

Prospectus dated 31 October 2012

U.S.\$2,000,000,000 Euro Medium Term Notes
Western Australian Treasury Corporation
(ABN 22 300 359 323)

Due from 1 month to 30 years from the date of issue
guaranteed by

**The Treasurer on behalf
of the State of Western Australia**

Under the Euro Medium Term Note Programme (the “Programme”) Western Australian Treasury Corporation (the “Issuer” or “WATC”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes denominated in such currencies as are provided herein (the “Notes”). Subject as provided herein, Notes will have maturities from 1 month to 30 years from the date of issue. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$2,000,000,000 (or the equivalent in other currencies at the date of issue). The Notes will be guaranteed by the Treasurer on behalf of the State of Western Australia (such guarantee, the “Guarantee”).

The Notes are subject to redemption at the option of the Issuer in the event of certain changes affecting Australian taxation as described in “Terms and Conditions of the Notes-Redemption and Purchase”.

The Notes may bear interest on a fixed or floating rate basis, or be issued on a fully discounted basis and not bear interest, and the amount payable on the redemption of Notes will be fixed. Notes will be issued in series (each a “Series”) having one or more issue dates and the same maturity date, bearing interest (if any) on the same basis and at the same rate and on terms otherwise identical. Each Series may be issued in tranches on different issue dates.

Application has been made to the Financial Services Authority in its capacity as competent authority (the “UK Listing Authority”) under the Financial Services and Markets Act 2000 (“FSMA”) for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market (the “Market”). References in this Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, Notes may be issued pursuant to the Programme which will not be listed on the Market or any other stock exchange. The relevant final terms (the “Final Terms”) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Market (or any other stock exchange).

Each tranche of each Series of Notes in bearer form with a maturity of more than 1 year will initially be represented by a temporary Global Note and each tranche of each Series of Notes in bearer form with a maturity of up to and including 1 year will be represented by a permanent Global Note. Notes in registered form will be evidenced by registered certificates (each a “Certificate”). Global Notes and Certificates will be deposited on the issue date with a common depositary on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”). Interests in temporary Global Notes will be exchangeable for definitive Notes or for interests in permanent Global Notes. Interests in permanent Global Notes will be exchangeable for definitive Notes in bearer form or registered form as described under “Summary of Provisions relating to the Notes while in Global Form” below.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Prospectus. For a discussion of “Risk Factors”, see page 11 below.

The credit ratings of the State (as defined herein) set out on page 58 are provided by Moody’s Investors Service Pty Limited and Standard and Poor’s (Australia) Pty Limited. Moody’s Investors Services Pty Limited is not established in the European Union and is not registered in accordance with Regulation (EC) No. 106012009 (the “CRA Regulation”), but ratings issued by Moody’s Investors Service Pty Limited are endorsed by Moody’s Investors Service Limited, which is established in the European Union and registered in accordance with the CRA Regulation. Standard & Poor’s (Australia) Pty Limited is not established in the European Union and is not registered in accordance with the CRA Regulation, but ratings issued by Standard & Poor’s (Australia) Pty Limited are endorsed by Standard & Poor’s Credit Market Services Limited, which is established in the European Union and registered in accordance with the CRA Regulation.

Dealers

ANZ
Citigroup
Credit Suisse
Deutsche Bank
National Australia Bank Limited
RBC Capital Markets
UBS Investment Bank

BofA Merrill Lynch
Commonwealth Bank of Australia
Daiwa Capital Markets Europe
Mizuho Securities
Nomura
SMBC Nikko
Westpac Banking Corporation

Arranger
Credit Suisse

The date of this Prospectus, which supersedes and replaces the previous prospectus relating to the Programme dated 31 October 2011 is 31 October 2012

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”) (and the amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU. For the purpose of giving information with regard to the Issuer, the Treasurer on behalf of the State of Western Australia (the “Guarantor”), the State of Western Australia (the “State”) and the Notes which, according to the particular nature of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer (the “Responsible Person”) and the Guarantor (only in relation to information relating to itself and the Guarantee) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below) and with any supplemental prospectus which may be issued from time to time pursuant to Section 87G of the FSMA.

No person has been authorised by the Issuer or the Guarantor to give any information or to make any representations other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or any of the Dealers (as defined on page 7). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Guarantor or the State since the date hereof.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Plan of Distribution”.

The Issuer will during the continuance of the Programme prepare a further Prospectus not later than one year after the date of this Prospectus.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Prospectus in any jurisdiction where such action is required.

The Dealers have not separately verified the information contained herein. None of the Dealers, which expression shall include any additional Dealers appointed under this Programme from time to time, makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and

should not be considered as a recommendation by either the Issuer or any of the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the State during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

The Notes may not be a suitable investment for all investors. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Accordingly, a potential investor should not invest in Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

SUPPLEMENTAL PROSPECTUS

If at any time the Issuer shall be required to prepare a supplement to the Prospectus pursuant to Section 87G of the FSMA, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus which, in respect of any subsequent issue of Notes to be listed on the

Official List and admitted to trading on the Market, shall constitute a supplemental prospectus as required by the UK Listing Authority and Section 87G of the FSMA.

The Issuer has undertaken, in connection with the listing of the Notes, that if at any time while any Notes are admitted to the Official List and to trading on the Market there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in this Prospectus or removal is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor or the State, the Issuer will prepare and make available a supplement to this Prospectus or a further Prospectus for use in connection with any subsequent issue of Notes to be admitted to the Official List and to trading on the Market. In addition, the Issuer has warranted to the Dealers as set out in paragraph 4 of “General Information”.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents:

- (i) the audited financial statements and the audit report of the Issuer for the financial year ended 30 June 2012 which are contained on pages 33-80 of the Issuer's Annual Report 2012;
- (ii) the audited financial statements and the audit report of the Issuer for the financial year ended 30 June 2011 which are contained on pages 35-74 of the Issuer's Annual Report 2011;
- (iii) the terms and conditions contained on pages 7-26 of the Offering Circular dated 27 July 2001;
- (iv) the terms and conditions contained on pages 7-26 of the Offering Circular dated 29 July 2003;
- (v) the terms and conditions contained on pages 6-26 of the Offering Circular dated 29 July 2004;
- (vi) the terms and conditions contained on pages 17-37 of the Base Prospectus dated 31 October 2005;
- (vii) the terms and conditions contained on pages 17-37 of the Base Prospectus dated 31 October 2006;
- (viii) the terms and conditions contained on pages 17-38 of the Base Prospectus dated 31 October 2007;
- (ix) the terms and conditions contained on pages 17-39 of the Base Prospectus dated 31 October 2008;
- (x) the terms and conditions contained on pages 17-39 of the Base Prospectus dated 30 October 2009;
- (xi) the terms and conditions contained on pages 17-39 of the Base Prospectus dated 29 October 2010; and
- (xii) the terms and conditions contained in pages 17-39 of the Base Prospectus dated 31 October 2011,

all of which have been approved by the Financial Services Authority or filed with it, shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Those parts of each of the documents incorporated by reference listed above which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Prospectus.

Copies of documents deemed to be incorporated by reference in this Prospectus may be obtained from (i) the registered office of the Issuer and (ii) the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

TABLE OF CONTENTS

	Page
OVERVIEW OF THE PROGRAMME	7
RISK FACTORS	11
TERMS AND CONDITIONS OF THE NOTES	15
USE OF PROCEEDS.....	36
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM....	37
WESTERN AUSTRALIAN TREASURY CORPORATION	41
SELECTED FINANCIAL INFORMATION.....	47
THE STATE OF WESTERN AUSTRALIA	49
PUBLIC FINANCE	54
GOVERNMENT’S FINANCIAL STRATEGY	58
GENERAL GOVERNMENT SECTOR OPERATING STATEMENT	60
GENERAL GOVERNMENT SECTOR BALANCE SHEET AT 30 JUNE.....	62
GENERAL GOVERNMENT SECTOR CASH FLOW STATEMENT	64
BORROWING ARRANGEMENTS	68
PLAN OF DISTRIBUTION	72
AUSTRALIAN TAXATION AND APPROVALS.....	76
UNITED KINGDOM TAXATION	82
GUARANTEE	83
FORM OF FINAL TERMS	84
GENERAL INFORMATION	90

In connection with the issue of any tranche, the Dealer or Dealers (if any) appointed as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) may, outside Australia and on a market operated outside Australia, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant tranche and 60 days after the date of the allotment of the relevant tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “\$” and “A\$” are to Australian dollars, references to “U.S.\$” are to American dollars and references to “€” are to the single currency of those member states of the European Union participating in the Third Stage of European Economic and Monetary Union from time to time.

OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Prospectus. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference, by any investor.

Words and expressions defined or used in “Terms and Conditions of the Notes” below shall have the same meanings in this overview. The Issuer may agree with any Dealers that Notes may be issued in a form other than that contemplated in “Terms and Conditions of the Notes” herein, in which event a supplement to the Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such

Issuer:	Western Australian Treasury Corporation.
Description:	Euro Medium Term Note Programme (the “Programme”).
Guarantee:	The Notes have the benefit of a guarantee under Section 13(1) of the Western Australian Treasury Corporation Act 1986 as amended (the “Act”) from the Treasurer on behalf of the State of Western Australia (“Guarantor”). See “Guarantee”.
Arranger:	Credit Suisse Securities (Europe) Limited.
Dealers:	<p>Australia and New Zealand Banking Group Limited Citigroup Global Markets Limited Commonwealth Bank of Australia Credit Suisse Securities (Europe) Limited Daiwa Capital Markets Europe Limited Deutsche Bank AG, London Branch Merrill Lynch International Mizuho International plc National Australia Bank Limited Nomura International plc RBC Europe Limited SMBC Nikko Capital Markets Limited UBS Limited Westpac Banking Corporation ABN 33 007 457 141</p> <p>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of a single tranche of Notes or in respect of the whole Programme. References in this Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons which are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more tranches.</p>
Principal Paying Agent:	Citibank, N.A., London Branch
Size:	Up to U.S.\$2,000,000,000 (or the equivalent in other currencies) aggregate nominal amount of Notes outstanding at any one time.

Currencies:	<p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Sterling, U.S. dollars, Australian dollars, Canadian dollars, Danish kroner, Euro, Hong Kong dollars, New Zealand dollars, Swedish kronor, Swiss francs or Yen or in such other currencies as the Issuer may from time to time determine, but subject to compliance with all applicable laws, regulations and directives.</p> <p>In connection with the issue of the Notes which are denominated or payable in Yen (“Yen Notes”), the Issuer is required to comply with all applicable laws, regulations and guidelines, as amended from time to time, of the Japanese governmental and regulatory authorities. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree to provide any necessary information on Yen Notes to the Issuer (which shall not include the names of clients) so that the Issuer may make any required reports to the Japanese Minister of Finance through its designated agent.</p>
Maturities:	<p>Subject to compliance with all relevant laws, regulations and directives, any maturity between 1 month and 30 years.</p> <p>With respect to any tranche of Notes which have a maturity of less than one year, unless the issue of the Notes can be issued and sold without contravention of section 19 of the FSMA, the Issuer will issue such Notes only if (a) the redemption value of each such Note is not less than £100,000 (or an amount of equivalent value denominated in a currency other than sterling), and (b) no part of any Note may be transferred unless the redemption value of that part is not less than £100,000 (or such an equivalent amount).</p>
Issue Price:	Notes may be issued at par or at a discount or premium to par.
Method of Issue:	The Notes will be issued on a continuous basis through the Permanent Dealers. However, the Issuer has reserved the right to sell Notes on its own behalf to Dealers which are not Permanent Dealers. The Issuer may also offer and sell Notes from time to time to purchasers procured by it who are not Dealers. There is no minimum issue size for any tranche of Notes. Further Notes may be issued as part of an existing Series. Notes may be issued on a syndicated or non syndicated basis.
Fixed Interest Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms and at maturity.
Floating Rate Notes:	Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR or EURIBOR as adjusted for any applicable margin. Interest periods will be selected by the Issuer prior to issue and specified in the relevant Final Terms. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
Zero Coupon Notes:	Zero Coupon Notes will not bear interest other than in the case of late payment.
Form of Notes:	Each tranche of Notes in bearer form with a maturity of more than one year will initially be represented by a temporary Global Note and each tranche

of each Series of Notes in bearer form with a maturity of up to and including one year will be represented by a permanent Global Note, which in each case will be held by a common depositary on behalf of Euroclear and Clearstream, Luxembourg and interests therein will be credited to the accounts of the relevant purchasers with Euroclear and/or Clearstream, Luxembourg. Interests in a temporary Global Note may be exchanged as provided therein for definitive Notes in bearer form or interests in a permanent Global Note as provided in the relevant Final Terms upon certification as to non-U.S. beneficial ownership thereof on the earlier of 40 days after the issue date of such temporary Global Note or the first interest payment date. Permanent Global Notes may be exchanged (in limited circumstances only or, if so specified in the relevant Final Terms, at the option of the holder) for definitive Notes in bearer form or, if so provided, registered form on 60 days' prior notice. Registered Notes will be represented by Certificates. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates". Definitive exchangeable bearer Notes are exchangeable into definitive registered Notes but definitive registered Notes are not exchangeable for definitive bearer Notes. See "Terms and Conditions of the Notes — Exchanges of Notes and Transfers of Registered Notes".

Denominations:

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as may be specified in the relevant Final Terms save that (i) the minimum denomination of each Note admitted to trading on a European Economic Area exchange and/or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than Euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and (ii) unless otherwise permitted by then current laws, regulations and directives, Notes which have a maturity of less than one year, must have a minimum denomination of £100,000 (or its equivalent in other currencies).

Optional Redemption:

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity, in each case at the option of the Issuer and/or the holders, and if so the terms applicable to such redemption.

Early Redemption:

Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons.

Rating:

Tranches of Notes to be issued under the Programme will be rated or unrated. Where a tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. Where a tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any tranche of Notes will be treated as having been issued by a credit rating

agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies will be disclosed in the relevant Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing:	The Official List or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be issued which is not listed on the Official List or any other stock exchange.
Status of Notes:	Direct, unconditional and unsecured obligations of the Issuer ranked by the Issuer <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer for moneys borrowed, subject to customary exceptions.
Negative Pledge and Cross Default:	As described in “Terms and Conditions of the Notes”.
Withholding Tax:	All payments of principal and interest will be made free and clear of Australian withholding taxes, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, the Issuer will be required to pay additional amounts to cover the amounts so withheld or deducted, subject to customary exceptions. See “Australian Taxation and Approvals”.
Selling Restrictions:	The United States of America, the Public Offer Selling Restriction under the Prospectus Directive, the United Kingdom, Australia and Japan.
Terms and Conditions:	The information in this Overview is subject to the specific provisions of any relevant Final Terms and the terms and conditions of the relevant Notes, which shall be as provided herein, subject to completion, amendment, variation, modification or as otherwise provided in the relevant Final Terms.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with Notes issued under the Programme

Statutory corporation

The Issuer is a statutory corporation of the State of Western Australia which derives its powers from the Act. As such, investors will have to assess the risk that future administrations may introduce new legislation or amend existing legislation including the Act. Any such amendment to the Act may have an adverse effect on the ability of the Issuer to make payments under the Notes.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

European Monetary Union

If the United Kingdom joins the European Monetary Union prior to the maturity of Notes denominated in Sterling, there is no assurance that this would not adversely affect investors in the Notes. It is possible that prior to the maturity of the Notes the United Kingdom may become a participating Member State and that the Euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in Sterling may become payable in Euro, (ii) the law may allow or require such Notes to be redenominated into Euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the Euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

Investors who purchase Notes issued in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Withholding under the EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “EU Savings Directive”), each Member State is required to provide to the tax authorities of other Member States details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual or to certain other persons in that other Member State. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) apply a withholding system in relation to such payments, subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or similar income may request that no tax be withheld. The ending of such transitional period is dependent upon the conclusion of certain other agreements relating to information exchange by certain non-EU countries. A number of non-EU countries and certain dependent or associated territories have adopted similar measures to the EU Savings Directive (either provision of information or transitional withholding).

If a payment to an individual is made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to any law implementing the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required, as provided in Condition 8(f) of the Notes, to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000, as approved by the Trustee.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Risks related to the structure of a particular issue of Notes

Notes issued under the Programme may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

If the Issuer has the right to redeem any Note at its option this may limit the market value of the relevant Notes and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Issuer has the right to convert the interest rate on any Notes from a Fixed Rate to a Floating Rate, or vice versa, this may affect the secondary market value of those Notes

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing market rates.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The Notes may not have an established trading market which may adversely affect the value at which an investor could sell the Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, or have complex structures. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Investors may be subject to exchange rate risks and exchange controls if the specified currency of the Notes is different from the currency in which its financial activities are principally denominated

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes if the interest rate on such Fixed Rate Notes is lower than market interest rates.

