



Waratah Bond
Programme

NSW WARATAH ANNUITY BONDS

Offer Document

ISSUER: New South Wales Treasury Corporation (ABN 99 095 235 825) **GUARANTOR:** The Government of New South Wales
Dated 8 March 2012 **IMPORTANT NOTICE: This Offer Document is not a prospectus or a product disclosure document.** NSW Waratah Annuity Bonds are debentures for the purposes of the Corporations Act 2001 (Cth) ("**Corporations Act**"). However, the provisions of the Corporations Act relating to fund raising and the regulation of financial services and products do not apply to New South Wales Treasury Corporation pursuant to section 5A of the Corporations Act. As such neither this Offer Document nor any other disclosure document in relation to NSW Waratah Annuity Bonds has been lodged with the Australian Securities and Investments Commission ("ASIC") or any other government agency.

SECTION 1

INTRODUCTION





What are NSW Waratah Annuity Bonds?

This Offer Document relates to the offer by New South Wales Treasury Corporation (“**TCorp**”) of bonds (“**NSW Waratah Annuity Bonds**”), each being an unsecured debt obligation of TCorp which provide for the repayment of principal and the payment of interest over the term of the bond. See “Examples of how NSW Waratah Annuity Bonds Work” on pages 14 to 17.

NSW Waratah Annuity Bonds are issued in registered form. This means that Holders’ names and holdings are registered on a central registry. All subsequent dealings with those NSW Waratah Annuity Bonds are recorded on that Registry. Holders will receive a certificate confirming their investment in NSW Waratah Annuity Bonds from the Registry.

What is TCorp?

TCorp is a statutory corporation that was established in June 1983 under the provisions of the Treasury Corporation Act 1983 (NSW).

TCorp is the central borrowing agency for the State of New South Wales. Money that TCorp raises through the issue of NSW Waratah Annuity Bonds and its other debt programmes, is on lent to the NSW Government and its commercial businesses to fund investment in NSW infrastructure and other public sector activities.

Are NSW Waratah Annuity Bonds safe?

TCorp issues bonds (including NSW Waratah Annuity Bonds) under authority of the Public Authorities (Financial Arrangements) Act 1987 (NSW) (“**PAFA Act**”). Under the PAFA Act, the New South Wales Government guarantees the NSW Waratah Annuity Bonds for the payment of interest and the repayment of the principal.

Who can invest in NSW Waratah Annuity Bonds?

Applications may be made by:

- individuals (excluding persons under the age of 18 years);
- incorporated bodies;
- unincorporated associations; and
- trusts (including trustees of self managed superannuation funds),

that are Australian tax residents provided they can supply all required information, as summarised in the section “How to apply for NSW Waratah Annuity Bonds” on pages 18 to 21.

Enquiries

This Offer Document sets out the key information a prospective investor should consider before investing in NSW Waratah Annuity Bonds.

A prospective investor with questions about NSW Waratah Annuity Bonds should contact:

- our Registry (see the Directory on page 60); or
- go to the NSW Waratah Annuity Bond website: www.waratahbonds.nsw.gov.au

CONTENTS

Section 2: Important notices	4
Section 3: About NSW Waratah Annuity Bonds	7
Section 4: Examples of how NSW Waratah Annuity Bonds work	14
Section 5: How to apply for NSW Waratah Annuity Bonds	18
Section 6: Benefits of investing in NSW Waratah Annuity Bonds	22
Section 7: Risks of investing in NSW Waratah Annuity Bonds	24
Section 8: Other considerations when investing in NSW Waratah Annuity Bonds	26
Section 9: Additional information	28
Section 10: Glossary	31
APPENDIX A: Conditions of NSW Waratah Annuity Bonds	33
Appendix B: ATO Product Ruling	40
Application form	57
Directory	60

SECTION 2

IMPORTANT NOTICES





Offer Document

This Offer Document is dated 8 March 2012 and the information contained in it is correct and complete as at that date and applies only to NSW Waratah Annuity Bonds issued after that date. TCorp accepts no responsibility to update this Offer Document with respect to information or circumstances that become known to it after that date.

This Offer Document is not a prospectus or product disclosure statement (as each of these terms are defined in the Corporations Act). While NSW Waratah Annuity Bonds are debentures, the provisions of the Corporations Act relating to fund raising and the regulation of financial services and products do not apply to TCorp, pursuant to section 5A of the Corporations Act.

As such neither this Offer Document nor any other disclosure document in relation to NSW Waratah Annuity Bonds has been lodged with ASIC (defined in the Glossary) or any other government agency.

In addition, no trustee has been appointed to act on behalf of Holders of NSW Waratah Annuity Bonds under Chapter 2L of the Corporations Act or otherwise.

Restrictions on foreign jurisdictions and ownership

The offer of NSW Waratah Annuity Bonds by TCorp (“Offer”) is only available in Australia to Australian tax residents.

No action has been taken to register or qualify NSW Waratah Annuity Bonds or the Offer, or to permit a public or other offering of NSW Waratah Annuity Bonds or the distribution of this Offer Document (including an electronic copy), in any jurisdiction outside Australia.

By submitting an Application Form, Applicants for NSW Waratah Annuity Bonds must make various representations and warranties as set out in the Application Form on pages 57 to 59 of this Offer Document.

No representations

No person has been authorised by TCorp to give any information or make any representation which is not contained in, or is not consistent with, the information in this

Offer Document in connection with TCorp, the New South Wales Government or the Offer and, if given or made, such information or representation must not be relied upon as having been authorised by TCorp or the New South Wales Government.

No investment advice

This Offer Document does not provide financial product or investment advice and does not take into account any particular needs of an individual investor. A prospective investor in NSW Waratah Annuity Bonds should read all the information in this Offer Document carefully and consider the risks that could affect the performance of NSW Waratah Annuity Bonds before deciding whether to invest in NSW Waratah Annuity Bonds.

NSW Waratah Annuity Bonds are a type of bond and a prospective investor who does not understand the concepts and risks associated with an investment in NSW Waratah Annuity Bonds as discussed in this Offer Document, should consult a licensed financial adviser or other professional adviser.

Comparing NSW Waratah Annuity Bonds with NSW Waratah Fixed Rate Bonds

NSW Waratah Fixed Rate Bonds, like most bonds, pay all the principal on maturity. The NSW Waratah Annuity Bond repays principal over the term of the NSW Waratah Annuity Bond. This means that over any one year (except the final year of the Fixed Rate Bond in which the principal is repaid in full) the cash flows paid under the NSW Waratah Annuity Bond are likely to be higher than those paid under the NSW Waratah Fixed Rate Bond.

NSW Waratah Fixed Rate Bonds pay a semi annual fixed coupon which does not change over the term of the NSW Waratah Fixed Rate Bond. NSW Waratah Annuity Bonds pay a monthly Annuity Payment which is linked to changes in the CPI and is likely to vary over the term of the NSW Waratah Annuity Bond.

Comparing NSW Waratah Annuity Bonds with other income streams

Like an annuity or a pension, a NSW Waratah Annuity Bond provides regular payments over a period of time. However, there are some



important differences between NSW Waratah Annuity Bonds and other income streams. A NSW Waratah Annuity Bond is a debt obligation of TCorp, a NSW statutory corporation. The regular payments made to a Holder of a NSW Waratah Annuity Bond comprise of repayments of principal and interest.

Not life insurance annuities

Usually, an annuity is a regular income stream provided by a life company regulated under the Life Insurance Act 1995 (Cth). TCorp is not a regulated life company and NSW Waratah Annuity Bonds are not “annuities” for the purposes of that Act.

Not superannuation annuities

NSW Waratah Annuity Bonds do not meet the annuity standards in the Superannuation Industry (Supervision) Regulations 1994 (Cth). Regular payments from superannuation annuities that do meet those standards are tax free for individuals aged 60 and over, and attract a 15% tax offset for those who have reached their superannuation preservation age but are under age 60.

Regular payments from a NSW Waratah Annuity Bond purchased by an individual do not attract these tax concessions.

NSW Waratah Annuity Bonds may be tax exempt for certain Holders

The regular payments from a NSW Waratah Annuity Bond should be tax exempt if the NSW Waratah Annuity Bond is held by a superannuation fund trustee as a segregated current pension asset to support the payment of an account based pension from the fund. TCorp has obtained a product ruling from the ATO which confirms that the NSW Waratah Annuity Bonds can be held by a superannuation fund trustee to support the payment of an account based pension.

If you intend to rely on this exemption, you should consult a licensed financial adviser or other professional adviser before investing.

A summary of the ordinary tax treatment of NSW Waratah Annuity Bonds is set out on pages 12 to 13 of this Offer Document.

Defined words and expressions

Some words and expressions used in this Offer Document are capitalised as they have defined meanings. The Glossary on pages 31 to 32 of this Offer Document contains the definitions of capitalised words and expressions.

Capitalised words not otherwise defined in the Glossary have the same meaning as defined in the Conditions of the NSW Waratah Annuity Bonds as set out in Appendix A on pages 33 to 39 of this Offer Document.

SECTION 3

ABOUT NSW WARATAH ANNUITY BONDS





This section contains a summary of the terms and conditions of NSW Waratah Annuity Bonds.

Before investing, prospective investors in NSW Waratah Annuity Bonds should review and become familiar with the following:

- the NSW Waratah Annuity Bonds Deed Poll (“**Deed Poll**”). The Deed Poll is an important document. A prospective investor should read the summary of the Deed Poll on page 29 of this Offer Document. A copy of the Deed Poll can be obtained from the NSW Waratah Annuity Bonds website at www.waratahbonds.nsw.gov.au;
- the Conditions of NSW Waratah Annuity

Bonds which are set out in Appendix A on pages 33 to 39 of this Offer Document; and

- the key commercial terms (for example, the number of Annuity Payments (as defined below)) for a specific series of NSW Waratah Annuity Bonds, located on the NSW Waratah Annuity Bonds website at www.waratahbonds.nsw.gov.au.

There are risks involved with investing in NSW Waratah Annuity Bonds – see pages 24 to 25 of this Offer Document.

Issuer	TCorp. NSW Waratah Annuity Bonds will be direct, unconditional, unsubordinated and irrevocable obligations of TCorp and will have the benefit of the statutory charge on the income and revenue of TCorp provided for by section 22C(1) of the PAFA Act.
Guarantor	The Government of New South Wales. The due payment of principal, interest and other amounts and charges in respect of the NSW Waratah Annuity Bonds is guaranteed by the New South Wales Government pursuant to the provisions of section 22A(1) of the PAFA Act.
Registry	Link Market Services Limited (ABN 54 083 214 537) (“ Registry ”). TCorp has appointed the Registry to maintain the register of Holders of NSW Waratah Annuity Bonds and process applications and payments. All queries regarding NSW Waratah Annuity Bonds should be directed to the Registry (see the Directory on page 60 of this Offer Document for the Registry contact details).
Description	NSW Waratah Annuity Bonds are an annuity-style investment which provide monthly payments (“ Annuity Payments ”) that are indexed quarterly to changes in the CPI. NSW Waratah Annuity Bonds may be described as “amortising bonds”. Unlike fixed interest bonds, which provide for regular interest payments and payment of principal on maturity, each Annuity Payment under a NSW Waratah Annuity Bond comprises a component of principal and interest. All of the principal invested by a Holder is returned to the Holder (that is, it amortises) over the term of the NSW Waratah Annuity Bond. There is no lump sum principal repayment at maturity (other than the principal component of the final Annuity Payment).
Series	NSW Waratah Annuity Bonds will be issued in series commencing each January, April, July or October of each calendar year (each a “ Series ”). Information regarding the interest rate applicable to, and the number of Annuity Payments payable for, each Series will be available on the NSW Waratah Annuity Bonds website at www.waratahbonds.nsw.gov.au .
Currency	Australian dollars.



