SCHEDULE 3 FEE SCHEDULE AND PAYMENT ARRANGEMENTS AND REPORTING ARRANGEMENTS

A. General

A.1.1. Those Guaranteed are required to pay the relevant Guarantee Fee on a monthly basis, in arrears. The monthly Guarantee Fee comprises the sum of the daily Guarantee Fees calculated in accordance with this Schedule for the days in the relevant month.

A.1.2. Those Guaranteed are required to report monthly to the Scheme Administrator regarding the Guaranteed Liabilities in respect of which the Guarantee Fee is payable. The Guarantee Fee is only payable in respect of Guaranteed Liabilities. The forms for the monthly reports are available on www.stateguarantee.gov.au

A.1.3. In calculating the value of Guaranteed Liabilities on which the Guarantee Fee is payable, the face value of the securities will be used.

A.1.4. The report must be signed by the relevant Authorised Person and sent by email to The Scheme Administrator at administrator@stateguarantee.gov.au.

A.1.5. The figures reported on the forms must be subject to the usual audit practices for Those Guaranteed and subject to an external audit at least annually. A copy of the external audit reports must be provided to the Commonwealth upon request.

A.1.6. On the day the report is submitted, Those Guaranteed must remit the relevant Guarantee Fee to the specified account. This payment should preferably be made through SWIFT, or by direct credit.

A.1.7. The report is to be submitted, and the Guarantee Fee paid, within 7 Business Days of the last calendar day of each month.

A.1.8. Those Guaranteed that have obtained an Eligibility Certificate for a Bond Line must notify the Scheme Administrator within 5 Business Days of the first Further Issuance under the Bond Line.

B. Fees

B.1. Long Term Liabilities (maturity >12 months)

B.1.1. Long Term Liabilities are securities issued under a Bond Line:

a. that has a maturity length greater than 12 months at the time the Bond Line was established, regardless of the date on which the securities are issued; and

b. for which an Eligibility Certificate has been issued.

B.1.2. Subject to Section C of this Schedule, the Guarantee Fee for Long Term Liabilities is to be calculated by Those Guaranteed using the following formula, applied as at the end of each day:

Guarantee Fee = ((Reducing Existing Stock Volume x Relevant Fee) + ((Total Outstanding Securities - Reducing Existing Stock Volume) x Relevant Fee)) / number of days in year

Where:

'Reducing Existing Stock Volume' equals the volume of Long Term Liabilities which were Existing Stock on the First Application Date minus the value of this Existing Stock which would have matured in accordance with the maturity profile advised in the relevant Application.

Total Outstanding Securities means the value of all Long Term Liabilities issued to date minus the value of the Long Term Liabilities which have matured or been extinguished by the Issuing Entity.

'Relevant Fee' is the Basis Points Fee determined by the relevant credit rating on the relevant First Application Date.

'Basis Points Fee' is as prescribed below.

Credit Rating of Those Guaranteed	Fee (in basis points per annum) for Further Issuances	Fee (in basis points per annum) for Existing Stock
AAA/Aaa	30	15
AA+/Aa1	35	20

B.1.3. Where Those Guaranteed have different credit ratings from two or more rating agencies, the lowest rating is to be used.

B.2. Short Term Liabilities (maturity up to 12 months)

B.2.1. Short Term Liabilities are securities issued under a Bond Line:

a. that has a maturity length less than or equal to 12 months at the time the Bond Line was established; and

b. for which an Eligibility Certificate has been issued.

B.2.2. Subject to section C of this Schedule, the Guarantee Fee for Short Term Liabilities is to be calculated by Those Guaranteed using the following formula, applied as at the end of each day:

Guarantee Fee = ((Existing Stock Volume x Relevant Fee) + (Further Issuance Volume x Relevant Fee)) / number of days in year

Where:

'Existing Stock Volume' equals the volume of Short Term Liabilities which were Existing Stock as at the relevant First Application Date minus the value of this Existing Stock which has matured or been extinguished by the Issuing Entity.

'Further Issuance Volume' relates only to Further Issuances of Short Term Liabilities and equals the volume of these Further Issuances minus the value of these Further Issuances which have matured or been extinguished by the Issuing Entity.