Credit ratings assigned to the Issuer may not reflect all the risks associated with an investment in these Notes

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (the "CRA Regulation") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated list by ESMA.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion in accordance with the provisions of Part A of the relevant Final Terms and subject as otherwise provided in Part A of the relevant Final Terms in relation to a particular tranche of Notes, will apply to Notes issued under the Programme and will be endorsed on the Notes or Certificates in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate(s) representing each Series, details of the relevant Series being shown on the face of the relevant Notes or Certificates and in Part A of the relevant Final Terms:

The Notes are issued pursuant to an agency agreement dated 23 July 1990 as amended and restated on 31 October 2012 and as the same may be further amended, varied, modified, supplemented or restated (the “Agency Agreement”) and made between the Issuer, Citibank, N.A., London Branch as fiscal agent (the “Fiscal Agent”), Citibank, N.A., London Branch as paying agent (together with the Fiscal Agent and any additional paying agents appointed in respect of the Notes, the “Paying Agents”), Citibank, N.A., London Branch as registrar (“Registrar”) and Citibank, N.A., London Branch as transfer agent (together with any additional transfer agents appointed in respect of the Notes, the “Transfer Agents”). The “Calculation Agent” (if any) is Citibank, N.A., London Branch, unless a different Calculation Agent is specified on the face of the Notes. The Noteholders (as defined below) and the holders of the coupons (the “Coupons”) appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) are deemed to have notice of all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement will be available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1 Form, Denomination and Title

The Notes of the Series of which this Note forms part (in these Conditions, the “Notes”) are issued in bearer form (“Bearer Notes”), serially numbered in a Specified Denomination, or in registered form (“Registered Notes”) in a Specified Denomination or an integral multiple thereof.

“Specified Denomination” means the denomination or denominations as may be set forth on the face of such Notes.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, depending upon the Interest Basis shown on its face. All payments in respect of this Note shall be made in the currency shown on its face.

Bearer Notes are issued with Coupons (and, where appropriate in the case of interest bearing Bearer Notes, a Talon) attached, save in the case of a Zero Coupon Note in which case references to interest (other than in relation to interest due after the Maturity Date) and Coupons in these Conditions are not applicable.

Registered Notes are evidenced by registered certificates (“Certificates”).

Title to the Bearer Notes, Coupons appertaining thereto and, where applicable, the Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register which the Issuer shall procure to be kept by the Registrar. The holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon or of such Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof (notwithstanding any notice of ownership or writing thereon (or on the relative Certificate) made by anyone) and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue.

In these Conditions, “Noteholder” and (in relation to a Note, Coupon or Talon) “holder” means the bearer of any Bearer Note, Coupon or Talon, and the person in whose name a Registered Note is registered (as the case may be), “Series” means Notes which are denominated in the same currency and the terms and

conditions of which are identical in all respects, other than in respect of Interest Commencement Dates and Issue Dates, and “Tranche” means, in relation to a Series, those Notes of such Series which are issued on the same date.

2 Exchanges of Notes and Transfers of Registered Notes

(a) Exchange of Notes

Subject as provided in Condition 2(e), Bearer Notes which are expressed on their face to be “Exchangeable Bearer Notes” may be exchanged for the same aggregate nominal amount of Registered Notes of a Specified Denomination at the request in writing of the Noteholder and upon surrender of the Exchangeable Bearer Note to be exchanged together with all unmatured Coupons and Talons relating to it to the specified office of any Transfer Agent. Where, however, an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 8(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one denomination may not be exchanged for Bearer Notes of another denomination and Bearer Notes which are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

A Registered Note may be transferred in whole or in part in a Specified Denomination upon the surrender of the Certificate representing such Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or the specified office of any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes a new Certificate in respect of the balance not transferred will be issued to the transferor.

(c) Delivery of new Certificates

Each new Certificate representing a Registered Note to be issued upon exchange of Exchangeable Bearer Notes or transfer of Registered Notes will, within three business days (in the place of the specified office of the Registrar or Transfer Agent to whom such request for exchange or form of transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom such delivery shall have been made, or be mailed at the risk of the holder entitled to the new Registered Note to such address as may be specified in such request or form of transfer.

(d) Exchange free of charge

Exchange of Notes on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment, or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect of any tax or other governmental charges which may be imposed in relation to it.

(e) Closed periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for a Registered Note (i) during the period of seven days ending on the due date for any payment of principal on that Note, or (ii) after any such Note has been drawn for redemption in whole or in part. An Exchangeable Bearer Note called for redemption may, however, be exchanged for a Registered Note, the Certificate representing which is simultaneously surrendered not later than the relevant Record Date.

3 Status

The Notes and Coupons of all Series will be direct, unconditional and (subject to Condition 5) unsecured obligations of the Issuer and will be ranked by the Issuer *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, for money borrowed or raised, save for such exceptions as may be provided by applicable law.

4 Guarantee

The due payment of principal and interest and other charges in respect of Notes of all Series is guaranteed by the Treasurer on behalf of the State of Western Australia by virtue of Section 13(1) of the Western Australian Treasury Corporation Act 1986 as amended (the “Act”). Section 13(2) of the Act provides for any liability of the Treasurer under such guarantee to be charged to, and paid out of, the Consolidated Fund of the State of Western Australia which is by that Section appropriated to the necessary extent.

5 Negative Pledge

- (a) So long as any of the Notes of any Series remains outstanding the Issuer will not create or permit to be outstanding any security upon the whole or any part of the property or assets, present or future, of the Issuer to secure External Indebtedness of the Issuer or any guarantee by the Issuer of External Indebtedness of third parties, without in any such case at the same time according to all Notes of all Series the same security as is granted to or is outstanding in respect of such External Indebtedness or such guarantee or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

- (b) In these Conditions:

“External Indebtedness” means any indebtedness for money borrowed or raised which (i) is payable, or confers any right (whether at the option of the Issuer, the holder or otherwise) to receive payment, in or by reference to any currency other than Australian dollars or (ii) as to at least 50 per cent. in principal amount thereof is initially offered to or lent by non-residents of the Commonwealth of Australia; and

“security” means any mortgage, charge, pledge, lien or other security interest.

6 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(f).

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates:

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of

interest payable shall be determined in accordance with Condition 6(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes:*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon
- (y) the Designated Maturity is a period specified hereon and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have

been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(d)(ii)).

(d) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date (as defined in Condition 9).

(e) *Margin, Maximum/Minimum Rates of Interest and Rounding*

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest is specified hereon, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down

to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(f) *Calculations*

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be applied to the period for which interest is required to be calculated.

Where the Specified Denomination of a Note comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(g) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

The Calculation Agent shall as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11 the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of Euro, a day on which the TARGET system is operating (a “TARGET Business Day”); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vi) If “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

(vii) “Actual/Actual-ICMA” is specified hereon,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date specified as such hereon or, if none is so specified, the Interest Payment Date;

“Euro-zone” means the region comprising of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“Euro-zone Interbank Market” is the market on which Interbank deposits in Euro are offered between prime banks within the Euro-zone;

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date falling on the day after the end of the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual

Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro;

“Interest Payment Date” means each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date;

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon;

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.;

“Issue Date” means the date of issue of a Note;

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon;

“Reference Rate” means the rate specified as such hereon;

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon;

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(i) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent

(acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

7 Redemption and Purchase

(a) Final Redemption

Unless previously redeemed, purchased and cancelled, each Note will be redeemed at its nominal amount on the Maturity Date shown on its face (if the Note is shown on its face to be Floating Rate, Fixed Rate or Zero Coupon) or on the Interest Payment Date falling in the Redemption Month shown on its face (if the Note is shown on its face to be Floating Rate and a Maturity Date is not specified).

(b) Redemption for taxation reasons

If, as a result of any change in the laws of the Commonwealth of Australia or of any political subdivision thereof or any authority or agency therein or thereof (other than the State of Western Australia or any political subdivision thereof or any authority or agency therein or thereof) or in, or to, the official or judicial interpretation or application of those laws, on the occasion of the next payment due in respect of the Notes, the Issuer would be required, for reasons outside its control, to pay additional amounts as provided in Condition 9, the Issuer may at its option, at any time (in the case of Fixed Rate Notes and Zero Coupon Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not more than 60 nor less than 15 days' notice to the Noteholders (which notice shall be irrevocable) redeem all, but not some only, of the Notes at their nominal amount together with interest accrued to the date fixed for redemption (or, in the case of Zero Coupon Notes, at the Early Redemption Amount of such Notes as determined in accordance with Condition 7(d)), together in each case with any additional amounts payable under Condition 9.

(c) Purchases

The Issuer may at any time purchase Notes at any price (provided that in the case of Bearer Notes they are purchased together with all unmatured Coupons and Talons relating to them) in the open market or by tender to all Noteholders alike or by private agreement, provided that in any such case such purchase or purchases are in compliance with all relevant laws, regulations and directives. Notes so purchased may, at the option of the Issuer, be re-sold or re-issued or surrendered for cancellation in accordance with Condition 7(g).

For the purposes of these Conditions, "directive" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank, department, government, legislature, minister, ministry, official, public or statutory corporation, self-regulating organisation or stock exchange.

(d) Early Redemption of Zero Coupon Notes

- (i) The amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 7(b) or, if applicable, Condition 7(e) or (f) or upon it becoming due and payable as provided in Condition 11 shall be the Early Redemption Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Early Redemption Amount of any Zero Coupon Note shall be the sum of (A) the Reference Price shown on the face of the Note and (B) the aggregate amortisation of the difference between the Reference Price and the

nominal amount of the Note from the Issue Date to the date on which the Note becomes due and payable at a rate per annum (expressed as a percentage) equal to the Amortisation Yield shown on the face of the Note compounded annually. Where such calculation is to be made for a period other than a full year, it shall be made on the basis of the Day Count Fraction shown on in the Final Terms.

- (iii) If the amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 7(b) or, if applicable, Condition 7(e) or (f), or upon it becoming due and payable as provided in Condition 11 is not paid when due, the amount due and payable in respect of such Note shall be the Early Redemption Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Early Redemption Amount in accordance with this sub-paragraph will continue to be made, (as well after as before judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the nominal amount of such Note together with any interest which may accrue in accordance with Condition 6(c). Where such calculation is to be made for a period other than a full year, it shall be made on the basis of the Day Count Fraction shown on in the Final Terms.

(e) *Redemption at the Option of the Issuer*

If Call Option is specified in the applicable Final Terms issued in respect of a Tranche of Notes, the Issuer may, subject to compliance with all relevant laws, regulations and directives, on giving not less than seven nor more than 20 London Business Days' irrevocable notice to the holders of those Notes, redeem all or, if so stated in such Final Terms, some of such Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together (if applicable) with interest accrued to but excluding the relevant Optional Redemption Date. Where the Notes are redeemable in part, any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount.

All Notes in respect of which any such notice is given shall be redeemed, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the serial numbers of the Notes or, in the case of Registered Notes, the relative Certificates to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate.

(f) *Redemption at the Option of Noteholders*

If Put Option is specified in the applicable Final Terms issued in respect of a Tranche of Notes, the Issuer shall, subject to compliance with all relevant laws, regulations and directives, at the option of the holder of any such Note upon the holder of such Note giving not less than 15 nor more than 20 London Business Days' notice to the Issuer, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount(s) together (if applicable) with interest accrued to but excluding the Optional Redemption Date.

To exercise such option, the holder must deposit such Note, or, in the case of Registered Notes, the relative Certificate, with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at their respective specified offices, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar, or any Transfer Agent within the applicable Notice Period. No Note or, in the

case of Registered Notes, Certificate (or authority) so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(g) *Cancellation*

Notes redeemed or purchased by the Issuer and surrendered to the Fiscal Agent for cancellation will be cancelled forthwith together with all unmatured Coupons and Talons surrendered therewith. Notes which have been cancelled may not be re-sold or re-issued.

8 Payments and Talons

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of any Paying Agent:

- (i) if the Notes are denominated in Australian dollars, in Australian dollars by transfer to an Australian dollar account maintained by the payee with a bank in the City of London or, at the option of the holders, by Australian dollar cheque mailed to an address, or delivered, outside Australia;
- (ii) if the Notes are denominated in Euro, in Euro by credit or transfer to a Euro account in the Euro-zone specified by the payee or at the option of the holder by a Euro cheque;
- (iii) if the Notes are denominated in Yen, in Yen by a Yen cheque drawn on, or, at the option of the holder by transfer to a Yen account maintained by the payee with, a bank in Tokyo; or
- (iv) if the Notes are denominated in any other currency, in that currency, by a cheque in that currency drawn on, or, at the option of the holder, by transfer to an account in that currency, with a bank in the principal financial centre of the country of that currency.

(b) *Registered Notes*

- (i) Payments of principal in respect of Registered Notes will be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the case of Notes denominated in a currency other than Australian dollars, in the manner provided in paragraph (a)(ii) to (iv) (as appropriate) or, in the case of Notes denominated in Australian dollars, by Australian dollar cheque drawn on, or by transfer to an Australian dollar account maintained by the payee with, a bank in the City of London.
- (ii) Interest in respect of Registered Notes payable on any Interest Payment Date will be paid to the persons shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note will be made in the currency in which such Notes are denominated by cheque drawn on a bank in the principal financial centre of the country of the currency concerned or, in the case of a Note denominated in Australian dollars, in the City of London, or in the case of Notes denominated in Euro, in the Euro-zone, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest (other than in respect of Notes denominated in Australian dollars) may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

For the purposes of the Conditions, the principal financial centre in respect of Australian dollars shall be Sydney.

(c) *Payments in the United States*

Notwithstanding the provisions of paragraph (a), payments in respect of Bearer Notes denominated in U.S. dollars will be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if, but only if, (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such paying agents would be able to make payment in U.S. dollars of the amounts on the Notes in the manner provided above when due, (ii) payment in U.S. dollars in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions or so precluded and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(d) *Australian dollar Notes*

- (i) Notwithstanding paragraphs (a) and (b), payments of interest or principal in respect of Notes denominated in Australian dollars may be made by transfer to an Australian dollar account maintained by the payee with a bank in any city outside Australia and the United States of America approved by the Fiscal Agent without liability on its part but after consultation with the Issuer, if such payment by transfer to an Australian dollar account with a bank in the City of London becomes, in the opinion of the Fiscal Agent, inconvenient or undesirable. In such event, all references herein to the City of London shall in relation to Notes denominated in Australian dollars be deemed to refer to such place where the relevant payment is made by, or on behalf of, the Issuer.
- (ii) If payment of the full amount of principal or interest in respect of Notes denominated in Australian dollars by any of the methods provided above and/or at all of the specified offices of the Paying Agents or the Transfer Agent or the Registrar, as the case may be, becomes illegal or effectively precluded because of exchange controls or similar restrictions on payment or receipt of such amount in Australian dollars, the Issuer (failing which, the Fiscal Agent on behalf of the Issuer) will appoint and maintain a Paying Agent and/or a Transfer Agent, as appropriate, having a specified office in Australia. Payment by such Paying Agent or the Transfer Agent in Australia will be made in Australian dollars, at the option of the holder, by Australian dollar cheque drawn on, or by transfer to an Australian dollar account maintained by the payee with, a bank in Sydney. In such event, all references herein to the City of London or any other place where payment is to be made shall, in relation to Notes denominated in Australian dollars, be deemed to refer to Sydney.

(e) *Payments subject to law, etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(f) *Appointment of Agents*

The Fiscal Agent and the Paying Agents and the Registrar and the Transfer Agents appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent or the Registrar or any

Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that it will at all times maintain, (i) a Fiscal Agent, (ii) a Registrar in London, (iii) a Transfer Agent outside the United States of America, (iv) such other agents as may be required by any stock exchange on which the Notes may be listed and (v) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC on the taxation of savings income or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in the last sentence of Condition 8(c).

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16.

(g) *Unmatured Coupons and Unexchanged Talons*

- (i) Where an amount of principal is due for payment in respect of Bearer Notes which comprise Fixed Rate Notes is less than the aggregate interest payable thereon on the relevant dates for payment of interest under Condition 6(a)) then such Notes should be surrendered for payment together with all unexpired Coupons and Talons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the principal due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10). If the date for payment of principal is any date other than a date for payment of interest, the accrued interest on such principal shall be paid only upon presentation of the relevant Note.
- (ii) Upon the due date for redemption of any Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Floating Rate Note is presented for redemption without all unexpired Coupons and Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(h) *Non-Business Days*

Subject as provided in the relevant Final Terms, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day on which banks are open for business for transactions in the relevant currency in the relevant place of presentation and:

- (i) (in the case of a payment in a currency other than Euro or Australian dollars) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which dealings may be carried on in the principal financial centre of the country of such currency and such place of presentation;

- (ii) (in the case of a payment in Australian dollars), where payment is to be made by transfer to an Australian dollar account, on which dealings in foreign currencies may be carried on in such place of payment, the City of London, Melbourne, Sydney and Perth and such place of presentation; or
- (iii) (in the case of a payment in Euro) which is a TARGET Business Day.