Investment Amount	<p>A NSW Waratah Annuity Bond can be acquired with a minimum investment of \$25,000 and in multiples of \$1,000 after that minimum investment. Prospective investors seeking to invest more than \$1,000,000 should contact the Registry before lodging their application.</p> <p>In determining how much to invest, you may wish to consider the Annuity Payments that you will be looking to receive from your NSW Waratah Annuity Bond.</p> <p>For example, if you would like to receive Annuity Payments of \$2,000 per month (before adjustment for increases in inflation), you would need to invest \$200,000. Your Annuity Payments will be adjusted over the term of your investment for increases in the CPI, and this helps protect the purchasing power of your Annuity Payments.</p>
Annuity Commencement Date	<p>The Annuity Commencement Date will be the 15th of January, April, July or October, whichever occurs first following the end of the calendar month in which TCorp accepts your application. All applications accepted on or before 15 days prior to the next Annuity Commencement Date will be issued a NSW Waratah Annuity Bond in the Series commencing on the next Annuity Commencement Date. Application Forms which are accepted within 15 days of the next Annuity Commencement Date will be issued a NSW Waratah Annuity Bond in the following Series which will commence on the subsequent Annuity Commencement Date.</p> <p>For example, if your application is accepted on 28 December, the Annuity Commencement Date is 15 January. If your application is accepted on 10 January, the Annuity Commencement Date is 15 April.</p>
Annuity Payments	<p>You will receive Annuity Payments calculated in accordance with the formula set out in Condition 4 in Appendix A. In general terms, each Annuity Payment will be an amount equal to 1% of your initial investment (the “Base Annuity Payment”), adjusted for increases in inflation as reflected in the CPI.</p> <p>Each Annuity Payment comprises a component of principal and interest. The components of each Annuity Payment will be notified to you in the calculation advice you will receive every three months and in your annual tax summary. Annuity Payments will be made each month for the term of the NSW Waratah Annuity Bond. You will not receive a statement following each monthly Annuity Payment, instead the Registry will send you a calculation advice every three months which will set out the next three Annuity Payment Dates and the amount of principal and interest that will be deposited into your nominated account on these Annuity Payment Dates.</p> <p>Annuity Payments are adjusted for inflation following the release each quarter end of the CPI for that preceding quarter. Annuity Payments are increased in line with increases in the CPI. If the CPI falls, Annuity Payments will not be reduced. Annuity Payments will be increased if the CPI increases above the previous highest level during the term of the NSW Waratah Annuity Bond.</p>
Number of Annuity Payments	<p>The number of Annuity Payments you will receive depends on the base interest rate (being the rate before inflation) applicable to the Series of NSW Waratah Annuity Bonds you hold.</p> <p>Information on the number of Annuity Payments and the base interest rate currently on offer for NSW Waratah Annuity Bonds is available by calling the Registry on 1800 72 72 73 or online at the NSW Waratah Annuity Bonds website at www.waratahbonds.nsw.gov.au.</p>
Term	<p>The term of your NSW Waratah Annuity Bond in months is equal to the number of Annuity Payments you will receive.</p> <p>For example, if the number of the Annuity Payments you will receive as determined at the time your application is accepted is 111 then the term of your investment is 111 months (or 9 years and 3 months).</p> <p>This does not include the months (if any) between the date TCorp accepts your application and the Annuity Commencement Date.</p>



Annuity Payment Dates	Annuity Payments are made on the 15th of each month.*
Interest paid on Application Amounts	From the date we receive your Application Amount until the Annuity Commencement Date, your Application Amount will accrue daily interest at the interest rate notified on the NSW Waratah Annuity Bonds website at www.waratahbonds.nsw.gov.au . The accrued interest will be credited to your nominated bank account on the Annuity Commencement Date.* Any refunded amount of an Application Amount will not accrue interest.
First Annuity Payment	Your first Annuity Payment will be equal to the Base Annuity Payment plus an adjustment for any increase in the CPI during the quarter immediately prior to your first Annuity Payment Date. You will receive your first Annuity Payment on the 15th day of the calendar month immediately following the Annuity Commencement Date.* For example, if the Annuity Commencement Date for your NSW Waratah Annuity Bond is 15 January, you will receive your first Annuity Payment on 15 February (or if the 15th is not a Business Day, the first following Business Day).
Transferability	<p>NSW Waratah Annuity Bonds may be transferred in whole but not in part.</p> <p>A Holder may transfer their NSW Waratah Annuity Bond at no charge by completing a Transfer and Acceptance Form which is available from the Registry.</p> <p>Once the Registry has received a duly completed Transfer and Acceptance Form, it will provide the new NSW Waratah Annuity Bond Holder with a Certificate of Inscription confirming the transfer.</p> <p>Any transfer is subject to TCorp being satisfied as to the contents of the Transfer and Acceptance Form and in particular that the transferee is an Australian tax resident. In the event that TCorp does not accept a Transfer and Acceptance Form, the Registry will contact the Holder.</p>
Limited Holder exit rights	<p>TCorp expects that NSW Waratah Annuity Bonds are intended to be held until maturity. However, TCorp recognises that a Holder's circumstances may change and may agree, in limited circumstances and only upon request from a Holder, to buy back NSW Waratah Annuity Bonds in whole but not in part after the date of the first Annuity Payment on a quarterly basis.</p> <p>TCorp may agree to a buy back request where the Holder is able to establish extenuating circumstances, such as financial hardship, or other circumstances which would justify early buy back of the NSW Waratah Annuity Bond on compassionate grounds.</p> <p>Requests to have NSW Waratah Annuity Bonds bought back that are accepted by TCorp on or before the 5th day of the next quarterly buy back month (being January, April, July or October) will result in the buy back price being paid into the Holder's nominated account on the 15th of that month. For example, for a buy back to occur on the 15th of January, applications must be accepted by TCorp on or prior to the 5th of January. Applications accepted after the 5th day of the quarterly buy back month will be paid in the subsequent quarterly buy back month. In the example above, if the application is accepted after 5th of January the buy back would occur on the 15th of April and the Holder will continue to receive Annuity Payments until then.</p> <p>If a Holder wants to request a buy back of their NSW Waratah Annuity Bond by TCorp then it should take the following steps:</p> <p>Step 1 - obtain a quote for the buy back by contacting the Registry (see Directory on page 60 of this Offer Document). Holders should make sure they have all the details of the NSW Waratah Annuity Bonds they wish to sell back to TCorp; and</p>

* If the payment date falls on a day which is not a Business Day then the due date for payment is postponed to the first following day that is a Business Day. No additional amounts are payable in respect of any delay in payment.



Limited Holder exit rights continued

Step 2 – after obtaining a quote, if a Holder wishes to proceed with the buy back, they should complete a Buy Back Form and send it to the Registry, together with any relevant supporting information. Any Buy Back request is irrevocable and cannot be cancelled or withdrawn by a Holder.

If the Buy Back Form is incomplete or does not contain the correct details, TCorp may not be able to complete the buy back. The Registry will contact the Holder in those circumstances, and you may be required to provide additional information before TCorp will consider your application.

The Registry will notify you of TCorp’s decision in relation to your buy back request.

Buy back price

TCorp will provide a quotation of the buy back price of your NSW Waratah Annuity Bond Series on request. The buy back price quoted is applicable to each NSW Waratah Annuity Bond in that Series.

The buy back price is based on a number of factors. These factors may vary over time, and the impact on the buy back price of a higher or lower value for some of these factors is set out in the table below:

Factor	Expected impact on buy back price if factor is higher	Expected impact on buy back price if factor is lower
The number of Annuity Payments remaining to be paid	↑	↓
The amount of each Annuity Payment	↑	↓
The prevailing interest rates at the time of the buy back	↓	↑
Costs to TCorp in processing the buy back request	↓	↑

Note: The descriptions in the table above of the expected impact on the buy back price of a change in a factor assumes, in each case, that all other factors remain unchanged.

This means that the price at which TCorp may buy back NSW Waratah Annuity Bonds under this buy back offer may be more or less than the amount of the principal outstanding under your NSW Waratah Annuity Bond at the time.

For example, the amount received on a buy back may be:

- less than the outstanding principal (a loss) where the prevailing interest rates at the time of the buy back are higher than the prevailing interest rates at the Annuity Commencement Date; or
- greater than the outstanding principal (a gain) where the prevailing interest rates at the time of the buy back are lower than the prevailing interest rates at the Annuity Commencement Date.

This gain or loss may have tax implications for Holders.

Early redemption and purchase by TCorp

TCorp does not have the right to redeem any NSW Waratah Annuity Bonds prior to maturity. However, TCorp may at any time offer to purchase NSW Waratah Annuity Bonds from Holders. Any NSW Waratah Annuity Bonds bought back or purchased may be held, resold or cancelled.



Payments

Holders must nominate an Australian dollar account with a financial institution in Australia into which payments of interest and principal will be made.

TCorp will not make payments in respect of NSW Waratah Annuity Bonds by cheque.

Payments in respect of each NSW Waratah Annuity Bond will only be made by crediting an Australian dollar account maintained with a financial institution in Australia and nominated in writing by the Holder no later than the Record Date prior to the Annuity Payment Date.

If any date for payment is not a Business Day, payment is postponed to the first following day that is a Business Day. No additional amounts are payable in respect of any delay in payment.

Further information in relation to payments in respect of each NSW Waratah Annuity Bond is set out in the section “How to apply for NSW Waratah Annuity Bonds” on pages 18 to 21 of this Offer Document.

Taxation

This section contains a non-exhaustive summary of the Australian tax consequences of acquiring, holding and disposing of NSW Waratah Annuity Bonds.

This summary applies only to Holders who are Australian residents for Australian income tax purposes (“**Australian Holders**”) and who acquire, hold and dispose of NSW Waratah Annuity Bonds as a capital investment.

It does not apply to non-Australian Holders for Australian income tax purposes and Holders who acquire, hold or dispose of NSW Waratah Annuity Bonds as part of the conduct of a business.

The actual taxation consequences of acquiring, holding and disposing of NSW Waratah Annuity Bonds may vary depending on the particular circumstances of each Holder. Therefore, a prospective investor is encouraged to consult a professional adviser in relation to their own specific circumstances and not to rely on the summary below.

This summary assumes that all relevant transactions are carried out in the manner described in this Offer Document and is based upon the law as in effect at the date of this Offer Document. A prospective investor should note that taxation law is subject to change.

Australian Holders

Payments of interest in respect of NSW Waratah Annuity Bonds should be included in the assessable income of Australian Holders. Holders are not required to quote their tax file number to TCorp in connection with their acquisition of NSW Waratah Annuity Bonds, but TCorp will be required to withhold and remit to the ATO a portion (currently 46.5%) of any interest payable on NSW Waratah Annuity Bonds to a Holder who has not validly quoted their tax file number (or other exemption details) in connection with their acquisition of NSW Waratah Annuity Bonds. Where withholding is required, the Holder would be entitled to claim from the ATO a credit for the amount which TCorp withheld from that Holder and remitted to the ATO.

Holders subject to the “taxation of financial arrangements” rules

TCorp has obtained a Product Ruling from the ATO in respect of the NSW Waratah Annuity Bonds – see Product Ruling PR 2012/4 (“**Product Ruling**”). The Product Ruling clarifies certain tax issues associated with the NSW Waratah Annuity Bonds. In particular, the ATO has confirmed in the Product Ruling that each Holder will be subject to Division 230 of the Income Tax Assessment Act 1997 (Cth) (“**1997 Act**”), which contains certain tax timing provisions dealing with the “taxation of financial arrangements”.

In broad terms, subject to a Holder making a valid tax-timing election under Division 230, Holders will be subject to income tax on an accruals basis in respect of their NSW Waratah Annuity Bonds. This means that an Australian Holder may be required to include an amount in their assessable income in an income year that is greater or less than the amount of “interest” received by that Australian Holder in that income year.

In addition, an Australian Holder may be required to make a “balancing adjustment” in respect of their NSW Waratah Annuity Bonds in certain circumstances (e.g. on the sale of their NSW Waratah Annuity Bonds). A “balancing adjustment” may result in an Australian Holder being



<p>Taxation continued</p>	<p>required to include an amount in their assessable income. Similarly, a “balancing adjustment” may result in an Australian Holder being entitled to a deduction in certain circumstances.</p> <p>Any gain made by an Australian Holder on the sale, redemption or buy back of their NSW Waratah Annuity Bonds, which is assessable to the Australian Holder under Division 230, will not be subject to capital gains tax.</p> <p>Holders should seek their own tax advice in relation to the application of Division 230 and the tax rules more generally.</p> <p><i>Trustees of superannuation funds with assets</i></p> <p>Except where a NSW Waratah Annuity Bond forms part of the segregated current pension assets of a fund, interest payments from a NSW Waratah Annuity Bond held by the trustee of a complying superannuation fund (including a self managed superannuation fund) would ordinarily be included in the assessable income of the fund.</p> <p>The ATO confirms in the Product Ruling that NSW Waratah Annuity Bonds can be held by self-managed superannuation fund trustees paying an “account based pension” as part of the fund’s “segregated current pension assets” for the purposes of sections 295-385 of the 1997 Act. Therefore, in respect of NSW Waratah Annuity Bonds held by such trustees in this manner:</p> <ul style="list-style-type: none"> • the income from the NSW Waratah Annuity Bond will be tax exempt; • any gain made on the sale, redemption or buy back of the NSW Waratah Annuity Bond will be tax exempt; and • any loss made on the sale, redemption or buy back of the NSW Waratah Annuity Bond will not be an allowable deduction. <p>A “segregated current pension asset” is an asset of the fund held for the sole purpose of allowing the fund to discharge its liability to pay a prescribed superannuation income stream benefit which is payable at the time. The prescribed income stream benefits include an account-based pension.</p> <p>Non-Australian Holders</p> <p>NSW Waratah Annuity Bonds are only offered to, and may only be held by, residents of Australia for Australian income tax purposes. Therefore, we do not outline the Australian taxation consequences for holding by a non-resident of Australia for Australian income tax purposes.</p> <p>Other taxes</p> <p>Holders of NSW Waratah Annuity Bonds will not be subject to any Australian goods and services tax or stamp duties in any Australian State or Territory in respect of their acquisition, holding, sale or redemption of NSW Waratah Annuity Bonds or the receipt of interest payable on NSW Waratah Annuity Bonds.</p>
<p>The Product Ruling</p>	<p>The Product Ruling is only a ruling on the application of taxation law and is in no way expressly or impliedly a guarantee or endorsement of the commercial viability of the scheme, of the soundness or otherwise of the scheme as an investment, or of the reasonableness or commerciality of any fees charged in connection with the scheme.</p> <p>The Product Ruling is only binding on the Commissioner of Taxation if the scheme is implemented in the specified manner provided in the Product Ruling.</p> <p>A full copy of the Product Ruling is set out in Appendix B on pages 40 to 56 of this Offer Document.</p>
<p>Risks</p>	<p>See pages 24 to 25 of this Offer Document for a summary of some of the risks associated with the Offer.</p>
<p>Cooling off</p>	<p>There are no cooling off rights.</p>

SECTION 4

EXAMPLES OF HOW NSW WARATAH ANNUITY BONDS WORK





The following examples provide an illustration of the Annuity Payments which could be paid under a NSW Waratah Annuity Bond.

Example 1: CPI increases of 3% p.a.

This example assumes an initial investment of \$100,000, an annual increase in CPI of 3% and 111 Annuity Payments.

