

Western Australian Treasury Corporation —

Mr S.J. Price, Chair.

Mr M. McGowan, Treasurer.

Ms K. Gulich, Chief Executive Officer.

Mr S. Luff, Chief Financial Officer.

Mr D. Lines, Principal Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the Leader of the Opposition.

Ms M.J. DAVIES: I refer to budget paper No 2, volume 1, page 148 and paragraph 4, which refers to the Reserve Bank of Australia. My question is in relation to the RBA ending quantitative easing. Have there been any flow-on impacts on WA, and what is Treasury Corporation expecting? Obviously, the interest rates will have had an impact on the finances.

Mr M. McGOWAN: I will let Ms Gulich comment.

Ms K. Gulich: The RBA ceased quantitative easing and started a tightening cycle in February this year, when it stopped buying government bonds. At the moment, it holds about \$7.8 billion of WATC debt, which it will hold until maturity. It is quite a slow tail as that runs off, and that will tighten as that money is replaced by other investors in the market. It is a reasonably slow way of starting to tighten. In May, it moved more aggressively and changed the cash rate by increasing it by 0.25 per cent to 0.35 per cent. That is still incredibly low by historical standards, but it is not as low as the 0.1 per cent that we have had for the last 18 months. What happened was that the market had already anticipated that increase, and we have seen our bond yields drifting up over the course of this year. Our bond yields are heavily influenced by what is going on in the global sense, particularly the US market. That has been driving the bonds up over the last four to five months and then, influenced by what is happening with the RBA, flowing into the commonwealth bonds pricing and then the states. At the moment, our debt is already costing more than it did last year, ahead of the RBA tightening cycle, and it is anticipated to cost more as the RBA continues to tighten over the balance of this year as it responds to economic conditions.

Mr R.S. LOVE: In respect of the expectation of having to negotiate our way through that, is there a way that the Treasurer could provide a breakdown of the age of some of the debt, when it might mature and when it needs to come back into reconsideration? Is that something the Treasurer has to hand?

Mr M. McGOWAN: I will let Ms Gulich explain and then we will sort out what we can provide.

Ms K. Gulich: We have a debt profile that shows what our maturity is and what age the debt comes up for refinancing. It is broken down into both the different types of debt we hold. We hold short-term commercial paper for part of our liquidity management, floating rate exposure and then fixed-term bonds, and we can provide by way of supplementary information the actual detail of the dates of maturity.

Mr M. McGOWAN: So by way of supplementary information, we will provide the maturity dates and the amounts of WATC debt that are maturing over the coming years.

[*Supplementary Information No A9.*]

The CHAIR: That completes the examination of the Western Australian Treasury Corporation.