If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Zero Coupon Note from this Maturity Date shall be payable on repayment of such Zero Coupon Note against presentation thereof.

(i) *Determinations made by Calculation Agent*

All determinations made by the Calculation Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Issuer and all Noteholders and Couponholders.

(j) *Talons*

On or after the due date for payment of the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 10).

9 Taxation

All payments in respect of the Notes, the Coupons and the guarantee referred to in Condition 4 by or on behalf of the Issuer or the Guarantor, will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision thereof, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required or authorised by law. In the event of any such withholding or deduction (whether from a payment by the Issuer or by the Guarantor), the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and the Couponholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes, the Coupons, or such guarantee, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) to a holder (or to a third party on behalf of a holder) where such holder is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it having some connection with the Commonwealth of Australia or its Territories other than by reason only of the holding of any Notes or Coupons or the receipt of the relevant payment in respect of any Notes; or
- (ii) to a holder (or to a third party on behalf of a holder) where the Issuer is obliged to make such payment as a result of the operation of section 126 of the Income Tax Assessment Act 1936 of Australia by reason of the holder being an Australian resident or a non-resident that carries on business at or through a permanent establishment in Australia and not having disclosed to the Issuer its name and address; or

- (iii) to a holder (or to a third party on behalf of a holder) where such holder is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of the holder being an associate of the Issuer for the purposes of section 128F(6) of the Income Tax Assessment Act 1936 of Australia; or
- (iv) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the expiry of such period of 30 days; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC on the taxation of savings income or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or
- (vi) (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to, or arranging to receive payment through, another Paying Agent in a Member State of the European Union.

As used herein, “Relevant Date” means whichever is the date on which such payment first becomes due, but if the full amount of the money payable has not been received in New York City (or, in the case of Notes not denominated in U.S. dollars, the principal financial centre of the country of the relevant currency) by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 16. Any reference in these Conditions to “principal” shall be deemed to include any premium payable in respect of the Notes and any reference in these Conditions to “principal” and/or “premium” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition.

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed unless made within 10 years from the appropriate Relevant Date for payment.

11 Events of Default

- (a) If any of the following events occurs and is subsisting, the holder of any Note may give written notice to the Fiscal Agent that such Note is immediately repayable, whereupon the nominal amount of such Note together with accrued interest to the date of payment (or, in the case of Zero Coupon Notes, the Early Redemption Amount of such Notes determined in accordance with Condition 7(d)) shall become immediately due and payable:
 - (i) default is made in the payment of any principal or Early Redemption Amount (in the case of a Zero Coupon Note) (whether becoming due upon redemption or otherwise) on any Note of any Series, when due, or interest when due, and such default continues for a period of 30 days; or
 - (ii) the Issuer fails to perform or observe any of its obligations under any Note of any Series other than those specified in paragraph (i) above and such failure continues for the period of 60 days next following the service by any Noteholder of any Series on the Fiscal Agent of written notice requiring the same to be remedied; or

- (iii) any External Indebtedness (as defined in Condition 5) of the Issuer in an amount exceeding twenty-five million Australian dollars (A\$25,000,000) or its equivalent in another currency shall as a consequence of a default by the Issuer become due and payable prior to its stated maturity and shall not be paid within 15 days thereafter or shall not be paid within 15 days after the maturity thereof or the expiration of any period of grace which may be given in relation thereto; or
 - (iv) the Issuer ceases to be a body corporate constituted by the Act (or any statutory modification or re-enactment thereof) unless the obligations of the Issuer under the Notes and the Coupons of all Series are forthwith assumed by the State of Western Australia or by a successor body corporate constituted by public Act of the State of Western Australia and the due payment of principal, interest and other charges payable in relation to the Notes of all Series remains guaranteed by the Treasurer on behalf of the State of Western Australia on terms and conditions which are the same or have substantially the same financial effect as the guarantee provided by the Treasurer on behalf of the State of Western Australia referred to in Condition 4; or
 - (v) for any reason the due repayment of principal, interest and other charges payable in relation to the Notes of any Series ceases to be guaranteed by the Treasurer on behalf of the State of Western Australia referred to in Condition 4 or for any reason the performance of such guarantee by the Treasurer on behalf of the State of Western Australia becomes unlawful and the guarantee is not forthwith replaced by another guarantee by the Treasurer on behalf of the State of Western Australia on terms and conditions which are the same or have substantially the same financial effect as the guarantee provided by the Treasurer on behalf of the State of Western Australia referred to in Condition 4.
- (b) If either of the events specified in paragraphs (a)(ii) or (iv) above shall have occurred and be subsisting, any notice declaring any Note due and repayable shall become effective only when the Fiscal Agent shall have received notices from the holders of at least one-quarter of the aggregate principal amount of the Notes then outstanding.

12 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders of a Series to consider matters affecting their interests, including modification by Extraordinary Resolution (as therein defined) of the Notes and Coupons. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of a Series, whether present or not and on all Couponholders of a Series, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of any of the Notes or any date for payment of interest thereon, (ii) to redeem or cancel the nominal amount of the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method of calculating the rate or rates or amount of interest, (iv) if there is shown on the face of this Note a Minimum Rate of Interest and/or a Maximum Rate of Interest, to reduce such Minimum Rate of Interest and/or such Maximum Rate of Interest, (v) the Early Redemption Amount in respect of Zero Coupon Notes, (vi) to change the currency or currencies of payment of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present.

The Agency Agreement will be capable of amendment by the parties thereto, without the consent of Noteholders or Couponholders, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the parties to the Agency

Agreement mutually deem necessary or desirable and which does not, in the reasonable opinion of such parties adversely affect the interests of the Noteholders or Couponholders.

13 Replacement of Bearer Notes, Certificates, Coupons and Talons

Should any Bearer Note, Certificate, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Notes or Coupons) and the Registrar (in the case of Registered Notes), subject to all applicable laws and stock exchange requirements or other relevant authority regulations, upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security and indemnity as the Issuer may reasonably require. Mutilated or defaced Bearer Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes and so that the same shall be consolidated and form a single Series with the Notes.

15 Currency Indemnity

Any amount received or recovered by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer in respect of a Note or Coupon in a currency (the currency in which the relevant payment is made being referred to as the “Payment Currency”) other than the currency in which such sum is payable (the “Currency of Account”) whether as a result of, or of the enforcement of, a judgment or order of a court or tribunal of any jurisdiction, in the dissolution of the Issuer or otherwise, shall only constitute a discharge to the Issuer to the extent of the amount in the Currency of Account which the Noteholder or Couponholder is able, in accordance with its usual practice, to purchase with the amount in the Payment Currency so received or recovered on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount in the Currency of Account is less than the amount in the Currency of Account due to the recipient under the Note or Coupon, the Issuer shall indemnify the Noteholder or Couponholder against any loss sustained by it as a result. In any event, the Issuer shall indemnify the Noteholder or Couponholder against the cost of making any such purchase. The Noteholder or Couponholder shall provide to the Issuer details of relevant exchange rates and dates used by it in computing any such loss as aforesaid, but no proof or evidence of any actual loss may be required. These indemnities constitute separate and independent obligations from the other obligations in this Note, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Note or any judgment or order.

16 Notices

Notices to holders of Registered Notes will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday after the date of mailing. Notices to the holders of Bearer Notes will be valid if published in a leading English language daily newspaper with circulation in Europe (which is expected to be the *Financial Times*) and will be deemed to have been given on the date of the first or only publication. So long as any Notes of a Series are represented by a permanent Global Note or Global Certificate and such permanent Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of such Notes may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders. Couponholders shall be deemed for all

purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

The Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law and, for the benefit of the Noteholders and the Couponholders, the Issuer hereby submits to the jurisdiction of the courts of England and the Supreme Court of Western Australia for all purposes in connection with the Notes, the Coupons and the Talons and irrevocably appoints the Agent General for the State of Western Australia in London to accept service of process on its behalf in connection with proceedings commenced in the courts of England. If the Agent General for the State of Western Australia shall cease to have an office in London the Issuer shall appoint another person with an office in London to accept such service. The Issuer will procure that, so long as any of the Notes remains outstanding, a person with an office in London shall be appointed to accept such service. To the fullest extent it is lawfully able to do so the Issuer waives any right to claim sovereign immunity from jurisdiction or execution and any similar defence and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with the Notes, the Coupons, and the Talons.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for the general operating purposes of the Issuer

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Each tranche of each Series of Notes in bearer form with a maturity of more than one year will initially be represented by a temporary Global Note and each tranche of each Series of Notes in bearer form with a maturity of up to and including one year will be represented by a permanent Global Note in each case in bearer form without Coupons and which will be deposited on behalf of the subscribers of the relevant Notes with a common depositary (the “Common Depositary”) for Euroclear and for Clearstream, Luxembourg on or about the issue date of the relevant Notes. Upon deposit of the temporary Global Note(s) with the Common Depositary, or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg or an alternative clearing system, and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg or such alternative clearing system will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note, or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as they are represented by such Global Note or Global Certificate and the obligations of the Issuer will be discharged by payment to the bearer of such Global Note, or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

The temporary Global Notes, the permanent Global Notes and the Global Certificate contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

1 Exchange

Each temporary Global Note will be exchangeable in whole or in part for definitive Notes in bearer form or interests in a permanent Global Note as provided therein and in the relevant Final Terms after the date falling 40 days after the Issue Date of the Notes upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement, provided that where the relevant series of Notes has Specified Denominations consisting of a minimum Specified Denomination and one or more higher integrals of another smaller amount, the temporary Global Notes will only be exchangeable for definitive Notes in the limited circumstances provided in (1), (2) and/or (3) in the following paragraph.

Unless otherwise specified in the relevant Final Terms, a permanent Global Note with a maturity of more than one year is exchangeable in whole but not, except as provided below, in part (1) if such permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; (2) on or following the giving of a Default Notice (as defined below) or (3) if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of the Commonwealth of Australia or any political sub division thereof which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two authorised officers of the Issuer is delivered to the Fiscal Agent for display to Noteholders (unless a Default Notice has been given). Thereupon (in the case of (1) or (2) above) the holder may give notice to the Fiscal Agent, and (in

the case of (3) above) the Issuer may give notice to the Fiscal Agent and the Noteholders, of its intention to exchange such permanent Global Note for Definitive Notes on or after the Exchange Date specified in the notice.

For the purposes of a permanent Global Note, a Default Notice relating to an event specified in paragraph (a)(ii) or (iv) of Condition 11 shall only be deemed to have been given when it has become effective in accordance with Condition 11(b). References in this Summary to a Default Notice being given should be read accordingly.

Except where the relevant series of Notes has Specified Denominations consisting of a minimum Specified Denomination and one or more higher integral multiples of another smaller amount, and if specified in the relevant Final Terms, a permanent Global Note with a maturity of more than one year is exchangeable in whole but not, except as provided below, in part (free of charge to the holder) for Definitive Notes, by such holder giving notice to the Fiscal Agent, or (unless a Default Notice has been given) by the Issuer giving notice to the Fiscal Agent and the Noteholders, of its intention to exchange such permanent Global Note for Definitive Notes on or after the Exchange Date specified in the notice.

On or after the giving of a Default Notice in respect of any Notes, the holder of a permanent Global Note with a maturity of more than one year may (provided, however, that if such permanent Global Note is held by or on behalf of Euroclear and/or Clearstream, Luxembourg, the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be, so permit) in such notice or by giving a further notice to the Fiscal Agent require the exchange of a specified nominal amount of such permanent Global Note (which may be equal to or less than the outstanding nominal amount of Notes represented by it) for Definitive Notes on or after the Exchange Date specified in such notice.

“Exchange Date” means a day falling not less than 60 days, or in the case of exchange following the giving of a Default Notice 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (I) above, in the cities in which Euroclear and Clearstream, Luxembourg or, if relevant, the alternative clearing system, are located.

Any such exchange may be effected on or after an Exchange Date by the holder of such permanent Global Note surrendering it or, in the case of a partial exchange, presenting it for endorsement to or to the order of the Fiscal Agent. In exchange for such permanent Global Note, or part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, duly executed and authenticated Definitive Notes of the same aggregate nominal amount as the nominal amount of the permanent Global Note submitted for exchange.

If the Final Terms state that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an alternative clearing system. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if any relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) on or following the giving of a Default Notice (as defined below); or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to sub-paragraph (i) or (ii) above, the registered holder has given the Registrar not less than 30 days' notice at its specified office of the registered holder's intention to effect such transfer.

Unless otherwise specified in the applicable Final Terms, the Issuer will issue temporary Global Notes, permanent Global Notes or Global Certificates to Euroclear or Clearstream, Luxembourg in their capacity as clearing houses. Euroclear and Clearstream, Luxembourg confer rights in relation to such temporary Global Notes, permanent Global Notes or Global Certificates on the persons shown in their records as the holder of Notes represented thereby and record the existence of such rights in accordance with their respective rules and regulations. Temporary Global Notes, permanent Global Notes and Global Certificates may in particular circumstances be surrendered in exchange for Definitive Notes or Certificates, as the case may be.

2 Payments

No payment falling due more than 40 days after the Issue Date will be made on any temporary Global Note unless exchange for definitive Notes in bearer form or, as the case may be, an interest in a permanent Global Note is improperly withheld or refused. Payments on any temporary Global Note during the period of 40 days after its Issue Date will only be made in the case of Notes with a maturity of more than 365 days against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, each of (i) the relevant place of presentation, (ii) the words "or Australian dollars" in sub-paragraph (i), and (iii) sub-paragraph (ii) in the definition of "business day" set out in Condition 8(h) shall be disregarded.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

3 Notices

So long as any Notes of a Series are represented by a permanent Global Note or Global Certificate and such permanent Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of such Notes may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

4 Prescription

Claims against the Issuer in respect of Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years from the appropriate Relevant Date (as defined in Condition 9).

5 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders. At any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of

each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.

6 Purchase and Cancellation

Cancellation of any Note which is represented by a Global Note and surrendered for cancellation following its purchase will be effected by reduction in the nominal amount of the relevant Global Note.

7 Default

Each permanent Global Note provides that the holder may cause such permanent Global Note or a portion of it to become due and repayable in the circumstances described in Condition 11 by stating in the notice to the Fiscal Agent (a "Default Notice") the nominal amount of such Global Note which is becoming due and repayable. Following the giving of notice of an event of default, the holder of a permanent Global Note or Registered Notes represented by a Global Certificate may elect that the permanent Global Note or, as the case may be, the Global Certificate and the corresponding entry in the Register kept by the Registrar, become void as to a specified portion or Registered Notes, as the case may be, and that the persons entitled to such portion or Registered Notes, as the case may be, as account holders with a clearing system acquire direct enforcement rights against the Issuer under the terms of a Third Deed of Covenant executed as a deed by the Issuer on 31 October 2008. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

8 Issuer's Option

No drawing of Notes will be required under Condition 7(e) in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a permanent Global Note.

9 Noteholders' Option

Any Noteholders' option may be exercised by the holder of a permanent Global Note giving notice to the Fiscal Agent of the nominal amount of Notes in respect of which the option is exercised and presenting such permanent Global Note for endorsement of exercise within the time limits specified in the Conditions.

10 Calculation of Amounts Payable

Calculation of any interest, principal and any other amount payable in respect of Notes which are represented by a Global Note or a Global Certificate will be made in accordance with the methods of calculation provided for in the Conditions, save that the calculation will be made in respect of the total aggregate amount of the Notes represented by the Global Note or Global Certificate, and not in respect of the applicable Calculation Amount.

WESTERN AUSTRALIAN TREASURY CORPORATION

Establishment, Legal Status and Principal Office

Western Australian Treasury Corporation (“WATC”) was established on 1 July 1986 under the Western Australian Treasury Corporation Act 1986 (the “Act”) as the State’s Central Borrowing Authority. The Act states the objects and purposes of WATC. Amendments to the Act during 1998 expanded WATC’s role to include the provision of financial management services to the Western Australian Public Sector.

WATC is administered by a Board of Directors which is responsible for the performance of WATC’s functions under the Act. WATC’s Board of Directors comprises (a) as chairperson, the Under Treasurer for the time being, (b) as deputy chairperson, an officer of the Treasury from time to time nominated by the Under Treasurer, (c) the Chief Executive Officer of WATC, or Acting Chief Executive Officer, for the time being, and (d) up to 3 other persons with relevant commercial or financial experience appointed by the Minister.

As at 31 October 2012, the Directors were:

<u>Name</u>	<u>Position</u>	<u>Appointed</u>	<u>Term Expires</u>
Timothy Michael Marney	Chairperson	Statutory	Statutory
Anthony Michael Kannis	Deputy Chairperson	1 March 2009	Not applicable
John MacPherson Collins V	Chief Executive Officer	Statutory	Statutory
Gaye Marie McMath	Director	1 January 2003	31 December 2013
Catherine Anne Nance	Director	15 July 1998	31 December 2012
Grahame J. Searle	Director	1 January 2009	31 December 2013

WATC is an agent of the Crown and enjoys the status, immunities and privileges of the Crown.

