meets the requirements of Standard 2, Principle 6. We manage our records under *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.

### COVID-19 and Information Management

The pandemic has changed how we operate and put a greater emphasis on workplace flexibility and remote working. This has led to dynamic, ongoing changes to how information is captured and managed.

As part of a pilot project, we are implementing new tools to enhance the functionality of information and provide greater user flexibility. This project allows us to capture more information whilst still meeting our recordkeeping responsibilities and compliance requirements.

## Information Management Roadmap

### Information Management Strategy

Last year we developed a high-level strategy and prioritised roadmap to facilitate improvements in how we manage information as we shift towards a modern digital workplace and workforce. Aligned with the requirements of the State Records Office of Western Australia, the roadmap guides our development of a more contemporary and compliant digital information management landscape that improves the usability and accessibility of all our information.

### Information Assets Register

One of the first milestones on our roadmap journey was achieved during 2021–22 when we developed a comprehensive register of all our information assets. Staff involvement has been fundamental to this wide-ranging review of our business processes and the information assets generated.

An additional benefit is that staff now also have higher visibility and ownership of their own information assets and are more aware of compliance and security considerations.



### Recordkeeping Training

Our recordkeeping induction program for new staff continued. All 13 of our new staff completed the program within two weeks of their start date, in line with our policy requirements.

During the year we redesigned our recordkeeping induction program to enable online delivery, providing greater flexibility to accommodate remote working. Our new program is a combination of:

- **An initial introduction and overview** of our records and information framework, including where and how to find information.
- **An audio guided online learning module** introducing our information management policy and outlining employee responsibilities and requirements. Once the module is completed, a quiz is used to embed understanding.

- **A facilitated practical workshop** on how to use our electronic document records management system. After completing the workshop, our Information Management Officer meets with new staff to see how they are finding using the system, answer any of their questions and obtain feedback on their induction.

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

## Managing Our Information Assets (continued)

### Our 2021 Annual Report Wins Award

We were delighted when our 2021 Annual Report won a silver award in the Government Trading Enterprises category at the 37th Annual W.S. Lonnie Awards.

The Lonnie Awards are presented by the Institute of Public Administration Australia WA. Designed to highlight the importance of annual reports being accountable and transparent, the awards recognise excellence in annual reporting across the Western Australian public sector.

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 two FOI applications and one third-party consultation during the financial year. These were all processed in accordance with the FOI Act and our FOI Policy, and within the required timeframes.

### 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 all complaints received and their 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 an easy process for users. There are multiple ways to lodge a complaint, including an online form on our website, by mail, by email or in person.

Complaints, though rare, are viewed as an opportunity to improve our business operations and staff development. We received no complaints in the 2021–22 financial year.

### Freedom of Information

The *Freedom of Information Act 1992* (FOI Act) enables the public to apply for access to documents held by WATC. Guidance on how to apply and obtain requested documents is set out in our *Information Statement*, which

### Our Plans for Managing Information in 2022–23

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

We will continue to monitor, review and update our information management policies and procedures as required.



## Our People

*Essential to the continued success of our organisation is having an engaged and capable workforce that is aligned to our values and invested in delivering our strategic and operational goals, both now and into the future.*

### Our Team

Acknowledged by clients and stakeholders, our workforce is both capable and experienced, and possesses high levels of professionalism, expertise and technical ability. To maintain and enhance these capabilities, we support all our staff with learning and professional development opportunities – covering both technical and interpersonal skills.

During the financial year, we increased our staff numbers from 79 to 81. Staff turnover for 2021–22 was higher than in previous years, which was due to a number of people retiring and the current dynamics of the employment market. However, when measured against industry standards, our staff turnover remains relatively low at 12.4 per cent at 30 June 2022.

Staff Profile	2021–22	2020–21
Number of Staff at 30 June	81	79
Full-Time Permanent	69	68
Full-Time Temporary	2	2
Part-Time Measured on a Full-Time Equivalent (FTE) Basis	6.46	5.74
On Secondment	0	2

### 90 Years of Contribution

During 2021–22, we had a number of our long-serving team members retire. With a combined tenure of over 90 years, the collective knowledge and experience of these former colleagues is immense. We would like to express our appreciation and acknowledge the significant contributions made to both WATC and the State by:

- Robert Beckett, Head of Information and Communications Technology
- Rex Sleeman, Technical Specialist
- Guy Sojan, Treasury Operations Manager and Registrar

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

## Our People (continued)

### Improving Staff Engagement

We strive to create an environment where all staff are encouraged and supported to do their jobs to the very best of their abilities. We have a key performance indicator that measures staff engagement through a confidential annual staff survey.

During 2021–22 our **staff engagement rating was 70 per cent**, a significant increase on previous years' results. The improvement in the rating reflects positively on our continued focus, initiatives and strategies to improve staff engagement.

See Key Performance Indicators on [page 10](#) for more details.

### Resilience and Adaptability

Our people continued to show resilience and adaptability in dealing with COVID-19 disruptions. As dictated by the evolving nature of the pandemic and associated public health response, and supported by technology, staff were able to successfully transition between working from home and office as required. Not only did this ensure the safety and wellbeing of our staff, but also that our operations could continue with minimal disruption.

Our Executive and Human Resources teams effectively managed the changing situation by:

- actively monitoring and responding to public health advice and public sector policy on COVID-19; and
- keeping all staff informed of the latest requirements.

As aligned with public sector requirements, a COVID-19 vaccination policy was introduced and later removed when it was no longer mandated.

During this time, we also placed a greater focus on promoting staff wellbeing and positive mental health. We supported and helped staff

deal with the changes and challenges by sharing relevant tips and useful information, and regularly touching base with individuals to ensure everyone stayed connected.

### Flexible Working Arrangements

We are committed to developing and supporting a culture that promotes a flexible and healthy work–life balance for our people. A positive outcome from COVID-19 related disruptions was that we implemented a revised policy expanding our flexible working arrangements. The revised policy enables our people to better balance the challenges of work and personal circumstances while maintaining effective performance and enhancing productivity.

The revised flexible working policy allows staff to work from home for up to two days per week, or on an 'as required' basis, in agreement with their manager. Since the new policy was implemented, close to half of our people have established regular working from home arrangements.

### Inclusivity Journey

In providing a productive and positive work environment, our staff *Code of Conduct* requires that all people working at WATC act professionally, courteously and honestly, treating others with respect as reflected in our corporate values.

As an extension of our Code of Conduct, we are formalising a diversity and inclusion plan that builds on our current positive practices and will guide our progress to be a more

inclusive organisation. As part of this plan, we started our journey to better understand our role in reconciliation.

During 2021–22 we celebrated National Reconciliation Week, an event that encourages people to learn more about First Nations' cultures and our shared history of Australia. In recognition of the event, we provided staff with relevant information and resources to improve awareness and understanding, along with details of how they could get involved.

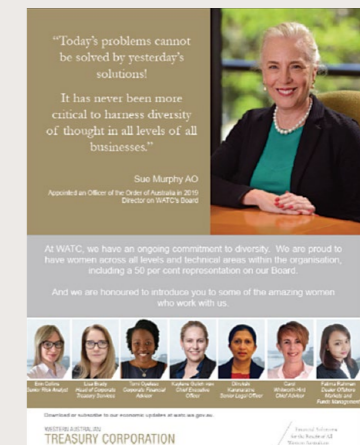
### Supporting Women in Capital Markets

We were pleased to continue our association with the *KangaNews Women in Capital Markets Yearbook*, which acknowledges the importance of gender diversity in capital markets and discusses its contribution to leadership and innovation.

The yearbook also includes submissions from financial market participants, outlining initiatives to promote gender diversity and how these feed-through to a more inclusive industry.

As a supporting sponsor of the yearbook, we were invited to promote our initiatives and profile some of the amazing women in our organisation, sharing some inspiration from our Director, Susan Murphy:

*"Today's problems cannot be solved by yesterday's solutions! It has never been more critical to harness diversity of thought in all levels of all businesses."*



## Our People (continued)

### Participation in Treasury Graduate Program

WATC participates in the Department of Treasury’s Graduate Program. This is a structured initiative that aims to provide newly employed graduates with a range of training and development opportunities while exposing them to a variety of work and projects across government.

As part of the program, we offer a six-month rotation placement to high-achieving graduates with an interest in our role within government and the financial markets we operate in. During 2021–22 we hosted one graduate who worked on a range of projects while spending time with our Risk and Advisory Services teams. During their rotation with us, and in addition to contributing to projects that supported our clients and the State, we assisted the graduate to develop their skills in modelling, financial analysis, reporting and presenting financial information.

