



Annual Report 2024



How to read this report

This annual report was prepared in accordance with the NSW Treasury Annual Reporting Requirements and Guidelines. All dollar amounts quoted are Australian, unless otherwise noted. All financial information is unaudited, unless otherwise stated.

Electronic copies of current and previous reports are available at www.tcorp.nsw.gov.au. To assist readers in navigating this report, an index is provided on page 121. This report is dated as at 27 September 2024.

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Feedback

We welcome your feedback on our report to help improve future editions – please contact the TCorp Media & Marketing team at mediaenquiries@tcorp.nsw.gov.au.

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Letter of submission to the NSW Treasurer

NSW Treasurer
52 Martin Place
Sydney NSW 2000

24 October 2024

Dear Treasurer

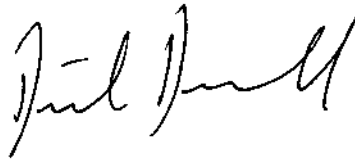
We are pleased to submit the New South Wales Treasury Corporation (TCorp) Annual Report for the financial year ended 30 June 2024, to be tabled in the NSW Parliament.

The report has been prepared in accordance with the provisions of the *Government Sector Finance Act 2018* and outlines the operations and performance of TCorp, and also includes financial statements for the period 1 July 2023 to 30 June 2024 (FY24).

Yours sincerely



Michael Dwyer AM
Chair



David Deverall
Chief Executive

Acknowledgement of Country

TCorp acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples and Traditional Custodians of Australia, and recognises their continued custodianship of Country – land, seas and skies.

We pay respect to Elders past and present.



Regeneration
By Josie Rose 2020

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Year in review

Providing resilience for the state over the long term

Cumulative investment returns generated for the state since 1 July 2015 (inception of funds amalgamation)

\$49.4bn

Delivering a positive financial impact to the state

Dividend

\$130.0mn

Profit before tax

\$199.7mn

Supporting the state

New term funding for FY24 (borrowing at fixed terms greater than one year)

\$22.6bn

Supporting sustainable outcomes

\$2.7bn of sustainable bonds issued over the year, bringing total issuance under the NSW Sustainability Bond Programme to

\$11.9bn

Helping local government

Council loans – \$241.6mn approved over the year, with total lending commitments now

\$1.2bn

Assets under management

Unlisted assets of over \$19.0bn, with assets under management in excess of

\$109.7bn

Message from the Chair

Michael Dwyer AM
Chair

Purpose, partnership and performance go together at TCorp, to deliver a long-term positive impact for the state and the people of NSW.



FY24 was a strong year for TCorp, reflecting our ambition to be best-in-class to deliver long-term impact for the state of NSW.

While our headline metrics, such as the cumulative investment returns and the dividend to the NSW Government were robust in FY24, a more meaningful financial measure is our continued long-term investment performance which is vital to our role in creating a strong NSW and providing resilience for the state over the long term.

Our results demonstrate TCorp's sense of purpose, focus on NSW Government priorities and unwavering commitment to partnerships across the NSW public sector.

We have seen a continued strategic evolution this year, with some exciting announcements, such as the creation of the \$47bn OneFund, a NSW Government initiative which will better support the state's balance sheet and generate higher returns over the long term.

The OneFund initiative is further evidence of the deep collaboration TCorp prioritises with the government, and NSW Treasury. We look forward to partnering with the government to deliver on this important initiative.

Delivering long-term impact for the state of NSW

As the financial services partner to the NSW public sector and the state's central borrowing authority, we seek to deliver best-in-class financial management, solutions and advice.

Since funds amalgamation in 2015, our cumulative investment returns stand at \$49.4bn. This year, we will deliver a dividend of \$130mn to the NSW Government – taking the total to \$1.9bn since TCorp's inception in 1983.

For our clients, our long-term investment performance has continued to be strong. Over a 10-year investment time horizon, on an annualised basis, State Super

returned 7.4% and the Treasury Managed Fund returned 7.8%. Since its inception in 2018, the NSW Generations (Debt Retirement) Fund has returned 6.4% on an annualised basis.

At an enterprise level, TCorp has achieved 7.0% in absolute returns over FY24. Let us not forget that this has been achieved in very challenging times.

FY24 saw \$32bn of bond issuance to support major NSW Government programmes, with over \$273bn raised for the state since 1983. Approximately \$2.7bn in green and sustainability bonds were issued in the year, taking the total issuance under the NSW Sustainability Bond Programme to \$11.9bn since November 2018.

Commitment to ESG

Environmental, Social and Governance (ESG) priorities inform key NSW Government policies and underpin TCorp's ongoing strong performance.

TCorp embeds sustainability into our investment beliefs. It is at the core of everything we do. Last year's independent ESG Review of our investments business by Pru Bennett, a corporate governance and ESG expert, led us to pause and reflect on TCorp's overarching approach to ESG. In FY24, we therefore developed a TCorp-wide ESG Framework which outlines our approach and priorities.

Our Investment Management team developed and has been implementing an ESG Investment Risk Framework through which we have identified five key ESG risks that we believe may be material to long term investment outcomes. These are climate change, corporate governance, cyber security, human capital management and country governance.

We prioritise investment stewardship, voting on the shares we hold on our clients' behalf and engaging with companies on the five key ESG risks identified above. We are supporting our clients to incorporate ESG and/or net zero commitments into their Investment Risk Appetite Statements. Work has been completed

to enhance client reporting with relevant and decision-useful ESG information through a semi-annual investment stewardship client report.

The NSW Sustainability Bond Programme remains the primary mechanism for TCorp to showcase the state's ESG credentials. Issuance continues to finance projects that support the government's environmental and social policies, strategies and goals. In FY24, we used all our issuance formats – syndication, reverse enquiry and tender, to meet demand and provide more opportunities for investors to access the Programme.

Aligned people, aligned mission

The Corporate Report Card is a valuable tool which helps us evaluate our corporate performance and provides insights into whether our people are aligned with TCorp's mission and goals.

The report card is broken down into five areas, so we can track our outcomes and give our people clear metrics on how they're being assessed on their contribution. Here are a few highlights from FY24.

Government outcomes

- Implementation of the OneFund initiative which is projected to generate an additional \$1.6bn in investment returns over the next four years.
- Collaborated with NSW Treasury and government agencies to help fund critical services and infrastructure, including public schools, hospitals, affordable housing, and public transport accessibility.
- Provided advice to government clients to support them to meet their policy objectives.
- Applied our flexible approach to bond issuance to capitalise on favourable market conditions and investor demand to lower execution costs.

Client outcomes

- Solid investment returns both outright and relative to our clients' investment objectives, directly supporting the state's fiscal and budget health.
- A high Net Promoter Score from our annual independent client survey, indicating they value TCorp's services, expertise, and contribution.

Financial performance

- Profit after tax equivalents of \$139.8mn, up 8.3% on FY23
- Returned a dividend to NSW of \$130mn, up 23% on FY23.

Operational excellence (including reputation)

- TCorp's strategic plan is a detailed, actionable roadmap that outlines how to implement the initiatives we believe will help us achieve our strategy to provide best-in-class financial services to the NSW Government family. This allows TCorp to translate the high-level strategy into practical steps, ensuring the vision is realised through coordinated and measurable actions. We successfully completed or progressed all initiatives in the FY24 strategic plan.

People engagement, capability, conduct and culture

- Employee engagement surveys were positive, reflecting the strength of our workplace culture and practice, including inclusivity, collaboration, respect, flexibility and safety.

Acknowledgements

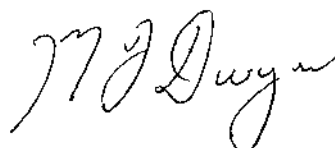
One of TCorp's enduring traits has been its ability to foster strong collaborative relationships with government, their agencies and other stakeholders. Communication is key; it builds a mutually rewarding culture based on trust. We know, however, that nothing stands still.

One significant change in FY24 was the retirement of Jenny Boddington, who has served on the TCorp Board since 2017. She also chaired our People and Remuneration Committee and was instrumental in helping develop, launch and embed TCorp's cultural pillars and behaviours. Thank you Jenny for your enormous contribution to TCorp and I know everyone wishes you well.

During the year, we welcomed Vicki Allen to the board. Vicki, who is currently a Non-Executive Director of New Forest Pty Ltd, Steadfast Group Ltd, ING Bank (Australia) Ltd and GPT Funds Management, brings deep corporate and financial services experience to the TCorp board. She is also the Chairman of the NSW Ombudsman's Audit and Risk Committee.

I would like to thank the entire TCorp team and my fellow board members for their dedication and hard work in building a best-in-class investment and financial management business to achieve significant financial impact over the long term for the state of NSW.

I would like to thank the NSW Government family for their ongoing support in helping TCorp to create a stronger NSW.



Michael Dwyer AM
Chair

Message from the Chief Executive

David Deverall
Chief Executive



Despite the ongoing volatility across financial markets in 2024, TCorp remained focused on playing its role in supporting the NSW Government on delivering its priorities and helping our clients meet their long-term investment objectives.

FY24 was another year of significant economic and investment challenges, marked by elevated inflation and interest rates and ongoing geopolitical tensions.

Financial markets remained as eventful as ever, with significant volatility in bond yields as investors tried to gauge the trajectory of global interest rates. Equity markets had a strong year, boosted by the prospect of declining interest rates and optimism around US companies developing Artificial Intelligence technology.

Despite this backdrop, TCorp never lost focus of the vital role we play in providing resilience to the state of NSW over the long term and helping the NSW Government to deliver on its priorities.

TCorp's investment performance was strong in FY24, with our aggregated portfolios returning 7.0% overall, reflecting market returns of \$7.5bn. This takes our total value add to the funds to \$49.4bn since funds amalgamation in 2015.

This strong performance was not a one off. It was driven by our sharp focus on building resilience into our portfolios to withstand a range of scenarios, a key tenet of our investment approach, and leveraging our strengths as long-term investors.

TCorp's dividend to the state was \$130mn, underpinned by a solid 8.3% increase in the net profit after tax to \$139.8mn.

Next evolution of TCorp

During the year, TCorp continued to adapt to meet the needs of the NSW Government as it set down its policy direction and handed down two state budgets in the space of nine months.

A major priority for the NSW Government has been keeping gross debt lower. Following a review of the state's investment funds, NSW Treasurer Daniel Mookhey announced on 18 June 2024 several funds would be combined to create OneFund. Those funds include the NSW Generations (Debt Retirement)

Fund, NSW Infrastructure Future Fund, Social and Affordable Housing Fund, Snowy Hydro Legacy Fund, Treasury Managed Fund and Long Service Corporation Investment Fund, which collectively represent around \$47bn in assets under management.

OneFund will target investment returns of 4.5% above consumer price inflation over rolling 10-year periods and will remove many investment constraints at the individual fund level. This is designed to deliver superior returns at a similar risk level over the long term, as well as some efficiencies. These features reflect the Treasurer's objective of efficient state balance sheet management.

We look forward to working with the NSW Government and NSW Treasury to complete the implementation in FY25 and delivering the tangible benefits of OneFund to the 8.4mn people of this state.