WATC’s principal office is presently located at:

Level 12,
225 St. Georges Terrace, Perth,
Western Australia 6000

and its telephone number is (+61 8) 9235 9100.

Functions and Powers

WATC is the central borrowing authority of the State of Western Australia and its functions are:

- (a) to borrow moneys and lend moneys to the Western Australian public sector;
- (b) to develop and implement borrowing programmes for the purposes of the Act;
- (c) to manage financial rights and obligations of WATC and authorities;
- (d) to advise authorities on financial matters including debt management, asset management and project and structured financing;
- (e) to manage investments for the Department of Treasury and Finance and other government agencies;
- (f) to assist authorities with managing their financial exposures; and
- (g) to assist the State with the management of any debt raised prior to the establishment of WATC.

WATC is empowered under the Act to do anything necessary or convenient for the performance of its functions including:

- (a) to borrow moneys inside or outside Australia in Australian currency or in any other currency; and
- (b) to lend moneys to authorities (as defined under the Act) which include semi-government and local authorities in Western Australia (semi-government authorities being statutory bodies empowered to carry out certain functions of government and responsible to a Minister of the Crown) so as to enable the exercise of a power to borrow from WATC conferred by a written law.

WATC in the performance of its functions is required to act in accordance with proper principles of financial management and endeavour to ensure that its revenue is sufficient to cover all costs.

Relationship with the Government of Western Australia

As the State's central borrowing authority, WATC borrows in Australia and overseas on behalf of the State and all semi-government authorities in Western Australia. In recent years, a number of local government authorities have also opted to borrow through WATC.

Following amendments to the Act in 1998, WATC is now also able to assist government agencies in Western Australia with the management of their financial assets and liabilities including investments.

State Guarantee

Under Section 13(1) of the Act, the financial liabilities incurred or assumed by WATC under the Act are guaranteed by the Treasurer on behalf of the State of Western Australia. Any financial liability of the Treasurer under a guarantee arising by virtue of Section 13(1) shall be charged to, and paid out of, the Consolidated Account of the State of Western Australia which is appropriated to the necessary extent under Section 13(2) of the Act.

The guarantee in respect of the Notes is governed by the laws of Western Australia. The Treasurer and the State of Western Australia, neither of which enjoys immunity from suit in Western Australia, have not waived any sovereign immunity that they may have, and neither of them has submitted to the jurisdiction of any courts outside Western Australia, in respect of the issue of Notes.

The Crown Suits Act 1947 (as amended) of the State of Western Australia provides that no execution or other process in the nature of execution shall be issued out of any court of Western Australia against the Crown in right of the State of Western Australia. However, under Section 10(2) of that Act, after any judgment has been given against the Crown, the Governor of Western Australia is required to cause to be paid out of the Consolidated Account of the State, the amount of such judgment of any court of Western Australia. That Act does not affect the appropriation of the Consolidated Account of the State by virtue of Section 13(2) of the Act.

Regulatory Environment

The regulatory environment in which WATC functions consists of:

(1) The Act as amended and Regulations thereunder

The Act defines WATC's powers and its borrowing and lending functions.

Responsibility for all borrowings rests with WATC's Board of Directors.

The Treasurer may, by notice in writing to WATC, impose limits on the exercise of its power to borrow moneys, and from time to time vary the limit in force. A liability of WATC is not unenforceable by reason of, or in any way affected by, a failure of WATC to comply with any such limit. A person dealing with WATC is not bound or concerned to enquire whether WATC has complied or is complying with any such limit.

Pursuant to Section 22(3)(a) of the Act, the Regulations referred to in Section 22(2)(b) of the Act do not apply to the Notes.

(2) *The Financial Management Act 2006 and the Auditor General Act 2006*

This legislation provides for the administration and audit of the public finances of the State and statutory authorities and also provides for annual reporting by departments and statutory authorities.

(3) *Australian Loan Council*

The Australian Loan Council (the “Loan Council”) monitors the financing requirements of Commonwealth, State and Territory governments. The Loan Council consists of Treasurers from each State, Territory and Commonwealth jurisdiction, supported by the Australian Treasury. At its annual meeting (usually in March/April each year) the Loan Council endorses each government’s Loan Council Allocations (“LCAs”) for the following year.

An LCA is a government’s projected total non-financial public sector cash deficit/surplus on a Government Finance Statistics basis for the coming year, adjusted for certain memorandum items. These memorandum items capture the liabilities incurred in that year, which are not fully reflected in the deficit, and to improve comparability between jurisdictions.

The intention of LCA disclosures is to provide financial markets with a signal of the financing needs of Australian governments for the year ahead.

Under the current framework, jurisdictions estimate the following financial year’s LCA, and these are considered at the annual Loan Council meeting prior to the commencement of the estimate year.

Revised estimates of LCAs are provided in jurisdictions’ budgets and mid-year reviews, and LCA outcomes are reported around October/November.

Variations between budget estimates of LCAs and the expected or final outcomes must be publicly explained if they exceed agreed tolerance limits, based on 2% of total non-financial public sector revenue.

Western Australia’s LCA disclosures can be found in whole-of-government financial tables in Appendix 1 of annual State budgets and midyear review publications, and in Appendix 3 of the Annual Report on State Finances (released in late September each year).

The Loan Council also provides an annual financial assessment of infrastructure spending proposed by the national Infrastructure Australia process. Loan Council’s advice includes an assessment of infrastructure financing in relation to national infrastructure funds established in previous Commonwealth budgets. Through this process, the Loan Council monitors the national macroeconomic implications (i.e. the inflationary impact) of these projects.

Up to 2011-12, the Loan Council has also monitored the Commonwealth Government’s borrowing guarantee arrangements offered to States and Territories as a response to recent

international financial market turmoil. This included oversight of compliance with the rules of the guarantee by State and Territory jurisdictions, and ensuring that lending to non-government entities remained within regulated limits. Western Australia did not opt to take up the Commonwealth's loan guarantee offer due to levels of market access for State borrowings.

Further information on the LCA and the Loan Council is included below under Commonwealth State Financial Relations.

Organisation of Western Australian Treasury Corporation

As at 30th June, 2012, WATC employed 67 staff comprising 49 males and 18 females.

The Board of Directors and Senior Officers of WATC as at 31 October, 2012 are:

Board of Directors

Name	Role	Other principal activities outside WATC
Timothy M. Marney	Chairperson	Under Treasurer of the State of Western Australia.
Anthony M. Kannis	Deputy Chairperson	Executive Director, Infrastructure and Finance of the Department of Treasury of the State of Western Australia.
John M. Collins V	Chief Executive Officer	None.
Gaye M. McMath	Director	Executive Director, Finance and Resources, University of Western Australia, Director of Gold Corporation and Verve Energy.
Catherine A. Nance	Director	Actuary and Partner of PricewaterhouseCoopers and Director of Government Employees Superannuation Board, Community CPS Australia Limited and a member of the advisory panel for the Centre of Excellence in Population Ageing Research and Actuaries Institute taskforces on superannuation and retirement related issues.
Grahame J. Searle	Director	Director General of the Department of Housing.

Senior Officers

John M. Collins V	Chief Executive Officer
Melvin Nunes	Deputy Chief Executive Officer
Stephen Morhall	Director Client Services
Peter Seeds	Manager, Originations and Governance
Wayne Currie	Corporate Treasurer
Steven Luff	Chief Financial Officer
William McEwen	Chief Risk Officer
Robert Beckett	Manager Information and Communication Technology
Marco Mottolini	Manager Financial and Commercial Advisory Services

Lisa Brady
Richard McKenzie
(Vacant)

Manager Foreign Exchange and Liquidity
Manager Client Services
Human Resources Manager

The business address of each member of the Board of Directors and each Senior Officer is Level 12, 225 St. Georges Terrace, Perth, Western Australia 6000.

Potential conflicts of interest between duties to the Issuer and private interests of Directors

The Chairman and Deputy Chairman of the Board are officers of the State's Department of Treasury, to which WATC provides services. Ms Gaye McMath is Executive Director, Finance and Resources, of the University of Western Australia, and a Director of Gold Corporation and Verve Energy, which are clients of WATC. Ms Catherine Nance is a Director of Government Employees Superannuation Board, which is a client of WATC and Mr Grahame Searle is the Director General of the Department of Housing which is a client of WATC.

The WATC Act incorporates specific provisions for disclosure of interests by Directors and exclusion from voting where a Director has a material personal interest in a matter that is being considered by the Board. WATC's governance arrangements include a requirement for Directors to complete an annual declaration of interests.

In any meeting of WATC's Board when the Board is going to discuss a matter in which the Director has an interest (whether or not disclosed in the annual declaration), the Director must also make a declaration of interest prior to the discussion of that matter. If the Director has a material personal interest in a matter they shall not vote on the matter and shall not be present while the matter is being considered unless the Board has passed a resolution specifying the Director, the interest and the matter and stating that the Directors voting for the resolution are satisfied that the interest should not disqualify the Director from considering or voting on the matter.

Other than as disclosed above, there are no potential conflicts of interest between any Director or Senior Officers and their private interests or other duties.

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Board of Directors of WATC, and is a source of advice to the Board of Directors of WATC. The authority, duties and responsibilities of the Audit and Risk Committee are outlined in its terms of reference. The Audit and Risk Committee's objectives are to:

- (i) give the Board of Directors an additional assurance regarding the quality, integrity and reliability of information systems and the adequacy of accounting and control systems, to allow the Board of Directors to fulfil its responsibilities; and
- (ii) act as a communication means between the Board of Directors and the auditors (external and internal) to ensure significant issues and information arising from the auditors' activities are brought to the attention of the Board of Directors.

The Chairperson of the Audit and Risk Committee as at 31 October, 2012 is Catherine Nance. The members of the Audit and Risk Committee as at 31 October, 2012 are Catherine Nance, Anthony Kannis and Gaye McMath.

The following table sets forth the audited capitalisation of WATC as at 30th June, 2012. Since that date there has been no material change in the capitalisation of WATC.

Capitalisation of Western Australian Treasury Corporation as at 30th June, 2012⁽¹⁾⁽²⁾

Debt Outstanding (face value) at 30 June 2012

	AS 000
Short-term debt ⁽³⁾	
Domestic borrowings	13,306,198
Overseas borrowings ⁽⁴⁾	2,892,381
.....	16,198,579
Long-term debt	
Domestic borrowings	15,783,204
Overseas borrowings ⁽⁴⁾⁽⁵⁾	0
	15,783,204
Total debt	31,981,783

Notes:

- (1) Under Section 13(1) of the Act all the financial liabilities incurred or assumed by WATC under the Act are guaranteed by the Treasurer on behalf of the State. Hence all debt of WATC shown in the capitalisation table is secured by guarantee.
- (2) Similarly, contingent liabilities arising out of off-balance sheet transactions by WATC are guaranteed under Section 13(1) of the Act. WATC's contingent assets and liabilities arising out of off-balance sheet transactions such as futures, options, interest rate swaps and forward rate agreements in the normal course of its asset-liability management activities are not included in the above capitalisation statement.
- (3) Short-term debt refers to borrowings maturing prior to 30 June 2013.
- (4) Foreign currency loans have been translated using the exchange rates applicable at 30 June 2012 and are shown below.

	Exchange Rate Translation at 30 June, 2012		
	Rate of Exchange	Payable 12 months or less from 30 June 2012	Payable more than 12 months from 30 June 2012
Foreign Currency Borrowing			
.....		A\$'000	A\$'000
USD2,847,747,693	1.019473	2,793,353	Nil

At 30 June 2012, all foreign currency loans have either been 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.

- (5) As a statutory authority established under the Act, WATC does not have share capital.

SELECTED FINANCIAL INFORMATION

The following summary financial information shall be read in conjunction with the financial statements of the Issuer. The financial information was derived from the audited statements of WATC.

Statement of Comprehensive Income 2012

For the year ended 30 June 2012	2012	2011
	(A\$ '000)	(A\$ '000)
INCOME		
Revenue		
Interest on Investments	164,388	173,144
Interest from Authorities	1,296,209	1,218,297
Fee Income	595	527
Total Revenue	<u>1,461,192</u>	<u>1,391,938</u>
Gains		
Foreign Exchange Gain	0	0
Net Fair Value Movement	37,016	31,718
Gains From Sale of Plant and Equipment	0	0
Total other income	<u>37,016</u>	<u>31,718</u>
Total Income	<u>1,498,208</u>	<u>1,423,656</u>
EXPENSES		
Interest on Borrowings	1,458,216	1,392,587
Borrowing Related Expenses	1,260	1,309
Depreciation	196	226
Amortisation of Intangible Assets	289	489
Administration Expenses	13,228	12,813
Foreign Exchange Loss	1	12
Net Fair Value Movement	0	0
Total Expenses	<u>1,473,190</u>	<u>1,407,436</u>
Profit before income tax equivalent expense	25,018	16,220
Income Tax Equivalent Expense	7,514	4,871
Profit for the period	<u>17,504</u>	<u>11,349</u>
Other Comprehensive Income	0	0
Total Comprehensive Income for the Period	<u>17,504</u>	<u>11,349</u>

Statement of Financial Position as at 30 June 2012

	2012	2011
	<i>A\$ '000</i>	<i>A\$ '000</i>
Assets		
Cash Assets	2,369	2,751
Investments	5,383,868	3,346,207
Receivables and other Financial Assets	1,094,980	857,816
Loans to Authorities	30,414,845	24,054,334
Tax Assets	1,014	940
Plant and Equipment	315	374
Intangible Assets	183	344
Total Assets	<u>36,897,574</u>	<u>28,262,766</u>
Liabilities		
Payables and other Financial Liabilities	2,073,707	560,395
Borrowings.....	34,720,211	27,609,912
Tax Liabilities	2,009	1,196
Provisions	3,378	3,121
Total Liabilities	<u>36,799,305</u>	<u>28,174,624</u>
Net Assets	98,269	88,142
Equity		
Retained Profits	95,269	85,142
Reserves	3,000	3,000
Total Equity	<u>98,269</u>	<u>88,142</u>

THE STATE OF WESTERN AUSTRALIA¹

General Description

The State of Western Australia occupies approximately one third of the Australian continent and covers an area of 2,525,500 square kilometres, which is an area greater than the whole of Western Europe. It has a remarkably flat topography consisting of two main regions, a narrow plain along most of the coast and a tableland known as the “Great Plateau” which covers the whole interior of the State. Western Australia has a wide range of climates varying from Mediterranean in the southern areas to tropical in the northern parts of the State.

In December 2011, Western Australia had an estimated residential population of 2.39 million people, which equates to 10.6% of the Australian population of 22.5 million. The rate of population growth has been well above the national average, reflecting Western Australia’s high rate of economic growth in recent decades. Western Australia has the fourth largest population of all the Australian States and Territories and accounted for 15.5% of Gross Domestic Product in 2010-11, reflecting the State’s strong economic position.

Government

Western Australia is one of the six federated sovereign States that, together with the Northern Territory and the Australian Capital Territory, constitute the Commonwealth of Australia. The Commonwealth was formed as a federal union on 1 January 1901, when the six British colonies of New South Wales, Victoria, Queensland, Western Australia, South Australia and Tasmania were united as States in federation. The Commonwealth Parliament has power to legislate on specific matters of national interest, such as defence, social security, external affairs, trade and commerce, currency and banking. It has exclusive power to impose customs and excise duties. Since 1942, the Commonwealth has been the sole income taxing authority, though the States retain the constitutional power to impose an income tax. The State parliament has power over all matters other than those granted to the Commonwealth under the Constitution. These include education, public health, police and justice, transport, roads and railways, industry, mining, agriculture, public works, ports, forestry, electricity, gas and water supply and irrigation.

Legislative powers in Western Australia are vested in the Crown (represented by the Governor) and Parliament. The Governor is the representative of the Sovereign in the State and exercises the powers of the Crown in State matters with the advice of the Executive Council. The Executive Council consists of the Premier and members of the Cabinet chosen by the Governor with the advice of the Premier. The Cabinet comprises Ministers of the Crown chosen from members of Parliament belonging to the political party, or coalition of parties, which is in the majority in the Legislative Assembly.

The Parliament comprises a Legislative Assembly and Legislative Council. The Legislative Council functions as a house of review with 36 members, representing the six electoral provinces into which the State is divided. The Legislative Assembly has 59 members each representing one of the 59 electoral districts. Members are elected for the duration of the Parliament, which is limited to a maximum of four years. All legislation for the raising of revenue or the expenditure of public moneys must be introduced into the Legislative Assembly.