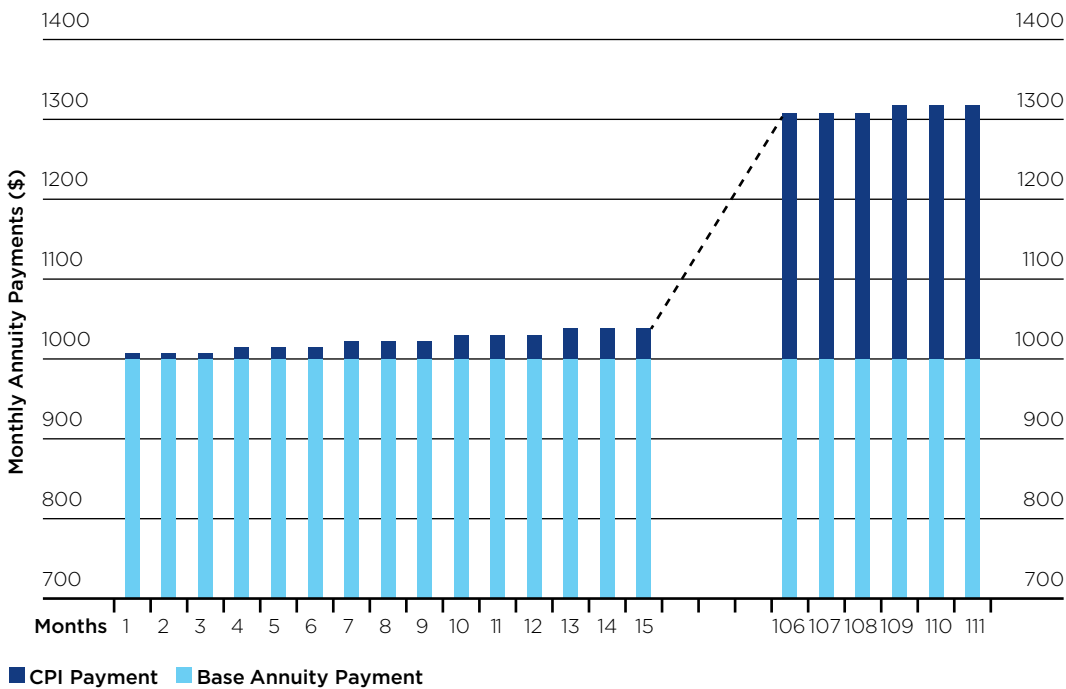
The Base Annuity Payment for this NSW Waratah Annuity Bond would be \$1,000 (1% of the investment of \$100,000). If, in the first quarter, the quarterly change in the CPI is 0.742% (i.e. 3% annual increase), then the first three monthly Annuity Payments will be \$1007.42. If, in the second quarter, the quarterly change in the CPI was again an

increase of 0.742%, the fourth, fifth and sixth monthly Annuity Payments will be \$1014.89, and so on.

The following graph shows some of the monthly Annuity Payments over the term of the NSW Waratah Annuity Bond for the above example. The mid blue portion of each Annuity Payment represents the Base Annuity Payment. The dark blue portion of each Annuity Payment represents additional amounts paid as a result of increases in the CPI.

NSW Waratah Annuity Bond

Monthly Annuity Payments Assuming 3% p.a. Increase in the CPI



Note: The graph is included to help prospective investors and Holders gain an insight into the possible effect that future changes in the CPI will have on Annuity Payments. It is not a forecast or prediction in relation to the CPI or the dollar amounts of Annuity Payments.

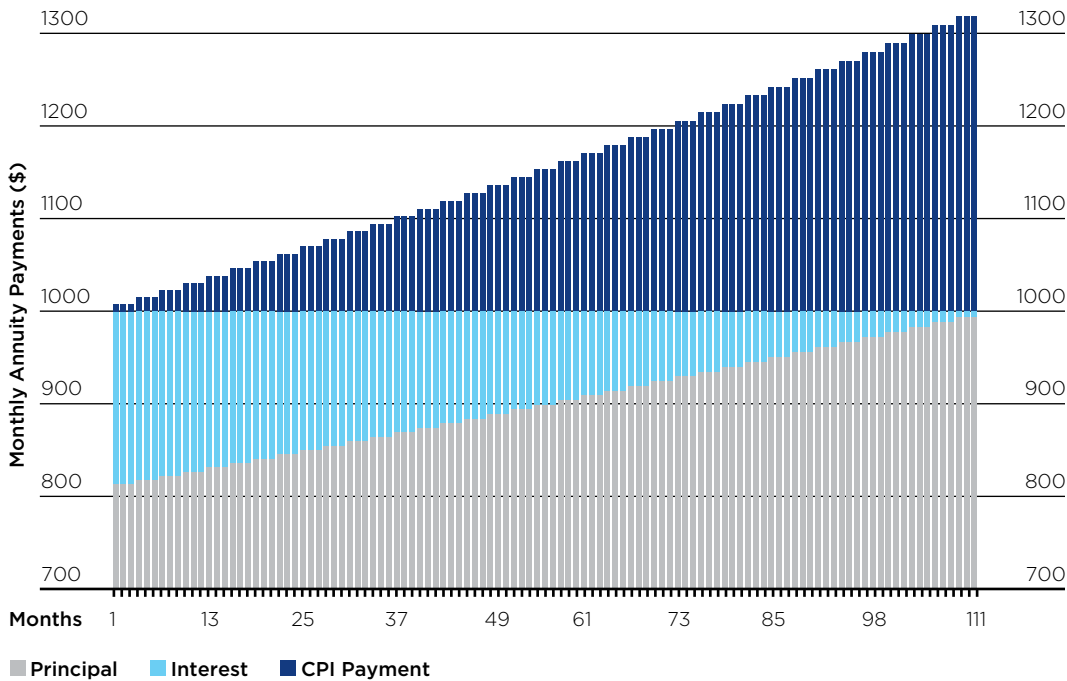


The following diagram illustrates the relative proportions in each Annuity Payment of the following components: return of principal, interest earned and amounts paid as a result of increases in the CPI. The relative proportions of each component will vary over the term of the NSW Waratah Annuity Bond. The Base Annuity Payment is made up of two components:

principal and interest earned. As the principal is repaid over the term of the NSW Waratah Annuity Bond, the interest component of each payment decreases and the principal component increases. The CPI component represents additional amounts paid as a result of increases in the CPI over the term of the NSW Waratah Annuity Bond.

NSW Waratah Annuity Bond

Monthly Annuity Payment Components Assuming 3% p.a. Increase in CPI



Note: The graph is included to help prospective investors and Holders gain an insight into the possible effect that future changes in the CPI will have on Annuity Payments. It is not a forecast or prediction in relation to the CPI or the dollar amounts of Annuity Payments. The example presented above is provided for illustrative purposes only. While the interest component is shown here as a separate amount from the CPI component, under the Conditions of the NSW Waratah Annuity Bonds, each Annuity Payment is made up only of principal and interest (with any CPI component paid recorded as interest). The amount of principal and interest as a proportion of each Annuity Payment will be set out in the calculation advice you will receive from the Registry every three months and in your annual tax summary. The number of Annuity Payments you receive in respect of your NSW Waratah Annuity Bonds may be different to the example above. Changes in the CPI may also be different from 3% p.a.



Example 2: What happens if the change in CPI is negative?

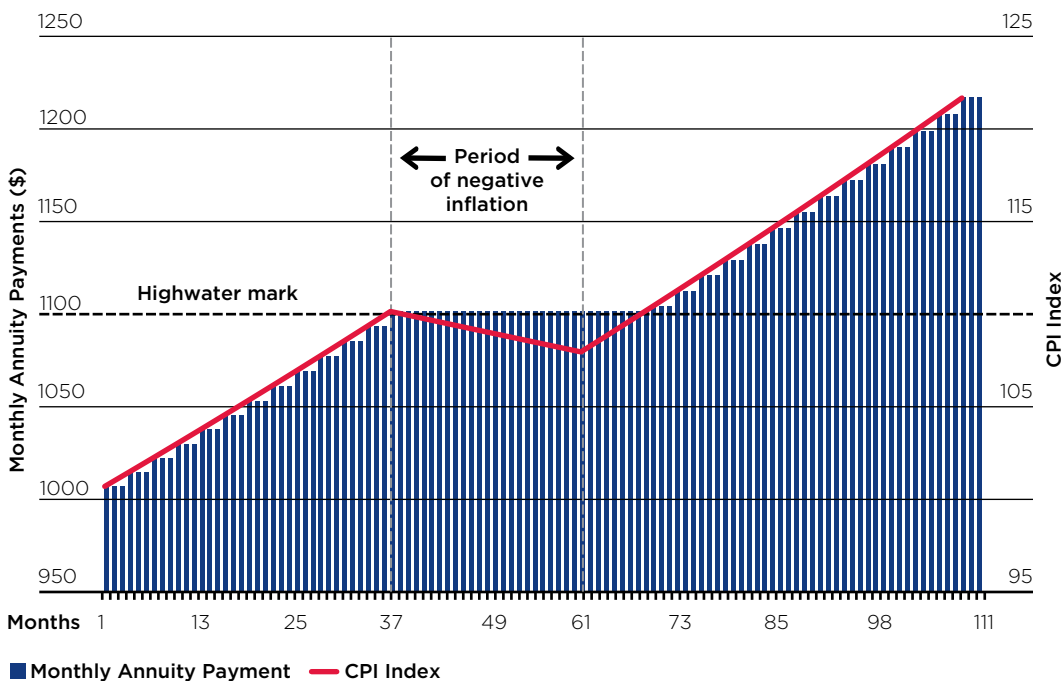
If the quarterly change in the CPI is negative, the monthly Annuity Payments will be maintained at their then existing level until the CPI increases above the previous highest level during the term of the NSW Waratah Annuity Bond. For example, if the current monthly Annuity Payment is \$1,100 and the CPI falls

by 1%, the monthly Annuity Payment will stay at \$1,100 until the CPI rises back above its previous highest level.

The following example assumes that the CPI rises by 3% p.a. for the first three years, falls by 1% p.a. for the next two years and then increases by 3% p.a. until the maturity of the NSW Waratah Annuity Bond.

NSW Waratah Annuity Bond

Example of a Negative Change in CPI



Note: The graph is included to help prospective investors and Holders gain an insight into the possible effect that future changes in the CPI will have on Annuity Payments. It is not a forecast or prediction in relation to the CPI or the dollar amounts of Annuity Payments.

SECTION 5

HOW TO APPLY FOR NSW WARATAH ANNUITY BONDS





NSW Waratah Annuity Bonds are only offered in Australia to Australian tax residents. Applications to purchase NSW Waratah Annuity Bonds must be made using the form attached to this Offer Document (“**Application Form**”) which is also available on the NSW Waratah Annuity Bonds website at www.waratahbonds.nsw.gov.au.

An Application Form for a NSW Waratah Annuity Bond must be completed and returned, together with the Application Amount, in accordance with the instructions set out below.

Applying for NSW Waratah Annuity Bonds

1. Read this Offer Document

Read this Offer Document in full, paying particular attention to:

- the section entitled “About NSW Waratah Annuity Bonds” on pages 7 to 13 of this Offer Document;
- the section entitled “Risks of investing in NSW Waratah Annuity Bonds” outlining the risks that may be relevant to an investment in NSW Waratah Annuity Bonds on pages 24 to 25 of this Offer Document;
- the section entitled “Conditions of NSW Waratah Annuity Bonds” contained in Appendix A on pages 33 to 39 of this Offer Document;
- the conditions of the relevant series of NSW Waratah Annuity Bonds on issue are also available on the NSW Waratah Annuity Bonds website at www.waratahbonds.nsw.gov.au; and
- the summary of the Deed Poll on page 29 of this Offer Document.

2. Consider and consult

A prospective investor in NSW Waratah Annuity Bonds should consider all risks and other information about, and conduct their own independent investigation of:

- the conditions of NSW Waratah Annuity Bonds; and
- the application of any tax laws and other factors relevant or applicable to their particular situation.

If a prospective investor is unsure about the risks of investing in NSW Waratah Annuity

Bonds, they should consult a licensed financial adviser or other professional adviser.

3. Complete and return the Application Form

You must provide the Registry with a completed Application Form and any necessary supporting documentation together with a cheque or Electronic Funds Transfer advice.

The minimum Application Amount for a NSW Waratah Annuity Bond is \$25,000 and multiples of \$1,000 after that minimum amount. Prospective investors seeking to invest more than \$1,000,000 should contact the Registry before lodging their application.

Payment by cheque must be in Australian dollars and be payable to New South Wales Treasury Corporation, and crossed Not Negotiable. Payment by Electronic Funds Transfer, must be for the full amount and contain the name of the Applicant in the reference field. An incomplete or incorrect Application Form, or failure to provide correct confirmation of payment of the Application Amount may delay the processing of your Application Form. Interest will accrue on a Holder’s Application Amount from the day the Application Amount is received by the Registry until the Annuity Commencement Date.

For Electronic Funds Transfer please transfer funds to this account:

Account name: NSW Treasury Corporation Registry Account
Bank: Westpac Banking Corporation
BSB: 032 001
Account Number: 910213

Please post or deliver your (1) completed Application Form and (2) cheque or Electronic Funds Transfer payment confirmation to:

Mail: Reply Paid 60281 Locked Bag A14
GPO Box 20183
World Square NSW 2002

Hand delivery/courier:
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000



By submitting an Application Form, Applicants for NSW Waratah Annuity Bonds represent and warrant that, among other things:

- they received, read and understood a copy of this Offer Document and the Application Form in Australia;
- they are not in a place outside Australia;
- they are not a U.S. person (and not acting for the account or benefit of a U.S. person);
- they are an Australian tax resident;
- they are over 18 years of age; and
- they will not offer, sell or resell NSW Waratah Annuity Bonds in a place outside Australia,

as set out on the Application Form.