Investment management – providing the state with strong returns

Returns across TCorp's diverse client funds ranged from 10.6% to 4.7% in the year. Our return seeking funds performed strongly, generally posting returns above 7.0%, with the medium risk funds returns typically gaining between 5% to 6%.

Our portfolios benefited from the strength of equity markets, and infrastructure and credit exposures added material value to our funds. Defensive currency strategies and unlisted property were key performance detractors.

As at 30 June 2024, TCorp had \$109.7bn of client assets under management, up approximately \$3.5bn on the previous financial year. TCorp is a top 10 investment manager in Australia.

We continued to build on our unlisted assets portfolio valued at \$19.0bn, by investing in diversifying investment opportunities such as energy from waste and data centres taking advantage of artificial intelligence and sustainability.

Financial markets

Market access and demand for NSW bond issuance remained strong during the year, enabling TCorp to complete \$32bn of term funding for the state, with a portion of this funding carried over into FY25 as prefunding.

Such was the demand from investors in FY24, TCorp set two records for the largest ever investor demand in a single tranche orderbook. One was on 10 May 2024, where we issued a \$3bn increase to the February 2035 Benchmark Bond, which attracted orders of more than \$7.5bn.

As at 30 June 2024, TCorp's balance sheet was \$176.9bn and ended the year with an average cost of debt of 3.58% and a weighted average life of 6.5 years.

A highlight was the broadening of support from the overseas investor base. Through the year we saw growing interest from offshore investors with as much as 30% of syndications allocated to this segment. This reflects confidence in our sector and NSW as a sub-sovereign issuer.

The diversification and deepening of our investor relationships will remain a focus for TCorp. This effort is supported by a strong and diversified state economy, attractive relative yields and deep secondary market liquidity that enhances the appeal of TCorp bonds.

We continued to expand the NSW Sustainability Bond Programme with the issuance of a further \$2.7bn of ESG bonds, headlined by the issuance of a new September 2035 Sustainability Bond which extended our ESG curve. Total bonds on issue now total more than \$11.9bn.

Supporting communities

While TCorp is always focused primarily on the big picture and a whole of balance sheet approach, I am proud of our ability to deliver direct outcomes at the community level.

More than \$241mn worth of loans were approved in FY24 across 21 NSW councils at interest rates lower than local government would otherwise be able to borrow at.

As at 30 June 2024, our total lending commitments to NSW councils stood at \$1.2bn - important funding which provides local governments with the opportunity to better serve their communities.

Our case studies in this annual report show how we helped Homes NSW develop a funding facility to support the provision of more social and affordable housing, as well as an increase in our engagement with local councils and loans we provided to build civic centres in Queanbeyan and Wentworth.

More government agencies are also becoming aware of the work of our foreign exchange hedging team, who assisted with several initiatives. For example, supporting NSW National Parks and Wildlife Service with a foreign currency hedging strategy to acquire land for conservation in remote NSW.

Acknowledgements

I would like to thank our people for their commitment to achieving significant financial impact over the long term for the NSW Government family and the people of NSW.

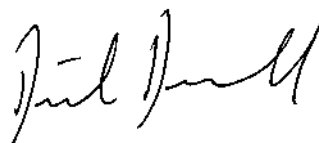
I would also like to thank the NSW Government, NSW Treasury and all our client and stakeholders across the broader government family for their ongoing support and trust.

Outlook

The only constant for financial markets is volatility. But we enter FY25 with confidence and remain focused on managing our investment and debt responsibilities by building resilience into our portfolios and leveraging our deep financial market capabilities.

Our key priorities in FY25 are implementing OneFund, which will assist in optimising the state's balance sheet, working with the NSW Government on its agenda around fiscal repair and economic growth and upgrading our financial markets platform.

Being the financial services partner to the NSW public sector is an enormous privilege and we look forward to working with the NSW Government, NSW Treasury and our clients to deliver the best financial outcomes for the state.



David Deverall
Chief Executive

Section 1

Overview

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About TCorp

Aims and objectives

Our mission to support the NSW Government family is demonstrated in three major ways.

Financial management

Best-in-class for financial management, solutions and advice.

People and culture

Sought after for the capability and conduct of our people.

Whole-of-state outcomes

A long-term focused organisation delivering for all of NSW.

Charter

Created by the *Treasury Corporation Act 1983*, TCorp is a wholly owned entity of the state of NSW and is part of the NSW Treasury portfolio. We have the same legal capacity, powers and authorities as a company under the *Corporations Act 2001* (Cth), which allows us to raise and manage money to help the NSW Government and ultimately, the people of NSW.

The *Treasury Corporation Act 1983* creates an independent TCorp Board to set our strategic direction and policies. TCorp also has an independent chair, and the Board is structured as a governing board (rather than as an advisory board). This reflects our autonomy in that we can, and indeed are required to set our own board and management policies.

TCorp is a Public Financial Corporation (PFC) and not a budget-dependent agency. It is a net contributor to the state through the payment of tax equivalents and dividends and in FY24 generated a dividend of \$130mn.

Our borrowing, investment and financial management activities are regulated by the *Government Sector Finance Act 2018*.

Management and structure

TCorp is governed by a Board of Directors. The principal functions and objectives of the Board are set out in the *Treasury Corporation Act 1983* and its key responsibilities include:

- Providing strategic direction and approving TCorp's strategic plan
- Promoting and overseeing TCorp's culture
- Determining TCorp's policies
- Reviewing the effectiveness of the risk management framework and internal control systems in relation to material business risks and regulatory compliance
- Establishing and regularly measuring performance against TCorp's Corporate Report Card
- Monitoring the conduct and performance of TCorp and its senior management
- Overseeing succession plans for the Board and senior management.

The Board is accountable to the NSW Treasurer and has responsibilities to a range of key stakeholders including the NSW Government, clients, investors, counterparties, employees and the general community. The Board oversees management in achieving TCorp's strategy and mission, which are set out in TCorp's Statement of Business Intent submitted to the NSW Treasurer annually.

Board constitution

TCorp's Board is constituted in accordance with the *Treasury Corporation Act 1983* and comprises:

- The Secretary of NSW Treasury
- A senior officer of NSW Treasury, appointed by the Secretary of the Treasury
- TCorp's Chief Executive
- No fewer than three and no more than seven persons appointed by the NSW Treasurer who have expertise in the functions carried out by TCorp.

Directors are appointed by the NSW Treasurer for a term of up to five years and may be reappointed. The Secretary of NSW Treasury, in consultation with the NSW Treasurer, appoints the Chairperson of the Board.

Role of management

The Chief Executive is responsible for the overall management and performance of TCorp, in accordance with the strategy and policies approved by, and the directions of the Board. The Board has established a formal set of delegated authorities, which clearly defines the respective responsibilities of management and those that are retained by the Board.

Conduct of Board business

Our governing legislation and the Board Charter define the responsibilities of the Board, individual Directors and the Chief Executive.

Director independence is assessed in accordance with the NSW Government Guidelines for Governing Boards of Government Businesses. The Board has adopted governance practices by reference to the NSW Government Boards and Committees Guidelines and other processes that align with corporate governance best practice.

The Board meets regularly throughout the year and whenever necessary outside of those designated meetings to discharge its responsibilities.

Governance

TCorp is committed to maintaining the highest standards of business integrity, ethics and professionalism. TCorp has a robust governance framework incorporating ethical, financial, compliance and risk management practices that form the basis of our operations and support our people in delivering our strategy.

TCorp believes that by acting in the best interests of our government sector clients and in accordance with recognised good governance practices we will continue to deliver best-in-class performance and services over the long term.

Our cultural pillars are Partnership, Impact and Long term. These outline what we stand for and set the expectations for how we operate. We also uphold the NSW Government sector values of integrity, trust, service and accountability. Our Code of Conduct and Ethics sets out the expectations for employee behaviour at TCorp to promote and sustain a culture of responsibility and accountability that supports ethical and responsible decision-making.

Conflicts of interest

All Directors are subject to duties and prohibitions in relation to conflicts of interest under our governing legislation and NSW Government guidelines.

Directors must disclose any direct or indirect interest in a matter and may not vote on or participate in discussion about it. Any declared interests are maintained in a register that is available for inspection by any person.

The Board Code of Conduct sets out in detail the framework for identifying and managing conflicts of interest.

Board committees

To support its effectiveness in providing guidance, direction and oversight of management, the Board has established the following three committees. Each Committee acts in accordance with a relevant charter determined by the Board which sets out Committee composition, responsibilities, powers and reporting obligations.

Audit and Risk Committee

This Committee provides support to the Board in relation to oversight, monitoring and reporting on TCorp's:

- Governance, risk and control frameworks (including internal and external audit functions) and its external accountability requirements
- Annual financial statements for the Corporation and in its capacity as Trustee for the TCorpIM Trusts' responsibilities.

The Committee meets a minimum of four times a year. TCorp's internal and external auditors attend all meetings.

Board Investment Committee

This Committee supports the Board in discharging its investment governance responsibilities in respect of managing funds on behalf of the NSW Government and its agencies, departments and businesses.

All investment activities undertaken by TCorp in its capacity as trustee, investment manager, administrator, advisor and/or agent on behalf of another government entity are subject to oversight by the Committee.

The Committee meets a minimum of four times a year.





People and Remuneration Committee

The People and Remuneration Committee acts as an advisory body to the Board on all key issues relating to TCorp's human resources. The Committee meets at least twice a year.

Board of Directors

Directors' names, offices, and qualifications

The Directors as at 30 June 2024 are set out below, together with details of their qualifications, experience and special responsibilities.

Director	Qualifications and experience
<p>Michael Dwyer AM</p> 	<p>AdvDip (FinSvcs), Dip (SuperMgt), Dip Tech, FASFA, FAICD</p> <p>Director from June 2019. Chairperson from 1 September 2020.</p> <p>Chair of the People and Remuneration Committee and Member of the Board Investment and Audit and Risk Committees.</p> <p>Michael is a Director of Iress Limited and the Sydney Financial Forum. He is also a member of the ASIC Consultative Panel (ACP), Hope Housing Advisory Board and MSquared Capital Advisory Committee.</p> <p>Michael has more than 30 years of experience in the superannuation and investment sectors. He was CEO of First State Super (now Aware Super, one of Australia's largest super funds) for 14 years and was also General Manager of NSW industry super fund ASSET Super for 10 years. He is a former Director of the Association of Superannuation Funds of Australia (ASFA), Australia for United Nations High Commissioner for Refugees (UNHCR), Bennelong Funds Management and a founding Director of Fund Executive Association (FEAL).</p>
<p>Michael Coutts-Trotter <i>Ex officio</i></p> 	<p>Director from April 2023, Deputy Chairperson from May 2023.</p> <p>Michael was first appointed to head a NSW Government department in 2004 and has since led seven agencies. He is now the Secretary of NSW Treasury.</p> <p>Before joining the public service, Michael was chief of staff to a NSW Treasurer for seven years. Michael is a fellow of the Institute of Public Administration of Australia.</p>
<p>David Deverall <i>Ex officio</i></p> 	<p>BE (Hons), MBA</p> <p>David joined TCorp as Chief Executive in February 2016.</p> <p>David was previously the CEO and Managing Director of Perpetual Limited, Chair of the Financial Services Council and Group Head of Funds Management at Macquarie Group Limited. He was also a Non-Executive Director of Charter Hall Group.</p>
<p>Joann Wilkie <i>Ex officio</i></p> 	<p>BEc (Hons), MPubPol, GAICD</p> <p>Director from May 2022.</p> <p>Member of the People and Remuneration Committee.</p> <p>Joann is the Deputy Secretary for the Economic Strategy & Productivity Group at NSW Treasury. Prior to joining NSW Treasury in 2019, Joann's career spanned over 20 years of experience in the Australian Public Service within several departments including taxation, economic, agricultural, energy, gender, and regulatory policy.</p>

Director**Qualifications and experience****Vicki Allen****BBus MBA, FAICD**

Director from June 2024.