### New Safety Legislation

We are committed to providing a safe and healthy working environment that promotes staff wellbeing and complies with the relevant legislation. With the new *Work Health and Safety Act 2020* and regulations that came into effect on 31 March 2022, we worked through the changes and reviewed and updated our policies, procedures and oversight to ensure alignment with the new legislation. This included revising the charter of our Work Health and Safety Committee.

We took the opportunity to provide an outline of the new legislation’s key features to all staff. We explained how the legislative changes relate to our workplace and reminded everyone of their responsibilities and obligations.

### Annual Performance on Work Health and Safety Management

Through a culture of continuous improvement in workplace health, safety and wellbeing, we aim to achieve and maintain a zero lost-time-injury rate, and actively encourage and facilitate staff wellbeing.

We held four Work Health and Safety (WHS) committee meetings during 2021–22. These were attended by both our staff health and safety representatives and members of management. Regular monthly workplace inspections were performed, with identified issues reported and managed. We complied with all legislation relating to WHS, workers’ compensation and injury management.

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

Measures	Actual Results			Targets	Comments on Result
	2019–20 <sup>1</sup> (Base year)	2020–21 (Prior Year)	2021–22 (Current Year)		
Number of Fatalities	0	0	0	0	Achieved
Lost Time Injury and/or Disease (LTI/D) Incidence Rate	0	0	0	0	Achieved
Lost Time Injury and/or Disease (LTI/D) Severity Rate	0	0	0	0	Achieved
Percentage of Injured Workers Returning to Work Within 13 Weeks	n/a	n/a	n/a	≥ 80%	n/a
Percentage of Injured Workers Returning to Work Within 26 Weeks	n/a	n/a	n/a	≥ 80%	n/a
Percentage of Managers and Supervisors Trained in Occupational Safety, Health and Injury Management Responsibilities	91%	91%	100%	≥ 80%	Achieved

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

### Our Plans for Our Workplace and People in 2022–23

We will review and improve how we articulate our staff benefits and our value proposition to assist with effective recruitment and staff engagement.

We will develop and implement our *Diversity and Inclusion Plan*. This plan will include reconciliation actions, which will build on our current positive practices and guide our progress towards becoming more inclusive.

We will implement individual development plans for all our people to assist with identifying opportunities and managing each person’s ongoing professional development and training.



## 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.*

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

The corporate governance processes established by the Board ensure that 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 2022 are as follows:

Name	Position	First Appointed	Term Expires
Michael Barnes	Chairperson	Statutory	Statutory
Michael Court	Deputy Chairperson	01/07/2017	n/a
Kaylene Gulich <sup>1</sup>	Chief Executive Officer	Statutory	Statutory
David Brumby	Director	17/02/2020	31/12/2022
Philippa Hobson	Director	17/02/2020	31/12/2022
Susan Murphy	Director	01/01/2019	31/12/2024

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

The Secretary to the Board is Steven Luff, Chief Financial Officer.

### Board Remuneration

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

Name	Type of Remuneration	Period of Membership	2021-22 \$
M Barnes	Not eligible	12 months	0
M Court	Not eligible	12 months	0
K Gulich	Not eligible	12 months	0
D Brumby	Annual	12 months	42,789
P Hobson	Annual	12 months	53,753
S Murphy	Annual	12 months	42,789

### Board Responsibilities

The Board is responsible for the performance of the functions of WATC under the Act. These functions include:

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

In fulfilling this role, the Board guides and monitors the affairs of WATC. This includes:

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

### Constitution and Proceedings of the Board

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

### Statutory Corporations (Liability of Directors) Act 1996

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

### We Enabled...

**The Shire of Exmouth acquired and constructed additional housing for accommodating essential employees, enabled through debt funding from WATC.**

Photo courtesy of Shire of Exmouth



## Board Committees

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

### Attendance at Meetings by Directors

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

Director	Board		Audit Committee		People and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
M Barnes	6	4			4	3
M Court	6	6	4	4	4	4
K Gulich <sup>1</sup>	6	6	4	3	4	4
D Brumby	6	5			4	3
P Hobson	6	5	4	4	4	4
S Murphy	6	5	4	4	4	4

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

### 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 Audit Committee without management present.

The members of the Audit Committee at 30 June 2022 were Philippa Hobson (Chairperson), Michael Court and Susan Murphy. Members are non-executive directors. The Secretary to the Committee was Phillip Metaxas, Senior Compliance Officer.

### People and Remuneration Committee

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

The members of the People and Remuneration Committee at 30 June 2022 were Michael Barnes (Chairperson), Michael Court, Kaylene Gulich, Philippa Hobson, Susan Murphy and David Brumby. The Secretary to the Committee was Rebecca Ridgway, Human Resources Manager.

## Legislation

### Legislation Administered

Western Australian Treasury Corporation Act 1986

### Legislation Impacting on WATC's Activities

#### State Legislation Impacting on Activities

- 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
- Long Service Leave Act 1958
- Pay-roll Tax Assessment Act 2002
- Procurement Act 2020
- Public and Bank Holidays Act 1972
- Public Interest Disclosure Act 2003
- Public Sector Management Act 1994
- Salaries and Allowances Act 1975
- Stamp Act 1921
- State Records Act 2000
- State Superannuation Act 2000
- Statutory Corporations (Liability of Directors) Act 1996
- Work Health and Safety Act 2020
- Workers' Compensation and Injury Management Act 1981

#### Commonwealth Legislation Impacting on Activities

- 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
- Superannuation Guarantee (Administration) Act 1992
- Taxation Administration Act 1953



## Corporate Governance

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

### Ethical Standards and Codes of Conduct

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

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

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

### Compliance

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

### Auditors

#### External Audit

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

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

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 utilises the services of Ernst & Young to conduct the annual audit.

#### Internal Audit

WATC’s internal audit function is outsourced to PricewaterhouseCoopers. 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 Premier

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

### Professional Advice

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

### Pricing Policy

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

### Insurance Policy

An insurance policy has been taken out to indemnify members of the Board against liabilities under Sections 13 and 14 of the *Statutory Corporations (Liability of Directors) Act 1996*. The amount of the insurance premium paid for 2021–22 was \$112,118.

### 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 2022, the only disclosable expenditure incurred was in relation to advertising, where the following amounts were paid:

- \$37,840 paid to BondNews Ltd, trading as KangaNews
- \$3,923 paid to Beilby Downing Teal Pty Ltd
- \$512 paid to Seek Ltd.

### Unauthorised Use of Credit Cards

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

### Registry and Treasury Operations

Link Market Services Ltd (trading as Link) acts as agent for providing registry services on behalf of WATC. WATC uses the systems and services detailed in the table below to facilitate confirmation and settlement of financial transactions.

Provider	System	Purpose
Austraclear Ltd	Austraclear	Australian dollar cash, short-term money market, fixed interest and foreign exchange transactions
Bank of America	CashPro Online	Foreign currency transactions
Clearstream	CreationOnline	Repurchase of offshore issues
Citibank NA	CitiDirect for Securities	Issuance of Euro Commercial Paper and Euro Medium Term Notes
Commonwealth Bank of Australia	Commbiz	Foreign currency and Australian dollar transactions

# Financial Statements

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## Statement of Comprehensive Income

For the year ended 30 June 2022

	Note	2022 \$m	2021 \$m
<b>INCOME</b>			
<b>Revenue</b>			
Interest on Investments		26.2	32.4
Interest from Authorities		1,002.1	1,078.8
Fee Income		2.7	2.5
<b>Total Revenue</b>		<b>1,031.0</b>	<b>1,113.7</b>
<b>Total Income</b>		<b>1,031.0</b>	<b>1,113.7</b>
<b>EXPENSES</b>			
<b>Expenses</b>			
Interest on Borrowings		890.6	1,043.1
Borrowing Related Expenses		1.4	1.9
Depreciation		0.2	0.2
Amortisation of Intangible Assets		0.9	1.0
Administration Expenses	4	19.2	19.3
Net Fair Value Movement	6	93.7	16.5
<b>Total Expenses</b>		<b>1,006.0</b>	<b>1,082.0</b>
<b>Profit before income tax equivalent expense</b>		<b>25.0</b>	<b>31.7</b>
Income Tax Equivalent Expense	7	7.5	9.5
<b>Profit for the period</b>		<b>17.5</b>	<b>22.2</b>
Other Comprehensive Income		0.0	0.0
<b>Total Comprehensive Income for the period</b>		<b>17.5</b>	<b>22.2</b>

