



WESTERN AUSTRALIAN TREASURY CORPORATION

Quarterly Performance Report

/ Period ending September 2023

This report has been prepared in accordance with section 21B of the Western Australian Treasury Corporation Act 1986.

WESTERN AUSTRALIAN
TREASURY CORPORATION

Financial Solutions
for the Benefit of All
Western Australians

Maintaining access to domestic and international capital markets

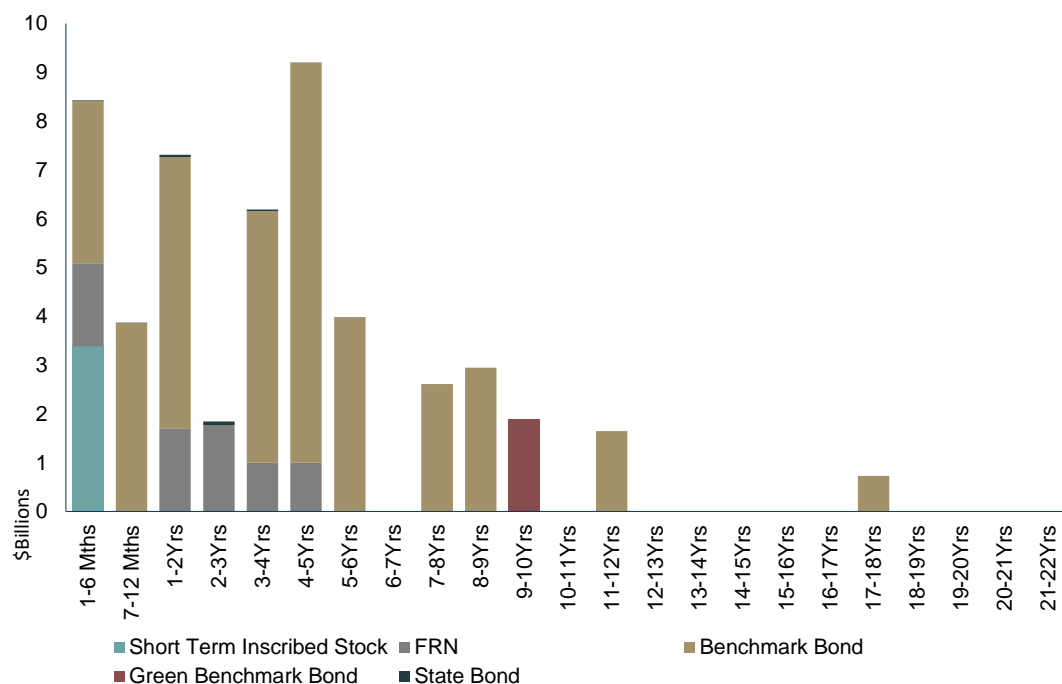
Market Activity

At 30 September 2023

- Financial Markets Overview** – The Reserve Bank of Australia (RBA) held cash rates unchanged during the quarter at 4.10%. Australian 10-year bond yields followed their US Treasury counterparts rising almost 0.50% across the quarter. Gross issuance of benchmark bonds during the quarter totalled \$652.5m offset by the repurchase of \$576.1m in bonds for debt repayment and portfolio management purposes.
- ESG Initiatives** – WATC coordinated across government an update to the ESG disclosure series: Supporting Continuous Improvement in ESG Outcomes for Western Australia – published through the Department of Treasury and WATC websites on 5 July. As 'ESG Integration' has become a standard component of investor due diligence as part of their capital allocation decisions, this disclosure series plays a critical role in supporting investor demand in WATC paper and facilitating ongoing effective dialogue on ESG issues with our investor base.

Funding Profile

At 30 September 2023



Borrowing Activities

All values at 30 September 2023 are face value (FV).