A prospective investor should also read the information about the collection of personal information in the section entitled “Privacy” on page 29 of this Offer Document.

4. Fees, charges and stamp duty

No additional fees or charges are payable to TCorp by Holders of NSW Waratah Annuity Bonds.

As at the date of this Offer Document, no Australian stamp duty is payable on the issue of NSW Waratah Annuity Bonds or any transfer of NSW Waratah Annuity Bonds.

5. Refunds and interest

Interest accrues on a Holder’s Application Amount from the day the Application Amount is received by the Registry until the Annuity Commencement Date (subject to any refunds as discussed below), at the rate notified on the NSW Waratah Annuity Bonds website. The accrued interest will be credited to the Applicant’s nominated bank account on the Annuity Commencement Date.

If for any reason an Applicant is not issued with a NSW Waratah Annuity Bond, or is issued with a NSW Waratah Annuity Bond with a principal amount less than the Application Amount, TCorp will refund (without interest) all, or the relevant proportion of, the Applicant’s Application Amount as soon as possible after receipt.

6. Allocation

TCorp reserves the right not to accept funds from any Applicant and TCorp reserves the right to issue a NSW Waratah Annuity Bond with a lesser principal amount than that applied for.

TCorp also reserves the right to not issue any NSW Waratah Annuity Bonds. In this circumstance, no Applicants will receive an allocation.

7. Confirmation of your application

Upon acceptance of your application, the Registry will do the following:

- issue you with a Certificate of Inscription. This Certificate of Inscription is issued as evidence of the inscription of the NSW Waratah Annuity Bond on the Register. It is a record only of your holding and does not confer title to the NSW Waratah Annuity Bond; and
- record the following details of the NSW Waratah Annuity Bond in the Register:
 - your name (as owner of the NSW Waratah Annuity Bond);
 - the series number;
 - the invested amount; and
 - the maturity date.

8. Provision of account details for interest and other payments

TCorp will only pay Annuity Payments and other amounts on NSW Waratah Annuity Bonds directly into an Australian dollar account maintained with a financial institution in Australia and nominated in writing by the Holder by no later than the Record Date prior to the Annuity Payment Date. TCorp will not pay Annuity Payments or any other amounts on NSW Waratah Annuity Bonds by cheque. Holders should contact the Registry if they wish to change their financial institution account details.

9. Change of details

Holders must advise the Registry immediately of any change in details that may affect their NSW Waratah Annuity Bond holding. The Registry will amend its records upon satisfactory evidence of the required change.



Holders must advise the Registry in writing of a change of address or account details for payments. This advice must be received by the Registry by no later than the Record Date prior to the next Annuity Payment Date. This is important in order to ensure Holders receive their payments, as TCorp pays Annuity Payments to the account last nominated to the Registry.

Any mistakes in information held by the Registry can be corrected with a statutory declaration setting out the correction and details of the NSW Waratah Annuity Bond.

10. Payments are subject to fiscal and other laws

All payments in respect of NSW Waratah Annuity Bonds are subject to applicable

fiscal and other laws. The Banking (Foreign Exchange) Regulations promulgated under the Banking Act 1959 (Cth) and other laws and regulations in Australia prohibit payments, transactions and dealings with assets or named individuals or entities subject to international sanctions or associated with terrorism or money laundering.

11. More information

If a prospective investor has questions on how to apply for NSW Waratah Annuity Bonds, they should contact the Registry (Monday to Friday, between 8.30 am - 5.30 pm, Sydney time). (see page 60 of this Offer Document for the Registry contact details).

SECTION 6

BENEFITS OF INVESTING IN NSW WARATAH ANNUITY BONDS





There are a number of benefits associated with investing in NSW Waratah Annuity Bonds. Some of these benefits are:

Guarantee	NSW Waratah Annuity Bonds have the benefit of a New South Wales Government guarantee.
Certainty of return	An amount equal to 1% of the initial investment will be paid to the Holder monthly for the term of the NSW Waratah Annuity Bond. This payment is guaranteed and will increase with the CPI.
Inflation protection	Annuity Payments increase quarterly in line with increases in the CPI subject to the highwater mark, but do not decrease should the CPI fall.
Regular Income	Holders will receive monthly Annuity Payments comprising repayment of principal and interest. Annuity Payments, are not discretionary and cannot be deferred by TCorp. NSW Waratah Annuity Bonds may be attractive to investors seeking an investment that pays a regular income.
Higher regular cash flows	Unlike traditional fixed rate term deposits or bonds which repay the principal on maturity, the NSW Waratah Annuity Bond principal is repaid over the term of the NSW Waratah Annuity Bond. This provides Holders with higher regular cash flows throughout the term of the NSW Waratah Annuity Bond (and as such there is no principal repayment at maturity other than the principal component of the final Annuity Payment).
Diversification	NSW Waratah Annuity Bonds may provide a prospective investor with an opportunity to diversify their investment portfolio.

SECTION 7

**RISKS OF
INVESTING
IN NSW
WARATAH
ANNUITY
BONDS**





There are a number of potential risks associated with investing in NSW Waratah Annuity Bonds. Some of these risks are:

<p>NSW Waratah Annuity Bonds are not listed</p>	<p>The market for NSW Waratah Annuity Bonds may be less liquid than the market for shares or other securities. NSW Waratah Annuity Bonds are not listed on the ASX or any other listed exchange and are not cleared through the ASX CHESS facility. This means a Holder will find it more difficult to locate a buyer for their NSW Waratah Annuity Bonds should they wish to sell prior to maturity other than by requesting TCorp to repurchase the NSW Waratah Annuity Bonds (as described in the section entitled “ Limited Holder exit rights” on pages 10 to 11 of this Offer Document).</p>
<p>No Cooling off</p>	<p>NSW Waratah Annuity Bonds are intended to be held until the last Annuity Payment Date for that NSW Waratah Annuity Bond. After TCorp accepts your application, you cannot withdraw your application if you change your mind (i.e. there is no “cooling-off” right with NSW Waratah Annuity Bonds.)</p>
<p>Limited Holder exit rights</p>	<p>A Holder of NSW Waratah Annuity Bonds has no right to require TCorp to redeem any NSW Waratah Bonds prior to maturity. However, TCorp may in limited circumstances agree to buy back a Holder’s NSW Waratah Annuity Bond at its discretion (as described in the section entitled “Limited Holder exit rights” on page 10 of this Offer Document). Requests by Holders to transfer their NSW Waratah Annuity Bond or to have their Waratah Annuity Bond bought back may not be accepted by TCorp.</p>
<p>Uncertain return on early buy back</p>	<p>An early buy back of a NSW Waratah Annuity Bond may result in a buy back value less than the principal invested, even after taking into account the return of principal in previous payments. This may occur for various reasons including changes in interest rates, inflation rates, changes in investor sentiment towards the New South Wales Government and general economic conditions.</p>
<p>Taxation changes</p>	<p> Holders of NSW Waratah Annuity Bonds should be aware that future changes in tax law, including changes in interpretation or application of the law by the courts or tax authorities, may affect the taxation treatment of an investment in NSW Waratah Annuity Bonds, or the holding and disposal of NSW Waratah Annuity Bonds.</p>

SECTION 8

**OTHER
CONSIDERATIONS
WHEN INVESTING
IN NSW WARATAH
ANNUITY BONDS**





Before applying for NSW Waratah Annuity Bonds, a prospective investor should consider whether NSW Waratah Annuity Bonds are a suitable investment for them. In particular, a prospective investor should consider the factors set out below.

<p>NSW Waratah Annuity Bonds may be tax exempt for certain Holders</p>	<p>The regular payments from a NSW Waratah Annuity Bond should be tax exempt if the NSW Waratah Annuity Bond is held by a superannuation fund trustee as a segregated current pension asset to support the payment of an account based pension from the fund. TCorp has obtained a product ruling from the ATO which confirms that NSW Waratah Annuity Bonds can be held by a superannuation fund trustee to support the payment of an account based pension. If you intend to rely on this exemption, you should consult a licensed financial adviser or other professional adviser before investing.</p>
<p>Concessional tax treatment applicable to superannuation annuities does not apply</p>	<p>NSW Waratah Annuity Bonds are not annuities for the purposes of the Life Insurance Act 1995 (Cth) and they do not meet the annuity standards in the Superannuation Industry (Supervision) Regulations 1994 (Cth). Consequently, they do not receive the tax concessions applicable to annuities that do meet those standards. The ordinary tax treatment of NSW Waratah Annuity Bonds is set out on pages 12 to 13 of this Offer Document.</p>
<p>Amounts cannot be added to an annuity after the Annuity Commencement Date</p>	<p>Holders wishing to invest further amounts will not be able to increase their invested amount in a particular Series after the Annuity Commencement Date and would have to purchase a new Series of NSW Waratah Annuity Bonds.</p>
<p>TCorp may issue further securities</p>	<p>TCorp has the right to issue further bonds or derivatives (including other NSW Waratah Annuity Bonds) that have the same or different terms and conditions as NSW Waratah Annuity Bonds. No prediction can be made as to the effect, if any, such future issue of securities by TCorp may have on the market price or liquidity of NSW Waratah Annuity Bonds.</p>

SECTION 9

ADDITIONAL INFORMATION





If a prospective investor has any questions in relation to NSW Waratah Annuity Bonds, they should contact the Registry (Monday to Friday, between 8.30 am – 5.30 pm, Sydney time) (see page 60 of this Offer Document for the Registry contact details).

Summary of Deed Poll

NSW Waratah Annuity Bonds are constituted by the Deed Poll which was executed by TCorp on 13 March 2012 for the benefit of the Holders of NSW Waratah Annuity Bonds from time to time. The Deed Poll is the instrument under which TCorp agrees to be bound by the Conditions.

Each Holder of a NSW Waratah Annuity Bond may individually enforce its rights under the Deed Poll. Each Holder of a NSW Waratah Annuity Bond is also bound by the terms of the Deed Poll.

Under the Deed Poll, TCorp will ensure that the Registry will maintain the Register of Holders of NSW Waratah Annuity Bonds and will enter details of Holders in that Register from time to time.

TCorp is not bound by any resolution of Holders unless it agrees to be bound.

No trustee

No trustee has been appointed to act on behalf of Holders of NSW Waratah Annuity Bonds or to hold the right to enforce TCorp's duty to repay, and to pay all other amounts payable, under NSW Waratah Annuity Bonds or to enforce the other obligations of TCorp in connection with NSW Waratah Annuity Bonds.

Privacy

What is personal information?

The Registry collects personal information in performing its functions. Personal information includes your:

- name;
- address;
- phone number/s;
- holding balance;
- tax file number;
- bank account details; and
- instructions (e.g. power of attorney).

Purpose of collection

The primary purposes for collecting personal information are:

- for the maintenance of the Register;
- to facilitate payments and communications; and
- to enable the Registry to fulfil its statutory obligations such as its obligation to identify you.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) and related rules and regulations.

Who will have access to your personal information?

Your personal information may be disclosed to TCorp, regulatory bodies including the ATO, New South Wales Treasury, AUSTRAC, and print service providers. Your personal information may also be disclosed to related body corporates of the Registry for the purpose of facilitating registry functions such as making payments or preparing information for correspondence.

Some of these disclosures may be permitted or required by legislation or related rules such as under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (“**AML Act**”), the Corporations Act or taxation laws.

Accessing or updating your personal information

You can access, correct or update the personal information the Registry holds by contacting the Registry (see page 60 of this Offer Document for the Registry contact details).

To ensure the integrity and safety of personal information, the Registry only discloses information to you once your identity has been confirmed. Depending on the nature of your request, the Registry may ask you to complete an investor identification information form.

Mailouts

In accordance with relevant legislation, we may send you material (including marketing material) in addition to general corporate communications. You can elect not to receive marketing material by contacting the Registry.



Consequences of not providing personal information

If you do not provide the Registry with some or all of the personal information as required by it this may result in the Registry being unable to process your application or provide you with services and you being unable to invest in NSW Waratah Annuity Bonds.

Anti-Money Laundering and Counter-Terrorism Financing

In providing services in relation to the NSW Waratah Annuity Bonds, the Registry must comply with the AML Act. Holders must provide the Registry with any additional information or assistance as required by the Registry to facilitate this compliance. Failure to do so may result in the Registry being unable to provide a Holder with services.

Information you will receive

The Registry will provide you with a tax summary each year setting out the amount of principal repaid and interest in each Annuity

Payment made during that year. You will need this information to complete your annual tax return.

Disputes, complaints or suggestions

If a Holder of NSW Waratah Annuity Bonds has any suggestions on how TCorp's services can be improved, has a concern or complaint, please contact us.

Mail: Reply Paid 60281,
Locked Bag A14, GPO Box 20183,
World Square NSW 2002

Telephone: 02 8280 7915 or 1800 72 72 73

Facsimile: 02 9287 0315

Email:
waratahbonds@linkmarketservices.com.au

TCorp is not a member of an external dispute resolution body.

SECTION 10
GLOSSARY





In this Offer Document, capitalised words have the meanings set out below unless the contrary intention appears.

ABN means Australian Business Number.

Annuity Payments means the periodic payments of principal and interest under a NSW Waratah Annuity Bond.

Applicants means those persons who apply to purchase NSW Waratah Annuity Bonds.

Application Amount means, with respect to each Applicant, the amount paid in applying to purchase a NSW Waratah Annuity Bond.

Application Form means the form to be completed when applying to purchase a NSW Waratah Annuity Bond which is set out on pages 57 to 59 of this Offer Document and also available from the NSW Waratah Annuity Bonds website at www.waratahbonds.nsw.gov.au.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ATO means the Australian Taxation Office.