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

## Statement of Financial Position

As at 30 June 2022

	Note	2022 \$m	2021 \$m
<b>ASSETS</b>			
Cash Assets	8	233.2	118.7
Investments	9	4,215.2	5,909.1
Receivables and Other Financial Assets	10	242.3	1,092.8
Loans to Authorities	11	46,515.1	54,768.9
Tax Assets	12	1.2	1.2
Plant and Equipment	13	0.6	0.5
Intangible Assets	14	0.3	1.0
<b>Total Assets</b>		<b>51,207.9</b>	<b>61,892.2</b>
<b>LIABILITIES</b>			
Payables and Other Financial Liabilities	16	785.5	3,081.7
Borrowings	17	50,257.5	58,649.8
Tax Liabilities	18	7.4	3.7
Provisions	19	3.8	4.1
<b>Total Liabilities</b>		<b>51,054.2</b>	<b>61,739.3</b>
<b>NET ASSETS</b>		<b>153.7</b>	<b>152.9</b>
<b>EQUITY</b>			
Retained Earnings		150.7	149.9
Reserves		3.0	3.0
<b>Total Equity</b>		<b>153.7</b>	<b>152.9</b>

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 2022

	Reserves \$m	Retained Earnings \$m	Total Equity \$m
<b>Balance at 1 July 2020</b>	3.0	149.1	152.1
Profit for the period	0.0	22.2	22.2
Other Comprehensive Income	0.0	0.0	0.0
Total Comprehensive Income for the period	0.0	22.2	22.2
Transactions with owners in their capacity as owners:			
Distributions to Owners	0.0	(21.4)	(21.4)
Total	0.0	(21.4)	(21.4)
<b>Balance at 30 June 2021</b>	<b>3.0</b>	<b>149.9</b>	<b>152.9</b>
<b>Balance at 1 July 2021</b>	<b>3.0</b>	<b>149.9</b>	<b>152.9</b>
Profit for the period	0.0	17.5	17.5
Other Comprehensive Income	0.0	0.0	0.0
Total Comprehensive Income for the period	0.0	17.5	17.5
Transactions with owners in their capacity as owners:			
Distributions to Owners	0.0	(16.7)	(16.7)
Total	0.0	(16.7)	(16.7)
<b>Balance at 30 June 2022</b>	<b>3.0</b>	<b>150.7</b>	<b>153.7</b>

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

## Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 \$m	2021 \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received on Loans to Authorities		996.5	1,106.2
Interest received on Investments		59.4	71.4
Proceeds from Sale and Maturity of Investments		4,719.2	8,104.2
Payment for Investments		(3,968.5)	(6,395.8)
Loans to Authorities		(8,706.6)	(13,868.4)
Loans Repaid by Authorities		10,885.2	13,606.1
Proceeds from Issuance of Borrowings		15,859.5	18,940.5
Repayment of Borrowings		(19,462.5)	(19,713.1)
Fee Income		2.8	2.3
Interest and other Cost of Finance paid		(1,134.5)	(1,394.4)
Administration and Borrowing Related Expenses		(20.4)	(20.9)
Payment of Taxation Equivalents		(3.7)	(30.8)
<b>Net Cash (used in)/provided by Operating Activities</b>	21b	<b>(773.6)</b>	407.3
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for Plant and Equipment		(0.3)	(0.5)
Payment for Intangible Assets		(0.2)	0.0
<b>Net Cash used in Investing Activities</b>		<b>(0.5)</b>	(0.5)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of Dividend		(16.7)	(21.4)
<b>Net Cash used in Financing Activities</b>		<b>(16.7)</b>	(21.4)
Net (decrease)/increase in Cash and cash equivalents		(790.8)	385.4
Cash and cash equivalents at the beginning of the Financial Year		1,468.6	1,083.1
Unrealised foreign exchange gain		0.0	0.0
Cash and cash equivalents at the end of the Financial Year	21a	<b>677.8</b>	1,468.5
Included in the above are the following			
<b>CASH FLOWS TO STATE GOVERNMENT</b>			
Payment of Dividend		(16.7)	(21.4)
Payment of Taxation Equivalents		(3.7)	(30.8)
<b>Net Cash provided to State Government</b>		<b>(20.4)</b>	(52.2)

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 2022

### 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 2022 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 2022.

### NOTE 2

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) General Statement

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

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

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

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

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 2 (continued)

#### (b) Basis of Preparation

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

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

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

#### *Critical accounting judgements and estimates*

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

Key assumptions made in the valuation of financial assets and financial liabilities are disclosed in [Note 20](#).

#### (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).

### NOTE 2 (continued)

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:

	2022	2021
Computer Equipment	3-5 years	3-5 years
Other Equipment	5-10 years	5-10 years

#### *Impairment*

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

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

Impairment losses are recognised in the Statement of Comprehensive Income.

#### (e) Intangible Assets

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

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

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

#### (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.

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 2 (continued)

#### (g) Loans to Authorities

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

#### (h) Borrowings

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

#### (i) Derivative Financial Instruments

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

#### (j) Foreign Currency Translation

Foreign currency transactions are brought to account in Australian dollars at trade date at the rate of exchange applying at that date. At the end of the reporting period, all monetary assets and liabilities are translated at the exchange rates existing at 30 June 2022. 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.

### NOTE 2 (continued)

#### (l) Employee Benefits

##### (i) Sick Leave

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

##### (ii) Annual Leave

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

##### (iii) Long Service Leave

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

##### (iv) Superannuation

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

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

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 2 (continued)

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

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

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

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

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

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

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

#### (m) Dividend Policy

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

#### (n) Income Tax

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

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

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

### NOTE 2 (continued)

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

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

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

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

#### (o) Impairment of Assets

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

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

#### (p) Receivables

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

#### (q) Payables

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

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 2 (continued)

**(r) Cash and cash equivalents**

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

**(s) Accrued Salaries**

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

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

**(t) Swap Fair Value Reserve**

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

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

### 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 2021. None have had a material financial impact on WATC.

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

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

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

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

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

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



## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 \$m	2021 \$m
<b>NOTE 4</b>		
<b>ADMINISTRATION EXPENSES</b>		
<b>Employee Benefit Expenses</b>		
The following employee benefit expenses are included in Administration Expenses.		
Salaries	11.1	11.1
Workers Compensation costs	0.1	0.0
Superannuation expense	1.1	1.1
Long Service Leave Provision	(0.1)	0.1
	<b>12.2</b>	<b>12.3</b>
<b>Administration Expenses</b>		
Employee Benefit Expenses	12.2	12.3
Services and Contracts	2.6	2.8
Equipment Maintenance	1.9	1.7
Accommodation costs	0.9	1.1
Other costs	1.6	1.4
	<b>19.2</b>	<b>19.3</b>

### NOTE 5

#### FOREIGN EXCHANGE GAIN/LOSS

WATC maintains balances in its foreign currency bank accounts for the payment of expenses incurred through its overseas borrowings. At 30 June 2022, after taking account of exchange fluctuations, no gain or loss (2021, no gain or loss) had resulted on this balance.

### NOTE 6

#### NET FAIR VALUE MOVEMENT

	2022 \$m	2021 \$m
Unrealised (Loss)/Gain - Investments	(123.0)	(25.8)
Unrealised (Loss)/Gain - Loans to Authorities	(3,731.8)	(821.0)
Unrealised Gain/(Loss) - Borrowings	4,593.7	1,014.9
Unrealised (Loss)/Gain - Derivatives	(832.6)	(184.6)
Net Fair Value Movement	<b>(93.7)</b>	<b>(16.5)</b>
Add Interest movements		
Interest on Investments	26.2	32.4
Interest from Authorities	1,002.1	1,078.8
Interest on Borrowings	(890.6)	(1,043.1)
	<b>137.7</b>	<b>68.1</b>
Net gain on financial assets and financial liabilities at fair value through profit and loss	<b>44.0</b>	<b>51.6</b>

WATC manages its operations on a portfolio basis to achieve its long term objectives. Realised losses totalling A\$33.5 million (2021, A\$78.9 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.

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 \$m	2021 \$m
<b>NOTE 7</b>		
<b>INCOME TAX EQUIVALENT EXPENSE</b>		
The prima facie income tax equivalent expense on accounting profit reconciles to the income tax equivalent expense in the accounts as follows:		
Accounting Profit before income tax equivalent expense	25.0	31.7
Income tax equivalent expense at 30% (2021, 30%)	7.5	9.5
Income tax equivalent expense	7.5	9.5
Income tax equivalent expense comprises movements in:		
Current income tax equivalent expense	7.4	9.5
Deferred tax income relating to the origination and reversal of temporary differences	0.1	0.0
Total income tax equivalent expense	7.5	9.5
Deferred Tax Assets:		
Employee Provisions	1.2	1.2
Total (Note 12)	1.2	1.2
<b>NOTE 8</b>		
<b>CASH ASSETS</b>		
Bank Deposits	233.2	118.7
	233.2	118.7
Average Balance	231.3	186.7
Interest Revenue	0.8	0.9
Average Interest Rate	0.35%	0.46%

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.