Member of the People and Remuneration Committee.

Vicki is currently a Non-Executive Director of New Forest Pty Ltd, Steadfast Group Ltd, ING Bank (Australia) Ltd and GPT Funds Management Ltd. She is also the Chairman of the NSW Ombudsman's Audit and Risk Committee.

Vicki's career spanned more than 30 years in the financial services and property investment industries including senior strategic, operational and investment management roles in organisations such as Westfield, Lend Lease, MLC and Trust Company.

Anne Brennan**BCom (Hons), FCA, FAICD**

Director from September 2018.

Chair of Audit and Risk Committee.

Anne is a Director of Endeavour Group Limited, GPT Group and The Lottery Corporation Limited.

Anne is a former Executive Director, Finance of Coates Group, Chief Financial Officer of CSR Limited and Partner at KPMG, Arthur Andersen and Ernst & Young.

Greg Cooper**BEc, FIAA, FIA**

Director from December 2018.

Chair of Board Investment Committee.

Greg is the Chairman of Avanteos Investments Limited (Colonial First State), Deputy Chair of Perpetual Limited, Australian Payments Plus Ltd (and its subsidiaries/related entities), Tracks Media Pty Ltd and Ed Start Pty Ltd. He is also a Director of Australian Indigenous Education Foundation, and a Member of the St Ignatius' College Investment Committee.

Greg has more than 26 years of global investment industry experience. He was CEO of Schroder Investment Management Australia from 2006 to 2018. Prior to joining Schrodgers in 2000 Greg was Head of Actuarial Consulting for Towers Perrin in Asia.

Ian Saines**BCom (Hons), FAICD**

Director from August 2020.

Member of Board Investment and Audit and Risk Committees.

Ian is a Non-Executive Director of Macquarie Bank Limited and Air Lease Corporation and Deputy Chairman of the United States Study Centre. Ian is also a member of the Catholic Schools Broken Bay Advisory Committee and the Diocesan Finance Council for the Catholic Diocese of Broken Bay.

Ian's career spanned 40 years in investment and commercial banking and asset management. He was most recently Chief Executive Funds Management at Challenger Limited. Ian was formerly Group Executive of Institutional Banking and Markets division at Commonwealth Bank of Australia, in addition to previous roles at Zurich Capital Markets Asia, Bankers Trust Australia Limited and the Reserve Bank of Australia.

Glenn Stevens AC**BEc (Hons), MA (Econ), Hon LLD, Hon DSc, Hon D.Litt**

Director from October 2020.


Member of Board Investment, and People and Remuneration Committees.

Glenn is the Chair of Macquarie Group Limited and Macquarie Bank Limited, Deputy Chair of the Temora Aviation Museum, Director of O'Connell Street Associates and the Anika Foundation. He is also a Board Member of the Lowy Institute for International Policy, and Advisory Board Member for Global Foundation. Glenn is an Adviser for the Central Banking Program, Asia School of Business (Malaysia) and Hong Kong Academy of Finance.

Glenn was a former Governor of the Reserve Bank of Australia (RBA) spanning a 36-year career with the RBA.

Director	Qualifications and experience
<p>Anne Templeman-Jones</p> 	<p>BComm, EMBA (AGSM), MRM, CA, FAICD</p> <p>Director from October 2020. Member of Audit and Risk and Board Investment Committees.</p> <p>Anne is a Non-Executive Director of Commonwealth Bank of Australia, Supply Nation, Trifork Holding AG, Worley Limited and Cyber Security Cooperative Research Centre Limited.</p> <p>Anne's executive career spans over 30 years in senior executive roles within the finance, corporate and private banking sectors including Westpac Banking Corporation, ANZ Banking Group, Bank of Singapore (OCBC Bank) and PricewaterhouseCoopers (Switzerland and Australia).</p>

The following Director retired during the reporting period.

<p>Jenny Boddington</p> 	<p>MA (Hons, Oxon), FAICD</p> <p>Director from August 2017 to May 2024. Chair of the People and Remuneration Committee from January 2019 to May 2024.</p>
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Attendance at Board and Board Committee meetings

The table below sets out the number of meetings of the Board and Committees of the Board and the individual attendance by Directors at the meetings they were eligible to attend during the period to 30 June 2024.

	Board	Audit and Risk Committee	People and Remuneration Committee	Board Investment Committee
Total no. of meetings				
Michael Dwyer AM	6/6	5/5	4/4	4/4
Michael Coutts-Trotter	4/6	–	–	–
Vicki Allen ¹	1/1	–	–	–
Jenny Boddington ²	4/5	–	4/4	–
Anne Brennan ³	6/6	5/5	–	–
Greg Cooper	6/6	–	–	4/4
David Deverall ⁴	6/6	–	–	–
Ian Saines	6/6	5/5	–	4/4
Glenn Stevens AC ⁵	6/6	4/4	1/1	4/4
Anne Templeman-Jones ⁶	6/6	1/1	3/3	4/4
Joann Wilkie	5/6	–	3/4	–

1 Appointed as a Director effective 18 June 2024.

2 Retired as a Director effective 31 May 2024.

3 Retired as a Director after the end of the financial year, effective 31 August 2024.

4 David Deverall attends all Audit and Risk, People and Remuneration and Board Investment Committee meetings in his capacity as Chief Executive.

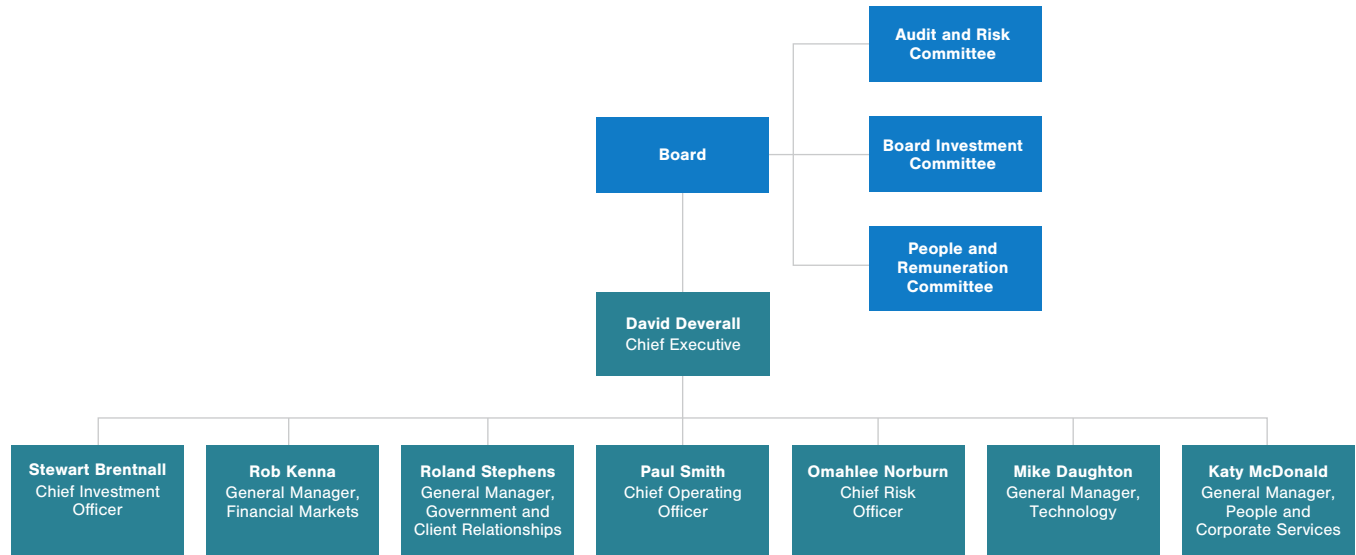
5 Retired from the Audit & Risk Committee and joined the People & Remuneration Committee in March 2024.

6 Retired from the People & Remuneration Committee and joined the Audit & Risk Committee in March 2024.









Organisation structure

David Deverall, Chief Executive leads a team of seven general managers who form the executive committee, as detailed in Chart 1.

Chart 1: TCorp organisation chart



Senior executives

	<p>David Deverall Chief Executive BE (Hons), MBA</p>		<p>Stewart Brentnall Chief Investment Officer BSc Ec (Hons), CA, GAICD</p>
	<p>Rob Kenna General Manager, Financial Markets BBus, CFA</p>		<p>Roland Stephens General Manager, Government and Client Relationships BEC (Hons), LLB (Hons), MBA, MPP</p>
	<p>Paul Smith Chief Operating Officer B.Com, CA</p>		<p>Omahlee Norburn Chief Risk Officer BFinAdmin, Dip App Fin & Inv, CA</p>
	<p>Mike Daughton General Manager, Technology BA (Hons), MSc</p>		<p>Katy McDonald General Manager, People and Corporate Services BA, LLB, MSc</p>

Section 2

Strategy

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Strategic objectives and outcomes

TCorp's mission is to provide best-in-class financial management, solutions and advice to the NSW Government family. We work in partnership within TCorp and across the Government family to achieve significant financial impact over the long term to create a stronger NSW.

Our strategy – as summarised in Table 1 – provides TCorp with a clear direction and focus, ensuring that all our efforts are aligned with achieving our long-term objectives. Our strategy is complemented by our annual strategic plan which is developed to coordinate and prioritise shorter-term initiatives that support our long-term goals. TCorp's performance against the strategic plan is assessed by our Board annually.

Table 1: TCorp's strategy

What do we do? (Mission)	We provide best-in-class financial management, solutions and advice to the NSW Government family.
For whom do we do it?	We offer our services exclusively to the NSW Government family.
What does this include?	We provide finance and manage investments, we advise on the management of assets and liabilities, and we advise and implement financial risk mitigation strategies.
How we do it? (Cultural intent)	We work in partnership within TCorp and across the Government family to achieve significant financial impact over the long term to create a stronger NSW.
Why do we do it?	To enable the NSW Government to deliver on its promises for the ultimate benefit of the people of NSW, and to help our clients to achieve their broader business objectives.
Why do they value us?	We help the NSW Government and our clients achieve their objectives through our expert financial capabilities, deep understanding of their needs, our responsiveness, and alignment with the state.
What is our destination? (Goals)	<p>Goal 1: Be regarded as best-in-class for financial management, solutions and advice.</p> <p>Goal 2: Be sought after by the NSW Government and our clients for the capability and conduct of our people.</p> <p>Goal 3: Be a long-term focused organisation delivering whole-of-state outcomes.</p>

Achievement of our goals

TCorp's operations can be categorised by the goals highlighted in our strategy

Goal 1: Be regarded as experts for financial management, solutions and advice

TCorp's most direct and meaningful contribution to the state's financial wellbeing is through its Financial Markets and Investment Management businesses.

