Western Australian Treasury Corporation —

[*Supplementary Information No A18.*]

Question: Mr D.C. Nalder asked for information on government loan maturities over the next two years, the rates they are paying and what the market looks like it is going to be. (105)

Answer: The tables below note the Floating Rate Notes (Table 1) and Fixed Coupon Benchmark Bonds (Table 2) amounts and maturities scheduled at and over the two years from 30 April 2018 as requested.

Table 1. *Floating Rate Notes*

FRN maturity	Original Issue and Settlement date	Margin at issue	Original Issue Volume $M	Outstanding Volume at 30/04/2018 $M
21-May-18	21-May-13	+11.0 bbsw	$1,000.00	$1,045.36
18-Mar-19	18-Dec-15	+22.0 bbsw	$250.00	$1,022.00
19-Nov-19	19-Nov-13	+21.0 bbsw	$500.00	$2,099.00
03-Mar-20	03-Mar-17	+14.0 bbsw	$500.00	$1,095.00

Table 2. *Fixed Coupon Benchmark Bonds*

Bond maturity	Original Issue and Settlement date	Coupon at issue	Original Issue Volume $M	Outstanding Volume at 30/04/2018 $M	Market Yield @ 30/04/2018
23-Oct-18	25-Feb-14	3.75%	$1,500.00	$4,326.82	1.99%
15-Oct-19	31-May-01	7.00%	$34.00	$5,289.76	2.12%

The Member from Bateman also sought clarity on the extent to which the State would financially benefit from a high coupon bond being refinanced upon maturity at current reduced market rates.

Typically, once a bond has been created with a specific maturity, coupon rate and yield to maturity (market rate), the WATC will over the life of the bond re-issue into that bond, as required to satisfy State funding needs. Reissuances occur at market rates prevailing at each point in time, whereas the coupon rate set at the time of original issue remains unchanged.

The cost of the outstanding maturing debt is therefore the weighted average of all of the issuance amounts of the bond line over its life.

The WATC has observed that, since the release of the 2017–18 Budget a notable improvement in spreads relative to the State's debt and other States has occurred.

The costs of refinancing this debt if these movements remain, would result in savings of between 0.05% and 0.10% relative to its closest peer issuer Queensland Treasury Corporation.