## NOTE 9

### INVESTMENTS - AT FAIR VALUE

#### Investments - non derivative

Investments comprise the following:

	2022 \$m	2021 \$m
Short Term Money Market Investments	2,465.2	2,444.4
Government Stock	1,750.0	3,464.7
Corporate Bonds	0.0	0.0
Total	4,215.2	5,909.1

#### Maturity Profile

	2022 \$m	2021 \$m
At Call	0.0	0.0
Up to 3 Months	875.4	4,327.9
3 to 12 Months	1,775.0	277.4
1 to 5 Years	834.2	1,303.8
Over 5 Years	730.6	0.0
Total	4,215.2	5,909.1

#### Repricing Profile

	2022 \$m	2021 \$m
At Call	0.0	0.0
Up to 3 Months	875.4	4,579.3
3 to 12 Months	1,775.0	26.0
1 to 5 Years	834.2	1,303.8
Over 5 Years	730.6	0.0
Total	4,215.2	5,909.1

#### Credit Exposure

	2022 %	2021 %
Rating		
AAA	0.00	3.31
AA	94.44	96.69
A	5.56	0.00
BBB	0.00	0.00
Total	100.00	100.00

	2022 \$m	2021 \$m
Average Balance	3,264.6	5,093.1
Interest Revenue	25.4	31.6
Average Interest Rate	0.78%	0.62%

WATC invests its surplus funds in accordance with the *Western Australian Treasury Corporation Act*. Further information on valuation methods is shown in Note 20. All Investments are classified as financial assets at fair value through profit and loss.

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 \$m	2021 \$m
<b>NOTE 10</b>		
<b>RECEIVABLES AND OTHER FINANCIAL ASSETS</b>		
Accrued Interest Receivable	229.8	227.0
Foreign Currency Receivable	2.7	17.0
Other Debtors	9.8	0.4
	242.3	244.4
Other Financial Assets (Notes 11b & 17b)	0.0	848.4
	242.3	1,092.8

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 2022 and due for settlement after 30 June 2022. Other financial assets are discussed in more detail in [Note 20](#).

### NOTE 11

#### LOANS TO AUTHORITIES - AT FAIR VALUE

##### 11a. Loans to Authorities - non derivative

##### Maturity Profile

Up to 3 Months	1,236.7	3,109.0
3 to 12 Months	4,846.5	4,098.8
1 to 5 Years	25,888.7	27,975.6
Over 5 Years	14,543.2	19,585.5
Total	46,515.1	54,768.9

##### Repricing Profile

Up to 3 Months	15,539.4	19,237.2
3 to 12 Months	5,169.1	4,233.9
1 to 5 Years	13,299.2	13,955.8
Over 5 Years	12,507.4	17,342.0
Total	46,515.1	54,768.9

### NOTE 11 (continued)

#### 11b. Loans to Authorities - derivative

##### Maturity Profile

Up to 3 Months	(0.6)	0.4
3 to 12 Months	(1.7)	0.2
1 to 5 Years	(2.0)	5.0
Over 5 Years	0.0	0.0
Total derivatives shown as (payables) receivables and other financial assets (Notes 16 and 10)	(4.3)	5.6

##### Repricing Profile

Up to 3 Months	(2.3)	0.0
3 to 12 Months	(0.5)	0.2
1 to 5 Years	(1.5)	5.4
Over 5 Years	0.0	0.0
Total derivatives shown as (payables) receivables and other financial assets (Notes 16 and 10)	(4.3)	5.6

Average Balance	49,576.8	52,737.6
Interest Revenue	1,002.1	1,078.8
Average Interest Rate	2.02%	2.05%

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 (98.7% of total (2021, 98.8%)) are guaranteed by the State whilst Local Government advances (1.3% of total (2021, 1.2%)) are secured by debenture and are charged in accordance with the provisions of the *Local Government Act* upon the general funds of the Local Government. There were no indications of impairment to lendings to Local Government at 30 June 2022 (2021, nil). Loans to Authorities are not readily traded on organised markets in standardised form. Further information on valuation methods is shown in [Note 20](#).

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 \$m	2021 \$m
<b>NOTE 12</b>		
<b>TAX ASSETS</b>		
Deferred Tax Asset	1.2	1.2
<b>NOTE 13</b>		
<b>PLANT AND EQUIPMENT</b>		
Equipment (at cost)	1.5	2.8
Less Accumulated Depreciation	0.9	2.3
Total Plant and Equipment	0.6	0.5
<b>Reconciliation</b>		
Equipment		
Opening balance	0.5	0.3
Additions	0.3	0.4
Disposals/Write-Offs	(1.6)	(0.7)
Depreciation	(0.2)	(0.2)
Accumulated depreciation on disposal	1.6	0.7
Closing balance	0.6	0.5
<b>NOTE 14</b>		
<b>INTANGIBLE ASSETS</b>		
Intangible Assets (at cost)	7.4	11.3
Less Accumulated Amortisation	7.1	10.3
Total Intangible Assets	0.3	1.0
<b>Reconciliation</b>		
Intangible Assets		
Opening balance	1.0	2.0
Additions	0.2	0.0
Disposals	(4.1)	(0.1)
Amortisation	(0.9)	(1.0)
Accumulated amortisation on disposal	4.1	0.1
Closing balance	0.3	1.0

## NOTE 15

### IMPAIRMENT OF ASSETS

There were no indications of impairment to Plant and Equipment and Intangible Assets at 30 June 2022 and 2021.

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.

	2022 \$m	2021 \$m
<b>NOTE 16</b>		
<b>PAYABLES</b>		
Interest Accrued (at amortised cost)	427.2	530.4
Other Creditors (at amortised cost)	217.0	2,551.3
Foreign Currency Payable	0.0	0.0
	644.2	1,651.3
Other Financial Liabilities (at fair value) (Notes 11b and 17b)	141.3	0.0
	785.5	3,081.7

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 2022 and due for settlement after 30 June 2022. Other financial liabilities are discussed in more detail in Note 20.

## NOTE 17

### BORROWINGS - AT FAIR VALUE

#### 17a. Borrowings - non derivative

#### Maturity Profile

	2022 \$m	2021 \$m
Up to 3 Months	2,651.5	6,584.1
3 to 12 Months	5,900.2	2,981.3
1 to 5 Years	26,458.6	28,769.6
Over 5 Years	15,247.2	20,314.8
Total borrowings at fair value	50,257.5	58,649.8

#### Repricing Profile

	2022 \$m	2021 \$m
Up to 3 Months	10,663.8	15,784.2
3 to 12 Months	4,102.4	783.2
1 to 5 Years	20,244.1	21,767.6
Over 5 Years	15,247.2	20,314.8
Total borrowings at fair value	50,257.5	58,649.8

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 \$m	2021 \$m
<b>NOTE 17 (continued)</b>		
<b>17b. Borrowings - derivative</b>	<b>137.0</b>	<b>(842.8)</b>
<b>Maturity Profile</b>		
Up to 3 Months	(2.2)	(43.5)
3 to 12 Months	(13.4)	(0.8)
1 to 5 Years	(26.1)	(640.3)
Over 5 Years	178.7	(158.2)
Total derivatives shown in Note 16 for 2022 and Note 10 for 2021	137.0	(842.8)
<b>Repricing Profile</b>		
Up to 3 Months	118.0	55.8
3 to 12 Months	17.9	16.1
1 to 5 Years	(116.9)	(692.1)
Over 5 Years	118.0	(222.6)
Total derivatives shown in Note 16 for 2022 and Note 10 for 2021	137.0	(842.8)
Average Balance	52,978.2	58,253.6
Interest Expense	890.6	1,043.1
Average Interest Rate	1.68%	1.79%

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 20.