AUSTRAC means Australian Transaction Reports and Analysis Centre.

Australian dollars and **\$** means the lawful currency of Australia.

Business Day means a day on which banks are open for general banking business in Sydney, Australia (not being a Saturday or Sunday or public holiday in that place).

Buy Back Form means the form to be completed when applying to have a NSW Waratah Annuity Bond bought back by TCorp, at TCorp's absolute discretion, prior to its maturity.

Certificate of Inscription means the certificate issued by the Registry which confirms a Holder's holding of a NSW Waratah Annuity Bond and other details of the investment which are recorded in the Register.

CHESS means Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

Conditions means the terms and conditions of NSW Waratah Annuity Bonds.

Deed Poll means the deed poll entitled "NSW Waratah Annuity Bonds Deed Poll" executed by TCorp and dated 13 March 2012.

Guarantor means The Crown in right of New South Wales.

Guarantee means the guarantee of due payment of principal, interest and other amounts in respect of the NSW Waratah Annuity Bonds by the Guarantor pursuant to the provisions of section 22A(1) of the PAFA Act.

Holder means, in respect of a NSW Waratah Annuity Bond, the person whose name is for the time being entered in the register for NSW Waratah Annuity Bonds as the owner of it or, where it is held jointly by two or more persons, the persons whose names appear in that register as the joint owners of the NSW Waratah Annuity Bond.

NSW Waratah Annuity Bonds means the debt obligation issued or to be issued by TCorp which is constituted by and owing under the Deed Poll, the details of which are recorded in, and evidenced by entry in, the Register and, with respect to a Holder means the NSW Waratah Annuity Bonds registered in the name of that Holder.

Offer means the offer by TCorp of NSW Waratah Annuity Bonds on the terms set out in this Offer Document.

PAFA Act means the Public Authorities (Financial Arrangements) Act 1987 (NSW).

Register means the register, including any branch register, of Holders of NSW Waratah Annuity Bonds established and maintained by or on behalf of TCorp.

Registry means Link Market Services Limited (ABN 54 083 214 537) or any other registrar that TCorp appoints to maintain a register of NSW Waratah Annuity Bonds.

TCorp means New South Wales Treasury Corporation.

Transfer and Acceptance Form means the form to be completed when applying to transfer NSW Waratah Annuity Bonds and which is available from the Registry.

APPENDIX A

CONDITIONS OF NSW WARATAH ANNUITY BONDS





1 Form

1.1 Constitution under Deed Poll

NSW Waratah Annuity Bonds are debt obligations of TCorp constituted by and owing under, the Deed Poll.

1.2 Form

NSW Waratah Annuity Bonds are issued in registered form by entry in the Register.

2 Status

2.1 Status

NSW Waratah Annuity Bonds constitute direct, unconditional, unsubordinated and irrevocable obligations of TCorp.

2.2 Statutory Guarantee

The due payment of principal, interest and other amounts and charges in respect of the NSW Waratah Annuity Bonds is guaranteed by the Guarantor pursuant to the provisions of section 22A(1) of the PAFA Act (“**Guarantee**”). Pursuant to section 22G(2) of the PAFA Act, all obligations of the Guarantor under the Guarantee rank equally without preference with all other outstanding obligations of the Guarantor and are to be discharged out of the fund formed under Part 5 of the Constitution Act 1902 (NSW) constituting all public moneys collected, received or held by any person for or on behalf of the State of New South Wales (“**Consolidated Fund**”) without any further appropriation other than section 22I of the PAFA Act.

2.3 Ranking

NSW Waratah Annuity Bonds rank equally among themselves and at least equally with all other unsubordinated and unsecured obligations of TCorp, except for liabilities mandatorily preferred by law.

The NSW Waratah Annuity Bonds will have the benefit of the statutory charge on the income and revenue of TCorp provided for by section 22C(1) of the PAFA Act. Further, by section 22G(1) of the PAFA Act, money payable by TCorp under the NSW Waratah Annuity Bonds ranks and will continue to rank equally without preference by reason of priority of date or otherwise with all obligations to repay financial accommodation, financial adjustments and joint financing arrangements (as each of those terms are defined in the PAFA Act) which repayment is secured by the income and revenue of TCorp.

3 Title and transfer of NSW Waratah Annuity Bonds

3.1 Title

Title to NSW Waratah Annuity Bonds passes when details of the transfer are entered in the Register.

3.2 Effect of entries in Register

Each entry in the Register in respect of a NSW Waratah Annuity Bond constitutes:

- a) an unconditional and irrevocable undertaking by TCorp to the Holder to pay principal and interest and any other amount in accordance with these Conditions; and
- b) an entitlement to the other benefits given to Holders under these Conditions in respect of the relevant NSW Waratah Annuity Bond.

3.3 Register conclusive as to ownership

Entries in the Register in relation to a NSW Waratah Annuity Bond constitute conclusive evidence that the person so entered is the absolute owner of the NSW Waratah Annuity Bond subject to correction for fraud or error.

3.4 Non-recognition of interests

Except as required by law, TCorp, the Guarantor, and the Registry must treat the person whose name is entered in the Register as the holder of a NSW Waratah Annuity Bond as the absolute owner of that NSW Waratah Annuity Bond. This Condition applies whether or not a NSW Waratah Annuity Bond is overdue and despite any notice of ownership, trust or interest in the NSW Waratah Annuity Bond.

3.5 Joint holders

Where two or more persons are entered in the Register as the joint holders of a NSW Waratah Annuity Bond then they are taken to hold the NSW Waratah Annuity Bond as joint tenants with rights of survivorship, but the Registry is not bound to register more than four persons as joint holders of a NSW Waratah Annuity Bond.

3.6 Transfers in whole

NSW Waratah Annuity Bonds may be transferred in whole but not in part.

3.7 Transfer conditions

NSW Waratah Annuity Bonds may only be transferred in Australia and to Australian tax residents in accordance with the transfer procedures set out in Condition 3.8 that are:

- a) individuals (excluding persons under the age of 18 years);
- b) incorporated bodies;
- c) unincorporated associates; and
- d) the trustees of trusts.

3.8 Transfer procedures

Application for the transfer of NSW Waratah Annuity Bonds must be made by the lodgement of a Transfer and Acceptance Form with the Registry at its Specified Office. Transfer and Acceptance Forms must be in the form available from the Registry. Each Transfer and Acceptance Form must be:

- a) duly completed;



- b) accompanied by any evidence the Registry may require to establish that the transfer form has been duly executed; and
- c) the original signed by, or on behalf of, both the transferor and, if required, the transferee.

Transfers are registered without charge provided all applicable Taxes have been paid.

3.9 Effect of transfer

Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under these Conditions in respect of the transferred NSW Waratah Annuity Bond and the transferee becomes so entitled in accordance with Condition 3.2 (“Effect of entries in Register”).

4 Annuity Payments

4.1 Annuity Payments

Annuity Payments are payable by TCorp in accordance with this Condition 4. Each Annuity Payment comprises a component of principal and interest.

4.2 Annuity Payment Dates

Annuity Payments are payable monthly on each Annuity Payment Date up to and including the Maturity Date.

4.3 Annuity Payment formula

Each Annuity Payment will be calculated in accordance with the following formula:

$$B_t = B_0 \times \frac{CPI_t}{CPI_0}$$

Where:

B_t = the amount of the relevant Annuity Payment at time t.

B_0 = Base Annuity Payment.

CPI_0 = CPI for the second last full calendar quarter prior to the Annuity Commencement Date.

CPI_t = the highest CPI from CPI_0 to the latest released CPI* for the full calendar quarter prior to the Annuity Payment Date.

4.4 Notification of Annuity Payment and other items

TCorp must notify the Registry and each Holder of:

- a) the Annuity Payment amount, the amount of interest forming part of the Annuity Payment, and each other amount, item or date calculated or determined by it together with the Annuity Payment Date; and
- b) any amendment to any amount, item or date referred to in paragraph (a) arising from any extension or reduction in calculation period.

TCorp must give notice under this Condition as soon as practicable after it makes its determination.

4.5 Rounding

For the purposes of any calculations required under these Conditions:

- a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.);
- b) all figures must be rounded to [five] decimal places (with halves being rounded up); and
- c) all amounts that are due and payable must be rounded down to the nearest one cent.

5 Redemption, buy back and purchase

5.1 Scheduled redemption

Each NSW Waratah Annuity Bond is redeemed by TCorp on the Maturity Date by the payment of the final Annuity Payment, unless the NSW Waratah Annuity Bond has been previously bought back.

5.2 Early buy back at the request of Holder

A Holder may request TCorp to buy back the Holder’s NSW Waratah Annuity Bond.

TCorp may, in its discretion, agree to a buy back request, and in doing so may have regard to any special extenuating circumstances, such as financial hardship, or other circumstances which would justify early buy back of the NSW Waratah Annuity Bond on compassionate grounds.

If TCorp accepts an application for buy back, TCorp will buy back the NSW Waratah Annuity Bond at the Buy Back Amount on the Buy Back Date. The Buy Back Amount will be paid in addition to the Annuity Payment due on the Buy Back Date.

5.3 Purchase

TCorp may at any time purchase NSW Waratah Annuity Bonds in the open market or otherwise and at any price. If purchases are made by tender, tenders must be available to all Holders alike.

5.4 Effect of buy back or purchase

NSW Waratah Annuity Bonds bought back under Condition 5.2 or purchased under Condition 5.3 may be held, resold or cancelled at the discretion of TCorp.

6 Payments

6.1 Annuity Payments

Annuity Payments in respect of a NSW Waratah Annuity Bond will be made to each person registered at 10.00 am on the Record Date as the Holder of that NSW Waratah Annuity Bond.

6.2 Payments to accounts

Payments in respect of NSW Waratah Annuity Bonds will be made by crediting on the payment date the amount then due under each NSW Waratah Annuity Bond to the Australian dollar account with an

* Based on the current ABS CPI publication dates.



Australian financial institution previously notified by the Holder to TCorp and the Registry (as applicable) prior to the Record Date.

6.3 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of Condition 7 (“Taxation”).

6.4 Payments on business days

If a payment is due on a day which is not a Business Day then the due date for payment is adjusted in accordance with the applicable Business Day Convention. The Holder is not entitled to any additional payment in respect of that delay.

7 Taxation

7.1 No set-off, counterclaim or deductions

All payments in respect of the NSW Waratah Annuity Bonds must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

7.2 Withholding tax

If a law requires TCorp withhold or deduct an amount in respect of Taxes from a payment in respect of a NSW Waratah Annuity Bond, then TCorp agrees to:

- a) deduct or withhold the amount on account of the Taxes;
- b) notify the Holder that TCorp is required to deduct or withhold the amount on account of such Taxes; and
- c) make any payment in connection with that deduction or withholding to the relevant taxing authority within the time allowed and in the minimum amount required by law.

8 Time limit for claims

A claim against TCorp for a payment under a NSW Waratah Annuity Bond is void unless made within 10 years (in the case of principal) or 5 years (in the case of interest and other amounts) from the date on which payment first became due.

9 Events of Default

9.1 Events of Default

An Event of Default occurs in relation to a NSW Waratah Annuity Bond if:

- a) default is made by TCorp in the payment when due, of the principal or interest, in respect of the NSW Waratah Annuity Bond and such default is not remedied by TCorp within 14 days after written notice of such default has been given to TCorp by the holder of the NSW Waratah Annuity Bond; or
- b) TCorp fails duly to perform or observe any other term, covenant or agreement contained in the Conditions, and such failure continues for a period

- of 30 days after the date on which written notice of such failure, requiring TCorp to remedy the same, given to TCorp by the Holder of the NSW Waratah Annuity Bond at the time outstanding; or
- c) any indebtedness for borrowed monies of TCorp in an amount exceeding ten million Australian dollars (A\$10,000,000.00) or its equivalent becomes due and payable prior to its stated maturity and is not paid within five Business Days thereafter or is not paid at the maturity thereof or within five Business Days after the expiration of any period of grace which may be given in relation thereto, unless the obligation to pay any such indebtedness is being contested by TCorp by appropriate proceedings on reasonable grounds and in good faith; or
- d) TCorp ceases to be a corporate or other entity validly constituted and existing under the Treasury Corporation Act 1983 (NSW) or any re-enactment thereof or if any other legislation, action or proceeding is validly enacted, taken or instituted by any person or the Government of the Commonwealth of Australia or the State of New South Wales or any governmental or other authority which results in TCorp ceasing to carry on its business or any substantial part thereof or its establishment or any substantial part thereof being suspended, revoked or repealed, unless:
 - i) the legislation, action or proceeding also results or some other legislation results in a statutory body of The Crown in Right of New South Wales or any other body corporate (provided that such statutory body or body corporate enjoys no less financial support from The Crown in Right of New South Wales than that enjoyed by TCorp) succeeding to all powers and any assets and revenues necessary for such statutory body or body corporate to perform the obligations of TCorp under the NSW Waratah Annuity Bonds;
 - ii) such statutory body or other body corporate executes such documents and does all such other acts and things as shall be necessary for it to assume the obligations of TCorp under the NSW Waratah Annuity Bonds as if such statutory body or other body corporate was named therein as TCorp; and
 - iii) a Guarantee of The Crown in Right of New South Wales is accorded to such statutory body or body corporate in like manner as the Guarantee is accorded to TCorp and is applicable to the obligations of TCorp under the NSW Waratah Annuity Bonds assumed by such statutory body or body corporate; or



e) for any reason the Guarantee ceases to be a valid and binding obligation of The Crown in Right of New South Wales or it for any reason becomes unlawful for The Crown in Right of New South Wales to perform its obligations under such Guarantee and the Guarantee is not forthwith replaced by another Guarantee by the Guarantor on terms and conditions which are the same or have substantially the same financial effect as the Guarantee provided by the Guarantor.