¹ All data is from the Australian Bureau of Statistics unless otherwise stated. See <http://www.abs.gov.au/>

In September 2008, the Australian Liberal Party was elected to Government in a coalition with the National Party. The Premier is the Honourable Colin Barnett. The current composition of the Western Australian Parliament is as follows:

Legislative Council	No. of Members	Legislative Assembly	No. of Members
Liberal Party	16	Australian Labour Party	26
Australian Labour Party	11	Liberal Party	24
National Party of Australia.....	5	National Party of Australia.....	5
Greens (WA).....	4	Green Independent	1
		Independent	3
Total	36	Total	59

Source: Western Australian Electoral Commission

Economy

From a largely rural-based economy in the first half of the twentieth century, Western Australia has become a leading producer and exporter of a variety of minerals and energy products. The mining sector is the State's largest industry measured by value of production, and is a major influence on economic growth through investment and exports. State Accounts annual data by the Australian Bureau of Statistics (ABS) suggest that the Western Australian economy grew by 3.5% in 2010-11, following solid growth in recent years. Western Australia's Gross State Product per capita in 2010-11 was \$93,593 compared to \$62,424 nationally.

Demand for the State's resource commodities and high commodity prices have provided a strong incentive for resource firms to expand capacity. Business investment has been underpinned by major Liquefied Natural Gas (LNG) products, including the \$43 billion Gorgon LNG project and the \$29 million Wheatstone LNG project, in addition to major iron ore developments in the Pilbara and the Mid West regions. Consequently, business investment increased by 41.9% in 2011-12, according to ABS's quarterly State Final Demand data for the June quarter 2012. Resource exports have also increased strongly in recent years, reflected in a 4.8% increase in merchandise export volumes in 2011-12.

Household spending in Western Australia grew by 6.3% in 2011-12, supported by low unemployment, higher incomes due to strengthening real wages, and a high Australian dollar. The growth in household spending was underpinned by particularly strong increases in some discretionary components of spending over the year such as 'hotel, cafes and restaurants', 'furnishings and household equipment' and 'recreation and culture'.

Demand for housing in Western Australia softened in 2011-12, reflecting the large balance of household debt, heightened levels of household caution and tight lending conditions. Underlying demand for housing appears to have improved more recently, supported by strong population growth, which is expected to lead to a recovery in the housing market over coming years.

COMPARISONS OF GROSS STATE PRODUCT GROWTH, CONSTANT PRICES

	2010-11	Average annual growth past 5 years	Average annual growth past 10 years
	(%)	(%)	(%)
New South Wales	2.2	2.0	2.0
Victoria	2.5	2.6	3.1
Queensland	0.2	2.6	4.2
South Australia	2.4	2.6	2.7
Western Australia	3.5	4.4	4.6
Tasmania	0.8	1.8	2.5
Northern Territory	1.6	4.0	3.6
Australian Capital Territory	2.8	3.4	3.0
Australia.....	2.1	2.7	3.1

The following table shows the composition of the State's output by industry:

GROSS STATE PRODUCT BY INDUSTRY⁽¹⁾ – WESTERN AUSTRALIA, CURRENT PRICES

Industry	2007-08	2008-09	2009-10	2010-11	Share of Australia 2010-11
	A\$(m)	A\$(m)	A\$(m)	A\$(m)	(%)
Agriculture/forestry/fishing	4,145	4,094	3,377	3,527	9.9
Mining	39,740	50,621	49,496	71,145	57.9
Manufacturing	12,489	13,397	11,290	11,739	10.9
Construction.....	16,550	19,360	21,040	25,373	25.5
Wholesale/Retail trade.....	10,577	11,578	12,611	13,250	11.3
Finance/insurance	7,047	7,402	8,266	8,845	6.4
Government ⁽²⁾	4,102	4,650	5,216	6,037	8.9
Education	3,974	4,547	5,232	5,997	9.8
Health/community services	7,298	7,989	7,701	7,743	9.7
Accommodation and Food Services	2,119	2,229	2,229	2,579	8.2
Other ⁽³⁾	23,834	27,634	30,576	33,952	11.7
Property/business services ⁽⁴⁾	13,959	14,328	15,821	17,782	12.0
Total.....	145,836	167,829	172,853	207,967	16.0

Notes:

- (1) Industry gross value added (GVA). Add statistical discrepancy and taxes, less subsidies to total GVA to equal Gross State Product.
- (2) Government includes 'Public administration and safety'.
- (3) Other includes 'Transport, postal and warehousing', 'Information media and telecommunications', 'Other services', 'Ownership of dwellings', 'Electricity, gas, water and waste services', and 'Arts and recreation services'.
- (4) Property/business services include 'Rental, hiring and real estate services', 'Professional, scientific and technical services' and 'Administrative and support services'.

Industry Structure

Mining

Western Australia is one of the most productive and diversified mineral regions in the world, with extensive proven mineral resources spread throughout the State, and more than 50 mineral and petroleum products produced in commercial quantities.

The mining industry is an important generator of export income and also has flow-on effects to other sectors such as construction and manufacturing.

The gross value of minerals and energy production in Western Australia increased by 16.5% in 2011 to \$107 billion, underpinned by robust demand from emerging economies (in particular China) and high commodity prices.

Iron ore remained the State's most valuable resource in 2011, accounting for \$62.8 billion or 58.7% of minerals and energy production. Strong increases were also recorded for gold, LNG and petroleum condensate production. During the past ten years the value of Western Australia's minerals and petroleum production has grown at an average annual rate of 14%.

WESTERN AUSTRALIAN VALUE OF MINERALS AND ENERGY PRODUCTION

Commodity	2009	2010	2011	Change 2011 on 2010
	\$A(m)	\$A(m)	\$A(m)	%
Alumina.....	3,593.5	3,984.5	4,127.3	4
Copper	992.5	1,286.7	1,191.7	(7)
Lead Metal	46.3	120.4	19.5	(84)
Zinc Metal	213.8	191.9	146.6	(24)
Coal	308.2	319.1	283.5	(11)
Cobalt	182.8	168.9	128.2	(24)
Diamonds	231.8	345.5	292.9	(15)
Gold.....	5,814.8	7,846.3	8,794.9	12
Ilmenite	63.5	66.7	60.3	(10)
Zircon	214.5	229.8	210.2	(9)
Other Heavy Mineral Sands	394.4	233.1	331.9	42
Iron ore	28,149.0	48,758.8	62,786.4	29
Manganese Ore	282.4	421.5	375.8	(11)
Nickel	3,373.7	4,294.3	3,923.5	(9)
Petroleum Condensate.....	3,232.7	3,705.4	4,087.4	10
Crude oil	5,505.5	8,247.3	7,938.3	(4)
LNG.....	6,320.7	8,754.7	9,344.0	7
LPG – Butane and Propane.....	612.8	763.3	745.9	(2)
Natural Gas	1,156.2	1,391.2	1,421.1	2
Salt.....	447.6	386.7	335.8	(13)
Other ⁽¹⁾	397.4	395.4	879.5	122
Total⁽²⁾	61,534.0	91,911.5	107,048.7	16.5

Source: Department of Mines and Petroleum

Notes:

- (1) Other includes chromite, clays, construction material, manganese ore, dimension stone, gem and semi-precious stones, gypsum, granite, leucosene, limestone, palladium, silica, silver, tin, feldspar, red oxide, spongolite, talc, spodumene, and tantalite.
- (2) Totals may not sum due to rounding.

Construction

The construction sector is the second-largest sector in Western Australia behind mining, and accounted for 11.7% of Gross State Product in 2010-11 according to annual State Accounts data. Mining investment is a key driver of growth in construction activity, underpinned by major LNG and iron ore projects. Quarterly data from the ABS, suggest that construction work done in Western Australia increased by 38.3% over 2011-12, with engineering construction accounting for 77.2% of the value of work done.

Agriculture

In 2010-11, agricultural, forestry and fishing production in Western Australia was valued at \$3.5 billion. Major products included wheat, wool and live animals for export. The State also has important fisheries resources, which are processed for both domestic and export markets, and a forestry industry in the South West of the State.

Western Australia in the International Economy

Western Australia has an export-oriented economy, with net exports accounting for 38.6% of Gross State Product in 2010-11 according to annual State Accounts data. The nominal value of Western Australia's exports increased by 7.9% in 2011-12 to \$121.0 billion representing 45.7% of Australia's total merchandise exports. Western Australia also recorded a trade surplus of \$85.9 billion in 2011-12.

The main merchandise exports from Western Australia are minerals and energy products (primarily iron ore, alumina, petroleum oil and products, nickel and liquefied natural gas), followed by agricultural products (predominantly wheat, wool, live animals and crustaceans) and elaborately transformed manufactures. Western Australia's top eight export markets are China, Japan, South Korea, the United Kingdom, India, Singapore, Thailand and Taiwan.

The State's major imports are plant and equipment and building materials, petroleum, gold (for re-export) and manufactured goods. Imports arrive principally from Singapore, the United States of America, China, Japan, United Arab Emirates, South Korea, Malaysia and Thailand.

WESTERN AUSTRALIAN MERCHANDISE TRADE DATA, CURRENT PRICES

	Imports	Exports	Trade Balance
	\$A(m)	\$A(m)	\$A(m)
Year to 30th June			
2007	22,126	60,510	38,384
2008	27,354	68,843	41,489
2009	33,122	86,880	53,758
2010	27,937	83,307	55,370
2011	25,955	112,171	86,216
2012	35,086	120,980	85,890

Source: Australian Bureau of Statistics

PUBLIC FINANCE

Legislative Framework

The law governing the finances of the State of Western Australia is contained principally in the Constitution Act 1889, the Constitution Acts Amendment Act 1899, the Financial Management Act 2006 (FMA), the Government Financial Responsibility Act 2000 (GFRA), the State Trading Concerns Act 1916, the annual Treasurer's Advance Authorisation Act and Appropriation Acts, and periodic Loan Acts and enabling statutes which create individual corporate agencies (statutory authorities).

At the core of the State's financial system is the fundamental principle that only the State Parliament has the power to levy taxes and appropriate (authorise) expenditure from the Consolidated Account.

The first three of the above mentioned Acts establish the statutory accounts known as the Consolidated Account, the Treasurer's Special Purpose Accounts and the Treasurer's Advance Account, which collectively are referred to as the Public Ledger, together with the framework for special purpose accounts administered by individual agencies.

With the exception of certain Government Trading Enterprises (GTEs), agencies are subject to the FMA, which prescribes the procedures for the receipt and payment of moneys into and from the Consolidated Account and from individual statutory authorities' bank accounts. It also provides for these transactions to be recorded against the Consolidated Account, using a cash basis of accounting. Additionally, the FMA requires affected agencies to maintain detailed accounting records on an accrual basis and to report on their operations through the tabling in State Parliament of audited financial statements prepared in accordance with Australian accounting standards.

Those GTEs that are not subject to the FMA have their governance, financial administration, audit and reporting requirements prescribed by their own enabling legislation. Some of these requirements are drawn directly from the Australian Corporations Law.

Most agencies have 30 June reporting dates. Agencies that have reporting dates other than 30 June use management accounts to 30 June or the latest financial statements to satisfy other 30 June reporting requirements such as whole-of-government reporting. The Auditor General is responsible for auditing the accounts of government departments, statutory authorities and the whole-of-government, and for reporting his/her findings to the State Parliament.

The Auditor General Act 2006 creates the position of Auditor General and specifies requirements for the appointment, tenure, duties, responsibilities and powers. It also ensures the independence of the Auditor General by the permanent appropriation of the incumbent's salary and by protection against removal from office, except by resolution of the State Parliament.

The GFRA requires the Treasurer to report on the finances of the State (i.e. whole-of-government accounts) on a full accrual basis in accordance with accounting standards, Generally Accepted Accounting Principles and on a Government Finance Statistics basis, using nationally and internationally accepted financial and economic statistical standards.

The banking arrangements of the State are primarily conducted through the central Public Bank Account that is held with the Perth Branch of the Commonwealth Bank of Australia. Agencies that operate on the Public Bank Account manage their funds through their own sub-division bank accounts. A limited number of agencies are permitted by their governing legislation to bank or invest funds outside the Public Bank Account in their corporate name.

The Constitution Act 1889 creates the Consolidated Account under section 64 and all moneys due to the State from taxes, charges, imposts, etcetera that are not hypothecated by separate legislation must be credited to the Consolidated Account and can only be expended if authorised by an Appropriation Act. The legislation does not impose any restrictions on the purposes for which the Consolidated Account may be appropriated.

Appropriations out of the Consolidated Account are of two distinct types, annual appropriations and standing (or permanent) appropriations.

Annual appropriations are those passed by Parliament each year under the Appropriation Acts. Details of these appropriations are contained in the Budget Statements which support the Appropriation Acts and contain details of Consolidated Account expenditure by items which have been granted to each agency or other body.

In addition to annual and standing appropriations, the Treasurer may enter into net appropriation agreements with departments and statutory authorities, under section 23 of the FMA, providing for certain revenue received by the department to be retained by it. Such revenue is not credited to the Consolidated Account. However, the revenue and the corresponding expenditures are included in the annual budget papers to allow Parliament to debate the total cost of the services delivered by departments. In the case of departments which are not subject to legislation, their operations are constrained to the services and purposes specified in the Appropriation Acts.

There are currently two primary annual Appropriation Acts, one for recurrent services and the other for capital purposes, which lapse at 30 June each year.

Permanent appropriations occur when Parliament passes an Act which includes an 'open ended' appropriation which does not lapse at the end of the financial year. Such appropriations are usually made to preserve the entitlements of public officers and can range from the salaries of Members of Parliament and certain Public Officers through to various superannuation and pension payments and obligations under various agreements. The expenditures are paid from the Consolidated Account and accordingly are included in the budget papers and reported on the Account's transactions.

The Treasurer's Advance Account records advances made by the Treasurer in accordance with an annual authorisation provided by the FMA, for the temporary financing of works and services, or to officers of public authorities, with such advances to be recouped from an appropriation of Parliament or the body or person on whose account the advances were made. The annual authorisation is set at 3% of the previous year's appropriations. On those occasions where the annual authorisation is exceeded, a Treasurer's Advance Authorisation Act is required to be passed to specify a revised limit.

The GFRA ensures an effective and comprehensive financial framework is in place each year for the management of State finances. At its heart is a 'Financial Strategy Statement, through which the Government must articulate its financial plans for the public sector as a whole. A financial targeting framework is used to project performance measures, operationalising the financial strategy over a medium term forward estimates period.

The Act also stipulates strict accountability reporting, covering both budgeted forward estimates, outturn against budget and interim financial reporting.

The State Trading Concerns Act 1916 prohibits State agencies from generating revenue or making a profit unless it is expressly authorised to do so by legislation.

Where the Consolidated Account must borrow (to support infrastructure investment by Government agencies in the sector), a limit on the level of borrowings is imposed by the Parliament in a Loan Act. The

Loan Act enables the Treasurer to borrow sums of money, not exceeding the aggregate of all current unutilised Loan Acts for public purposes.

Budgetary Matters and Financial Policy

Since 2000-01, the focus of the State Budget has been on the accrual accounts of the general government sector as defined by the Australian Bureau of Statistics' Government Finance Statistics (GFS) standards. The use of this standard reflects a decision by all Australian Governments (Commonwealth, States and Territories) to adopt the accrual GFS methodology for the purpose of the Uniform Presentation Framework (UPF) for public sector finances. In March 2000, the Australian Loan Council agreed to the accrual UPF framework.

In October 2007, the Australian Accounting Standards Board (AASB) issued AASB 1049: Whole of Government and General Government Sector Financial Reporting. This standard is applicable to reporting periods beginning on or after 1 July 2008. In March 2008, State, Territory and Commonwealth governments approved a change in the UPF to accommodate AASB 1049 concepts and presentation issues. The new UPF has been in use since the release of 2008-09 State Budget (i.e. around May/June 2008). The new standard 'harmonises' the two previous whole-of-government financial series, based on accrual GFS and Australian Accounting Standards, into a single presentation. All references in this document are based on AASB 1049. Where differences between AASB 1049 and GFS outcomes for key aggregates arise, convergence differences are published in the State's whole-of-government financial disclosures.

As was previously the case with the GFS presentation of finances, AASB 1049 disclosures consist of stocks and flow information. Flows occur over time and include revenue and expenses (the operating statement) and payments and receipts of cash (the cash flow statement). The balance sheet measures stocks of assets and liabilities.

The accrual budget presentation classifies government agencies into the general government sector and public financial and non-financial corporations. Most agencies in the general government sector are dependent on Consolidated Account appropriations approved by the Parliament to meet their financial obligations and are therefore the group of agencies, which are most directly affected by policy decisions and the financial control of the Government.

The Treasury, in its role as manager of the finances of the State, is responsible for preparation of the annual State Budget incorporating the Financial Strategy Statement required by the GFRA. The Asset Investment Programme (infrastructure spending by State government agencies) and other financial projections included in the budget are prepared within guidelines and policies laid down by the Government.