The **Financial Markets** team's mission is to work in partnership with the NSW Government family to meet its funding and financial risk management needs sustainably and efficiently. It does this by:

- Using its market expertise and network to raise funding (via its borrowing programme) at the lowest possible cost from a diverse range of funding sources for the NSW Government family
- Partnering with the NSW Government to provide tailored financial risk management advice so that NSW public sector entities can manage their financial risk effectively and efficiently
- Promoting the sustainability credentials of NSW.

The **Investment Management** team's mission is to provide best-in-class investment solutions and sustainable risk-adjusted returns on financial assets to the NSW Government family. The team aims to:

- Deliver its clients' investment objectives by understanding their investment goals and risk parameters and tailoring solutions to meet their needs
- Implement a best-in-class Total Portfolio Approach (TPA) investment model to maximise risk-adjusted investment returns.

Our key strategic initiatives in FY25 are aimed at enhancing our ability to deliver on Goal 1. They include:

- Operational delivery of the NSW Government's OneFund initiative, which combines several state investment funds to provide higher risk-adjusted returns through the pooling of investment portfolios, and greater operating efficiencies

- Implementing a new Treasury Management Platform for the Financial Markets team
- Completing the recommendations of the NSW Government's Environmental, Social and Governance (ESG) Review to augment our investment stewardship practices and working to achieve best practice for ESG investing.

Goal 2: Be sought after by the NSW Government and our clients for the capability and conduct of our people

While entities within the NSW Government public sector are required by legislation to use TCorp for certain financial services (e.g. investment management, debt funding and financial risk management) TCorp's strategic goal is to be sought after by those very clients regardless.

One of TCorp's strategic initiatives in FY25 is to deepen our cultural pillars – partnership, impact and long term (and their associated behaviours) – into the organisation.

Goal 3: Be a long-term focused organisation delivering whole-of-state outcomes

Our key strategic initiative in FY25, aimed at increasing our ability to deliver on Goal 3, is the enhancement of our strategy, structures and capabilities across the organisation to ensure we understand and can contribute to the delivery of the NSW Government's priorities. The most significant example of this being changes to accommodate the operational delivery of OneFund.

Section 3

Operations and performance

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Emus under the shade of a mulga tree, Comeroo Station, NSW

Photograph courtesy of Joshua J Smith, Department of Climate Change, Energy, the Environment and Water

Management and activities

Nature and range of activities

TCorp is the financial services partner to the NSW Government family, providing best-in-class financial management, solutions and advice. With \$109.7bn of assets under management at 30 June 2024, TCorp is a top 10 Australian institutional investor and is the central borrowing authority of the state of NSW, with a balance sheet of \$176.9bn.

TCorp's product and service lines are detailed below.

Investment Management division

TCorp is the state's central provider of funds management services and aims to deliver client investment objectives through a Total Portfolio Approach, ultimately for the benefit of NSW. Investment strategies are agreed with and managed within the risk appetites of TCorp's clients.

The funds management activities include:

- Investment management and advisory services to NSW Treasury and other government entities, including SAS Trustee Corporation (State Super) and Insurance and Care NSW (icare)
- In-house asset management of domestic cash and fixed income portfolios
- In-house asset management of some infrastructure and property assets and portfolios
- These activities are undertaken in accordance with the Treasurer's directions:
 - Exclusion of all tobacco investments (November 2012)
 - Divestment of the state's exposure to Russian financial assets (February 2022).

Financial Markets division

As the central borrowing authority for the NSW Government, TCorp's key activities include:

- Raising funds in local and international debt markets
- Managing financial risks on the TCorp balance sheet
- Managing liquidity assets
- Providing lending and tailored financial solutions to the NSW Government family.

Acting as both a fund manager and a central borrowing authority, TCorp combines these functions to our clients' advantage as detailed in Chart 2. Our scale, market presence and strong credit ratings: Aaa (Moody's Investors Service), AAA (Fitch Ratings) and AA+ (S&P) enables us to access a broad range of opportunities at lower costs.

Chart 2: TCorp – connecting the public and private sectors



TCorp clients and investors

TCorp interacts with two major groups as detailed below.

NSW Government clients

TCorp manages investment and debt portfolios and financial risk for a range of NSW public sector clients including:

- Clients with large pools of funds, namely icare, NSW Treasury and State Super
- Regulated utilities, including Sydney Water, Essential Energy, Hunter Water and Water NSW
- General Government clients, including Transport for NSW, NSW Health, NSW Police Force, TAFE NSW, Landcom, various NSW councils and universities, and a range of foundations.

As the investment manager for the state’s investment assets, we partner with fund managers who manage the assets on our behalf and implement our requirements for the targeted asset exposures. This approach is similar to that of other major institutional investors and asset owners, such as superannuation funds and sovereign wealth funds.

Bond investors in the financial markets

Bond investors include bank balance sheets, superannuation funds, fund managers, insurance companies and overseas investors. Investors wishing to buy TCorp bonds must do so through our dealer panel of 11 banks, our conduit to the market as illustrated in Table 11.

5 year summary

	2024 \$mn	2023 \$mn	2022 \$mn	2021 \$mn	2020 \$mn
Profitability					
Profit before income tax expense equivalent	200	184	139	117	75
Balance sheet					
Loans to public sector	161,735	135,346	110,358	106,303	87,224
Other assets	15,187	13,238	14,188	10,928	12,492
Total assets	176,922	148,584	124,546	117,231	99,716
Benchmark bonds	121,703	95,528	74,126	77,816	64,435
Other borrowings and liabilities	54,956	52,803	50,190	39,187	35,041
Total liabilities	176,659	148,331	124,316	117,003	99,476
Difference represented by equity	263	253	230	228	240
Funds under management					
Investment funds	79,120	75,165	67,835	69,132	56,763
Specific fund mandates	30,596	31,000	32,834	41,402	46,200
Total	109,716	106,165	100,669	110,534	102,963

Sound financial performance

TCorp is proud of the work we do to achieve positive, long-term impacts for the state of NSW and its people.

Positive financial earnings

Our financial year pre-tax profit of \$199.7mn was a solid performance and resulted in a dividend to the state of \$130.0mn.

Funds under management

Our funds under management totalled \$109.7bn.

TCorp is a top 10 major institutional investor in Australia, and this gives us access to unique investment opportunities, both locally and overseas.

Positive cumulative returns

Since funds amalgamation on 1 July 2015 to 30 June 2024, we have delivered cumulative absolute returns of \$49.4bn.

Strong credit rating

Our strategy of maintaining a strong liquidity position contributed to credit ratings of Aaa (Stable) with Moody's Investors Service, a AAA (Stable) by Fitch Ratings and AA+ (Stable) with S&P.

Diversifying our investor base

The NSW Sustainability Bond Programme continues to reach new parts of the market, attracting strong interest from global investors.

Supporting NSW communities

Major infrastructure projects

TCorp funding has helped communities across the state with major infrastructure projects, including sustainable and social initiatives, local council projects, essential equipment and new and affordable housing stock.

Prudent management of investment funds to support key policies and projects

TCorp manages the state's investment funds to generate returns that support the NSW Government's long-term policy aims and fiscal position.

Some of our key funds are indicated below:

- NSW Generations (Debt Retirement) Fund (NGF) – This is the state's sovereign wealth fund that aims to achieve an appropriate return for taxpayers, while supporting a sustainable debt position over the medium term, and intergenerational equity. As at 30 June 2024, the NGF was valued at \$17.0bn.
- Treasury Managed Fund (TMF) – This is the NSW Government's self-insurance fund that covers public sector workers' compensation, general insurance and other liabilities. As at 30 June 2024, the TMF was valued at \$16.7bn.
- NSW Infrastructure Future Fund (NIFF) – This fund invests proceeds from the state's past asset recycling transactions, allowing the government to generate additional returns for taxpayers. It supports investment into key infrastructure projects under Restart NSW. Following continued scheduled disbursements to fund infrastructure spending programmes, the NIFF was valued at \$6.0bn as at 30 June 2024.
- Social and Affordable Housing Fund (SAHF) – Returns from this fund provide increased funding for new social and affordable housing stock to the community. We manage the SAHF to provide a stable income stream over a 25-year period. This facilitates the delivery and ongoing servicing of social and affordable homes from a mix of private and non-profit consortia. As at 30 June 2024, the SAHF had a balance of \$1.6bn.

Summary review of operations

Investment Management

TCorp works with clients to help them meet their business needs and financial objectives through customised investment strategies.

Key highlights

The market environment is evolving, with elevated inflation and interest rates coinciding with declining market liquidity. This is a challenging but potentially exciting environment for investing.

TCorp's investment approach prepares for a range of scenarios, to build resilient portfolios designed to deliver on our clients' investment objectives.

Our diversified funds delivered strong to moderate returns between 10.6% to 4.7% in FY24.

Investment environment

Global markets continued to be influenced by the battle to control inflation. With global inflation moderating, interest rates have likely now peaked and investors have turned their focus to when central banks will cut rates, and how quickly. In Australia, higher housing costs and their impact on inflation have contributed to the Reserve Bank of Australia (RBA) lagging other developed economy central banks in cutting rates. Geopolitical risks remained elevated, yet market impacts to date have been minimal and contained. Despite the risk of a Eurozone energy crisis subsiding, there was a constant threat of escalation in the ongoing wars in Ukraine and the Middle East, and tensions between China and the West.

Financial markets looked beyond the economic and geopolitical uncertainty, with the MSCI World ex-Australia and ex-Tobacco equity index (hedged to AUD) returning 20.3% over the year. The key driver was the boom in stocks benefiting from artificial intelligence technology such as Microsoft, Alphabet (Google) and NVIDIA. This resulted in strong outperformance of the US market, particularly the IT sector.

Unlisted global property suffered from another year of higher capitalisation rates and reduced property valuations. The commercial real estate sector has been under pressure from higher borrowing costs and challenging funding conditions. These difficulties were compounded by the acceleration of structural trends during the pandemic, particularly for offices, with more people working from home. This led to sizable falls in office values. After a market lull, the unlisted Australian property sector is starting to see transactions, leading to a repricing of assets in the market. We think property valuations are bottoming out.

Looking forward, our view is that bond yields globally will be structurally higher over the long term. This partly reflects increased investment across the globe, driven by factors such as the energy transition, friendshoring of supply chains and higher defence spending. These factors and the way that they evolve globally, could also result in more frequent bouts of high inflation moving forward.

TCorp anticipates persistent lower asset returns and higher volatility in asset prices. We continue to search for diversifying and defensive investments to help smooth the return journey for our client portfolios over the long term.

Fund performance

TCorp provides bespoke contracted investment advice and portfolio management solutions for 15 client portfolios (14 diversified funds and one single sector fund), with assets totalling \$109.7bn as at 30 June 2024.

Despite the challenging financial markets in FY24, our client portfolios achieved solid investment returns, largely on the back of strong global equities markets which were the key driver of returns in most of our portfolios. Our client portfolios also benefited from positive returns across infrastructure, credit and alternative assets.