9.2 Consequences of an Event of Default

If an Event of Default occurs then the Holder of any NSW Waratah Annuity Bond (in the case of paragraphs (a) and (b) of Condition 9.1 (“Events of Default”), who has given notice of such failure to TCorp) may, by written notice to TCorp, effective upon receipt of such notice by TCorp, declare the principal and all interest then accrued on such NSW Waratah Annuity Bond to be forthwith due and payable, whereupon the same shall become immediately due and payable without other demand, protest or other notice of any kind, all of which TCorp expressly waives, unless prior to the time when TCorp received such notice, all Events of Default in respect of all NSW Waratah Annuity Bonds shall have been cured.

10 Registry

TCorp must at all times maintain a Register.

11 Further issues

TCorp may from time to time, without the consent of Holders, issue further NSW Waratah Annuity Bonds on such other terms and conditions as may be determined by TCorp and specified in any future or supplementary offer document containing the revised terms and conditions applicable to NSW Waratah Annuity Bonds issued after the date of that relevant offer document.

12 Variation

12.1 Variation with consent

Unless Condition 12.2 (“Variation without consent”) applies, any Condition as it applies to a NSW Waratah Annuity Bond or the Holder of the NSW Waratah Annuity Bond may be varied by TCorp with the consent of the Holder.

12.2 Variation without consent

Any Condition as it applies to a NSW Waratah Annuity Bond or the Holder of the NSW Waratah Annuity Bond may be amended by TCorp without the consent of the Holder if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error; or

(c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision and, in the reasonable opinion of TCorp, is not materially prejudicial to the interests of the Holder.

13 Notices

13.1 Notices to Holders

All notices and other communications to a Holder must be in writing and sent by prepaid post to or left at the address of the Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the notice or communication).

13.2 Notices to TCorp and the Registry

All notices and other communications to TCorp or the Registry must be in writing and may be sent by prepaid post (airmail if appropriate) to or left at the Specified Office of TCorp or the Registry.

13.3 When effective

Notices and other communications take effect from the time they are taken to be received unless a later time is specified in them.

13.4 Receipt – postal

A notice or other communication sent by post is taken to be received five days after posting.

14 Governing law

14.1 Governing law

NSW Waratah Annuity Bonds are governed by the law in force in New South Wales.

14.2 Jurisdiction

TCorp submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them.

14.3 Serving documents

Without preventing any other method of service, any document in any action may be served on TCorp or a Holder by being delivered or left at their registered office or principal place of business.

15 Interpretation

15.1 Definitions

In these Conditions the following expressions have the following meanings:

Annuity Commencement Date means, in respect of a NSW Waratah Annuity Bond, the 15th day of January, April, July or October, whichever is the first to occur immediately following the calendar month in which TCorp accepts the application for the NSW Waratah Annuity Bond.

Annuity Payment means the payment calculated in accordance with Condition 4.3.



Annuity Payment Date means the 15th of each month, adjusted in accordance with the Business Day Convention.

Application Amount means, with respect to each Applicant, the amount paid in applying to purchase a NSW Waratah Annuity Bond.

Base Annuity Payment means, in respect of a NSW Waratah Annuity Bond, an amount equal to 1% of so much of the Application Amount that TCorp accepts to be invested in the NSW Waratah Annuity Bond.

Business Day means a day on which banks are open for general banking business in Sydney, Australia (not being a Saturday, Sunday or public holiday in that place).

Business Day Convention means, in relation to any date applicable to any NSW Waratah Annuity Bond that would otherwise not fall on a Business Day, means that the date is postponed to the first following day that is a Business Day.

Buy Back Amount means, on any date, the amount payable by TCorp on buy back of the NSW Waratah Annuity Bond in accordance with Condition 5.2 (“Early buy back at the request of Holder”) as determined by TCorp having regard to:

- (a) the number of Annuity Payments remaining to be paid at that date;
- (b) the amount of each Annuity Payment;
- (c) the prevailing interest rates at the time of the buy back; and
- (d) costs to TCorp in processing the buy back request.

Buy Back Date means:

- (a) in respect of a buy back request for a NSW Waratah Annuity Bond accepted by TCorp on or before the 5th day of a quarterly buy back month (being January, April, July or October), the 15th day of that month; and
- (b) in respect of a buy back request for a NSW Waratah Annuity Bond accepted by TCorp after the 5th day of a quarterly buy back month (being January, April, July or October), the 15th day of the following buy back month.

Consumer Price Index means the “Weighted Average of Eight Capital Cities: All-Groups Index” (“**CPI**”) as maintained and published quarterly by the Australian Bureau of Statistics (“**ABS**”), subject to the following:

- (a) (**Temporary non-publication or delay**) If, for any reason, the CPI is not published for any quarter for which it is relevant for the purposes of this Offer Document and neither paragraph (b) nor paragraph (c) applies, or if publication is delayed until after the date on which an Annuity Payment

is determined, the CPI published for the previous quarter will apply in the interim. On subsequent publication of the actual CPI figure for that quarter by the ABS, the calculation of the Annuity Payment will be corrected or, if the Annuity Payment has already been made, an appropriate adjustment to the next Annuity Payment will be applied.

- (b) (**Replacement**) If the ABS ceases to publish the CPI and publishes another index which it states to be in replacement of the CPI, then that index will be used as CPI for the purposes of this Offer Document.
- (c) (**Cessation without replacement**) If:
 - (i) the ABS ceases to publish the CPI without publishing a replacement index; or
 - (ii) any change is made to the coverage, periodicity, or basic calculation of the CPI which, in the opinion of TCorp, constitutes a change in the CPI which is materially detrimental to the interests of NSW Waratah Annuity Bond Holders;

TCorp will request the President of the Institute of Actuaries of Australia (or, if that institute has ceased to exist, another body that then carries on the functions of that institute) or their nominee, acting as an independent expert, to calculate an index which they determine to be appropriate as a general indication of the rate of price change for the consumer goods and services in the capital cities of Australia. That index will then be used as CPI for the purposes of this Offer Document.

- (d) (**Change to reference base**) If the reference base of the CPI is changed after the relevant NSW Waratah Annuity Bond is issued, the index which will be used for the purposes of this Offer Document will be the CPI numbers expressed on the new base as published by the ABS.
- (d) (**Subsequent revision**) If a relevant CPI number is revised after the Annuity Payment Date, a subsequent adjustment will be made to the Annuity Payment to take account of any discrepancy.

Deed Poll means the deed poll entitled “NSW Waratah Annuity Bonds Deed Poll” executed by TCorp and dated 13 March 2012.

Guarantee means the guarantee of due payment of principal, interest and other amounts in respect of the NSW Waratah Annuity Bonds by the Guarantor pursuant to the provisions of section 22A(1) of the PAFA Act.

Guarantor means The Government of New South Wales.



Holder means, in respect of a NSW Waratah Annuity Bond, the person whose name is for the time being entered in the register for NSW Waratah Annuity Bonds as the owner of it or, where it is held jointly by two or more persons, the persons whose names appear in that register as the joint owners of the NSW Waratah Annuity Bond.

Issuer means New South Wales Treasury Corporation.

Maturity Date means, for a NSW Waratah Annuity Bond, the date so specified on the NSW Waratah Annuity Bonds Website for that NSW Waratah Annuity Bond, being the date on which the last Annuity Payment for that NSW Waratah Annuity Bond is to be made.

NSW Waratah Annuity Bond means a debt obligation issued or to be issued by TCorp which is constituted by and owing under the Deed Poll, the details of which are recorded in, and evidenced by, entry in the Register and, with respect to a Holder means each NSW Waratah Annuity Bond registered in the name of that Holder.

NSW Waratah Annuity Bonds Website means www.waratahbonds.nsw.gov.au.

PAFA Act means the Public Authorities (Financial Arrangements) Act 1987 of New South Wales.

Record Date means, the close of business in the place where the Register is maintained on the eighth calendar day prior to the payment.

Register means the Register, including any branch Register, of Holders of NSW Waratah Annuity Bonds established and maintained by or on behalf of TCorp.

Registry means Link Market Services Limited (ABN 54 083 214 537) or such other person appointed by TCorp to maintain a Register in respect of NSW Waratah Annuity Bonds and perform such payment and other duties specified in that agreement.

Specified Office means, with respect to either the Registry or TCorp, the office specified in the Directory section of this Offer Document (as updated from time to time on the NSW Waratah Annuity Bonds Website).

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of a Holder.

Transfer and Acceptance Form means the form to be completed when applying to transfer NSW Waratah Annuity Bonds and which is available from the Registry or online at www.waratahbonds.nsw.gov.au.

15.2 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

- a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- b) a document (including these Conditions) includes any variation or replacement of it;
- c) law means common law, principles of equity and laws made by any parliament (and laws made by parliament and including regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- d) a directive means a treaty, an official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- e) Australian dollars, AUD or A\$ is a reference to the lawful currency of Australia;
- f) a time of day is a reference to Sydney time;
- g) the word "person" includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- h) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- i) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- j) anything (including any amount) is a reference to the whole and each part of it;
- k) the words "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- l) a reference to a particular date is a reference to that date adjusted in accordance with the applicable Business Day Convention.

15.3 Number

The singular includes the plural and vice versa.

15.4 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

APPENDIX B

ATO PRODUCT RULING





Product Ruling

Income tax: tax consequences for a Holder of NSW Waratah Inflation Protected Annuity Bonds and NSW Waratah Fixed Rate Bonds

Contents	Para
LEGALLY BINDING SECTION:	
What this Ruling is about	1
Date of effect	11
Ruling	16
Scheme	17
NOT LEGALLY BINDING SECTION:	
Appendix 1:	
Explanation	35
Appendix 2:	
Detailed contents list	61

ⓘ This publication provides you with the following level of protection:

This publication (excluding appendixes) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

No guarantee of commercial success

The Commissioner **does not** sanction or guarantee this product. Further, the Commissioner gives no assurance that the product is commercially viable, that charges are reasonable, appropriate or represent industry norms, or that projected returns will be achieved or are reasonably based.

Potential participants must form their own view about the commercial and financial viability of the product. The Commissioner recommends a financial (or other) adviser be consulted for such information.

This Product Ruling provides certainty for potential participants by confirming that the tax benefits set out in the **Ruling** part of this document are available, **provided that** the scheme is carried out in accordance with the information we have been given, and have described below in the **Scheme** part of this document. If the scheme is not carried out as described, participants lose the protection of this Product Ruling.

Terms of use of this Product Ruling

This Product Ruling has been given on the basis that the entity(s) who applied for the Product Ruling, and their associates, will abide by strict terms of use. Any failure to comply with the terms of use may lead to the withdrawal of this Product Ruling.

What this Ruling is about

1. This Product Ruling sets out the Commissioner's opinion on the way in which the relevant provision(s) identified in the Ruling section apply to the defined class of entities, who take part in the scheme to which this Ruling relates. All legislative references in this Ruling are to the *Income Tax Assessment Act 1997* (ITAA 1997) unless otherwise indicated.
2. In this Product Ruling the scheme is an investment in NSW Waratah Inflation Protected Annuity Bonds (IABs) and/or NSW Waratah Fixed Rate Bonds (FRBs) offered by New South Wales Treasury Corporation (TCorp) under separate Offer Documents.
3. This Product Ruling does not address:
 - the taxation consequences of acquiring, holding and disposing or redeeming a FRB, other than as per paragraphs 16(f) and 55 to 59 of this Product Ruling;
 - the taxation consequences of acquiring, holding and disposing or redeeming an IAB where it has been acquired via transfer within 12 months of its maturity by a Holder that is:
 - an individual; or
 - a superannuation entity, a managed investment scheme or an entity substantially similar to a managed investment scheme under foreign law with assets of less than \$100 million; or
 - an ADI, a securitisation vehicle or other financial sector entity with an aggregated turnover of less than \$20 million; or
 - another entity with an aggregated turnover of less than \$100 million, financial assets of less than \$100 million and assets of less than \$300 million;
 - the taxation consequences to arise under Subdivision 230-G upon the transfer or sale of an IAB; and
 - the taxation consequences of borrowing funds to acquire IABs or FRBs, including the deductibility of interest on funds borrowed to acquire IABs or FRBs.

Class of entities

4. This part of the Product Ruling specifies which entities can rely on the Ruling section of this Product Ruling and which entities cannot rely on the Ruling section. In this Product Ruling, those entities that can rely on the Ruling section are referred to as a Holder.

5. The class of entities who can rely on the Ruling section of this Product Ruling consists of those Holders that are accepted to participate in the scheme described in paragraphs 17 to 34 of this Product Ruling on or after the date this Product Ruling is published and on or before 30 June 2014. They must have an intention of staying in the scheme until it is completed (that is, holding on to their investment until maturity).

6. The class of entities who can rely on the Ruling section of this Product Ruling does **not** include entities who:

- intend to terminate their involvement in the scheme prior to its completion; or
- are accepted to participate in the scheme described in paragraphs 17 to 34 of this Product Ruling before the date of this Product Ruling or after 30 June 2014.

Superannuation Industry (Supervision) Act 1993

7. This Product Ruling does not address the provisions of the *Superannuation Industry (Supervision) Act 1993* (SISA). The Commissioner gives no assurance that the scheme is an appropriate investment for a superannuation fund. The trustees of superannuation funds are advised that no consideration has been given in this Product Ruling as to whether investment in this scheme may contravene the provisions of SISA.

Qualifications

8. The class of entities defined in this Product Ruling may rely on its contents provided the scheme actually carried out is carried out in accordance with the scheme described in paragraphs 17 to 34.