Revenue of the general government sector includes taxes, recurrent and capital grants from the Commonwealth government (for general and/or specific purposes), income from the sale of goods and services, dividends and tax equivalent payments from public corporations, and royalties from operators in mining and extractive industries.

Expenses of the general government sector include salaries, depreciation, superannuation, current and capital transfers, interest and other gross operating expenses. These expenses cover the cost of providing basic government services such as education, health (including hospitals), law and order (including police and corrective services), public transport, conservation and community welfare. Spending of a capital nature relates to major works such as building hospitals and health centres, schools and education facilities, land acquisition and the provision of public housing, and the construction and maintenance of government buildings. Capital spending is clearly distinguishable from day-to-day operating expenses in the State's financial statements.

The 'headline' budget aggregate is the net operating balance of the general government sector. The net operating balance excludes expenditure on the acquisition of capital assets, but includes non-cash such as accruing superannuation entitlements and the consumption of capital (depreciation). By including all accruing costs, the net operating balance encompasses the full cost of providing public services. This makes it a good measure of the sustainability of the Government's financial policy over time and provides an indication of the existing level of public services. The net operating balance is visible in budget information presented by the Commonwealth and all of the Australian States and Territories as part of UPF reporting, which allows for direct comparisons between jurisdictions. Like Western Australia, most other Australian State and Territory jurisdictions focus on the net operating balance as their headline budget measure.

The general government sector's investment/savings balance is measured by the net lending aggregate. This aggregate includes all the revenue of the operating statement and all the expenses except depreciation. It also includes net capital expenditure but not the use of capital (i.e. depreciation). Again, all Australian jurisdictions include this aggregate in UPF budget and other whole-of-government financial disclosures through the year.

GOVERNMENT'S FINANCIAL STRATEGY

The Government's Financial Strategy Statement² contains a commitment to sustainable financial management outcomes. As required by the Government Financial Responsibility Act 2000 (GFRA), the strategy also includes a number of financial targets. The Government's targets are to:

- maintain or increase real net worth of the total public sector;
- achieve an operating surplus for the general government sector;
- maintain the ratio of total non-financial public sector net interest costs as a share of revenue at or below 4.5%;
- ensure that real per capita own-purpose general government expenses do not increase; and
- provide a fair and efficient taxation system that is competitive with other Australian States.

Changes to financial targets occur periodically and are consistent with the requirements of the GFRA. It has been standard practice since the GFRA was enacted in 2000 that financial targets have been reviewed at the beginning of each new Parliamentary term. Changes at other times in the political cycle are rare and usually reflect an event which leads to a structural shift in accounting of the State's finances.

The 2012-13 State Budget was released on 17 May 2012 and provides the estimated outturn for the 2011-12 financial year as well as a discussion on the compliance of financial outcomes with financial targets.

The following table summarises the actual outcomes for financial targets in 2011-12, as reported in the 2011-12 Annual Report on State Finances (ARSF), which was released on 26 September 2012. The ARSF is an audited financial report.

COMPLIANCE WITH FINANCIAL TARGETS

	2011-12	
	Budget	Actual
FINANCIAL TARGET		
Real net worth be maintained or increased	Yes	No
General government operating surplus.....	Yes	Yes
Net interest costs as a share of revenue for the TNPS at or below 5%	Yes	Yes
No increase in real per capita own-purpose general government expenses.....	No	No
Tax competitiveness	Yes	Yes

The expense target was not met in 2011-12 although this had been expected to be breached since the time of the 2011-12 Budget, which included significant spending impacts from a new not for profit sector funding boost and higher electricity price subsidies. The Government's net worth target was not met in 2011-12, due mainly to the combined effect of lower land under road valuations (reflecting property market effects on the index used by the Valuer General to assess roads) and an increase in the actuarial valuation of unfunded superannuation liabilities due to the effect of the lower discount rate used in this valuation.

The State is currently rated triple-A by both Moody's (Outlook : Stable) and Standard and Poor's (Outlook : Negative).

2 2012-13 Budget Paper No.3: Economic and Fiscal Outlook, p.60.

Details of the general government's operating statement, balance sheet and cash flow statement for 2011-12 as published in the 2011-12 Annual Report on State Finance is provided in the following tables. The tables also provide the 2012-13 Budget estimate for 2012-13.

The budget time forecasts include:

- a \$196 million surplus is forecast for 2012-13, with surpluses are also forecast for each of the outyears;
- the State is projected to have a substantial borrowing requirement over the forward estimates period;
- forecast increases in net debt reflect high levels of infrastructure investment which are expected to more than offset surpluses from day-to-day operating activities;
- nonetheless, net debt levels will remain affordable with the total non-financial public sector net interest cost to revenue ratio projected to remain comfortably below the Government's 4.5% target limit, reaching a high of 2.9% in 2014-15.

The State's whole-of-government financial projections will be amended in the State's mid-year review, due to be released by 31 December 2012. This update will include the outyear impact from final outcomes for 2011-12.

GENERAL GOVERNMENT SECTOR OPERATING STATEMENT

	2010-11 ^(a) Actual	2011-12 ^(a) Actual	2012-13 ^(b) Budget Estimate
	\$ (m)	\$ (m)	\$ (m)
Results from Transactions			
Revenue			
Taxation.....	6,763	7,173	7,739
Current grants and subsidies.....	8,003	8,678	8,083
Capital grants	1,336	1,082	929
Sales of goods and services	1,754	1,929	1,933
Interest income	321	304	268
Revenue from public corporations			
Dividends from other sector entities.....	687	704	764
Tax equivalent income	379	381	504
Royalty income.....	4,213	4,343	4,871
Other	454	627	388
Total	23,909	25,220	25,477
Expenses			
Salaries	8,829	9,605	10,013
Superannuation			
Concurrent costs	841	913	949
Superannuation interest cost.....	317	317	343
Other employee costs	367	419	406
Depreciation and amortisation	896	990	1,101
Services and contracts.....	1,501	1,728	1,916
Other gross operating expenses	3,723	4,656	4,611
Other interest.....	297	371	424
Current transfers	4,928	5,053	4,902
Capital transfers	606	520	616
Total	22,306	24,571	25,281

	2010-11 ^(a)	2011-12 ^(a)	2012-13 ^(b)
	Actual	Actual	Budget Estimate
	\$ (m)	\$ (m)	\$ (m)
NET OPERATING BALANCE	1,604	649	196
Other economic flows	–	–	–
Net gains on assets/liabilities	18	92	2
Net actuarial gains – superannuation	(112)	(1,676)	234
Provision for doubtful debts	(25)	(26)	(2)
All other	–	–	–
Total other economic flows	(119)	(1,611)	223
OPERATING RESULT	1,485	(962)	430
All other movements in equity	–	–	–
Revaluations	2,499	(4)	1,656
Gains recognised directly in equity	(4)	(7)	(1)
Changes in accounting policy/correction of prior period errors	(28)	(263)	(92)
Change in net worth of the public corporations sectors	408	508	596
All other	–	–	–
TOTAL ALL OTHER MOVEMENTS IN EQUITY	2,874	234	2,160
TOTAL CHANGE IN NET WORTH	4,359	(728)	2,589
KEY FISCAL AGGREGATES			
Net operating balance	1,604	649	196
Less Net acquisition of non-financial assets			
Purchase of non-financial assets	2,870	3,358	3,301
Changes in inventories	(4)	–	(1)
Other movement in non-financial assets.....	55	183	(47)
Less:			
Sales of non-financial assets.....	158	184	220
Depreciation	896	990	1,101
TOTAL NET ACQUISITION OF NON-FINANCIAL ASSETS	1,867	2,366	1,931
Net lending/borrowing	(264)	(1,717)	(1,735)

Note:

Columns may not add due to rounding.

(a) Actual outturn published in the Annual Report on State Finances.

(b) 2012-13 State Budget (released 17 May 2012).

GENERAL GOVERNMENT SECTOR BALANCE SHEET AT 30 JUNE

	2010-11 ^(a)	2011-12 ^(a)	2012-13 ^(b)
	Actual	Actual	Budget Estimate
	\$ (m)	\$ (m)	\$ (m)
Assets			
Financial assets			
Cash and deposits	698	840	668
Advances paid	694	675	666
Investments, loans and placements	4,713	6,200	4,020
Receivables	2,413	2,488	2,581
Investment property	9	8	9
Shares and other equity			
Investments in other public sector entities – equity method	42,882	43,389	44,551
Investments in other public sector entities – direct injections	4,899	5,544	6,077
Investments in other entities	–	10	–
Other financial assets	–	–	–
Total financial assets	56,307	59,153	58,573
Non-financial assets			
Land	39,038	37,599	40,384
Property, plant and equipment	34,366	37,849	41,287
Biological assets	2	2	2
Inventories			
Land inventories	102	95	98
Other inventories	64	63	68
Intangibles	447	511	377
Non-current assets held for sale	52	91	33
Other	218	213	173
Total non-financial assets	74,288	76,423	82,423
TOTAL ASSETS	130,594	135,577	140,996

	2010-11 ^(a)	2011-12 ^(a)	2012-13 ^(b)
	Actual	Actual	Budget Estimate
	\$ (m)	\$ (m)	\$ (m)
LIABILITIES			
Deposits held.....	384	528	290
Advances received	468	454	440
Borrowings	5,577	8,871	10,264
Unfunded superannuation.....	7,306	8,937	8,420
Other employee benefits	2,512	2,797	2,749
Payables	575	885	609
Other liabilities	1,569	1,630	1,680
TOTAL LIABILITIES	18,391	24,101	24,452
NET ASSETS.....	112,203	111,475	116,544
Of which:			
Contributed equity	—	—	—
Accumulated surplus.....	10,833	9,547	10,550
Other reserves	101,371	101,928	105,994
NET WORTH	112,203	111,475	116,544
MEMORANDUM ITEMS			
Net financial worth	37,916	35,052	34,121
Net financial liabilities	9,865	13,881	16,507
Net debt			
Gross debt liabilities	6,429	9,853	10,994
Less: liquid financial assets	6,105	7,715	5,354
Less: convergence differences impacting net debt	88	88	88
Net debt	236	2,050	5,552

Note: Columns may not add due to rounding.

(a) Actual outturn published in the Annual Report on State Finances.

(b) 2012-13 State Budget (released 17 May 2012).

GENERAL GOVERNMENT SECTOR CASH FLOW STATEMENT

	2010-11 ^(a) Actual	2011-12 ^(a) Actual	2012-13 ^(b) Budget Estimate
	\$ (m)	\$ (m)	\$ (m)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received			
Taxes received	6,662	7,091	7,749
Grants and subsidies received	9,372	9,831	8,993
Receipts from sales of goods and services	1,808	1,983	1,971
Interest receipts	316	299	262
Dividends and tax equivalents	1,067	1,127	1,164
Other receipts	5,638	6,101	5,997
Total cash received	<u>24,863</u>	<u>26,433</u>	<u>26,135</u>
Cash Paid			
Wages, salaries and supplements, and superannuation	(9,853)	(10,635)	(11,255)
Payments for goods and services	(5,793)	(6,815)	(6,858)
Interest paid	(302)	(353)	(414)
Grants and subsidies paid	(5,219)	(5,289)	(5,289)
Dividends and tax equivalents	—	—	—
Other payments	(1,381)	(1,388)	(1,312)
Total cash paid	<u>(22,547)</u>	<u>(24,480)</u>	<u>(25,128)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,316	1,953	1,007
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash flows from investments in non-financial assets			
Purchase of non-financial assets	(2,870)	(3,358)	(3,301)
Sale of non-financial assets	158	184	220
Total cash flows from investments in non-financial assets	<u>(2,712)</u>	<u>(3,174)</u>	<u>(3,080)</u>
Cash flows from investments in financial assets			
Cash received			
For policy purposes	14	6	—
For liquidity purposes	85	1	—
Cash paid			
For policy purposes	(780)	(669)	(751)
For liquidity purposes	(5)	(6)	—
Total cash flows from investments in financial assets	<u>(687)</u>	<u>(668)</u>	<u>(752)</u>

	2010-11 ^(a)	2011-12 ^(a)	2012-13 ^(b)
	Actual	Actual	Budget Estimate
	\$ (m)	\$ (m)	\$ (m)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(3,399)	(3,842)	(3,832)
CASH FLOWS FROM FINANCING ACTIVITIES.....			
Cash received			
Advances received	14	14	14
Borrowings	1,298	3,416	2,523
Deposits received	—	—	—
Other financing receipts	32	32	34
Total cash receipts from financing activities	1,344	3,463	2,571
Cash paid	—	—	—
Advances paid	(14)	(14)	(14)
Borrowings repaid.....	(93)	(95)	(127)
Deposits paid.....	—	—	—
Other financing payments	(81)	(86)	(72)
Total payments for financing activities	(188)	(196)	(214)
Net cash flows from financing activities	1,155	3,267	2,357
Net increase in cash and cash equivalents	72	1,378	(469)
Cash and cash equivalents at the beginning of the year	5,346	5,418	5,094
Cash and cash equivalents at the end of the year	5,418	6,796	4,625
KEY FISCAL AGGREGATES			
Net cash flows from operating activities	2,316	1,953	1,007
Net cash flows from investing in non-financial assets	(2,712)	(3,174)	(3,080)
Cash surplus/deficit	(397)	(1,221)	(2,074)

Note: Columns may not add due to rounding.

(a) Actual outturn published in the Annual Report on State Finances.

(b) 2012-13 State Budget (release) 17 May 2012).

Commonwealth—State Financial Relations

The Australian federal system differs substantially from those in other countries in several aspects:

- the dominance of the Commonwealth Government over tax revenue in Australia, and the consequent heavy reliance of all States on financial transfers from the Commonwealth;
- allocation of grants between States to enable States to provide equivalent services despite differences in expenditure and tax bases; and
- the Loan Council arrangements – the role of the Loan Council changed substantially in 1993. Previous Loan Council restrictions on State borrowings were removed, while market disciplines on States from ratings agencies increased to fill the gap.

The Commonwealth introduced a goods and services tax (GST) on 1 July 2000. Under an Intergovernmental Agreement between the Commonwealth and the States, all revenues from the GST are passed on to the States, replacing Commonwealth financial assistance grants and some other State revenues,

as well as compensating States for some new expenditure responsibilities. These reforms were initially financially neutral for the States, as the Commonwealth paid “top-up” grants to the States to provide financial neutrality. However, from 2003-04 onwards Western Australia has been better off as the GST revenue is growing faster than the revenue it replaces.

Part of the Loan Council’s role is to provide information on the fiscal position of the Commonwealth and State governments to financial markets and other stakeholders. This guidance ensures adequate market scrutiny and that the Australian public sector financing requirement (across all States, Territories and the Commonwealth) is consistent with agreed macroeconomic policy settings.

Governments have also agreed on a Uniform Presentation Framework for public sector accounts to be shown in the budget papers, mid-year reviews and whole of government financial outcomes reports. This presentation provides a uniform format, coverage and accounting standard for tables of public sector operating, cash flow and balance sheet statements. The tables of Western Australia’s public sector financial information presented earlier in this chapter are consistent with these requirements and are available in this format in the State’s Budget Papers, mid-year review, Annual Report on State Finances and in quarterly whole of government interim financial disclosures.

Consistent with the objective of imposing market disciplines on the States, the Commonwealth no longer borrows on behalf of the States. Commonwealth borrowings on the States’ behalf were fully taken over by the States in 2005-06.

The following table provides details of the Commonwealth grants to Western Australia.

COMMONWEALTH GRANTS

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$ (A)(m)	\$ (A)(m)	\$ (A)(m)	\$ (A)(m)	\$ (A)(m)	\$ (A)(m)
GST revenue.....	3,158	3,454	2,792	2,139	1,663	1,520
North West Shelf grants ^(a)	994	978	1,068	1,114	1,178	1,384
Total general purpose grants	4,153	4,431	3,860	3,252	2,841	2,904
Payments for specific purposes ‘to’ the State ^(b) ..	3,905	3,962	3,989	3,902	3,949	4,105
Total Commonwealth Grants ‘To’ The State....	8,058	8,393	7,848	7,154	6,790	7,009
Payments for specific purposes ‘through’ the State	1,281	1,090	1,163	1,257	1,358	1,461
Total Commonwealth Grants	9,339	9,484	9,011	8,411	8,148	8,470

Source: Western Australian May 2012 State Budget.

Notes:

(a) Includes compensation for Commonwealth crude oil excise arrangements.

(b) Payments in areas of State responsibility. Includes all Payments for Specific Purposes other than payments passed ‘through’ the State.

Columns may not add due to rounding.

Taxation

Under the Australian Constitution, both the Commonwealth and the States can levy income taxes. However, since 1942 the Commonwealth Government has been the sole income taxing authority collecting all income taxes and has provided financial assistance grants to the States.