High price and wage inflation throughout the year continued to make inflation-linked return objectives challenging to achieve for most funds over the short to medium-term. Our portfolios with longer track records continue to outperform their long-term objectives.

In Australia, CPI moderated to 3.8% in June 2024, with the Wage Price Index reaching a high point of 4.2% in December 2023. Consequently, even with strong absolute returns across the board, most of our inflation-linked portfolios underperformed their return targets over the year and over the medium term. We continue to search for suitable investment opportunities with linkages to inflation to further boost the inflation protection characteristics of the funds.

During the year, we continued to enhance diversification in the portfolios through investing in assets that are less correlated to equities and we enhanced the defensiveness of our foreign currency exposures. These changes reduce portfolio volatility, improve poor market downside outcomes and support the management of our clients' funds within their stated risk appetites.

Our largest funds as illustrated in Table 2, generated one-year positive returns of 8.4% for the Treasury Managed Fund, 7.5% for the State Super Trustee Selection (Defined Benefit) Portfolio, 6.0% for the NSW Generations (Debt Retirement) Fund, and 5.3% for the Workers Compensation Insurance Fund. Investment returns for our other multi-asset portfolios ranged from 10.6% for the TCorpIM Long Term Growth Fund to 4.7% for the Insurers' Guarantee Fund.

Strong absolute returns added \$7.5bn to our clients' portfolios collectively in FY24, for a total dollar return performance of \$49.4bn since TCorp's funds amalgamation in June 2015. These returns help support the NSW Government family in meeting its financial obligations, including providing pension benefits, insurance and care payments, and long service leave entitlements, as well as supporting the state's infrastructure programmes.

We consistently manage our portfolios within agreed risk appetite metrics, and meet liquidity needs as required by clients.

Over the year, net outflows were \$4bn, which is similar to the level of redemptions TCorp typically facilitates each year to meet regular pension payments and the infrastructure spending needs of Restart NSW. Flows into and out of our investment portfolios are driven by the specific mission and needs of each client fund, as articulated in their governing legislation.

As at 30 June 2024, TCorp had \$109.7bn of assets under management and is a top 10 investment manager in Australia.

Table 2: TCorp funds' performance and objectives as at 30 June 2024

Client Fund	Inception date	Since inception return (%p.a.)¹	5 year return (%p.a.)	1 year return (%)	Fund size (\$mn)	5 year dollar value add to client portfolio (\$)	1 year dollar value add to client portfolio (\$)
State Super Trustee Selection Portfolio (CPI + 3.7% p.a. over 10 years)	29-Apr-88	7.4	6.2	7.5	29,673.7	10.0bn	2,283.6mn
Workers Compensation Insurance Fund (WPI + 2.5% p.a. over 20 years) ²	30-Nov-05	5.8	3.6	5.3	17,158.0	3.1bn	898.1mn
NSW Generations (Debt Retirement) Fund (CPI + 4.5% p.a. over 10 years)	15-Nov-18	6.4	5.2	6.0	17,006.1	3.6bn	960.4mn
Treasury Managed Fund (CPI + 3.5% p.a. over 10 years)	31-Mar-99	6.8	6.2	8.4	16,714.8	4.1bn	1,339.0mn
NSW Infrastructure Future Fund (CPI + 2.0% p.a. over life of the fund)	7-Dec-16	4.1	3.1	6.3	5,969.8	1.7bn	428.6mn
Lifetime Care and Support Authority Fund ² (WPI + 3.0% p.a. over 20 years)	30-Jun-07	7.2	5.3	7.6	9,964.6	2.1bn	692.0mn
Long Service Corporation Investment Fund (NSW AWOTE + 1.0% p.a. over 10 years)	25-Nov-13	6.2	3.6	6.3	2,372.6	0.3bn	139.3mn
TCorpIM Long Term Growth Fund (CPI + 3.5% p.a. over 10 years)	1-Jul-89	7.8	6.0	10.6	3,250.3	0.7bn	302.7mn
Social and Affordable Housing Fund (CPI + 4.0% p.a. over 10 years)	16-Aug-17	6.4	5.2	7.0	1,610.2	387.5mn	108.3mn
TCorpIM Medium Term Growth Fund (CPI + 2.0% p.a. over 5 years)	1-Dec-90	6.8	2.9	6.4	2,551.0	254.3mn	144.3mn
Dust Diseases Authority Fund ² (WPI + 2.5% p.a. over rolling 20 year periods)	30-Jun-07	5.3	4.0	5.0	990.4	225.2mn	50.5mn
Parliamentary Contributory Superannuation Fund (Sydney CPI + 3.5% p.a. over 10 years)	1-Jan-99	7.4	6.2	8.3	340.8	104.1mn	27.0mn
Insurers' Guarantee Fund (AWE + 2.0% p.a. over 20 years)	1-Jul-11	5.8	2.9	4.7	204.1	30.1mn	9.3mn
Snowy Hydro Legacy Fund (CPI + 1% over the life of the Fund)	13-Dec-21	0.9	n/a ³	6.4	1,752.2	n/a ³	105.4mn

All returns are net of fees unless otherwise stated.

1 Performance shown includes time periods prior to the date TCorp assumed management of the funds.

2 Returns shown are gross of fees.

3 This fund has an investment history of less than five years and is therefore shown as n/a.

CPI – Consumer Price Index, AWE – Average Weekly Earnings, AWOTE – Average Weekly Ordinary Time Earnings.

Source: TCorp

Our investment approach

The outlook for key asset markets remains uncertain and we maintain our 'prepare, not predict' approach to portfolio construction. The impact of price and wage inflation continues to weigh on our portfolios, prompting us to be adaptable and opportunistic in our approach to portfolio strategy. We are enhancing the resilience, flexibility and quality of our portfolios by implementing defensive, return generating strategies, and sourcing unlisted investment opportunities to bolster portfolio inflation-protection characteristics.

Our focus on integrating stewardship principles into our investment processes continues. Key areas include: integrating climate risk and carbon emissions into portfolio construction, allocating capital to climate solutions, and leveraging our influence through active ownership (proxy voting and engagement) with a strong focus on preparedness for a low carbon transition.

OneFund

NSW Treasurer Daniel Mookhey announced on the 18 June 2024 the consolidation of several government funds into one investment portfolio, known as OneFund. TCorp worked in partnership with NSW Treasury to implement this consolidation, which allows for greater flexibility and efficient management of the state's investment funds.

The participating funds are the NSW Infrastructure Future Fund, Snowy Hydro Legacy Fund, Long Service Corporation Investment Fund, Social and Affordable Housing Fund, Treasury Managed Fund, and the NSW Generations (Debt Retirement) Fund. Combining the funds into one will enable higher returns for each of the funds over the longer term.

More information on OneFund can be found in our Q&A with our Chief Investment Officer, Stewart Brentnall, on pages 32-33.

Total Portfolio Approach

It has been five years since TCorp started transitioning all diversified client portfolios to our Total Portfolio Approach (TPA), a global best practice, risk-based investment model that leading major institutional investors in Australia and overseas have adopted.

We reviewed the effectiveness of TCorp's TPA over its five years of life and made small amendments to improve the cultural operation of our model and some of its workflows. The improvements enable us to continue to support the creation of the best possible portfolios and to maximise the probability of enabling our clients to meet their investment objectives.

We have operated our TPA investment model effectively through our small team, located in one building, in one city. Communication is relatively easy, setting up the basis for collaborative decision-making. This sets us apart from many of our larger peers, who spread across multiple locations in different cities and countries.

Cash and fixed income

TCorp's Cash and Fixed Income team is responsible for managing \$14.6bn of domestic cash and fixed income mandates. These mandates have different maturity and credit risk profiles which are part of our clients' overall investment portfolios. We focus on investing in predominantly Australian-issued investment-grade debt securities through discrete strategies designed to meet specific client requirements. The investment process seeks to add modest outperformance above relevant benchmarks over time.

In FY24, our fixed income funds generated positive returns, as illustrated in Table 3:

- The Liquidity Cash strategy benefited from higher interest income, as the RBA maintained higher interest rates over the year
- The Short-Term Income Fund benefited from higher interest income, as the RBA maintained higher interest rates and credit exposure over the year. Credit spreads tightened moderately
- The Australian Bond strategy benefited from higher yields and tighter semi-government bond spreads
- The Australian Inflation-Linked Bond strategy benefited from higher yields, tighter semi-government bond spreads and lagged returns from high inflation in the prior year.

Table 3: Australian fixed income performance as at 30 June 2024

TCorpIM Cash and Fixed Income strategies	5 year return (% pa)	1 year return (%)	Market value (\$bn)
Liquidity Cash	1.84	4.81	3.6
Short-Term Income	2.22	5.57	1.0
Australian Bonds	(0.50)	3.49	3.1
Australian Inflation-Linked Bonds	1.10	3.82	4.3
Others	n/a	5.52	2.6

Benchmark for the Liquidity Cash: 100% Bloomberg AusBond Bank Bill Index.

Benchmark for the Short-Term Income Fund: 50% Bloomberg AusBond Bank Bill Index, 50% Bloomberg AusBond Credit Floating Rate Note Index from 1 February 2022.

Benchmark was 100% Bloomberg AusBond Bank Bill Index prior to this time.

Benchmark for the Australian Bonds: 100% Bloomberg Treasury Bond Index.

Benchmark for the Australian Inflation-Linked Bonds: 100% Bloomberg Government Inflation-Linked Bond Index.

Benchmark for Others: Combination of Bloomberg AusBond Credit 0-1 Year Index and Bloomberg AusBond Credit 1-3 Year Index.

Source: TCorp

Unlisted asset management

TCorp's investment in unlisted assets contributes to total portfolio outcomes by providing access to long-term inflation-linked returns and improving portfolio resilience and risk diversification. Examples of unlisted assets in TCorp's portfolio include infrastructure, property and opportunistic investments.

Infrastructure and property had a mixed performance, generating returns of 4.6% and -9.4% respectively for the year as illustrated in Table 4. This has been driven by valuation declines of infrastructure and property assets, impacted by the increases in interest and capitalisation rates. Performance in the office property sector particularly, was influenced by reduced tenant demand and lower occupancy levels due to flexible working arrangements.

Over the past five years, infrastructure and property delivered returns of 6.2% and 1.3% per annum respectively.

We committed \$0.8bn into unlisted infrastructure and property investments in FY24.

Key highlights include:

- Investment in a renewable natural gas manufacturer in the US
- Increasing investment in a waste to energy operator in the UK
- Increasing investment in an enterprise data centre service provider in the US
- Increasing investment and deployment in logistics assets in the US and NSW, Australia.

An example of this work in action is TCorp's logistics investment in the Moorebank Intermodal Precinct, see pages 34-35 for more details.

We also completed the divestment of a shopping centre in Australia and progressed sales of certain infrastructure and property exposures. These divestments facilitate rebalancing of infrastructure and property portfolios as well as aligning with TCorp's client needs.