9. If the scheme actually carried out is materially different from the scheme that is described in this Product Ruling, then:

- this Product Ruling has no binding effect on the Commissioner because the scheme entered into is not the scheme on which the Commissioner has ruled; and
- this Product Ruling may be withdrawn or modified.

10. This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to:

Commonwealth Copyright Administration
Copyright and Classification Policy Branch
Attorney-General's Department
3-5 National Circuit
Barton ACT 2600

or posted at: <http://www.ag.gov.au/ccca>

Date of effect

11. This Product Ruling applies prospectively from 7 March 2012, the date it is published. It therefore applies only to the specified class of entities that enter into the scheme between 7 March 2012 and 30 June 2014, being its period of application. This Product Ruling will continue to apply to those entities even after its period of application has ended for the scheme entered into during the period of application.

12. However the Product Ruling only applies to the extent that there is no change in the scheme or in the entity's involvement in the scheme.

Changes in the law

13. Although this Product Ruling deals with the income tax and superannuation laws enacted at the time it was issued, later amendments may impact on this Product Ruling. Any such changes will take precedence over the application of this Product Ruling and, to that extent, this Product Ruling will have no effect.

14. Entities who are considering participating in the scheme are advised to confirm with their taxation adviser that changes in the law have not affected this Product Ruling since it was issued.

Note to promoters and advisers

15. Product Rulings were introduced for the purpose of providing certainty about tax consequences for entities in schemes such as this. In keeping with that intention the Commissioner suggests that promoters and advisers ensure that participants are fully informed of any legislative changes after the Product Ruling has issued.

Ruling

16. Subject to paragraph 3 of this Product Ruling and the assumptions in paragraph 34 of this Product Ruling:

- (a) Subject to subsection 159GP(7) of the *Income Tax Assessment Act 1936* (ITAA 1936), IABs do not have an eligible return for the purposes of subsection 159GP(3);
- (b) Pursuant to subsection 159GP(7) of the ITAA 1936, some of the interest paid on the IABs is taken to be properly attributable to a period in excess of one year and therefore not taken to be periodic interest for the purposes of Division 16E. By virtue of the operation of subsection 159GP(7), IABs therefore have an eligible return for the purposes of subsection 159GP(3) and are qualifying securities as defined under subsection 159GP(1);

- (c) Holders will be subject to Division 230 in respect of their IABs;
- (d) For the purposes of subsection 230-105(1), Holders will have a 'sufficiently certain overall gain' in respect of their IABs;
- (e) For the purposes of subsection 230-130(1), Holders will bring to account their gains and losses in respect of their IABs over the period between the date on which they are acquired and the Maturity Date;
- (f) IABs and FRBs are capable of being held by Holders who are trustees of a complying superannuation fund paying an account-based pension as part of the fund's segregated current pension assets for the purposes of section 295-385;
- (g) Provided the scheme ruled on is entered into and carried out as described in this Ruling, the anti-avoidance provisions in Part IVA of the ITAA 1936 will not apply to Holders.

Scheme

17. The scheme that is the subject of this Ruling is identified and described in the following documents:

- application for a Product Ruling as constituted by documents and information received on 31 October 2011, 11 November 2011 and 1 December 2011;
- draft Offer Document for the IABs, including the Conditions, dated 8 November 2011 and 9 February 2012;
- draft **Deed Poll** for the IABs, received on 1 December 2011 and 9 February 2012;
- Offer Document for the FRBs, including the Conditions, dated 4 August 2011; and
- **Deed Poll** for the FRBs, dated 11 August 2011.

Note: certain information has been provided on a commercial-in-confidence basis and will not be disclosed or released under Freedom of Information legislation.

18. The documents highlighted in paragraph 17 of this Product Ruling are those that a Holder will/may be a party to. For the purposes of describing the scheme to which this Ruling applies, there are no other agreements, whether formal or informal, and whether or not legally enforceable, which a Holder, or any associate of a Holder, will be a party to, which are a part of the scheme.

19. All Australian Securities and Investment Commission (ASIC) requirements are, or will be, complied with for the term of the agreements.

20. In its role as central borrowing agency for the state of New South Wales, TCorp has established a debt issuance programme under which it will issue debt instruments under authority of the *Public Authorities (Financial Arrangements) Act 1987 (NSW)* (PAFA Act) in the form of IABs and FRBs, each being a direct, unconditional, unsubordinated and irrevocable debt obligation of TCorp constituted by and owing under, the respective Deed Polls executed by TCorp.

21. IABs and FRBs are only offered by TCorp in Australia to Australian tax residents such as trusts (including trustees of complying superannuation funds), individuals, incorporated bodies and unincorporated associations. To purchase an IAB or FRB, Applicants must execute the Application Form contained in the relevant Offer Document and provide the executed form to the Registry together with their invested amount (referred to as an Application Payment in the Offer Document for the IABs and an Application Amount in the Offer Document for the FRBs). No additional fees or charges are payable to TCorp by Applicants.

22. Upon acceptance of an Applicant's application, the Registry will issue the Applicant with a Certificate of Inscription as evidence of the inscription of the IAB or FRB on the Register. Entries in the Register constitute conclusive evidence that the person so entered is the absolute owner of the IAB or FRB (that is, the Holder), and thereby taken to have notice of, and is bound by, the relevant Deed Poll, Offer Document and Conditions.

IABs

23. IABs will be issued in series commencing each January, April, July or October of each calendar year and can be acquired with a minimum Application Payment of \$25,000 and multiples of \$1,000 thereafter.

24. IABs provide Annuity Payments payable monthly on each Annuity Payment Date up to and including the Maturity Date. Each Annuity Payment will be calculated in accordance with the formula set out under Condition 4.3. In general terms, they will comprise of a repayment of principal component and a component of interest adjusted for quarterly increases in inflation as reflected in the CPI. Together, both components (excluding the increased adjustments in interest due to the CPI) equal 1% of a Holder's Application Payment accepted by TCorp to be invested in the IAB (the Base Annuity Payment). If the quarterly change in the CPI is negative, the Annuity Payments will be maintained at their then existing level until the CPI index increases to above the previous highest level during the term of the IAB.

25. All of the Application Payment invested is returned to Holders over the term of their IAB. The number of Annuity Payments Holders will receive will exceed 100 (therefore exceeding 100% of their Application Payment) and depends on the Series of the IAB held and the market interest rates applicable at the establishment of the Series. The interest rate applicable to, and the number of Annuity Payments payable for, each Series will be confirmed when a Holder's application for IABs is accepted by TCorp and specified on TCorp's website.

26. Holders will receive their first Annuity Payment on the 15th day of the calendar month immediately following the Annuity Commencement Date (that is, the 15th of January, April, July or October, whichever occurs first following the calendar month in which TCorp accept an application).

27. Holders may request TCorp to buy back their IABs. TCorp may, in its discretion, agree to a buy back request where a Holder is able to establish any special extenuating circumstances, such as financial hardship, or other circumstances which would justify early buy back of the IABs on compassionate grounds. If TCorp accepts an application for buy back, TCorp will buy back the IABs at the Buy Back Amount on the Buy Back Date. The Buy Back Amount, which may be more or less than the amount of the principal outstanding under the IABs at the time, will be paid in addition to the Annuity Payment due on the Buy Back Date.

28. IABs are not annuities for the purposes of the *Life Insurance Act 1995*, nor do they meet the annuity standards in the *Superannuation Industry (Supervision) Regulations 1994*.

FRBs

29. FRBs can be acquired with a minimum Application Amount of \$10,000 and multiples of \$1,000 thereafter. Each FRB bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at a fixed rate of interest. Interest is payable in arrears semi-annually for the term of the FRBs. Holders of FRBs will receive 100% of their Invested Amount and the final interest payment on the fixed Maturity Date. The interest rate and Maturity Date applicable to each series of FRBs will be specified on TCorp's website.

30. At any time after the first Interest Payment Date after a Holder has acquired FRBs, the relevant Holder may require TCorp to redeem all or some of the FRBs held by the Holder for a price determined by TCorp at the time of the requested redemption on a face value basis by reference to the Reserve Bank of Australia bond pricing formula for Commonwealth Government treasury bonds and the prevailing market conditions. Holders redeeming only some of the FRBs held must retain FRBs equal to or greater than the minimum Invested Amount of \$10,000. The amount received upon redemption of FRBs prior to maturity may be more or less than the amount of a Holder's Invested Amount.

IABs and FRBs

31. The due payment of interest and the repayment of the principal in respect of both IABs and FRBs are guaranteed by the New South Wales Government pursuant to the PAFA Act.

32. Holders may transfer their IABs or FRBs in whole, in Australia and to an Australian tax resident by lodgement of a Transfer and Acceptance Form with the Registry. Any transfer is subject to TCorp being satisfied as to the contents of the Transfer and Acceptance Form. Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under the Conditions in respect of the transferred IABs or FRBs and the transferee becomes so entitled.

33. Unless previously bought back or redeemed, each IAB or FRB held by a Holder on the Maturity Date is redeemable by TCorp. TCorp does not have the right to redeem any IABs or FRBs prior to maturity, but may at any time offer to purchase them from Holders.

Assumptions

34. This Ruling is made on the basis of the following assumptions:

- (a) all of the Holders are Australian residents for taxation purposes;
- (b) a Holder that is:
 - an individual; or
 - a superannuation entity, a managed investment scheme or an entity substantially similar to a managed investment scheme under foreign law with assets of less than \$100 million; or
 - an ADI, a securitisation vehicle or other financial sector entity with an aggregated turnover of less than \$20 million; or
 - another entity with an aggregated turnover of less than \$100 million, financial assets of less than \$100 million and assets of less than \$300 million,will not acquire an IAB via transfer within 12 months of its maturity;
- (c) Holders of IABs have not made a valid tax-timing election under Division 230;

- (d) to the extent that a Holder is a trustee of a superannuation fund paying a superannuation income stream benefit, the Holder:
- holds, or otherwise deals with the investment solely to enable the discharge of all or part of their liabilities (contingent or not) in respect of those superannuation income stream benefits that are payable by the fund at the time of holding, and obtains before the date for lodgement of the fund's income tax return the required actuary's certificate (refer subsection 295-385(3)); or
 - holds, or otherwise deals with the investment solely to enable the fund to discharge all or part of its liabilities (contingent or not) as they become due, in respect of superannuation income stream benefits that are payable by the fund at that time and are prescribed by the *Income Tax Assessment Regulations 1997* (ITAR 1997) for the purposes of section 295-385 (refer subsection 295-385(4)), where those liabilities at all times during the income year were liabilities in respect of prescribed superannuation income stream benefits (refer subsection 295-385(5));
- (e) the market value of the assets held by a Holder that is a complying superannuation fund to support the prescribed superannuation income stream benefit does not exceed the account balance supporting the benefit (refer subsection 295-385(6));
- (f) Holders that are complying superannuation funds are not prevented from making such an investment by any particular terms of the fund's trust deed, and are not in breach of any stated investment strategy of the fund;
- (g) the scheme will be executed in the manner described in the Scheme section of this Ruling and the scheme documentation mentioned in paragraph 17 of this Product Ruling; and
- (h) all dealings between the Holders and TCorp will be at arm's length.

Appendix 1 – Explanation

❶ *This Appendix is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.*

IABs are qualifying securities

35. Securities which are qualifying securities as defined in subsection 159GP(1) of the ITAA 1936 will be subject to the accruals provisions of Division 16E. A qualifying security must, among other requirements, have an eligible return. Subsection 159GP(3) defines an eligible return in relation to a security as follows:

For the purposes of this Division, there shall be taken to be an eligible return in relation to a security if at the time when the security was issued it is reasonably likely, by reason that the security was issued at a discount, bears deferred interest or is capital indexed or for any other reason, having regard to the terms of the security, for the sum of all payments (other than periodic interest payments) under the security to exceed the issue price of the security, and the amount of the eligible return is the amount of the excess.

36. Thus, if the return (other than of the issue price) to Holders of IABs consists only of periodic interest payments, the IAB will not have an eligible return and will not be a qualifying security for the purposes of Division 16E of the ITAA 1936.

37. The circumstances in which an amount of interest will be periodic interest are determined by the application of subsections 159GP(6) and 159GP(7) of the ITAA 1936. An amount of interest payable will not be periodic interest if the payment is not made in a manner which satisfies the provisions of subsection 159GP(6). Subsection 159GP(6) provides that:

For the purposes of this Division, where an amount of interest is payable under a security, the amount shall be taken to be periodic interest if the period between the commencement of the period in respect of which the interest is expressed to be payable and the time at which the interest is payable is less than or equal to one year.

38. Therefore, if part of the Annuity Payments payable to a Holder of an IAB constitutes 'an amount of interest' that is paid at least annually, subsection 159GP(6) of the ITAA 1936 will take that interest payable to be periodic interest for the purposes of Division 16E, subject to the operation of subsection 159GP(7).

39. The IABs constitute a loan on which interest is payable. The Annuity Payments payable by TCorp as an unsecured debt obligation comprise a component of interest, being the difference between the Holder's Application Payment and the sum of the Annuity Payments to be received by the Holder in respect of their IABs, which is the compensation to the lender (that is, the Holders) to be kept out of the use and enjoyment of the principal sum (that is, the Application Payment). In addition, the interest component will be calculated by reference to the principal sum, the payment of which will be made on a monthly and therefore periodic basis (refer *Federal Commissioner of Taxation v. Myer Emporium Ltd* [1987] HCA 18; (1987) 163 CLR 199; 87 ATC 4363; (1987) 18 ATR 693; *Federal Wharf Co. Ltd v. Deputy Federal Commissioner of Taxation* (1930) 44 CLR 24; and *Steele v. Federal Commissioner of Taxation* [1999] HCA 7; (1999) 197 CLR 459; 99 ATC 4242; (1999) 41 ATR 139).