The Commonwealth introduced a goods and services tax (GST) in 2000 as part of a national tax reform. Under this arrangement, the Commonwealth collects the GST and transfers all the revenue to the States. In return, the States agreed to abolish a range of State transaction taxes over a specified period of time. Western Australia abolished financial institutions duty and stamp duty on quoted marketable securities (from 1 July 2001), stamp duty on leases, cheques and unquoted marketable securities (from 1 January 2004), debits tax (from 1 July 2005), hiring duty (1 January 2007) and mortgage duty (from 1 July 2008). While the Western Australian Government originally scheduled the abolition of transfer duty on non-real business property from 1 July 2010, it has deferred abolition to 1 July 2013 as a budgetary correction measure in response to the global financial crisis. This date is consistent with the timeframes for the abolition of certain State taxes specified in the Intergovernmental Agreement on Federal Financial Relations.

For the 2012-13 financial year only, employers with Australia-wide group payrolls of up to \$1.5 million will receive a rebate to fully offset their 2012-13 payroll tax liabilities. The rebate phases down for employers with payrolls between \$1.5 million and \$3 million.

Employers may also be eligible from 1 July 2012 for payroll tax relief for wages paid in the first two years of employment to new employees with a disability or new indigenous employees.

From 1 July 2012, the Commissioner of State Revenue of Western Australia has the discretion to exclude a member from being grouped with other entities for payroll tax purposes where the Commissioner is satisfied that it would not be just or reasonable (for example, where the member's business operates independently to the business carried on by other members of the group). A de-grouped member will be able to claim the payroll tax exemption in its own right, saving it up to \$41,250 per year in payroll tax.

On 1 July 2012, the Commonwealth Government introduced a Minerals Resource Rent Tax (MRRT), which applies to new and existing coal and iron ore projects in Australia, and extended the Petroleum Resource Rent Tax (PRRT) regime to all Australian onshore and offshore oil and gas projects, including the North West Shelf project (but not the Joint Petroleum Development Area in the Timor Sea).

The Commonwealth Government's Carbon Pricing Mechanism also applies from 1 July 2012 to companies that emit above a threshold of eligible carbon emissions. Under the mechanism, companies are required to pay a fixed price per tonne of emissions for the first three years. From 1 July 2015, the carbon tax will transition to a floating price set by the international market. Under the flexible price an overall limit (or emissions cap) will be placed on annual greenhouse gas emissions from covered sources. In the flexible price period, international carbon prices are expected to set the domestic carbon price. Emitters liable to pay the carbon price may be eligible for assistance if they are assessed as undertaking an eligible emissions-intensive trade-exposed activity prescribed in the Commonwealth regulations.

BORROWING ARRANGEMENTS

Outstanding Debt

Western Australia guarantees debt issued by State authorities and certain other public and private entities (see “*Contingent Assets and Liabilities of the Treasurer*” below). The 1994 Financial Agreement between the Commonwealth and the States allows the State to borrow without restrictions in its own name in domestic and overseas markets.

Contingent Assets and Liabilities of the Treasurer

The following table sets out the contingent assets and liabilities of the Treasurer for the year ending 30 June 2012. Debt and unfunded superannuation liabilities already quantified on the State’s balance sheet are excluded from this disclosure.

CONTINGENT ASSETS AND LIABILITIES AT 30 JUNE

	2011	2010
	\$ (m)	\$ (m)
Contingent Assets		
General government	19	25
Public non-financial corporations	–	40
Total	<u>19</u>	<u>65</u>
Contingent Liabilities		
Contingent liabilities under guarantees, warranties, indemnities and sureties ^(a)	269	1,253
Other contingent liabilities of agencies ^(b)	615	639
Contingent liabilities in relation to public universities superannuation liabilities..	113	103
Total	<u>997</u>	<u>1,995</u>

Contingent liabilities at 30 June 2012 valued in the above table are detailed below.

Contingent Liabilities

- (a) Contingent liabilities under guarantees, warranties, indemnities and sureties

Public Trustee Common Fund

Guarantees for the Public Trustee’s Common Fund of \$1,259 million (2011: \$1,242 million).

Department of Treasury

The State Government has provided a guarantee of \$10.4 million to the Australia and New Zealand Banking Group in relation to facilities provided to the Western Australian Football Commission.

- (b) Other contingent liabilities

Western Australian Planning Commission

Under the operation of the Metropolitan, Peel and Greater Bunbury Region Schemes, reservations exist on properties that may result in compensation being paid to the landholder or the property being acquired for the Planning Commission's estate. The Commission sets such compensation and acquisition priorities on an annual basis.

In some cases the landholder disputes the compensation/consideration offered by the Commission, either through arbitration or through Court action. Resolving such disputes forms part of the ordinary business of the Planning Commission and any additional payments that arise are managed within the resources of the Metropolitan Region Improvement Fund and the regional land Acquisition Appropriation.

It is estimated that the Commission's contingent liabilities at 30 June 2012 are in the order of \$193 million.

Commissioner of Main Roads

Claims have been lodged by owners of property acquired for road construction purposes. The contingent liability of \$261 million is the difference between the owners' claim and the estimated settlement price determined by Main Roads in accordance with an independent valuation. Claims have also been submitted by contractors in relation to services provided under roadwork contracts. The contingent liability of \$7 million is the difference between the amount of the claim and the liability estimated by Main Roads based on legal advice.

Various Agencies

Other quantifiable contingent liabilities include various legal and contractual claims against individual agencies (totalling \$50 million) as reported in their financial statements.

- (c) Contingent liabilities in relation to public universities' superannuation liabilities

The State Superannuation Act 2000 (SSA), repealed the Government Employees Superannuation Act 1987 and the Superannuation and Family Benefits Act 1938. The schemes operating under those Acts are continued under the SSA. The State guarantees the benefits payable under those schemes.

The liabilities of \$113 million have been actuarially assessed as at 30 June 2012 (2011: \$103 million).

Non-quantifiable contingent liabilities

Home Indemnity Insurance

The State, through The Treasurer, has entered into Deeds of Indemnity that provide catastrophe cover for loss under the Home Indemnity Insurance scheme resulting from death, insolvency or disappearance of a builder or building group. The State's exposure to these indemnities is estimated to be approximately \$230 million.

Insurance Commission of Western Australia

Indemnities have been issued by the Treasurer to reimburse claims and administration costs incurred by the Government Insurance Fund and HIH Rescue Package, both maintained and managed by the Insurance Commission of Western Australia.

Native Title

The Commonwealth Native Title Act 1993, as amended, creates a liability for the States for any compensation in regards to loss or impairment of native title rights and interests that occurred after 31 October 1975.

Native title compensation is generally the responsibility of governments. In respect of future acts involving mining, the compensation liability has been passed on to the mining industry through legislation.

In February 2012, the Government announced a significant cash and land offer to be made to Native Title claimants in Perth and the South West for descendants of the Noongar people. If accepted, the deal is to provide security of ownership for home owners, Kings Park, the Swan River and State forests.

Negotiations still need to be progressed to finalise the offer, which may include a cash component over a 10-year period, as well as negotiation around large tracts of Crown land.

Insurance Commission of Western Australia

The Insurance Commission has agreed to fund, as an indemnifying creditor, the costs of the Liquidators of the Bell Group in the Liquidators' action against 20 banks. Contingent upon the outcome of this litigation, the Insurance Commission is likely at a future point in time to either realise an asset or incur a liability.

In August 2012, judgment was handed down by the Court of Appeal of the Supreme Court of Western Australia in appeals from the decision at first instance of Mr Justice Owen. The Court of Appeal judgment resulted in the amount repayable by the Banks to the Bell Group plaintiffs being increased to between \$2 billion and \$3 billion plus appeal costs. The judgment of the Court of Appeal may be the subject of a final appeal by the defendant Banks to the High Court of Australia but only with leave of the High Court.

A contingent asset may arise for the amount which the Insurance Commission will receive from the Liquidators if the result of the recovery action against the Banks is sustained after all rights of appeal are exhausted.

A contingent liability may arise for the Insurance Commission's share of any amounts required to be paid in respect of costs ordered by the Court, in the event that the Banks seek and are granted leave to appeal to the High Court of Australia and their appeal is successful. To mitigate the consequences of funding the Liquidators if the Banks ultimately succeed in winning the recovery action, an insurance cover programme was put in place in relation to some of the exposure to this contingent liability. The insurance remains in effect.

Because the eventual Court outcome and the amounts of any resulting contingent asset or liability are subject to inherent uncertainty, it is not practical to estimate the potential financial effect upon the Insurance Commission at the end of the reporting period.

Contaminated Sites

Under the Contaminated Sites Act 2003, agencies are required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of risk to human health, the environment and environmental issues. Where sites are classified as ‘contaminated remediation required’, or ‘possibly contaminated – investigation required’, the agency may have a liability in respect of investigation or remediation expenses. DEC have not yet finalised the classification of sites that have been reported to them by agencies. As agencies are unable to assess the likely outcome of the classification process, it is not possible to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Agencies have an ongoing management plan to remediate contaminated sites as they are identified.

PLAN OF DISTRIBUTION

Pursuant to the Dealer Agreement between the Issuer and the Permanent Dealers dated 23 July 1990 as amended and restated on 31 October 2012 (the “Dealer Agreement”), the Notes will be offered on a continuing basis by the Issuer through the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers. The Issuer may also offer and sell Notes from time to time to purchasers who are not Dealers. Such Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer will pay to each Dealer such commissions or underwriting fees as may be agreed between the Issuer and such Dealer.

The Issuer has agreed to reimburse the Dealers for their reasonable expenses incurred in connection with establishment of the offering contemplated hereby.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer, sale and purchase of the Notes.

Other than in the United Kingdom, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The selling restrictions set out below may be modified, varied or amended from time to time, whether in respect of a particular issue of Notes or otherwise.

United States of America

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law requirements.

Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Each Dealer has agreed that it will not offer, sell or deliver Bearer Notes within the United States or to U.S. persons except as permitted by the Dealer Agreement. In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member state), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;
- (b) in relation to any Notes which have a maturity of less than one year (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in

acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Australia

No prospectus or other disclosure document as defined in the Corporations Act 2001 (the “Corporations Act”) in relation to the Programme or any Notes has been or will be lodged with ASIC or ASX Limited (“ASX”). Each Dealer appointed under the Programme has represented, warranted and agreed that, unless the relevant Final Terms (or another supplement to this or any Prospectus) otherwise provides, in connection with the distribution of Notes, it:

- (a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications for issue, sale or purchase of the Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive prospectus, information memorandum, advertisement or other offering material relating to any Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies, in each case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 of the Corporations Act;
- (ii) such action complies with all applicable laws, regulations and directives in Australia; and
- (iii) such action does not require any document to be lodged with ASIC or ASX.

The Issuer has agreed to use its best endeavours to ensure that each issue of Notes satisfies the requirements of section 128F of the Income Tax Assessment Act 1936 (together with the Income Tax Assessment Act 1997, the “Australian Tax Act”) so that payments of interest (as defined in section 128A(IAB) of the Australian Tax Act) are exempt from Australian interest withholding tax.

Each Dealer has agreed that it will co-operate with the Issuer to ensure that the Notes are offered for sale in such a manner that payments of interest (as defined in section 128A(IAB) of the Australian Tax Act) are exempt from Australian interest withholding tax. In particular, the Dealer has agreed in connection with the primary distribution of the Notes, it will not offer or invite any offer for the issue or sale with respect to Notes to any person if, at the time of such issue or sale, the employees of the Dealer who are aware of, or involved in, the issue or sale, knew or had reasonable grounds to suspect that, as a result of such issue or sale, any Notes or an interest in any Notes were being, or would later be, acquired (directly or indirectly) by a person, the acquisition by whom would cause the Issuer to fail to satisfy the public offer test in section 128F(3) of the Australian Tax Act as a result of section 128F(5) of the Australian Tax Act.

Japan

The Notes have not been registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the “FIEL”). Accordingly, each Dealer has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and other relevant laws, regulations and ministerial guidelines of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

AUSTRALIAN TAXATION AND APPROVALS

The following is a summary of the Australian taxation treatment under the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 of Australia (together, the “Australian Tax Act”), the Taxation Administration Act 1953 of Australia and any relevant rulings, determinations, judicial decisions or administrative practice, at the date of this Prospectus of payments of interest (as defined in the Australian Tax Act) on the Notes issued by the Issuer and certain other matters.

Noteholders should also be aware that particular terms of issue of any Series of Notes may affect the tax treatment of that Series of Notes. Information regarding taxes in respect of Notes may also be set out in the relevant Final Terms.

The comments are not exhaustive and, in particular, do not deal with the position of certain classes of Noteholders (including, without limitation, custodians and other third parties who hold Notes on behalf of any other person). Noteholders should consult their own professional advisers in relation to the Australian taxation implications of acquiring, holding or disposing of the Notes in their own particular circumstances.

Australian interest withholding tax

An exemption from Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act is available in respect of Notes issued by the Issuer under section 128F of the Australian Tax Act if the following conditions are met:

- (a) the Issuer is a company as defined in section 128F(9) (which includes certain companies acting as a trustee) and a resident of Australia when it issues those Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid. For these purposes, section 128F(7) treats an Australian state or an authority of a state as a company and a resident of Australia;
- (b) those Notes are issued in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering those Notes for issue. In summary, the five methods are:
 - offers to 10 or more unrelated financiers, securities dealers or entities that carry on the business of investing in securities;
 - offers to 100 or more investors of a certain type;
 - offers of listed Notes;
 - offers via publicly available information sources; and
 - offers to a dealer, manager or underwriter who offers to sell those Notes within 30 days by one of the preceding methods.

The issue of any of those Notes (whether in global form or otherwise) and the offering of interests in any of those Notes by one of these methods should satisfy the public offer test;

- (c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an “associate” of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and

- (d) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

Associates

An “associate” of the Issuer for the purposes of section 128F of the Australian Tax Act (when the Issuer is not a trustee) includes: (i) a person or entity which holds more than 50 per cent. of the voting shares in, or otherwise controls, the Issuer; (ii) an entity in which more than 50 per cent. of the voting shares are held by, or which is otherwise controlled by, the Issuer; (iii) a trustee of a trust where the Issuer is capable of benefiting (whether directly or indirectly) under that trust; and (iv) a person or entity which is an “associate” of another person or company which is an “associate” of the Issuer under any of the foregoing.

Unless otherwise specified in any applicable Final Terms (or another relevant supplement to this Prospectus), the Issuer proposes to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

Exemptions from interest withholding tax under recent tax treaties

The Australian government has signed or announced new or amended double tax conventions (“New Treaties”) with a number of countries (each a “Specified Country”) which contain certain exemptions from Australian interest withholding tax.

In broad terms, once implemented the New Treaties effectively prevent interest withholding tax applying to interest derived by:

- the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; or
- a “financial institution” which is a resident of a Specified Country and which is unrelated to and dealing wholly independently with the Issuer. The term “financial institution” refers to either a bank or any other form of enterprise which substantially derives its profits by carrying on a business of raising and providing finance. (However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.)

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation which is available at <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2012/Aus-Tax-Treaties>.

Notes in bearer form

Section 126 of the Australian Tax Act imposes a type of withholding tax currently at the rate of 45 per cent. on the payment of interest on bearer Notes (other than certain promissory notes) if the Issuer fails to disclose the names and addresses of the holders to the Australian Taxation Office.

Section 126 does not apply to the payment of interest on Notes held by non-residents who do not carry on business at or through a permanent establishment in Australia where the issue of those Notes satisfied the requirements of section 128F of the Australian Tax Act or interest withholding tax is payable.

In addition, the Australian Taxation Office has confirmed that, for the purposes of section 126 of the Australian Tax Act, the holder of debentures (such as the Notes in bearer form) is the person in possession of the debentures. Section 126 is therefore limited in its application to persons in possession of Notes who are residents of Australia or non-residents who are engaged in carrying on business in Australia at or through

a permanent establishment in Australia. Where interests in the relevant Notes are held by other persons through the Euroclear or Clearstream, Luxembourg systems, the Issuer intends to treat the operators of those clearing systems as the holders of the relevant bearer Notes for the purposes of section 126 of the Australian Tax Act.

Payments of additional amounts

As set out in more detail in the relevant Terms and Conditions for the Notes, and unless expressly provided to the contrary in the relevant Final Terms (or another relevant supplement to this Prospectus), if the Issuer should at any time be compelled or authorised by law to deduct or withhold an amount in respect of any Australian withholding taxes in respect of the Notes, the Issuer shall, subject to certain exceptions as set out in more detail in Condition 9 of the Notes, pay such additional amounts as may be necessary in order to ensure that the net amounts received by Noteholders after such deduction or withholding shall equal the respective amounts which would have been receivable had no such deduction or withholding been required.

Payments under the Guarantee

It is unclear whether or not any payment by the Guarantor under the Guarantee would be subject to Australian interest withholding tax.