Table 4: Unlisted assets performance as at 30 June 2024

Area	5 year return (% pa)	1 year return (% pa)	Market value (\$bn)
Infrastructure	6.2	4.6	10.6
Property	1.3	(9.4)	7.6

Source: TCorp

Investment stewardship

TCorp's investment stewardship journey is aligned to our clients' and the state's commitment to sustainable investment outcomes. In FY24, as part of a regular review of our investment beliefs, the TCorp Board refreshed its stewardship investment belief as follows: "Understanding and managing material environmental, social and governance (ESG) risks and opportunities, including climate change, will result in more resilient long-term investment outcomes." This now explicitly recognises climate change as a material investment risk and opportunity and its importance to delivering resilient long-term investment outcomes.

TCorp also refreshed its Investment Stewardship Policy in 2024 to align with our Total Portfolio Approach and to re-emphasise the importance of embedding ESG in our investment model and the client investment journey from portfolio design to implementation, monitoring and reporting. Consistent with our historic approach, we assess and manage ESG risks and opportunities through our five pillar stewardship framework: ESG integration into our investment process, active ownership, collaboration, exclusions and disclosure to clients on our activities.

A recent milestone was the development and approval of an ESG Investment Risk Framework (EIRF). The overarching objective of EIRF is to enable TCorp to identify the most material ESG risks facing the total portfolio, and then to evaluate, manage and monitor those risks in order to contribute to long-term resilient investment outcomes.

The outcome of the EIRF sees TCorp prioritising the following ESG risks when building and managing its investments: climate change, country governance, corporate governance, cyber security and human capital. As a long-term investor facing into systemic risks, we anticipate these to be TCorp's key focus areas for the next three years, although we will review this list annually.

Environmental

We believe climate change is a systemic risk with financial impacts for portfolios and in FY24 delivered three major items:

- We progressed our Investment Management climate project towards our goal of setting a net zero portfolio emissions ambition, as recommended by the 2023 ESG Review and in line with the NSW Government's net zero by 2050 ambition. Key achievements to date include draft climate principles to inform investment decision-making, the establishment of a total portfolio emissions baseline as of 31 December 2020 and developing a draft net zero glidepath and roadmap

- We added a fourth scenario to our suite of climate scenarios which we use as part of our stress tests on all portfolios. The new scenario – Limited Transition – reflects the possibility of a slower, more disorderly low carbon transition and what implications might arise for investment risk and returns across asset classes
- We continued corporate engagement on climate-related investment risk. We engaged directly with the chairs and chief executives of several of Australia's most carbon intensive companies on the resilience of company growth models in the face of a low carbon transition, and the increasing physical impacts of climate change on business operations.

Social

TCorp identified human capital management as a material ESG issue across our aggregate investment portfolio.

Human capital risks include health and safety, diversity, equity and inclusion, employee relations, respectful stakeholder relations to maintain a social licence to operate, modern slavery, and fair treatment of customers.

In FY24, we engaged with some of Australia's largest companies with a particular focus on the social licence to operate. Treating customers, communities and workers fairly is critical to long-term financial performance and we reinforced this through our voting and engagement activities.

Governance

TCorp is an active owner of its investments to protect and enhance long-term value. Within listed equities, this includes voting at shareholder meetings of all investee companies to promote improved corporate governance. In our unlisted asset investments, we appoint a board member where we can. We expect these representatives to consider and manage material ESG risks and opportunities in line with TCorp's stewardship belief and principles. We expect them to ensure that commitments to good governance, climate risk management, health and safety and sustainable operating practices remain front of mind, given the long-term illiquid nature of these investments.

Following the development of our Country Governance Risk Framework in 2023, we implemented the framework across all our equity and bond investments, both corporate and sovereign. As a result, we divested from several emerging markets during the year. TCorp portfolios have proven broadly resilient in the face of heightened geopolitical risk so far.

OneFund – driving stronger returns

Stewart Brentnall
Chief Investment Officer

Chief Investment Officer Stewart Brentnall shares why OneFund is a natural evolution of TCorp's investment management strategy and how his team aims to deliver on the higher investment objective.



Why is OneFund being created?

NSW Treasurer Daniel Mookhey asked us to explore aggregating a number of NSW Government funds, including the NSW Infrastructure Future Fund (NIFF), the Snowy Hydro Legacy Fund (SHLF), the Long Service Corporation Investment Fund, the Social and Affordable Housing Fund, the Treasury Managed Fund (TMF) and finally, the NSW Generations (Debt Retirement) Fund (NGF), which is a long horizon debt retirement fund.

Interestingly, these funds represent a spectrum of risk appetites, NIFF and SHLF are conservative as they will be required to pay out large proportions of their funds in the next two to three years and therefore have significant proportions of their assets invested in cash like exposures. The remaining funds are being more progressively invested through greater allocations to equities, generating higher returns.

These funds are accounted for on the NSW Government's Balance Sheet with risk appetites that are owned by the NSW Treasurer. The NSW Treasurer asked that the funds be combined and managed as one fund, significantly increasing investment and operational efficiency with which they will be run. The OneFund initiative was born.

An ongoing part of TCorp's work is to assist the NSW Treasurer in optimising the balance sheet. OneFund has a performance objective of CPI + 4.5% per annum over rolling 10-year periods, which is in line with the NGF but higher than the other funds.

What will be the benefits of OneFund?

In managing several funds as one, we are able to remove quite a few investment constraints, improve the use of unlisted assets, better leverage our long-horizon comparative advantage and access a wider range of investment opportunities, driving the benefits of pooling.

What will the investment strategy look like for OneFund?

We have a well-defined investment strategy that will rely on having slightly more than half the fund invested in equity risk to maximise our ability to deliver on the return objective.

Other sources of return that will complement the high equity risk are real assets and core alternatives. Property and infrastructure attract a higher return for the funds being locked up for longer, the 'illiquidity premium', as well as some valuable inflation protection.

Additional to these strategies, we invest in a basket of diversifying assets, building defensiveness and resilience into the portfolios, which we will achieve with unhedged currency and term risk (a bond overlay), defensive alternatives (which will rise when equities fall) as well as risk overlays which are a valuable, high quality form of insurance if equities fall more sharply.

Collectively, our approach will deliver a portfolio that is designed to achieve our performance objective, with the highest possible probability.

Will OneFund be taking on more risk to achieve higher returns?

OneFund will run at a similar level of risk to the NGF – the other joining funds will adjust to this level. OneFund will more effectively reflect and utilise the NSW Treasurer’s risk appetite.

Is the rising geopolitical tension and uncertain economic environment a concern as you begin implementation of the strategy?

It is, but dealing with that is part of our job. We have to live and work with geopolitical risk and have run portfolios for decades that have dealt with this type of risk.

The investment landscape has changed in the last few years from the end of what was called the ‘Great Moderation’ – effectively 40 years characterised by falling interest rates, benign inflation and lots of liquidity in markets. We’re now facing an environment with more geopolitical risks, less economic reliance on China, with supply chains now being moved back on shore and where we expect more frequent and more unpredictable economic and inflation cycles. That means more for us to think about, so how do we approach that?

Our motto is ‘prepare, not predict’. It’s extremely hard to predict consistently over time what economies and markets are going to do in uncertain times. The better strategy is to build resilient, high-quality portfolios that will perform well through most scenarios, rather than trying to predict any one of them.

We constantly run scenarios to shock test our portfolios – for factors such as a sharper China slowdown, the impact of climate transitions and others. Scenario testing tells us a lot about the resilience of our portfolios that informs each iteration of portfolio design. It’s too arrogant to describe what we build as an all-weather portfolio, but we believe it is one that will perform adequately to well in most weather conditions.

“It’s extremely hard to predict consistently over time what economies and markets are going to do in uncertain times. The better strategy is to build resilient, high-quality portfolios that will perform well through most scenarios.”

How are you changing the investment process or Investment Management team to meet the needs of OneFund?

Merging the funds into one means fewer moving parts – we can therefore run our process and team on a more efficient basis.

Rather than just reducing team size however, we have reviewed the effectiveness of TCorp’s Total Portfolio Approach (TPA) over its five years of life and made some minor amendments to improve the cultural operation of our model and some of its workflows. TPA recognises that our client has only one objective, in the case of OneFund this is CPI + 4.5% per annum. Success is binary – their objective is met, or it’s not.

So, we should be able to build an operating process which, at all times and in a dynamic way, aims to create the best possible portfolio, maximising the probability of enabling the client to meet their investment objective. We employ a deeply collaborative and holistic approach to building client portfolios, rather than decentralising management and introducing lots of benchmarks that may distract from achievement of the client’s main objective.

There is no magic, no secret sauce in TPA; it’s as much a cultural mindset as a mechanical investment process. TPA removes noise and misalignment, and encourages people to ‘work, decide and own the outcome’ together.

TCorp’s Investment Management team is comprised of 65 people, small compared to many of our peers who have hundreds in their investment teams. I used to think this was a disadvantage but now believe it is one of our comparative advantages. All those 65 people work on one floor, so we almost naturally do things together. If we need help, we walk over and speak to our colleagues. You can’t do that if your team is in different buildings, cities, or countries.

I am making small changes to encourage deeper collaboration across our teams, at the same time encouraging more willingness for constructive challenge around ideas and strategy.

What are the ongoing or long-term challenges for OneFund?

Maximising the probability of meeting the fund’s CPI + 4.5% per annum objective is not an easy target.

Ensuring our team is always focused on this is my principal aim. To achieve this, I need to ensure we prioritise the most material opportunities for improving the portfolio, while dealing with economic, market and geopolitical risks, and not being distracted by irrelevant short-term variables. We must prioritise our research and resources to this end.

Case study

An ESG-driven asset – TCorp’s investment in the Moorebank Intermodal Precinct

The LOGOS Australia Moorebank Venture was established in 2021, having secured the Moorebank Intermodal Precinct (MIP) site, comprising around 243 hectares of strategically located prime logistics real estate in Sydney’s southwest industrial market.

MIP was acquired by TCorp and three consortium partners in 2021 for \$1.67bn and has a projected value of over \$4bn upon its completion in 2026.

MIP represents a rare opportunity in the Australian property market – not only a sound investment to add to TCorp’s property portfolio but the development is also driven by significant Environmental, Social and Governance (ESG) characteristics. The precinct is expected to deliver more than \$11bn in economic benefits over 30 years to local businesses and the community, through improved productivity, reduced business costs and lower congestion.

This acquisition of MIP as part of a consortium was a first for TCorp, increasing diversification away from wholesale property funds. TCorp’s consortium partners are major superannuation fund AustralianSuper, Canadian real estate investment company Ivanhoé Cambridge, and global alternatives investor AXA IM Alts.

Along with the other major investors, TCorp sits on Moorebank’s Investment Committee to:

- Evaluate strategy for the current and future operation of the facility
- Approve material decisions (leasing, capital expenditure, capital structures, precinct strategy)
- Oversee the actions of the manager to monitor risk, including ESG risks
- Actively influence outcomes.

Artist’s impression of the Moorebank Intermodal Precinct



Major ESG considerations

The TCorp property team considers MIP the ‘next generation’ of logistics parks with the development incorporating market leading environmental and sustainability credentials. Working with local councils, schools and other stakeholders, MIP incorporates biodiversity elements, educational programs and community outreach.