### BORROWINGS - AT FACE VALUE

	2022 \$m	2021 \$m
Payable 12 months or less from 30 June		
– Domestic	8,297.0	8,954.1
– Overseas	253.5	598.0
	8,550.5	9,552.1
Payable more than 12 months from 30 June		
– Domestic	43,175.9	45,519.7
– Overseas	0.0	0.0
	43,175.9	45,519.7
Balance 30 June at face value	51,726.4	55,071.8

## NOTE 17 (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 2022 and are shown below:

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

	Exchange Rate Translation at 30/06/21	
	Payable 12 Months or Less from 30/06/21 A\$m	Payable More than 12 Months from 30/06/21 A\$m
<b>Foreign Currency Borrowing</b>		
USD 449.7 million	598.0	Nil

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

	2022 \$m	2021 \$m
<b>NOTE 18</b>		
<b>TAX LIABILITIES</b>		
Current Income Tax Equivalent Liability	7.4	3.7
	7.4	3.7

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 \$m	2021 \$m
<b>NOTE 19</b>		
<b>PROVISIONS</b>		
Annual Leave	1.5	1.6
Long Service Leave	2.1	2.2
Superannuation - Defined Benefit Plans	0.2	0.3
	<b>3.8</b>	<b>4.1</b>

### 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.

### NOTE 19 (continued)

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

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

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

#### *Description of risks*

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

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

#### *Description of significant events*

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

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 \$m	2021 \$m
<b>NOTE 19 (continued)</b>		
<i>Reconciliation of the Net Defined Benefit Liability/(Asset)</i>		
Net Defined Benefit liability/(asset) at start of year	0.3	0.3
(+) Current service cost	0.0	0.0
(+) Net interest	0.0	0.0
(+) Past service cost/curtailments	0.0	0.0
(+) (Gains)/losses on settlement	0.0	0.0
(-) Actual return on Scheme assets less Interest income	0.0	0.0
(+) Actual (gains)/losses arising from changes in demographic assumptions	0.0	0.0
(+) Actual (gains)/losses arising from changes in financial assumptions	0.0	0.0
(+) Actual (gains)/losses arising from liability experience	(0.1)	0.0
(+) Adjustment for effect of asset ceiling	0.0	0.0
(-) Employer contributions	0.0	0.0
Net defined benefit liability/(asset)	0.2	0.3
<i>Reconciliation of the Fair Value of Scheme Assets</i>		
Fair Value of Scheme assets at beginning of year	0.0	0.0
(+) Interest income	0.0	0.0
(+) Actual return on Scheme assets less Interest income	0.0	0.0
(+) Employer contributions	0.0	0.0
(+) Contributions by Scheme participants	0.0	0.0
(-) Benefits paid	0.0	0.0
(-) Taxes, premiums & expenses paid	0.0	0.0
(+) Transfers in	0.0	0.0
(+) Contributions to accumulation section	0.0	0.0
(+) Settlements	0.0	0.0
(+) Exchange rate changes	0.0	0.0
Fair value of Scheme assets at end of year	0.0	0.0

	2022 \$m	2021 \$m
<b>NOTE 19 (continued)</b>		
<i>Reconciliation of the Defined Benefit Obligation (DBO)</i>		
Present value of defined benefit obligations at beginning of year	0.3	0.3
(+) Current service cost	0.0	0.0
(+) Interest cost	0.0	0.0
(+) Contributions by Scheme participants	0.0	0.0
(+) Actuarial (gains)/losses arising from changes in demographic assumptions	0.0	0.0
(+) Actuarial (gains)/losses arising from changes in financial assumptions	0.0	0.0
(+) Actuarial (gains)/losses arising from liability experience	(0.1)	0.0
(-) Benefits paid	0.0	0.0
(-) Taxes, premiums & expenses paid	0.0	0.0
(+) Transfers in	0.0	0.0
(-) Contributions to accumulation section	0.0	0.0
(+) Past service cost/curtailments	0.0	0.0
(+) Gain/loss on settlements	0.0	0.0
(+) Settlements	0.0	0.0
(+) Exchange rate changes	0.0	0.0
Present value of defined benefit obligations at end of year	0.2	0.3

### *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.

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 19 (continued)

#### Significant Actuarial Assumptions at the Reporting Date

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

		2022	2021
Discount rate		1.50%	0.85%
Expected salary increase rate	2020/21	-	2.00%
	2021/22	2.00%	2.00%
	2022/23	2.00%	0.00%
	thereafter	3.00%	3.50%
CPI	2021/22	1.75%	2.00%
	2022/23	1.75%	2.00%
	thereafter	2.00%	2.00%
<i>Assumptions to Determine DBO at Valuation Date</i>			
Discount rate		3.35%	1.50%
Expected salary increase rate	2021/22	-	2.00%
	2022/23	3.50%	2.00%
	thereafter	-	3.00%
CPI	2021/22	-	1.75%
	2022/23	3.00%	1.75%
	2023/24	3.00%	-
	2024/25	3.00%	-
	thereafter	2.50%	2.00%

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 2022 is 3.50% pa. The salary increase assumption used at 30 June 2021 was 2.00% pa for the first two years and 3.00% pa thereafter.

### NOTE 19 (continued)

#### Sensitivity Analysis

The defined benefit obligation as at 30 June 2022 under several scenarios is presented below.

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

Scenario A: 0.5% pa lower discount rate assumption

Scenario B: 0.5% pa higher discount rate assumption

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

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

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% pa discount	+0.5% pa discount	-0.5% pa salary	+0.5% pa salary
Discount rate	3.35% pa	2.85% pa	3.85% pa	3.35% pa	3.35% pa
Salary increase rate	3.50% pa	3.50% pa	3.50% pa	3.00% pa	4.00% pa
Defined benefit obligation (A\$m)	0.2	0.2	0.2	0.2	0.2

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

	2023 \$m
Expected employer contributions	0.1

#### Maturity profile of defined benefit obligation

The weighted average duration of WATC's defined benefit obligation is 2.7 years.



## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 20

#### 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.

### NOTE 20 (continued)

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

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

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

##### Interest Rate Risk

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

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

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

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

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

	2022 \$m	2021 \$m
<b>Value at Risk (VaR)</b>		
Average Daily Balance for Year	1.3	1.3
Lowest for Year	0.7	0.6
Highest for Year	2.8	4.5
Closing Balance	1.8	0.8

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 20 (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>2022</b>								
<b>Financial Assets:</b>								
Cash and Cash Equivalents	0.35	233.2						233.2
Receivables							242.3	242.3
Investments	0.78		875.4	1,775.0	834.2	730.6		4,215.2
Loans to Authorities	2.02		15,539.4	5,169.1	13,299.2	12,507.4		46,515.1
		233.2	16,414.8	6,944.1	14,133.4	13,238.0	242.3	51,205.8
<b>Financial Liabilities:</b>								
Payables								
– non derivative							644.0	644.0
– derivative			120.2	18.5	(115.4)	118.0		141.3
Borrowings	1.68		10,663.8	4,102.4	20,244.1	15,247.2		50,257.5
		0.0	10,784.0	4,120.9	20,128.7	15,365.2	644.0	51,042.8

### 2021

#### Financial Assets:

Cash and Cash Equivalents	0.46	118.7						118.7
Receivables								
– non derivative							244.4	244.4
– derivative			(55.8)	(15.9)	697.5	222.6		848.4
Investments	0.62		4,579.3	26.0	1,303.8			5,909.1
Loans to Authorities	2.05		19,237.2	4,233.9	13,955.8	17,342.0		54,768.9
		118.7	23,760.7	4,244.0	15,957.1	17,564.6	244.4	61,889.5
<b>Financial Liabilities:</b>								
Payables							3,081.7	3,081.7
Borrowings	1.79		15,784.2	783.2	21,767.6	20,314.8		58,649.8
		0.0	15,784.2	783.2	21,767.6	20,314.8	3,081.7	61,731.5

### NOTE 20 (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).

	2022 %	2021 %
<b>Credit Exposure of Investments by Rating</b>		
AAA	0.00	3.31
AA	94.44	96.69
A	5.56	0.00
BBB	0.00	0.00
	100.00	100.00
<b>Credit Exposure of Derivatives by Rating</b>		
AAA	0.00	0.00
AA	101.15	84.33
A	(1.15)	15.67
	100.00	100.00

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 20 (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>2022</b>					
<b>Financial Liabilities:</b>					
Borrowings					
– non derivative	2,992.5	7,058.8	30,030.6	18,108.9	58,190.8
	2,992.5	7,058.8	30,030.6	18,108.9	58,190.8
Derivatives					
– derivative payable	335.3	254.5	871.5	204.2	1,665.5
– derivative receivable	395.1	308.0	676.5	113.8	1,493.4
Derivatives Net	(59.8)	(53.5)	195.0	90.4	172.1
Total	2,932.8	7,005.3	30,225.6	18,199.3	58,363.0

### 2021

#### Financial Liabilities:

Borrowings					
– non derivative	7,013.0	4,005.6	30,620.0	20,192.1	61,830.7
	7,013.0	4,005.6	30,620.0	20,192.1	61,830.7
Derivatives					
– derivative payable	630.2	37.1	249.9	106.7	1,023.9
– derivative receivable	753.2	262.2	778.8	94.9	1,889.1
Derivatives Net	(123.0)	(225.1)	(528.9)	11.8	(865.2)
Total	6,890.0	3,780.5	30,091.1	20,203.9	60,965.5

### NOTE 20 (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.

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 20 (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 2022, 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 2022</b>			
Futures	1,758.2	0.0	0.0
Interest Rate Swaps	13,275.5	142.2	136.1
Forward Rate Agreements	0.0	0.0	0.0
<b>As at 30 June 2021</b>			
Futures	124.0	0.0	0.0
Interest Rate Swaps	14,070.0	848.4	844.4
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 2022, WATC had lent funds amounting to A\$17,271.0 million (2021, A\$18,257.7 million) on this basis.