→ **Total Benchmark Bonds on Issue**
A\$39.9b

QUARTERLY CHANGE: +\$76m

→ **Total Floating Rate Notes on Issue**
A\$7.2b

QUARTERLY CHANGE: \$0m

→ **Total State Bonds on Issue**
A\$0.2b

QUARTERLY CHANGE: -\$4m

→ **Total Long-Term Debt on Issue**
A\$47.3b

QUARTERLY CHANGE: +\$72m

→ **Total Short-Term Debt on Issue**
Domestic A\$3.4b

QUARTERLY CHANGE: +\$625m

Offshore A\$ 0

QUARTERLY CHANGE: \$0m

Providing high-quality, cost-effective products and services

Client Overview



CLIENT DEBT

- Debt outstanding to client agencies decreased by \$173m with significant repayments made by Keystart (\$100m), Horizon Power (\$90m) and Water Corporation (\$97m).
- Borrowing program estimates remain stable and a net decrease of \$355m at EOFY is expected.
- There were 5 new loan applications approved during the quarter from 4 local governments for a total of \$4.7m.



FOREIGN EXCHANGE

- WATC undertook foreign exchange transactions on behalf of 12 clients with a total value of AUD303.7m during the quarter.
- Foreign exchange risk management services were provided to 4 clients across a range of projects.
- Meetings held with each Health Service Provider (7 in total) to establish Foreign Exchange transaction services.



ADVISORY SERVICES

- Supporting our clients and the State with expert independent financial advice, Advisory Services had 11 major engagements open across 7 clients at 30 September 2023.
- WATC entered into 8 new major engagements during the September quarter covering the Department of Communities, Department of Fire and Emergency Services, WA Police, Department of Transport, Department of Health, Ports and Department of Mines, Industry Regulation and Safety.



INVESTMENT

- Funds managed across 5 investment portfolios on behalf of clients was \$7.7b at 30 September 2023, an increase of 13% from the previous quarter.
- Client investments held on balance sheet at 30 September 2023 were \$77.6m, an increase of 11% from the previous quarter.

\$44.7^b



Client borrowings

At 30 September 2023 we managed \$44.7b of client borrowings.

\$304^m



Client foreign exchange

During the quarter we transacted in 7 currencies on behalf of 12 clients.

\$7.7^b



Client funds managed

At 30 September 2023 we managed \$7.7b on behalf of clients.

Optimising our performance

Financial Metrics

Budget vs Actuals

	Sep-23			Sep-22
Income Statement (\$Millions)	Actual	Budget	Variance	Actual
<i>Quarterly Data</i>				
Total Income	13.71	13.72	-0.01	15.02
Admin. Expenses	5.34	6.87	1.53	4.23
Total Pre-Tax Profit	8.37	6.85	1.52	10.79
<i>Year to Date Data</i>				
Total Income	13.71	13.72	-0.01	15.02
Admin. Expenses	5.34	6.87	1.53	4.23
Total Pre-Tax Profit	8.37	6.85	1.52	10.79

	Sep-23	Jun-23		Sep-22
Balance Sheet (\$Billions)	Actual	Actual	Variance	Actual
Total Assets	49.029	49.709	-0.680	50.668
Total Borrowings (MV*)	47.989	47.482	0.507	50.491
Net Assets	0.173	0.180	-0.007	0.161

*Note: MV stands for Market Value.

For a full description of accounting policies that have been applied, please refer to our most recent Annual Report and Statement of Corporate Intent.

Comments

- Total pre-tax profit for the period was \$8.37m and above budget by \$1.52m, largely due to various underspends due to timing in relation to operating expenses. Total Borrowings are down \$2.5b year on year, reflecting repayments by the consolidated account and other agencies.

KPI Snapshot

Target vs Actual

Estimated Interest Rate Savings Aiming to deliver value to our clients and the State of Western Australia.		
Target: > 0.00%	Actual: 0.51% (At 30/09/2023)	Status: On Target

Client Satisfaction Striving to be the best at providing financial solutions for our public sector clients.		
Target: 90%	Actual: 100%	Status: Achieved

Administration Cost Ratio Committed to delivering high-quality products and services while still being cost effective.		
Target: <0.050%	Actual: < 0.041%	Status: On Target

Pre-Tax Profit Aiming to maintain an adequate profit while delivering cost-effective products and services.		
Target (for qtr): \$6.85 million	Actual: \$8.37 million	Status: Achieved

Staff Engagement Rating Striving to create an environment where all staff are encouraged and supported to do their best.		
Target: > 65%	Actual: Pending	Status: Results available Jan 2024

Corporate Governance

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 provided and paid in the subsequent financial year.

Ministerial Directives

No ministerial directives were received during the quarter.