Situated within a highly developed area of Sydney, MIP has potential capacity to accommodate over 900,000 sqm of total industrial Gross Lettable Area. It is directly adjacent to Australia’s largest rail intermodal terminal with direct train links to Port Botany and interstate rail which, once fully operational, will provide benefits to surrounding community through:

- Reducing heavy vehicle movements by more than 3,000 trucks from Sydney roads each day
- Reducing truck emissions by 110,000 tonnes of carbon dioxide equivalent per year
- Delivering net annual carbon emissions savings, equivalent to removing 11,000 vehicles from the road for a full year.

There are also several other major ESG-related benefits, including:

- 60,000 MWh/year of energy from renewable energy sources (solar) has been installed on the rooftops of the assets, capable of generating 80+ GWh per year, which will allow all warehouses on site to be substantially powered by renewable energy

- The creation of approximately 6,800 jobs
- Environmental protection through the remediation and safeguarding of 100 hectares of land previously used by the Department of Defence
- A biodiversity corridor to offset the production of the development area
- Working with local schools to offer eco tours of the biodiversity area and industry immersion days to encourage training and workplace participation.

A partnership of like-minded investors

Investment in MIP came after 12 months of work by the TCorp Property team, which conducted its risk management assessment to ensure appropriate controls were in place.

Each investor partner plays an active role in the governance of MIP to evaluate strategies and to challenge and approve the manager’s material investment initiatives, with the ultimate goal of supporting financial and operational performance. A key element of the governance approach is influencing outcomes to ensure the asset continues to deliver long-term environmental, sustainability and community benefits, in addition to the investment returns.

The success of this investment partnership helps TCorp to achieve enhanced portfolio resilience. It also functioned as the precursor for TCorp to invest in further properties with a group of other like-minded investors in the UK and US.



The vast Moorebank Intermodal Precinct in Sydney’s southwest

Financial Markets

As a trusted partner to the NSW public sector, our financial advice and execution has a positive impact on helping to meet the long-term needs of the people of NSW.

Key highlights

TCorp maintained a strong liquidity position and deep market access, supporting funding outcomes and NSW's strong credit profile.

We issued \$2.7bn of green and sustainability bonds, including a new September 2035 Sustainability Bond that extended our Environmental, Social and Governance (ESG) interest rate curve. As at 30 June 2024, the total value of bonds on issue under the NSW Sustainability Bond Programme was \$11.9bn.

In FY24, we raised \$32bn, with TCorp's tender and syndication transactions benefiting from broad support, reflecting ongoing appeal to domestic and international investors.

TCorp maintained a robust liquidity position and deep market access, which has supported funding results. On behalf of the state, we managed a balance sheet of over \$176bn as at 30 June 2024.

Our primary activity is to raise funds, manage risk, and extend loans to clients. Most of the funding raised in the market is sourced through issuance into our Benchmark Bond programme.

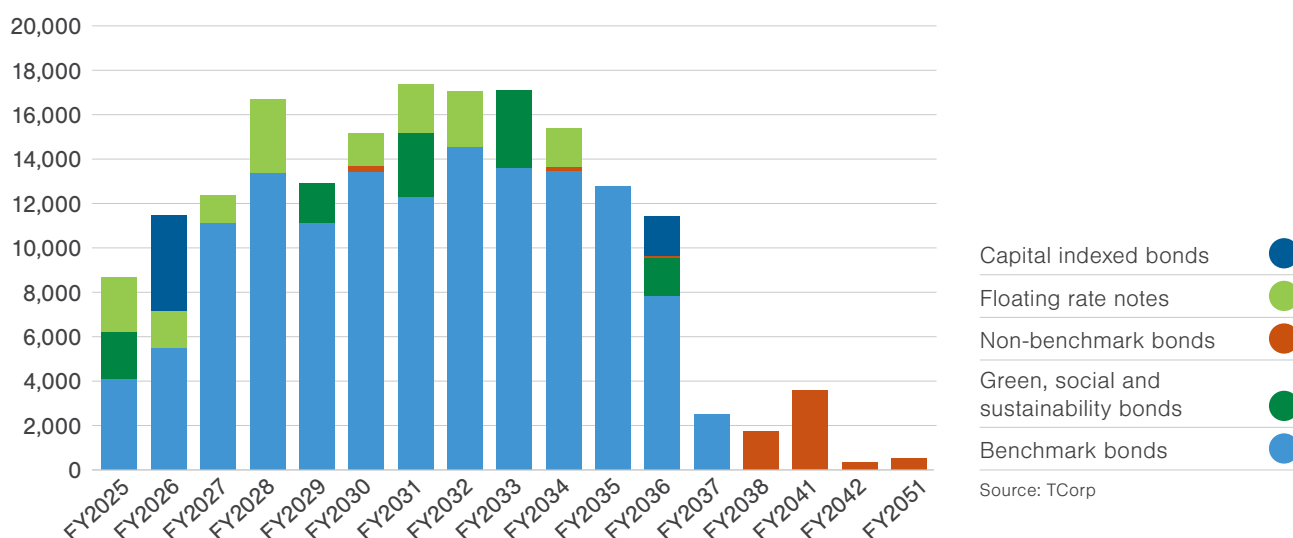
While the state's funding requirement has remained elevated in a historical context, demand for NSW issuance was strong in FY24. Indeed, on two occasions this year, TCorp broke its record for investor demand in a single tranche offering. On 17 January 2024, the new \$1.7bn September 2035 Sustainability Bond attracted orders totalling \$6.5bn, while on 10 May 2024, the \$3bn increase to the February 2035 Benchmark Bond attracted orders over \$7.5bn.

The increased breadth and depth of investor participation in the Australian market more broadly and in semi-government issuance specifically, has occurred at a time where interest rates are close to their peak. There is greater investor confidence that rates have stopped rising and will likely fall.

As at 30 June 2024, our average book cost of debt was 3.58%, and our funding book ended the year with a weighted average life of 6.5 years.

This year we extended our fixed rate benchmark bond curve with a new February 2037 Benchmark Bond, and our ESG curve with the issuance of the September 2035 Sustainability Bond. Issuance is diversified across a range of different instruments, including floating rate notes, benchmark bonds and sustainability bonds, as detailed in Chart 3.

Chart 3: TCorp bonds on issue as at 30 June 2024



Source: TCorp

Under the NSW Sustainability Bond Programme:

- We issued a new \$1.7bn September 2035 Sustainability Bond
- As at 30 June 2024, green, social and sustainability bonds on issue totalled over \$11.9bn across five maturities.

We maintained our strategy of periodically increasing our existing ESG lines, to provide investors greater access to the Programme and to promote liquidity. During FY24, we increased our 1.25% November 2030 Green Bond and 2.50% November 2032 Sustainability Bond by \$600mn and \$400mn respectively, via reverse enquiry and tender formats.

FY24 borrowing programme at a glance

TCorp raised a total of \$32bn of term funding in FY24, including \$1.8bn of prefunding that was applied to the FY25 borrowing programme. Syndications played a significant role in the programme's delivery, accounting for 38% of total funding, raised across six transactions. The three largest syndications were:

- \$2.75bn increase to the March 2034 fixed rate Benchmark Bond at a yield of 4.705%
- \$2.5bn issuance of a new February 2037 fixed rate Benchmark Bond at a yield of 4.925%
- \$3.0bn increase to the February 2035 fixed rate Benchmark Bond at a yield of 5.24%.

Reverse enquiry remains critical to the success of the overall programme, delivering 55% of total funding. It was particularly important in FY24 for Authorised Deposit-taking Institutions (ADIs) as they sought to time the acquisition of assets with movements in a volatile interest rate swap market, along with foreign investors who look to time investment with fund flows.

Global investors

The return of foreign investors to the domestic market was a key development in FY24, demonstrated by orderbook statistics published following syndicated transactions. There are several factors that continue to support this broadening investor base including, but not limited to:

- The growth in bonds outstanding, now comprising a larger share of bond indices
- Improved liquidity characteristics meeting the requirements of large global investors
- Favourable relative value pricing compared to other markets and Australian Government Securities
- Changing thematics, with investors shifting portfolio positioning to take advantage of yields.

The Financial Markets team raises debt for the state of NSW by issuing bonds to the domestic and international fixed income investor base, providing loans to the NSW public sector, and managing risk on the balance sheet. We also provide financial risk management solutions, such as foreign exchange hedging.

Investors in TCorp bonds include:

- Banks
- Local and global fund managers
- Local and global insurance companies
- Global reserve managers
- Superannuation funds.

How does TCorp issue debt?

There are three ways.

Syndication

The issuance of debt involving the appointment of bookrunners to jointly market and distribute a bond issue.

Reverse enquiry

When a member of our dealer panel banks initiates contact with TCorp to convey specific interest in tapping a specific TCorp bond line.

Tender

The issuance of debt via a competitive auction process, conducted on Yieldbroker, the debt trading platform used by the industry.

TCorp completed comprehensive investor engagement in FY24 which included a combination of physical investor meetings in Asia, UK and Europe, along with meetings held in Australia with visiting foreign investors.

Roadshows remain a critical medium for educating and engaging with investors on the NSW economy, the NSW Budget and our borrowing programme and how it supports the state. They are particularly valuable in maintaining and growing an active investor base.

This support, complemented by onshore investor activity, resulted in another record year of turnover for TCorp bonds. Secondary market bond turnover as reported by our panel banks, in our benchmark bonds increased from \$144bn in FY23 to \$203bn in FY24.

Local investors

There was a moderation in the ADI investor base in FY24. While ADIs remain a key and ongoing investor group for semi-government issuers, their share of this market has likely peaked, with offsetting demand coming from a wider array of international investors and greater domestic investor participation with increased allocations to fixed income.

Sustainability investors

The NSW Sustainability Bond Programme remains the key mechanism for TCorp to showcase the ESG credentials of the state and for ESG investors to engage with TCorp.

We issued a new \$1.7bn 4.75% September 2035 Sustainability Bond and in total issued \$2.7bn of green and sustainability bonds over the year. We focused on increasing liquidity in existing lines, specifically the November 2030 Green Bond and November 2032 Sustainability Bond. For more information on the Programme see our case study on pages 41-42.

The NSW Sustainability Bond Programme publishes an annual report, providing an overview of the Programme, our governance and certification/assurance. The report also identifies projects the funds we raised were earmarked to, including dollar amounts and details of each project.



Visit the [TCorp website](#) to view the NSW Sustainability Bond Programme Annual Report.

Providing lending solutions to clients

State owned corporations

We provide strategic advice and implement debt management strategies for state owned utilities, the largest being Sydney Water and Essential Energy, to align their debt portfolios with relevant regulatory debt benchmarks.

Our regulated utility clients manage their debt portfolios following the benchmark methodology set by their respective regulators, such as the Australian Energy Regulator and the Independent Pricing and Regulatory Tribunal, to calculate the compensation for their cost of debt. As part of this methodology, the regulators observe market interest rate data during sampling periods each year.

During FY24, TCorp executed issuance in alignment with the respective annual benchmarks for all regulated utility clients.

General government

In FY24, general government debt increased by \$23.7bn to \$131.7bn, with new fixed rate debt issued at a weighted average yield of 5.04% and a weighted average life of 9.74 years.

The general government debt maturity profile ended the year at a weighted average life of approximately 7.5 years, shortening over the year in a higher rate environment.