### NOTE 20 (continued)

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

WATC borrows in foreign currencies when the all in cost after swapping back into Australian dollars is cheaper than the equivalent domestic borrowing. Whereas WATC manages interest rate risk on a portfolio basis, it manages the exchange rate risk on foreign currency borrowings as part of the borrowing transaction. At 30 June 2022, WATC had foreign currency swaps and forwards amounting to A\$326.0 million with a fixed future obligation in Australian dollars of A\$250.8 million (2021, foreign currency swaps and forwards amounting to A\$598.0 million with a fixed future obligation in Australian dollars of A\$581.1 million). Additionally, WATC has arranged foreign exchange transactions for clients amounting to A\$277.4 million (2021, A\$98.9 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\$1.9 million relating to these forward foreign exchange transactions receivable from authorities and payable to third parties is included in Notes 11(b) and 17(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 2022	Market Rate as at 30 June 2021
Overnight	-	0.85%	0.10%
90 days	-	1.73%	0.03%
180 days	-	2.57%	0.07%
15 July 2021	7.00%	-	0.00%
20 October 2022	2.75%	1.54%	0.02%
16 October 2023	6.00%	2.98%	0.16%
23 July 2024	2.50%	3.17%	0.44%
23 July 2025	5.00%	3.54%	0.72%
21 October 2026	3.00%	3.69%	0.99%
21 October 2027	3.00%	3.77%	1.18%
20 July 2028	3.25%	3.81%	1.30%
24 July 2029	2.75%	3.93%	1.46%
22 October 2030	1.50%	4.03%	1.64%
22 October 2031	1.75%	4.11%	1.76%
24 October 2034	2.00%	4.32%	2.05%
23 July 2041	2.25%	4.38%	2.51%

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 20 (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 2022.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>30 June 2022</b>				
Financial assets designated at fair value through profit or loss				
Investments	1,691.9	2,523.3	-	4,215.2
Loans to Authorities	56.4	46,458.7	-	46,515.1
Derivative financial assets	-	(4.3)	-	(4.3)
<b>Total Assets</b>	<b>1,748.3</b>	<b>48,977.7</b>	<b>-</b>	<b>50,726.0</b>
Financial liabilities designated at fair value through profit or loss				
Borrowings	38,471.3	11,786.2	-	50,257.5
Derivative financial liabilities	(1.1)	138.1	-	137.0
<b>Total Liabilities</b>	<b>38,470.2</b>	<b>11,924.3</b>	<b>-</b>	<b>50,394.5</b>
<b>30 June 2021</b>				
Financial assets designated at fair value through profit or loss				
Investments	1,581.2	4,327.9	-	5,909.1
Loans to Authorities	42.5	54,726.4	-	54,768.9
Derivative financial assets	0.0	5.6	-	5.6
<b>Total Assets</b>	<b>1,623.7</b>	<b>59,059.9</b>	<b>-</b>	<b>60,683.6</b>
Financial liabilities designated at fair value through profit or loss				
Borrowings	46,582.9	12,066.9	-	58,649.8
Derivative financial liabilities	0.0	(842.8)	-	(842.8)
<b>Total Liabilities</b>	<b>46,582.9</b>	<b>11,224.1</b>	<b>-</b>	<b>57,807.0</b>

### NOTE 20 (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.

### NOTE 21

#### NOTES TO THE STATEMENT OF CASH FLOWS

##### 21a. Reconciliation of Cash

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:

	2022 \$m	2021 \$m
Bank Deposits (Note 8)	233.2	118.7
Short Term Money Market Investments	444.6	1,349.8
	<b>677.8</b>	<b>1,468.5</b>

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 \$m	2021 \$m
<b>NOTE 21 (continued)</b>		
<b>21b. Reconciliation of Net Cash provided by Operating Activities to Profit for the period</b>		
Profit for the period	17.5	22.2
Depreciation	0.2	0.2
Amortisation of Intangible Assets	0.9	1.0
(Increase)/Decrease in Receivables	(2.1)	25.2
Decrease in Accrued Interest Payable	(30.9)	(63.5)
Increase in Other Creditors	0.4	0.1
Increase in tax liabilities	7.4	9.5
Increase in Employee Benefits	0.0	0.2
Tax Equivalent Payment	(3.7)	(30.8)
Fair Value Adjustment	(0.2)	16.6
Premium/Discount Amortisation	(183.0)	(246.8)
Other Receipt on behalf of Client Authorities	93.7	0.0
Decrease in Investments	750.7	1,708.4
Increase/(Decrease) in Lending	2,178.5	(262.3)
Decrease in Borrowings	(3,603.0)	(772.6)
Net Cash provided by (used in) Operating Activities	(773.6)	407.3

## NOTE 22

### REMUNERATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

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

#### Directors' Remuneration

M A Barnes, Chairperson, M J R Court, Deputy Chairperson, K P Gulich, Chief Executive Officer, D D Brumby, Director, P Hobson, Director and S L Murphy, Director are the current directors of WATC. All 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:

\$	2022	2021
0	2	2
10,000 - 20,000	-	-
20,001 - 30,000	-	-
40,001 - 50,000	2	3
50,001 - 60,000	1	-
190,001 - 200,000	-	-
440,001 - 450,000	-	1
450,001 - 460,000	1	-
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
The total remuneration of the directors of WATC is:	<b>590,358</b>	577,211
Which comprises:		
Short Term Employment Benefits	<b>531,978</b>	521,685
Other Long Term Employment Benefits	<b>10,781</b>	8,941
Post Employment Benefits	<b>47,599</b>	46,585

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

No directors are members of the Pension Scheme.

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 22 (continued)

#### Other Key Management Personnel Remuneration

Other Key Management Personnel are V Cinquina, Head of Financial Markets, S L Luff, 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:

\$	2022	2021
50,001 - 60,000	-	*1
170,001 - 180,000	-	**1
180,001 - 190,000	1	1
230,001 - 240,000	1	-
240,001 - 250,000	1	-
250,001 - 260,000	-	-
260,001 - 270,000	-	1
270,001 - 280,000	1	-
300,001 - 310,000	1	1
310,001 - 320,000	1	1
320,001 - 330,000	-	1

2021

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

\*\* Mr McEwen transferred to another position within WATC during the year.

	2022 \$	2021 \$
The total remuneration of other key management personnel is:	<b>1,557,887</b>	1,615,830
Which comprises:		
Short Term Employment Benefits	<b>1,386,256</b>	1,426,599
Other Long Term Employment Benefits	<b>24,300</b>	42,190
Post Employment Benefits	<b>147,331</b>	147,041

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.

### NOTE 22 (continued)

The total remuneration of directors and key management personnel is:

Which comprises:

Short Term Employment Benefits

Other Long Term Employment Benefits

Post Employment Benefits

	2022 \$	2021 \$
The total remuneration of directors and key management personnel is:	<b>2,148,245</b>	2,193,041
Which comprises:		
Short Term Employment Benefits	<b>1,918,234</b>	1,948,284
Other Long Term Employment Benefits	<b>35,081</b>	51,131
Post Employment Benefits	<b>194,930</b>	193,626

### NOTE 23

#### AUDITOR'S REMUNERATION

Amounts paid or due and payable to the Office of the Auditor General for auditing the financial statements and performance indicators.

	<b>197,600</b>	183,000
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### NOTE 24

#### 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 2022, 98.7% (2021, 98.8%) 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 11](#).

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.