The Australian Taxation Office has published a Taxation Determination stating that payments by a guarantor in respect of debentures (such as the Notes) are entitled to the benefit of the exemption contained in section 128F of the Australian Tax Act if payments of interest in respect of those debentures by the Issuer are exempt from interest withholding tax. However, there is some doubt as to whether the Taxation Determination applies in the context of the Guarantee and whether the reasoning adopted in the Taxation Determination is correct.

If the reasoning adopted in the Taxation Determination is not applicable, interest withholding tax at the rate of 10 per cent. will be payable on payments of interest (as defined in section 128A(1AB) of the Australian Tax Act), or interest paid on an overdue amount, by the Guarantor to non-residents (other than non-residents holding the Notes in the course of carrying on business at or through a permanent establishment in Australia) or residents of Australia holding the Notes in the course of carrying on business at or through a permanent establishment outside Australia.

It is unclear whether any payment under the Guarantee in respect of the Notes would constitute a payment of interest so defined, but the better view is that such payments (other than interest paid on an overdue amount) do not constitute interest as so defined and, therefore, should not, in any event, be subject to the interest withholding tax provisions of the Australian Tax Act.

Other tax matters

Under Australian laws as presently in effect:

- (a) assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes of each Series, payments of principal and interest (as defined in section 128A(1AB) of the Australian Tax Act) to a Noteholder who is a non-resident of Australia and who, during the taxable year, has not carried on business at or through a permanent establishment within Australia, will not be subject to Australian income taxes;
- (b) Australian residents or non-Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia ("Australian Holders"), will be assessable for Australian tax purposes on income either received or accrued due to them in respect of the Notes. Whether income will be recognised on a cash receipts or accruals basis

will depend upon the tax status of the particular Noteholder and the terms and conditions of the Notes.

Certain Notes issued by the Issuer at a discount, with interest payable in relation to interest periods of more than one year or with a premium payable on redemption, and that have a term in excess of one year, may constitute a “qualifying security” for the purposes of Division 16E of Part III of the Australian Tax Act. If Division 16E applies, Australian residents will be required to recognise the discount or premium component of each Note in their assessable income on a six monthly compounding accruals basis over the term of the Note on the basis provided for in Division 16E. Broadly speaking, this requires that component of the Notes to be brought into the holder’s assessable income on an estimated yield to maturity basis. The actual receipt of the interest, (if payable in relation to periods in excess of one year) premium or discount component will not be separately assessable to the holder. In these circumstances, such Australian Holders may also be subject to the tax-timing rules in Division 230 of the Australian Tax Act in relation to the tax treatment of “financial arrangements” (see paragraph (q) below);

- (c) special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located;
- (d) Australian Holders will be required to include any gain or loss on disposal of the Notes in their taxable income. Australian resident holders of any Notes which are subject to Division 16E (see above) should calculate such a gain or loss under the Balancing adjustment on transfer rules contained in Division 16E. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located;
- (e) a Noteholder who is a non-resident of Australia and who during the taxable year has not carried on business at or through a permanent establishment in Australia will not be subject to Australian capital gains tax on gains realised during that year on sale or redemption of the Note, provided that the Note was not used at any time by the Noteholder in carrying on a business at or through a permanent establishment in Australia;
- (f) a Noteholder who is a non-resident of Australia and who during the taxable year has not carried on business at or through a permanent establishment in Australia should not be subject to Australian income tax on gains realised during that year on sale or redemption of the Note, provided that the Note is acquired and sold outside Australia and all negotiations and documentation relating to the acquisition and sale are conducted and executed outside Australia;
- (g) there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for withholding tax purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in the course of carrying on business at or through a permanent establishment outside Australia) or a non-resident (who acquires them in the course of carrying on business at or through a permanent establishment in Australia). If the Notes are not issued at a discount and do not have a maturity premium, these rules should not apply to the Notes. These rules also do not apply in circumstances where the deemed interest would have been exempt under section 128F of the Australian Tax Act if the Notes had been held to maturity by a non-resident;

- (h) no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (i) no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue of any Notes or the transfer of any Notes;
- (j) section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia (“TAA”) imposes a type of withholding tax at the rate of (currently) 46.5 per cent. on the payment of interest on registered Notes unless the relevant holder of registered Notes has quoted a tax file number (“TFN”), (in certain circumstances) an Australian Business Number (“ABN”) or proof of some other exemption (as appropriate).

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then the requirements of section 12-140 of the TAA should not apply to payments to a holder of registered Notes who is not a resident of Australia for tax purposes and not holding such Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of holders of Notes in registered form may be subject to a withholding where the holder of those Notes does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate);

- (k) payments by the Guarantor under the Guarantee may be made free and clear of the withholdings required under section 12-140 of Schedule 1 to the TAA, provided that tax at the rate of (currently) 46.5 per cent. may be required to be withheld from payments under the Guarantee to Australian residents or non-residents carrying on business at or through a permanent establishment in Australia unless the relevant payee has quoted a TFN, (in certain circumstances) an ABN or proof of some other exception (as appropriate);
- (l) payments in respect of the Notes should be able to be made free and clear of Australian “supply withholding tax” imposed pursuant to section 12-190 of Schedule 1 to the TAA;
- (m) neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber), a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia;
- (n) Division 974 of the Australian Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes, including, in certain limited respects, for the purposes of dividend withholding tax and interest withholding tax. The Issuer intends to issue Notes which are to be characterised as “debt interests” for the purposes of the tests contained in Division 974 and the returns on the Notes should be treated as “interest” for the purposes of the interest withholding tax provisions of the Australian Tax Act (including section 128F). Accordingly, Division 974 is unlikely to adversely affect the Australian tax treatment of the holders of the Notes;
- (o) section 12-315 of Schedule 1 to the TAA gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents.

However, section 12-315 expressly provides that the regulations will not apply to interest and other payments which are already subject to the current interest withholding tax rules or specifically exempt from those rules. Further, regulations may only be made if the responsible minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations promulgated prior to the date of this

Prospectus are not relevant to any payments in respect of the Notes. Any further regulations should also not apply to repayments of principal under the Notes, as in the absence of any issue discount, such amounts will generally not be reasonably related to assessable income. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored;

- (p) Divisions 775 and 960 of the Australian Tax Act contain rules to deal with the taxation consequences of foreign exchange transactions for entities which are not Australian licensed banks or certain other financial institutions.

The rules will apply to the Issuer in respect of any Notes denominated in a currency other than Australian dollars as well as any currency hedging arrangements entered into in respect of such Notes. Nevertheless the Issuer ought to be able to manage its position under the rules so that the tax consequences are effectively the same as the commercial position (that is that any net foreign exchange gains and losses recognised for tax purposes should be represented by similar cash gains and losses).

The rules may also apply to any Noteholders who are Australian residents or non-residents that hold Notes that are not denominated in Australian dollars in the course of carrying on business in Australia. Any such Noteholders should consult their professional advisers for advice as to how to tax account for any foreign exchange gains or losses arising from their holding of those Notes; and

- (q) Division 230 of the Australian Tax Act contains tax-timing rules for certain taxpayers to bring to account gains and losses from “financial arrangements”.

The rules do not apply to certain taxpayers or in respect of certain short-term “financial arrangements”. They should not, for example, generally apply to Noteholders which are individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their “financial arrangements”. Potential Noteholders should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made.

The rules in Division 230 do not alter the rules relating to the imposition of interest withholding tax. In particular, the rules do not override the interest withholding tax exemption available under section 128F of the Australian Tax Act.

UNITED KINGDOM TAXATION

The comments below are of a general nature based on current United Kingdom Law and published HM Revenue & Customs practice and apply only to persons who are beneficial owners of the Notes. They are not intended to be exhaustive. They assume that neither the Issuer nor the Guarantor is UK resident or acts through a permanent establishment in the United Kingdom in relation to the Notes. They do not deal with the United Kingdom tax consequences of acquiring, holding or disposing of the Notes. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

Interest on the Notes

On the basis that interest on the Notes is not expected to have a United Kingdom source, there should be no withholding on account of United Kingdom income tax on payment of interest on the Notes.

The Principal Paying Agent in respect of the Notes is in the United Kingdom. Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual, or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on the redemption of such Notes, HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received on or before 5 April 2013.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “EU Savings Directive”), each Member State is required to provide to the tax authorities of other Member States details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual or to certain other persons in that other Member State. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) apply a withholding system in relation to such payments, subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest (or similar income) may request that no tax be withheld. The ending of such transitional period is dependent upon the conclusion of certain other agreements relating to information exchange by certain non-EU countries. A number of non-EU countries and certain dependent or associated territories have adopted similar measures to the EU Savings Directive (either provision of information or transitional withholding).

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

GUARANTEE

The due payment of all financial liabilities of the Issuer (including principal and interest and other charges) in respect of the Notes is guaranteed by the Treasurer on behalf of the State by virtue of Section 13(1) of the Act. Section 13(2) of the Act provides for any liability of the Treasurer under such guarantee to be charged to, and paid out of, the Consolidated Account of the State, which is by that Section appropriated to the necessary extent.

The guarantee is governed by the laws of Western Australia. The Treasurer and the State of Western Australia, neither of which enjoy immunity from suit in Western Australia, have not waived any sovereign immunity that they may have, and neither of them has submitted to the jurisdiction of any courts outside Western Australia, in respect of the issue of Notes.

The Crown Suits Act 1947 (as amended) of the State of Western Australia provides that execution or other process in the nature of execution shall not be issued out of any court of Western Australia against the Crown in right of the State of Western Australia. However, under Section 10(2) of that Act, the Governor of Western Australia is required to cause to be paid out of the Consolidated Account of the State, the amount of any judgment of any court of Western Australia. That Act does not affect the appropriation of the Consolidated Account of the State by virtue of Section 13(2) of the Act.

FORM OF FINAL TERMS

Final Terms dated [●]

Western Australian Treasury Corporation

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by The Treasurer on behalf of the State of Western Australia
under the U.S.\$2,000,000,000

Euro Medium Term Note Programme

The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (and amendments thereto, including Directive 2010/73/EU) (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, the Guarantor nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] [and the supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing during normal business hours at [address] [and] [website] and copies may be obtained during normal business hours from [address].]]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) contained in the Agency Agreement dated [●] and set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and incorporated by reference into the Prospectus dated [●] and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated [●] [and the supplemental Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Prospectus] dated [current date] [and the supplemental Prospectuses dated [●] and [●]]. [The [Prospectus] [and the supplemental Prospectuses] are available for viewing during normal business hours at [address] [and] [website] and copies may be obtained during normal business hours from [address].]]

- | | | |
|---|-----------------|---|
| 1 | (i) Issuer: | Western Australian Treasury Corporation |
| | (ii) Guarantor: | The Treasurer on behalf of the State of Western Australia |

	(vi) Determination Dates:	[[●] [and [●]] in each year]/[Not Applicable]
15	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment Dates:	[●]
	(iii) Interest Period Date:	[●]
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
	(v) Business Centre(s):	[●]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii) Party responsible for calculating the rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[●]
	(viii) Screen Rate Determination:	
	– Reference Rate:	[LIBOR/EURIBOR]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
	(ix) ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	(x) Margin(s):	[+/-][●] per cent. per annum
	(xi) Minimum Rate of Interest:	[●] per cent. per annum
	(xii) Maximum Rate of Interest:	[●] per cent. per annum
	(xiii) Day Count Fraction:	[Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)]
16	Zero Coupon Note Provisions	[Applicable/Not Applicable]

- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Day Count Fraction in relation to Early Redemption Amount: [Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360/360/360/360/Bond Basis]
[30E/360/Eurobond Basis]
[30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

- 17 **Call Option** [Applicable/Not Applicable]
 - (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount: [[●] per Calculation Amount]
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [●]
 - (b) Maximum Redemption Amount: [●]
 - (iv) Notice period: [●]
- 18 **Put Option** [Applicable/Not Applicable]
 - (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount: [●] per Calculation Amount
 - (iii) Notice period: [●]
- 19 **Early Redemption Amount**
 - Early Redemption Amount payable on redemption for taxation reasons or on event of default or other early redemption: [●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 20 Form of Notes: **Bearer Notes:**
 - [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
 - [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Registered Notes]

21 Financial Centre(s):

[Not Applicable/[●]]

22 U.S. Selling Restrictions:

[Reg. S Compliance Category [1/2]; TEFRA C/TEFRA D/TEFRA Not Applicable]

RESPONSIBILITY

[[●] has been extracted from [●]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of the Guarantor:

By:

Duly authorised

PART B - OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange's Regulated Market/*specify other*] with effect from [●].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [●]

2 RATING

Ratings: The Notes to be issued [have been]/[are expected to be] rated:
[S&P: [●]]
[Moody's: [●]]

3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE]

"Save as discussed in the Prospectus under the heading ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

4 [Fixed Rate Notes only – YIELD]

Indication of yield: [●] per cent.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5 OPERATIONAL INFORMATION

ISIN Code: [●]

Common Code: [●]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s): [Not Applicable/[●]]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [●]

Names and addresses of additional Paying Agent(s) (if any): [●]

GENERAL INFORMATION

- 1 It is expected that the admission to the Official List, and admittance to trading on the Market of the Programme in respect of the Notes will take place, on or about 5 November 2012 for Notes issued under the Programme during the period of 12 months from the date of this document subject, *inter alia*, to the delivery to the UK Listing Authority and the London Stock Exchange of the Final Terms in respect of any such Notes and the issue of the relevant Global Note, Global Certificate or, as the case may be, definitive Notes in respect thereof. Prior to admission to the Official List and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. However, Notes may be issued pursuant to the programme which will not be admitted to the Official List and admitted to trading on the Market or listed on any other stock exchange.
- 2 The Issuer will exercise all reasonable endeavours to maintain the admission to the Official List and admittance to trading on the Market of any Notes issued under the Programme which are to be so admitted to listing and trading unless maintaining such admission to listing and trading is impossible, impractical, burdensome or costly as a result of the UK Listing Authority or other relevant regulatory authority in the United Kingdom deeming that the Issuer's financial statements for reporting periods beginning on or after 1 January 2005 are not materially compliant with International Financial Reporting Standards ("IFRS") as required by the EU Transparency Directive, in which case the Issuer may delist such Notes from the Official List and remove them from trading on the Market and will exercise all reasonable endeavours to seek an alternative listing for the Notes on a stock exchange in Western Europe, an alternative OECD member country, Singapore or Hong Kong, as agreed in advance with the Permanent Dealers in accordance with the provisions of the Dealer Agreement.
- 3 The Issuer has obtained all necessary consents, approvals and authorisations in Australia in connection with the issue of the Notes and the Guarantee. The issue of the Notes and subsequent amendments to the Programme were authorised by resolutions of the Issuer passed on 18 July 1990, 15 July 1992, 22 July 1993, 19 July 1994, 20 July 1995, 14 July 1996, 1 July 1997, 23 July 1998, 23 July 1999, 25 July 2000, 23 July 2001, 17 July 2002, 21 July 2003, 20 July 2004, 28 October 2005, 25 October 2006, 24 October 2007, 24 October 2008, 21 October 2009, 14 October 2010, 20 October 2011 and 16 October 2012 with the approvals of the Treasurer dated 18 July 1990, 13 July 1992, 22 July 1993 and 14 July 1994 and the approvals of the Governor dated 10 July 1990, 28 April 1992 and 6 July 1993.
- 4 Neither the Issuer nor the Guarantor is or has been involved in any legal or arbitration proceedings or governmental proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Guarantor.
- 5 There has been no significant change in the financial or trading position of the Issuer and the Guarantor since 30 June 2012 and no material adverse change in the prospects of the Issuer since 30 June 2012.
- 6 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Security Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each series of Notes will be set out in the relevant Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

- 7 Where information in this Prospectus has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- 8 The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions.
- 9 The Office of the Auditor General of the State of Western Australia has audited the accounts of the Issuer for the two years ending 30 June 2012.
- 10 The address of the Guarantor is: Department of Treasury, Gordon Stephenson House, 140 William Street, Perth WA6000. The telephone number is +618 6551 2777.
- 11 The Banking (Foreign Exchange) Regulations and other regulations in Australia restrict or prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities subject to United Nations sanctions or associated with terrorism.
- 12 From the date hereof and for so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at (and, in the case of the items referred to in paragraphs (v), (vi) and (viii), collection from) the principal office of the Issuer:
 - (i) the Agency Agreement (incorporating the various forms of Notes) (including any supplemental agreements thereto);
 - (ii) the Dealer Agreement (including any supplemental agreements thereto);
 - (iii) the Fourth Deed of Covenant;
 - (iv) the Act;
 - (v) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity);
 - (vi) a copy of this Prospectus together with any supplement to this Prospectus or further prospectus;
 - (vii) the most recently published annual reports, audited financial statements of the Issuer for the last two financial years ending 30 June 2012; and
 - (viii) the Auditor General's opinion of financial statements for the last two financial years ended 30 June 2012.

This Prospectus (including the documents incorporated by reference) is also available at the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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London EC4R 3BF

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