'Relevant Fee' is the Basis Points Fee determined by the relevant credit rating on the relevant First Application Date.

'Basis Points Fee' is as prescribed below.

Credit Rating of Those Guaranteed	Fee (in basis points per annum) for Further Issuances	Fee (in basis points per annum) for Existing Stock
AAA/Aaa	30	15
AA+/Aa1	35	20

B.2.3. Where Those Guaranteed have different credit ratings from two or more rating agencies, the lowest rating is to be used.

C. Changes in Credit Ratings

C.1.1. A change in credit rating is referred to as a Ratings Event. A Ratings Event is deemed to occur at midnight on the day the relevant ratings agency notifies the change in credit rating.

C.1.2. Within 20 Business Days of a Ratings Event, the affected State or Territory will submit a report to the Scheme Administrator containing the following information:

a. A list of the Bond Lines for which Eligibility Certificates have been issued;

b. In respect of each Bond Line listed at C.1.2a that has a maturity length of greater than 12 months, the value of securities which have been issued up to the date of the Ratings Event and the maturity profile for those securities.

C.1.3. The Scheme Administrator will use the information provided in the report to establish the composition of the Category 1 Further Issuances which will be the volume of securities to which the credit rating in place immediately before the Ratings Event will apply.

C.1.4. In order to establish the composition of the Category 1 Further Issuances, the Scheme Administrator will establish a nominal composition of the reducing Existing Stock profile as at the point in time immediately prior to the Ratings Event. The actual reducing Existing Stock volume profile determined by the original Application in respect of Existing Stock will not alter.

C.1.5. The Scheme Administrator will have regard to the following principles in establishing the nominal reducing Existing Stock profile:

a. Securities on issue within Existing Bond Lines, as at the Ratings Event, are matched against the reducing Existing Stock profile that was nominated in the relevant Application, up to the value of the securities in that original reducing Existing Stock profile. This is done by working through the securities by maturity date, commencing from the earliest maturing securities.

b. Any excess original reducing Existing Stock value left after the application of principle a above is then offset against any additional value (in excess of the original reducing Existing Stock) which has accumulated within Existing Bond Lines, working through the securities by maturity date, commencing from the earliest maturing securities.

c. Any excess original reducing Existing Stock value left after the application of principles a and b above is offset against securities within New Bond Lines, working through the New Bond Lines by maturity date, commencing from the earliest maturing New Bond Lines.

C.1.6. Securities with a maturity length of greater than 12 months in existence as at the Ratings Event which are not part of the nominal reducing Existing Stock profile are the Category 1 Further Issuances.

C.1.7. The Scheme Administrator will advise the relevant State or Territory of the nominal reducing Existing Stock profile and the Category 1 Further Issuance maturity profile calculated on the basis of the application of the above principles.

C.1.8. From the date of notification in accordance with C.1.7, the Guarantee Fee for Long Term Liabilities is to be calculated by Those Guaranteed using the following formula applied as at the end of each day:

Guarantee Fee = ((Reducing Existing Stock Volume x Relevant Fee) + (Category 1 Further Issuance Volume x Relevant Fee) + (Total Outstanding Securities - (Reducing Existing Stock Volume + Category 1 Further Issuance Volume) x Relevant Fee)) / number of days in year

Where:

'Reducing Existing Stock Volume' equals the volume of Long Term Liabilities which were Existing Stock at the First Application Date minus the value of this Existing Stock which would have matured in accordance with the maturity profile advised in the relevant Application.

'Category 1 Further Issuance Volume' is the value of Category 1 Further Issuances as at the Ratings Event minus the value of Category 1 Further Issuances which would have matured based on the maturity profile of those securities immediately prior to the Ratings Event.

Total Outstanding Securities means the value of all Long Term Liabilities issued to date minus the value of the Long Term Liabilities which have matured or been extinguished by the Issuing Entity.

'Relevant Fee' is the Basis Points Fee determined by:

a. in the case of Existing Stock the relevant credit rating on the First Application Date;

b. in the case of Category 1 Further Issuance the relevant credit rating immediately prior to the Ratings Event; and

c. in the case of the remaining securities the relevant credit rating immediately after the Ratings Event.