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 25

#### EXPLANATORY STATEMENT

##### 25a. Actual/Budget Comparison 2021/22

	Actual \$m	Budget \$m	Variance \$m	Comment
<b>Revenue</b>				
Interest on Investments	26.2	6.5	19.7	1
Interest from Authorities	1,002.1	1,026.0	(23.9)	2
Fee Income	2.7	2.0	0.7	
	1,031.0	1,034.5	(3.5)	
<b>Gains</b>				
Foreign Exchange Gain	0.0	0.0	0.0	
Gains from Sale of Plant and Equipment	0.0	0.0	0.0	
Total Income	1,031.0	1,034.5	(3.5)	
<b>Expenses</b>				
Interest on Borrowings	890.6	977.8	(87.2)	4
Borrowing Related Expenses	1.3	4.4	(3.1)	
Depreciation	0.2	0.2	0.0	
Amortisation of Intangible Assets	0.9	0.8	0.1	
Administration Expenses	19.2	20.7	(1.5)	
Foreign Exchange Loss	0.0	0.0	0.0	
Net Fair Value Movement	93.8	0.0	93.8	3
	1,006.0	1,003.9	2.1	
Profit before income tax equivalent	25.0	30.6	(5.6)	
Income tax equivalent expense	7.5	9.2	(1.7)	
Profit for the period	17.5	21.4	(3.9)	
Other Comprehensive Income	0.0	0.0	0.0	
Total Comprehensive Income	17.5	21.4	(3.9)	

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

- The increase in Interest on Investments compared to budget was due to a higher than anticipated balance invested.
- The decrease in Interest from Authorities compared to budget was due to lower than anticipated interest rates and a lower than anticipated client authority borrowing program.
- The relationship between net fair value movement and interest income and expense is discussed at [Note 7](#). The budget does not separately identify unrealised gains or losses.
- The decrease in Interest on Borrowings compared to budget was due to lower than anticipated interest rates and debt levels.

### NOTE 25 (continued)

#### 25b. Comparison Between 2021/22 And The Previous Year

	2022 \$m	2021 \$m	Change \$m	Comment
<b>Revenue</b>				
Interest on Investments	26.2	32.4	(6.2)	1
Interest from Authorities	1,002.1	1,078.8	(76.7)	2
Fee Income	2.7	2.5	0.2	
	1,031.0	1,113.7	(82.7)	
<b>Gains</b>				
Foreign Exchange Gain	0.0	0.0	0.0	
Gains from Sale of Plant and Equipment	0.0	0.0	0.0	
Total Income	1,031.0	1,113.7	(82.7)	
<b>Expenses</b>				
Interest on Borrowings	890.6	1,043.1	(152.5)	4
Borrowing Related Expenses	1.3	1.9	(0.6)	
Depreciation	0.2	0.2	0.0	
Amortisation of Intangible Assets	0.9	1.0	(0.1)	
Administration Expenses	19.2	19.3	(0.1)	
Net Fair Value Movement	93.8	16.5	77.3	3
	1,006.0	1,082.0	(76.0)	
Profit before income tax equivalent	25.0	31.7	(6.7)	
Income tax equivalent expense	7.5	9.5	(2.0)	
Profit for the period	17.5	22.2	(4.7)	
Other Comprehensive Income	0.0	0.0	0.0	
Total Comprehensive Income	17.5	22.2	(4.7)	

- Interest on Investments has decreased by \$6.2 million from the previous year mainly due to a decrease in investments.
- Interest from Authorities has decreased by \$76.7 million from the previous year mainly due to the impact of a lower than anticipated client authority borrowing program.
- Net Fair Value Movement has changed by \$77.3 million from the previous year mainly due to changes in interest rates.
- Interest on Borrowings has decreased by \$152.5 million from the previous year as a result of decreased debt levels.



## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### NOTE 26

#### COMMITMENTS

There are no expenditure commitments contracted for and payable at 30 June 2022 (2021, nil).

### NOTE 27

#### 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 2022.

### NOTE 28

#### CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2022 (2021, nil).

## Certification of Financial Statements

For the year ended 30 June 2022

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 2022 and the financial position as at 30 June 2022.

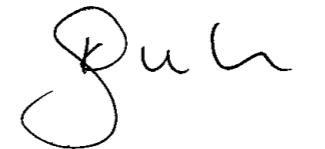
At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



**S L LUFF** B.BUS, CPA, GAICD  
CHIEF FINANCIAL OFFICER

WESTERN AUSTRALIAN  
TREASURY CORPORATION

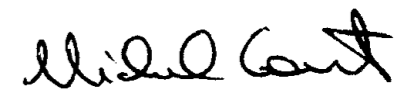
24 August 2022



**K P GULICH** PSM  
CHIEF EXECUTIVE OFFICER

WESTERN AUSTRALIAN  
TREASURY CORPORATION

24 August 2022



**M J R COURT**  
CHAIRPERSON

WESTERN AUSTRALIAN  
TREASURY CORPORATION

24 August 2022

## Key Performance Indicators

### VISION (2021/2022)

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 30/6/22 (Years)	AAA			AA+			AA			AA-		
	21/22 %	20/21 %	19/20 %	21/22 %	20/21 %	19/20 %	21/22 %	20/21 %	19/20 %	21/22 %	20/21 %	19/20 %
1 to 2	0.34	0.15	0.31	0.39	0.15	0.17	0.59	0.25		0.50	0.18	0.35
2 to 3		0.16	0.25		0.32	0.38		0.35	0.52	0.56	0.21	0.39
3 to 4	0.33		0.20	0.48		0.49	0.59		0.60	0.65	0.29	0.46
4 to 5	0.37	0.16		0.53	0.42			0.51		0.57	0.39	0.47
5 to 6	0.43	0.23	0.30		0.47	0.58	0.84		0.84	0.70	0.31	0.75
6 to 7	0.39	0.24	0.25		0.65	0.37	0.69	0.91			0.44	0.61
7 to 8		0.16	0.20			0.42	0.74	0.54	0.48			0.61
8 to 9	0.47		0.13	0.70		0.21		0.75	0.43			
9 to 10												
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%.

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

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

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

### Cost Estimation Methodology

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

- be rated between AAA and AA-;
- be on issue at 30 June 2021 and have at least one year until maturity at 30 June 2022;
- 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 Performance Indicators (continued)

Table 2 – WATC Administration Cost Ratio 2017/18 to 2021/22

Year	Net Administration Expense \$m	Average Loan Funds Outstanding \$m	Target Administration Cost Ratio %	Actual Administration Cost Ratio %
2017/18	16.189	47,361	<0.060	0.034
2018/19	17.032	49,570	<0.050	0.034
2019/20	18.820	49,521	<0.050	0.038
2020/21	19.810	49,847	<0.050	0.040
<b>2021/22</b>	<b>18.957</b>	<b>48,890</b>	<b>&lt;0.050</b>	<b>0.039</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.

## Glossary of Terms

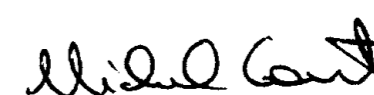
Term	Explanation
Liquidity Risk	The risk that a bond owner, wanting to sell a bond in the secondary market, is not able to find a buyer willing to pay a fair price for the bond having regard to currently observed market rates and the initial liquidity risk premium.
Liquidity Risk Premium	The increase 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 2022.



**K P GULICH** PSM  
CHIEF EXECUTIVE OFFICER  
WESTERN AUSTRALIAN  
TREASURY CORPORATION  
24 August 2022



**M J R COURT**  
CHAIRPERSON  
WESTERN AUSTRALIAN  
TREASURY CORPORATION  
24 August 2022

# Independent Auditor's Report



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2022 Western Australian Treasury Corporation

To the Parliament of Western Australia

#### Report on the audit of the financial statements

##### Opinion

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

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Western Australian Treasury Corporation for the year ended 30 June 2022 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

##### Basis for opinion

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

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

##### 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 2022, but not the financial statements, key performance indicators and my auditor's report.

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

In connection with our audit of the financial statements 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 our knowledge obtained in the audit or otherwise appears to be materially misstated.

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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.

#### 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.

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).

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## Independent Auditor's Report (continued)

### Report on the audit of controls

#### Opinion

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

In my opinion, in all material respects, the controls exercised by the Western Australian Treasury Corporation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2022.

#### 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 2022. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Western Australian Treasury Corporation are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2022.

#### The Corporation's responsibilities for the 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 control 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.

In preparing the key performance indicators, the Corporation 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.

## Independent Auditor's Report (continued)

### My independence and quality control relating to the reports 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 ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### 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 2022 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 and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.