40. The interest component of the Annuity Payments payable by TCorp under the IABs is taken to be periodic interest under subsection 159GP(6). Subject to the operation of subsection 159GP(7) and excluding the interest component of the Annuity Payments, the sum of all payments to be received by a Holder in respect of an IAB could not exceed its issue price and the IABs therefore do not have an eligible return for the purposes of subsection 159GP(3).

41. A payment which satisfies the provisions of subsection 159GP(6) of the ITAA 1936 will nevertheless not constitute periodic interest if it is considered to be 'properly attributable' to a period in excess of one year.

42. The effect of the application of subsection 159GP(7) of the ITAA 1936 to an interest payment that is expressed to be payable for a period less than or equal to one year, and would otherwise be periodic interest by the operation of subsection 159GP(6), is that if the Commissioner considers that the amount of the interest is properly attributable to a period in excess of one year, then the payment will not be regarded as periodic interest for the purposes of Division 16E.

43. In applying subsection 159GP(7) of the ITAA 1936, the Commissioner will consider the effective interest rate in each interest period of the security and will assume that these provisions *prima facie* apply whenever the effective interest rates vary, so that some of the interest payments under the security will not be periodic interest (paragraphs 22 and 24 of Taxation Ruling TR 96/3).

44. The Annuity Payments made by TCorp over the term of an IAB will increase in line with increases in the CPI and will not be reduced if and when the CPI falls. Further, the CPI calculation is cumulative in nature, such that the amount of interest calculated by reference to the CPI increases over time and it can be reasonably expected at the time of issue of the IABs that the effective rate of interest payable under the IABs will also rise over their term.

45. As such, the Commissioner will determine, pursuant to subsection 159GP(7) of the ITAA 1936, that the interest component of monthly Annuity Payments will not be properly attributable to the period over which they are expressed to be payable and may not be considered to be periodic interest for the purposes of Division 16E. Some of the interest payments will thus form part of an eligible return in relation to the IABs for the purposes of subsection 159GP(3) and the IABs will constitute qualifying securities as defined under subsection 159GP(1).

Division 230 – taxation of financial arrangements

46. Division 230 sets out the tax treatment of gains or losses from a 'financial arrangement'. Generally, a financial arrangement is a cash settlable legal or equitable right to receive a financial benefit, or obligation to provide such benefit, or a combination of one or more such right and/or obligations (subsection 230-45(1)). A right to receive or obligation to provide a financial benefit can be cash 'settable' under subsection 230-45(2) if the benefit is money, or if it is a right the taxpayer intends to satisfy or settle by receiving money, or if it is an obligation that the taxpayer intends to satisfy or settle by providing money.

47. The IABs constitute a financial arrangement for the purposes of Division 230 on the basis that Holders have cash settlable rights to receive a financial benefit in the form of monthly Annuity Payments over the term of the IABs, and a cash settlable obligation to provide a financial benefit in the form of an Application Payment to TCorp.

48. As a consequence, Division 230 applies in relation to gains or losses from IABs held by Holders. The exceptions to the application of Division 230 in section 230-455 do not apply.

49. Where an overall gain or loss from a financial arrangement is sufficiently certain at the time when the arrangement starts, the accruals method under Subdivision 230-B applies to the gain or loss (subsection 230-100(2)).

50. A sufficiently certain overall gain or loss from a financial arrangement at the time the arrangement starts is one that is of a particular amount or at least a particular amount, with regard only to financial benefits that are sufficiently certain to be received and provided to the extent that at least some of the amount or value of the benefit is, at that time, fixed or determinable with reasonable accuracy (sections 230-105 and 230-115).

51. For the purposes of determining whether a Holder will make an overall gain or loss in respect of the IABs, Holders will need to take into account their obligation to provide an Application Payment to TCorp and their right to receive monthly Annuity Payments from TCorp. Having regard to the terms of the IABs:

- the Application Payment to be provided by the Holders to TCorp will be for an amount that, at the time of acquisition of the IABs, is fixed or determinable with reasonable accuracy, and therefore a financial benefit that Holders are sufficiently certain to provide; and
- the amount of the Annuity Payments TCorp is obligated to make to the Holders on a monthly basis over the term of the IABs will, having regard to the assumptions in subsection 230-115(4), (5) and (6), be determinable with reasonable accuracy, and therefore a financial benefit that Holders are sufficiently certain to receive.

52. As the Annuity Payments to be received by Holders will comprise an aggregate of Base Annuity Payments in excess of 100% of their Application Payment, as well as increased by a rate that reflects the CPI, it is sufficiently certain for the purposes of subsection 230-105(1) that at the time of acquisition Holders will make an overall gain from their IABs to which the accruals method will apply.

53. Where, under the accruals method, a Holder has a sufficiently certain overall gain from an IAB under subsection 230-105(1), the period over which the gain is to be spread in accordance with subsection 230-130(1) is the period of the arrangement, being the period that starts when the Holder starts to have the IAB (that is, the date on which details of the Holder's acquisition of the IAB are entered in the Register) and ends when the Holder ceases to have the IAB, assuming the Holder will continue to hold the IAB until maturity (that is, the Maturity Date on which the final Annuity Payment is to be made).

54. Running balancing adjustments must be made by a Holder in accordance with subsections 230-175(1) and 230-175(2) respectively if the financial benefit (that is, the Annuity Payments) received or to be received is less or more than the amount estimated.

Can IABs and FRBs be held by complying superannuation funds as segregated current pension assets?

55. A complying superannuation fund is entitled to an exemption for so much of its income as is attributable to its liability to pay current pensions. More specifically and pursuant to section 295-385, a complying superannuation fund is entitled to an exemption from income tax for so much of its ordinary income or statutory income (other than assessable contributions or non-arm's length income of the fund) to the extent that it is derived from the fund's segregated current pension assets, the meaning of which is set out in subsections 295-385(3), (4), (5) and (6).

56. Under this method of determining the exempt amount, the complying superannuation fund segregates its assets as specifically relating to its current pension liabilities to pay 'superannuation income stream benefits' as certified in an actuary's certificate or as prescribed by regulations. The prescribed superannuation income stream benefits include account-based pensions within the meaning of the *Superannuation Industry (Superannuation) Regulations 1994* (SISR) (regulation 295-385.01 of the ITAR 1997).

57. Subject to regulation 995-1.03 of the ITAR 1997, a superannuation income stream benefit is defined under regulation 995-1.01 of the ITAR 1997 to mean a payment from an interest that supports a 'superannuation income stream'. A superannuation income stream itself is defined under regulation 995-1.01 of the ITAR 1997 to include an income stream that is taken to be a pension for the purposes of the SISA in accordance with subregulation 1.06(1) of the SISR.

58. An account-based pension is a pension that meets the requirements in subregulation 1.06(1) of the SISR and in accordance with subregulation 1.03(1) of the SISR, is a pension that is provided in accordance with the rules of a fund that both meet the standards of subregulation 1.06(9A) of the SISR and are described in paragraph 1.06(9A)(a) of the SISR.

59. IABs and FRBs are assets of a type to which, for the purposes of paragraph 1.06(9A)(a) of the SISR, an account balance may be attributed. Subject specifically to the assumptions set out in paragraphs 34(d) to (f) of this Product Ruling, these bonds are therefore capable of being held by Holders who are trustees of complying superannuation funds as segregated current pension assets to support the payment of account-based pensions. Ultimately, whether any particular complying superannuation fund does hold the IABs and FRBs as part of its segregated current pension assets for the purposes of section 295-385 will depend on each fund's particular facts and circumstances.

Part IVA – anti-avoidance

60. Provided that the scheme ruled on is entered into and carried out as disclosed in this Ruling, it is accepted that the scheme is an ordinary commercial transaction and Part IVA of the ITAA 1936 will not apply.

Appendix 2 – Detailed contents list

61. The following is a detailed contents list for this Ruling:

	Paragraph
What this Ruling is about	1
Class of entities	4
<i>Superannuation Industry (Supervision) Act 1993</i>	7
Qualifications	8
Date of effect	11
Changes in the law	13
Note to promoters and advisers	15
Ruling	16
Scheme	17
IABs	23
FRBs	29
IABs and FRBs	31
Assumptions	34
Appendix 1 – Explanation	35
IABs are qualifying securities	35
Division 230 – taxation of financial arrangements	46
Can IABs and FRBs be held by complying superannuation funds as segregated current pension assets?	55
Part IVA – anti-avoidance	60
Appendix 2 – Detailed contents list	61

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TR 96/3

Subject references:

- exempt income
- income tax
- producing assessable income
- Product rulings
- Public rulings
- qualifying securities
- securities
- segregated current pension assets
- superannuation
- taxation administration
- taxation of financial arrangements

Legislative references:

- ITAA 1936 Div 16E
- ITAA 1936 159GP(1)
- ITAA 1936 159GP(3)
- ITAA 1936 159GP(6)
- ITAA 1936 159GP(7)
- ITAA 1936 Pt IVA
- ITAA 1997
- ITAA 1997 Div 230
- ITAA 1997 230-45(1)
- ITAA 1997 230-45(2)
- ITAA 1997 Subdiv 230-B
- ITAA 1997 230-100(2)
- ITAA 1997 230-105
- ITAA 1997 230-105(1)
- ITAA 1997 230-115
- ITAA 1997 230-115(4)
- ITAA 1997 230-115(5)
- ITAA 1997 230-115(6)

- ITAA 1997 230-130(1)
- ITAA 1997 230-175(1)
- ITAA 1997 230-175(2)
- ITAA 1997 Subdiv 230-G
- ITAA 1997 230-455
- ITAA 1997 295-385
- ITAA 1997 295-385(3)
- ITAA 1997 295-385(4)
- ITAA 1997 295-385(5)
- ITAA 1997 295-385(6)
- ITAR 1997 295-385.01
- ITAR 1997 995-1.01
- ITAR 1997 995-1.03
- SISR 1994 1.03(1)
- SISR 1994 1.06(1)
- SISR 1994 1.06(9A)
- SISR 1994 1.06(9A)(a)
- Public Authorities (Financial Arrangements) Act 1987
- Superannuation Industry (Supervision) Regulations 1994
- Life Insurance Act 1995
- SISA 1993
- TAA 1953
- Copyright Act 1968

Case references:

- Federal Commissioner of Taxation v. Myer Emporium Ltd [1987] HCA 18; (1987) 163 CLR 199; 87 ATC 4363; (1987) 18 ATR 693
- Federal Wharf Co. Ltd v. Deputy Federal Commissioner of Taxation (1930) 44 CLR 24
- Steele v. Deputy Commissioner of Taxation [1999] HCA 7; (1999) 197 CLR 459; 99 ATC 4242; (1999) 41 ATR 139

ATO references

NO: 1-3LHJE6R

ISSN: 1441-1172

ATOLaw topic: Income Tax ~~ Product ~~ finance

Income tax ~~ Taxation of financial arrangements (TOFA)

~~ accruals realisation

APPLICATION FORM



NSW Waratah Annuity Bond Declarations

By returning this Application Form I/we represent, warrant and agree that I/we:

- have personally received and read in full and understood the Offer Document (including if received as an electronic version of the Offer Document) and agree to be bound by the Conditions, the Deed Poll and the terms and conditions of the Offer (including the representations, warranties and agreements contained in the Offer Document and this Application Form);
- understand that the NSW Waratah Annuity Bond repays principal over the term of the NSW Waratah Annuity Bond and I will not receive a lump sum repayment of principal on the Maturity Date.
- am/are over 18 years of age and have full legal capacity and power to perform all my/our rights and obligations pursuant to this Application Form;
- acknowledge that the information contained in the Offer Document, any other information received in connection with NSW Waratah Annuity Bonds and this Application Form is not investment advice or a recommendation that NSW Waratah Annuity Bonds are suitable for me/us, given my/our investment objectives, financial situation or particular needs;
- represent and warrant that no law prohibits me/us from being given the Offer Document and any any other information received in connection with NSW Waratah Annuity Bonds or making an application on this Application Form;
- apply for a NSW Waratah Annuity Bond in the amount set out in this Application Form or a lesser amount as determined by TCorp;
- represent and warrant that all details and statements in the Application Form are complete and accurate;
- acknowledge and declare that I/we authorise you to use and disclose my/our personal information in the manner set out in the section entitled "Privacy" in the Offer Document;
- understand that a decision whether to treat my/our application as valid, and how to construe, amend or complete it, is valid;
- if any of the Application Amounts are trust money, am/are the only trustee of the trust, have power under the trust instrument to perform all my/our rights and obligations under this Application Form, have complied with our obligations in connection with the trust, have a right to be fully indemnified out of the trust property in respect of those obligations and the making of the application is for the benefit of the beneficiaries of the trust;
- declare that I/we have an address or registered office in Australia; and
- am/are not in the United States or another place outside Australia and I/we am/are not a U.S. Person (and not acting for the account or benefit of a U.S. Person), and I/we will not offer, sell or resell NSW Waratah Annuity Bonds in the United States or another place outside Australia and not to, or for the account or benefit of, any U.S. Person.

DIRECTORY

Registry contact details

Registry hours are between 8:30am
and 5:30pm each Business Day.

Mail:

Reply Paid 60281
Locked Bag A14
GPO Box 20183
World Square NSW 2002

Telephone: 02 8280 7915 or 1800 72 72 73

Facsimile: 02 9287 0315

Email: www.waratahbonds.nsw.gov.au

Registry offices

Sydney

Level 12, 680 George Street,
Sydney NSW 2000

Melbourne

Level 1, 333 Collins Street,
Melbourne VIC 3000

Brisbane

Level 15, 324 Queen Street,
Brisbane QLD 4000



Waratah Bond
Programme