



WESTERN AUSTRALIAN TREASURY CORPORATION

Quarterly Performance Report

/ Period ending December 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

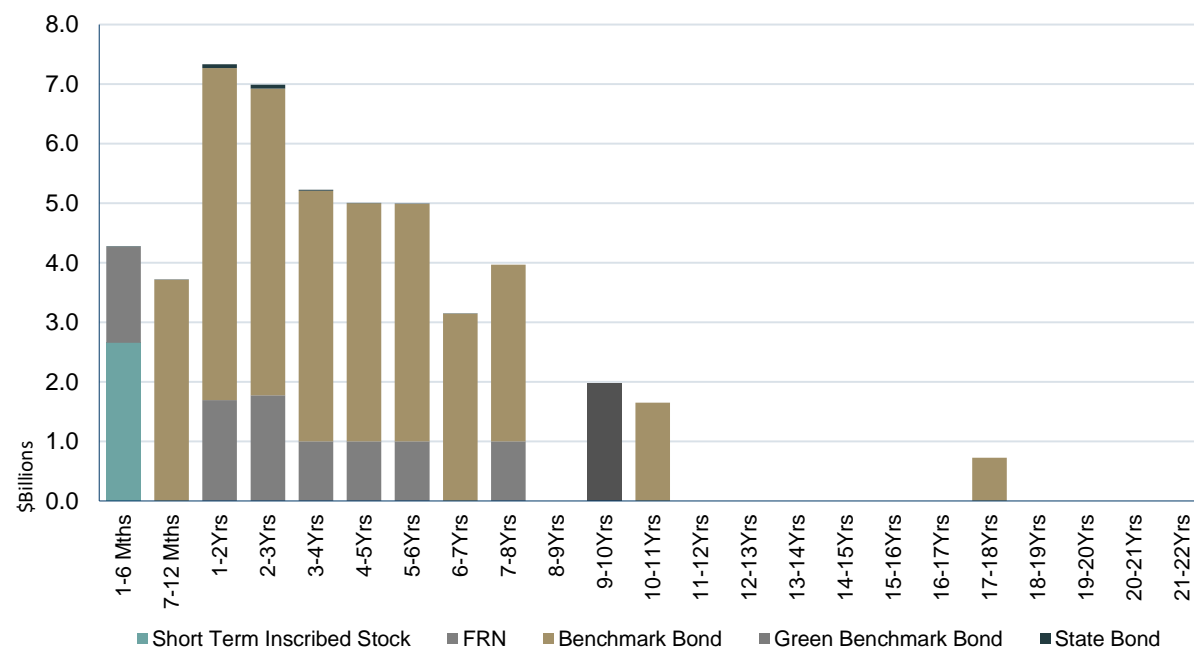
Market Activity

At 31 December 2023

- Financial Markets Overview** – The Reserve Bank of Australia (RBA) increased the cash rate target to 4.35% at its November meeting. Australian 10-year bond yields increased across the quarter by approximately 0.50%. Gross issuance of benchmark bonds during the quarter totalled \$650m offset by the repurchase of \$156.5m in bonds for portfolio management purposes and \$3.33b in maturities.
- ESG Initiatives** – WATC released the inaugural Sustainability Bond Framework Annual Report on 6 December following the issuance of the State's first Green Bond in June 2023. The report captures WATC's journey to become a committed participant in the sustainable finance market and demonstrates alignment between the State's sustainability strategy and the ten projects initially selected within the projects pool. WATC's Green Bond won the KangaNews 2023 award for *Australian Sustainability Bond Deal of the Year*.
- Other** – WATC undertook the syndicated issue of two new FRN maturities during the quarter in advance of an upcoming maturity in February 2024. The dual issue attracted strong investor support resulting in the issuance of \$1b of a February 2029 and \$1b of a February 2031 maturity.

Funding Profile

At 31 December 2023



Borrowing Activities

All values at 31 December 2023 are face value (FV).

→ **Total Benchmark Bonds on Issue**
A\$37.1b

QUARTERLY CHANGE: -\$2.8b

→ **Total Floating Rate Notes on Issue**
A\$9.1b

QUARTERLY CHANGE: +\$1.9b

→ **Total State Bonds on Issue**
A\$164.6m

QUARTERLY CHANGE: -\$5m

→ **Total Long-Term Debt on Issue**
A\$46.3b

QUARTERLY CHANGE: -\$0.9b

→ **Total Short-Term Debt on Issue**
Domestic A\$2.65b

QUARTERLY CHANGE: -\$0.7b

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 \$22m over the quarter with repayments by Keystart (\$190m) and Water Corporation (\$347m) offset by borrowings by PTA (\$440m) and Murdoch University (\$93m).
- Client borrowing program estimates have been adjusted during the quarter in line with mid-year review estimates released by Government in December.
- There were 3 new loan applications approved during the quarter from 3 local governments for a total of \$16.4m.



FOREIGN EXCHANGE

- WATC undertook foreign exchange transactions on behalf of 11 clients with a total value of AUD890.0m during the quarter.
- Foreign exchange risk management services were provided to 5 clients across a range of projects.



ADVISORY SERVICES

- Supporting our clients and the State with expert independent financial advice, Advisory Services had 25 major engagements open across 13 clients at 31 December 2023.
- WATC entered into 20 new major engagements during the December quarter and completed 14.
- Advisory Services exists to assist Agencies make informed and effective financial and investment decisions.
- Our most significant engagement is assisting with Westport projects, and related Non-Container freight analysis.



INVESTMENT

- Funds managed across 5 investment portfolios on behalf of clients was \$8.3b at 31 December 2023, an increase of 8% from the previous quarter.
- Client investments held on balance sheet at 31 December 2023 were \$88.4m, an increase of 14% from the previous quarter.

\$44.7^b



Client borrowings

At 31 December 2023 we managed \$44.7b of client borrowings.

\$890.0^m



Client foreign exchange

During the quarter we transacted in 7 currencies on behalf of 11 clients.

\$8.3^b



Client funds managed

At 31 December 2023 we managed \$8.3b on behalf of clients.

Optimising our performance

Financial Metrics

Budget vs Actuals

	Dec-23			Dec-22
Income Statement (\$Millions)	Actual	Budget	Variance	Actual
<i>Quarterly Data</i>				
Total Income	13.55	13.72	-0.17	12.30
Admin. Expenses	4.81	6.77	1.96	4.56
Total Pre-Tax Profit	8.74	6.95	1.79	7.74
<i>Year to Date Data</i>				
Total Income	27.26	27.44	-0.18	28.06
Admin. Expenses	10.14	13.64	3.50	9.50
Total Pre-Tax Profit	17.12	13.80	3.32	18.56

	Dec-23	Sep-23		Dec-22
Balance Sheet (\$Billions)	Actual	Actual	Variance	Actual
Total Assets	47.906	49.029	-1.123	47.567
Total Borrowings (MV*)	46.944	47.989	1.045	47.751
Net Assets	0.179	0.173	0.006	0.166

*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 6-month period ended December was \$17.12m, \$3.3m ahead of Budget largely due to lower administration expenses, largely due to timing. Total Borrowings are \$0.85bn down 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: 0.48% (At 31/12/2023)	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: <0.054%	Actual: < 0.039%	Status: Achieved

Pre-Tax Profit Aiming to maintain an adequate profit while delivering cost-effective products and services.		
Target (for qtr): \$6.95 million	Actual: \$8.74 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: 77%	Status: Achieved

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.