Caroline Spencer  
Auditor General for Western Australia  
Perth, Western Australia  
25 August 2022

## Client Authorities

### Face Value Net Debt Outstanding to WATC at 30 June 2022

Authority Name	Balance at 1 July 2021 \$'000	Net Advances During Year \$'000	Balance at 30 June 2022 \$'000
Albany City Council	9,630	(2,353)	7,277
Animal Resources Authority	43	(43)	0
Armadale City Council	36,859	382	37,241
Ashburton Shire Council	2,267	(475)	1,792
Augusta-Margaret River Shire Council	8,537	7,168	15,705
Bassendean Town Council	452	(98)	355
Bayswater City Council	6	3,459	3,465
Belmont City Council	13,405	(573)	12,832
Beverley Shire Council	1,379	877	2,257
Boddington Shire Council	2,470	(357)	2,113
Boyup Brook Shire Council	114	(20)	94
Bridgetown-Greenbushes Shire Council	1,862	(181)	1,681
Brookton Shire Council	945	(134)	811
Broome Shire Council	6,291	940	7,231
Broomehill-Tambellup Shire Council	1,942	(128)	1,814
Bruce Rock Shire Council	247	(26)	221
Bunbury City Council	9,315	2,278	11,593
Bunbury Water Corporation	6,590	(784)	5,807
Busselton City Council	28,268	17,907	46,175
Busselton Water Corporation	240	(240)	0
Cambridge Town Council	1,107	0	1,107
Canning City Council	13,793	10,091	23,884
Capel Shire Council	4,887	(462)	4,425
Carnamah Shire Council	114	(30)	84
Carnarvon Shire Council	264	(45)	219
Chapman Valley Shire Council	42	(42)	0
Chittering Shire Council	3,914	(464)	3,450
Claremont Town Council	8,608	(466)	8,142
Cockburn City Council	12,500	(2,500)	10,000
Collie Shire Council	1,743	(207)	1,536
Coolgardie Shire Council	2,610	(300)	2,310
Coorow Shire Council	194	(23)	171

## Client Authorities (continued)

Authority Name	Balance at 1 July 2021 \$'000	Net Advances During Year \$'000	Balance at 30 June 2022 \$'000
Corrigin Shire Council	1,496	(86)	1,410
Cottesloe Town Council	3,141	(330)	2,811
Country Housing Authority	11,550	(5,180)	6,370
Cranbrook Shire Council	104	(33)	71
Cuballing Shire Council	160	806	966
Cue Shire Council	844	(93)	751
Cunderdin Shire Council	1,075	(88)	988
Curtin University	26,098	(2,528)	23,571
Dalwallinu Shire Council	3,916	(298)	3,619
Dandaragan Shire Council	202	2,202	2,404
Dardanup Shire Council	2,463	(14)	2,449
Denmark Shire Council	1,875	(199)	1,676
Derby-West Kimberley Shire Council	3,435	(369)	3,067
Donnybrook-Balingup Shire Council	403	(64)	339
Dowerin Shire Council	1,443	(178)	1,265
Dumbleyung Shire Council	257	(53)	204
Dundas Shire Council	292	(50)	242
East Pilbara Shire Council	2,859	(466)	2,393
Edith Cowan University	37,632	(1,747)	35,885
Electricity Generation and Retail Corporation	218,236	(57,106)	161,130
Electricity Networks Corporation	7,596,032	(239,950)	7,356,082
Esperance Shire Council	1,992	520	2,512
Exmouth Shire Council	2,084	1,369	3,453
FES Ministerial Body	37,094	(2,956)	34,138
Fremantle City Council	24,026	(2,114)	21,912
Fremantle Port Authority	158,225	(11,120)	147,104
Gingin Shire Council	2,103	(259)	1,843
Gnowangerup Shire Council	1,122	(497)	625
Gosnells City Council	17,732	(2,458)	15,274
Greater Geraldton City Council	28,465	(4,029)	24,436
Halls Creek Shire Council	3,540	(892)	2,647
Harvey Shire Council	1,342	(177)	1,164

Authority Name	Balance at 1 July 2021 \$'000	Net Advances During Year \$'000	Balance at 30 June 2022 \$'000
Housing Authority	5,389,025	(1,163,317)	4,225,708
Irwin Shire Council	5,160	862	6,022
Jerramungup Shire Council	914	(177)	737
Joondalup City Council	4,644	(1,837)	2,808
Kalamunda City Council	10,014	(1,029)	8,986
Kalgoorlie-Boulder City Council	7,656	(984)	6,672
Karratha City Council	33	(16)	17
Katanning Shire Council	3,423	(281)	3,143
Kellerberrin Shire Council	1,747	(177)	1,570
Kent Shire Council	191	656	848
Kimberley Ports Authority	9,591	(1,649)	7,942
Kojonup Shire Council	2,918	2,331	5,249
Kondinin Shire Council	2,914	(196)	2,718
Kulin Shire Council	1,074	(93)	980
Kwinana City Council	17,954	(2,101)	15,853
Lake Grace Shire Council	1,714	(254)	1,460
Laverton Shire Council	2,168	(326)	1,842
Manjimup Shire Council	6,286	(611)	5,675
Melville City Council	1,740	(131)	1,609
Merredin Shire Council	677	(92)	585
Mid West Ports Authority	8,058	(1,238)	6,820
Mingenew Shire Council	166	87	252
Minister for Education	380,696	7,872	388,568
Minister for Fisheries	8,849	(3,385)	5,465
Moora Shire Council	827	(128)	699
Morawa Shire Council	473	(27)	447
Mosman Park Town Council	5,148	(97)	5,051
Mount Magnet Shire Council	19	(13)	7
Mount Marshall Shire Council	1,005	(46)	958
Mukinbudin Shire Council	1,417	(178)	1,239
Mundaring Shire Council	9,892	(697)	9,194
Murchison Shire Council	16	1,907	1,923

## Client Authorities (continued)

Authority Name	Balance at 1 July 2021 \$'000	Net Advances During Year \$'000	Balance at 30 June 2022 \$'000
Murdoch University	3,131	(439)	2,692
Murray Shire Council	3,648	(483)	3,165
Nannup Shire Council	556	(64)	493
Narembeen Shire Council	904	(87)	817
Narrogin Shire Council	981	303	1,284
Nedlands City Council	4,114	(1,405)	2,709
Northam Shire Council	6,059	(357)	5,701
Northampton Shire Council	1,304	(176)	1,128
Nungarin Shire Council	442	(43)	399
Peppermint Grove Shire Council	725	(34)	691
Perenjori Shire Council	350	(139)	211
Perth City Council	4,546	(3,841)	705
Pilbara Ports Authority	105,614	36,584	142,198
Pingelly Shire Council	3,235	(175)	3,060
Plantagenet Shire Council	1,857	213	2,070
Public Transport Authority	2,885,726	163,231	3,048,958
Quairading Shire Council	483	(74)	410
Ravensthorpe Shire Council	1,266	(427)	840
Regional Power Corporation	751,988	51,365	803,353
Rockingham City Council	7,845	(1,218)	6,627
Serpentine-Jarrahdale Shire Council	6,242	(967)	5,275
Shark Bay Shire Council	838	(67)	771
South Perth City Council	6,484	9,930	16,414
Southern Metropolitan Regional Council	8,429	(3,399)	5,030
Southern Ports Authority	7,505	(1,310)	6,194
Subiaco City Council	6,365	(261)	6,104
Swan City Council	33,631	(6,874)	26,757
Tammin Shire Council	192	(56)	136
The Minister for Agriculture and Food exercising power under Sec 6(1) of the <i>Loans (Co-operative Companies) Act 2004</i>	21,679	(1,607)	20,072
The Treasurer on behalf of the State of Western Australia	25,575,696	(588,752)	24,986,945

Authority Name	Balance at 1 July 2021 \$'000	Net Advances During Year \$'000	Balance at 30 June 2022 \$'000
Three Springs Shire Council	68	38	106
Toodyay Shire Council	5,897	(307)	5,591
Trayning Shire Council	591	(63)	529
University of Western Australia	183,607	(5,649)	177,958
Upper Gascoyne Shire Council	1,108	(123)	985
Victoria Park Town Council	16,786	(1,309)	15,477
Victoria Plains Shire Council	122	142	265
Vincent City Council	7,917	5,818	13,735
Wagin Shire Council	526	(60)	466
Wanneroo City Council	65,334	0	65,334
Waroona Shire Council	886	905	1,791
Water Corporation	5,785,650	(356,604)	5,429,046
West Arthur Shire Council	620	(97)	523
Western Australian Land Authority	188,400	(11,775)	176,625
Wickepin Shire Council	402	(46)	356
Williams Shire Council	700	(111)	590
Wiluna Shire Council	3,133	(310)	2,824
Wongan-Ballidu Shire Council	2,172	(120)	2,052
Wyalkatchem Shire Council	69	(22)	47
Wyndham-East Kimberley Shire Council	1,911	3,987	5,899
Yalgoo Shire Council	234	(105)	129
Yilgarn Shire Council	953	(95)	857
York Shire Council	1,625	(252)	1,373
<b>TOTAL</b>	<b>49,978,837</b>	<b>(2,177,434)</b>	<b>47,801,403</b>



## Contact Details

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### 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 Freecall 1800 098 828 for all stockholding enquiries.

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