'Basis Points Fee' is as prescribed below.

Credit Rating of Those Guaranteed	Fee (in basis points per annum) for Further Issuances	Fee (in basis points per annum) for Existing Stock
AAA/Aaa	30	15
AA+/Aa1	35	20

C.1.9. From the date of notification in accordance with C.1.7, the Guarantee Fee for Short Term Liabilities is to be calculated by Those Guaranteed using the following formula applied as at the end of each day:

Guarantee Fee = ((Existing Stock Volume x Relevant Fee) + (Further Issuance Volume 1 x Relevant Fee) + (Further Issuance Volume 2 x Relevant Fee)) / number of days in year

Where:

'Existing Stock Volume equals the volume of Short Term Liabilities which were Existing Stock as at the First Application Date minus the value of that Existing Stock which has matured or been extinguished by the Issuing Entity.

'Further Issuance Volume 1' relates only to Further Issuances of Short Term Liabilities and equals the volume of these Further Issuances issued before the Ratings Event minus the value of those Further Issuances which have matured or been extinguished by the Issuing Entity.

'Further Issuance Volume 2' relates only to Further Issuances of Short Term Liabilities and equals the volume of these Further Issuances issued on or after the Ratings Event minus the value of those Further Issuances which have matured or been extinguished by the Issuing Entity.

'Relevant Fee' is the Basis Points Fee determined by:

a. in the case of Existing Stock, the relevant credit rating on the First Application Date;

b. in the case of Further Issuance Volumes 1 and 2, the relevant credit rating on the date of issuance.

'Basis Points Fee' is as prescribed below.

Credit Rating of Those Guaranteed	Fee (in basis points per annum) for Further Issuances	Fee (in basis points per annum) for Existing Stock
AAA/Aaa	30	15
AA+/Aa1	35	20

C.1.10. Where Those Guaranteed have different credit ratings from two or more rating agencies, the lowest rating is to be used.

C.1.11. The process outlined in this Section will be followed for each Ratings Event. The Guarantee Fee Formula will be adjusted to refer to further Categories of New Issuances for each Ratings Event that occurs to a particular State or Territory.

D. Changes in Credit Ratings not covered above

D.1.1. Where Those Guaranteed are subject to a credit rating change and that credit rating is not covered by the existing fee table in section C above, then they shall continue to be charged the Guarantee Fee based on their previous credit rating until such time as the Scheme Rules are amended to deal with the new rating.

D.1.2. In the event that the Basis Points Fees were to change, the Scheme Administrator would write to Those Guaranteed notifying the change to apply to Further Issuances occurring after the date of the notification.

E. Reporting and Identification: General Requirements

E.1.1. The first monthly fee report is due by 11 August 2009. This will cover the period from the Commencement Date to 31 July 2009.

E.1.2. Those Guaranteed must have in place systems to identify separately:

a. Guaranteed Liabilities and other liabilities;

b. Existing Stock for which an Eligibility Certificate has been issued and Further Issuances under Bond Lines described in an Eligibility Certificate;

c. Further Issuances under Bond Lines described in an Eligibility Certificate according to the date of issuance;

d. The value of financial accommodation to non-government owned entities;

e. The face value of securities and other liabilities that are not Guaranteed Liabilities;

f. Existing Stock for which an Eligibility Certificate has been issued which has been repurchased and extinguished;

g. Existing Stock for which an Eligibility Certificate has been issued that has been repurchased but not extinguished.

E.1.3. These systems must be in place before the Guaranteed Liabilities are issued.

E.1.4. The monthly fee report will contain such information as is required by the Scheme Administrator and notified to Those Guaranteed.

F. Calculations

F.1.1. The Scheme Administrator will notify Those Guaranteed of any error in the calculation of the Guarantee Fee. Such notice may, at the discretion of the Scheme Administrator:

a. require payment of any underpayment within 7 Business Days or with the next monthly report; or

b. remit any overpayment; or

c. advise of an overpayment and direct that the overpaid amount be deducted from future monthly payments.