Local government

TCorp approved \$241.6mn of loans to 21 Councils, including six first time borrowers. As at 30 June 2024, total lending commitments reached \$1.2bn to 71 NSW councils.

Our focus has remained on delivering long-dated infrastructure funding across NSW, to build and maintain local government infrastructure and stimulate economies in local government areas. While our funding remains predominantly regional with over 72% of loans to non-metropolitan councils, TCorp continues to support metropolitan councils on larger, more complex projects as opportunities arise.

Our local government funding programme included:

- AlburyCity road and sports field reconstruction projects
- Barellan Sewerage Scheme
- Barton Park Recreational Precinct
- Bellingen 'Sewering Coastal Villages' project
- Camden Council road infrastructure renewal programme
- Howlong water supply upgrade
- Manly Oval water detention tank refinancing
- Newcastle Art Gallery expansion project
- Refinancing of loans for MidCoast Council for water, sewer and road projects
- Queanbeyan Civic and Cultural Precinct
- Wentworth Civic Centre redevelopment.

Case studies showcasing our work with local government can be found on pages 47-49.

Providing financial risk management solutions

TCorp partners with the NSW Government family, creating solutions to manage financial risk. We leverage the broad experience and deep knowledge of our team to identify, quantify and mitigate financial risks for both the state and clients.

These activities include managing foreign exchange, interest rate and commodity exposures through hedging, as well as assisting our clients in assessing exposures which did not result in hedged positions. In all cases, we collaborate with our clients to navigate their exposure to volatile financial market prices, improving budget certainty.

Case studies showcasing our work in this area can be found on pages 43-46.

Case study

Supporting more social and affordable housing supply in NSW regions

Homes NSW financing facility

Homes NSW (formerly NSW Land and Housing Corporation) is a NSW Government division charged with increasing and managing social, affordable and market housing supply across NSW.

In 2021, the Regional Communities Program was established to support the delivery of new social, affordable and market housing supply in predominantly regional NSW communities that are experiencing significant and increasing housing stress.

Initially, the Program was financed from Homes NSW's self-funded business model. However, for it to keep up with growing demand, feasibility challenges and the needs across multiple geographic regions, alternative funding sources were required. TCorp was called upon to assist.

How we helped

Working with Homes NSW and NSW Treasury over several months, TCorp helped to deliver a \$70m financing facility to fund eight initial regional housing supply projects, with capacity to generate around 1,281 new dwellings across NSW.

The financing facility consists of a diversified maturity debt portfolio that minimises refinancing risk, while allowing flexibility to adjust to changes in market conditions and funding requirements. TCorp considered the timing of Homes NSW's funding requirements, its future cashflows and the debt management approach put in place to ensure the debt portfolio is managed in accordance with Homes NSW's needs.

Client feedback

TCorp has been great to work with. They are highly responsive and collaborated closely with Homes NSW to tailor a bespoke funding solution that sets the Regional Communities Program up for success.

Glyn Richards

Director, Regional Communities
Homes NSW

Homes NSW was originally established in 1942 under the name of NSW Housing Commission. Initially, it provided a pathway to home ownership for working families and returned services personnel. Today, the remit of Homes NSW centres on providing housing as a safety net for people who cannot afford to house themselves. The high demand for social, crisis, transitional and affordable housing, continues to outstrip supply, right across NSW.

Each project in the Regional Communities Housing Program incorporates an appropriate mix of diverse housing to suit current market conditions, while at a minimum delivering 30% of the future project as social and affordable dwellings.

The Program collaborates across agencies within the NSW Government, local councils, NSW Aboriginal Land Council, local Aboriginal land councils and community housing providers. It uses this collective partnership to increase and accelerate a sustainable supply of diverse housing outcomes.

This work across NSW has benefits beyond the housing delivered, by creating local jobs and stimulating local economies.

NSW Sustainability Bond Programme

Driving long-term growth

Global sustainable issuance continues to grow. TCorp remains a material player in this market segment via the NSW Sustainability Bond Programme, the primary mechanism for investors to allocate capital to the NSW Government’s sustainability agenda.

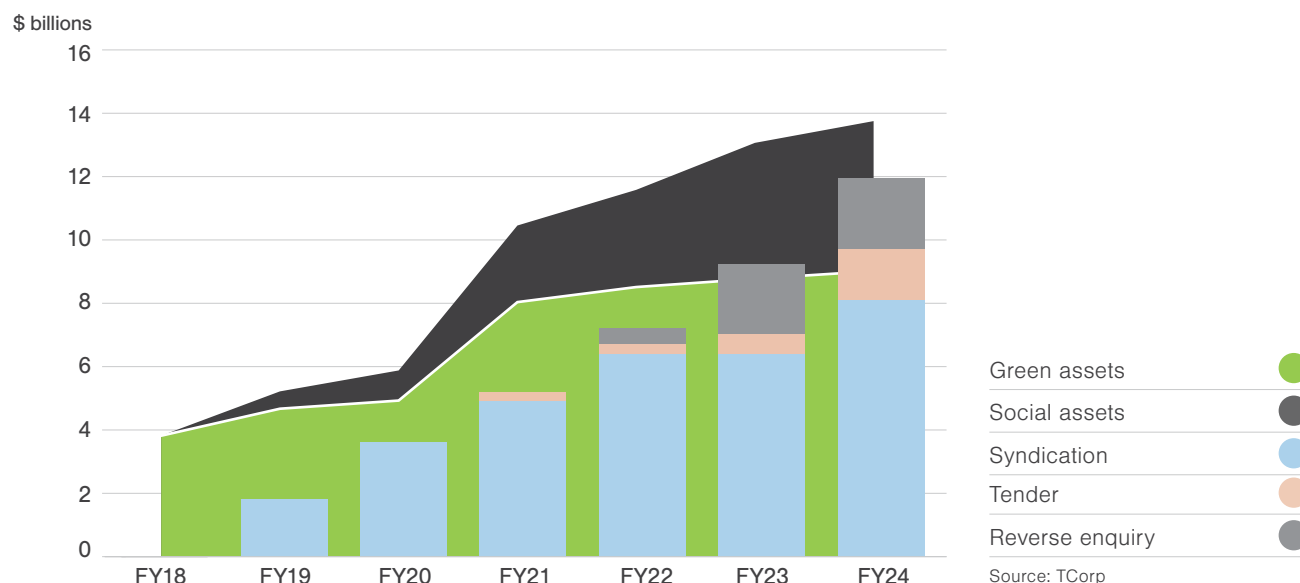
In January 2024, TCorp extended its ESG curve and issued its fifth bond under the Programme, a new \$1.7bn September 2035 Sustainability Bond. Since the Programme’s inaugural issuance in 2018, five bonds are outstanding, totalling \$11.9bn at 30 June 2024, and finance a range of projects contributing to green and social outcomes for NSW. Of this total, \$8.1bn has been issued via syndication and the remaining \$3.8bn through a combination of tender and reverse enquiry.

In FY24, \$450mn of eligible assets were added to the pool. In July 2024, Transport for NSW’s Sydney Metro City and Southwest was included in the eligible asset pool, bringing the total eligible asset pool to \$17.4bn. While the Programme’s asset pool is skewed towards green assets, notably large-scale transport infrastructure, there has been increased focus in recent years on social assets, such as housing and schools.

Over the past 18 months, the Programme issuance has pivoted, reflecting the evolution of TCorp’s approach. Historically, issuance occurred on an annual basis, in the form of a new, syndicated bond line.

As the Programme has evolved, it now operates as a core component of our funding activities. We may continue to add liquidity to these lines throughout the year. TCorp intends to maintain an ESG curve, focusing on a smaller number of bond lines that grow over time. Periodically, we may add new lines as existing bond lines shorten and ultimately mature.

Chart 4: NSW Sustainability Bond Programme asset pool and issuance as at 30 June 2024



Diversifying the investor base

The Programme attracts orders from a diverse investor group, including funds restricted to investment in sustainable products, and those with a wider remit that have an ESG component as part of their overall assessment.

Investor appetite for our issuance remains strong, underscoring the genuine interest in directing capital to high quality, sustainable investments for the long term. This dynamic was demonstrated by our September 2035 Sustainability Bond which was 3.8 times oversubscribed and achieved a pricing outcome that was tighter than our fixed rate benchmark cost of funds. TCorp also tendered \$1.0bn of the November 2030 Green Bond and November 2032 Sustainability Bond in response to broad-based investor demand in these lines, with the resulting pricing benefits passed to our clients.

Working collaboratively

The Programme is a whole-of-government initiative.

TCorp's valuable partnership with NSW Treasury and the Department of Climate Change, Energy, the Environment and Water underpins the Programme's strong governance framework, forming the NSW Sustainability Bond Committee and Asset Identification Group and Reporting Group. We are thankful for their expert knowledge and for the support of our partner agencies across the NSW Government family which have contributed eligible assets in FY24.

A one-stop-shop for investors

Investors are increasingly observing the challenge of collating the resources required to make informed investment decisions, particularly at the sub-sovereign level.

Given that ESG scoring is increasingly occurring at the whole-of-state level, the NSW Government has helped to bridge this gap and in March 2024 launched the [Sustainable finance website](#) which provides an extensive and unique resource in the Australian market. It offers a platform for the Programme, and a myriad of resources including policy and legislation, progress towards net zero and data packs. It is particularly valuable given the significant focus on sustainable finance and growing competition in sustainable issuance more broadly.

Case study

Supporting NSW National Parks and Wildlife Service to acquire Comeroo Station for land conservation

Comeroo Station, spanning 37,422 hectares in the state's remote north-west, was acquired by the NSW National Parks and Wildlife Services (NPWS) in late July 2023. The purchase of this vast outback property, around 150km north-west of Bourke, was partly funded by a US dollar grant from The Nature Conservancy Australia (TNC), a global environmental, non-profit, non-government organisation. TNC worked with charitable organisations, the Wyss Foundation and the Holdfast Collective to support the acquisition.

NPWS does not have a US dollar bank account and contacted TCorp for help in determining the best approach to manage foreign currency risk.

Comeroo is in the traditional Paroo and Warrego River country of the Budjiti, Kunja, Gurnu Barkandji and Muruwari people. It is an area of Aboriginal cultural significance, containing wells, waterholes, stone arrangements, widespread artefact scatters and sacred trees.



Comeroo Station, NSW

Photograph courtesy of Joshua J Smith, Department of Climate Change, Energy, the Environment and Water

How we helped

TCorp used a hedging strategy to manage fluctuations in US and Australian dollar exchange rates up to the expected time of receipt of the grant. TNC's US dollar grant, which represented around 17% of the station's purchase price, was hedged into a known Australian dollar amount. NPWS benefited from financial certainty in managing its budget for the Comeroo acquisition.

This strategy represented an unusual hedge given it is the opposite of typical hedges TCorp executes on behalf of the state for procurements i.e. hedging incoming funds rather than outgoing payments.

Comeroo was added to the national park estate in September 2024, protecting part of one of Australia's most important wetlands, an array of threatened species and important Aboriginal cultural sites. NPWS will open this new area to the public in late 2024.

The acquisition will link Comeroo with the adjacent [Brindingabba National Park](#) and other properties under in-perpetuity private land conservation agreements with the Biodiversity Conservation Trust. It secures a contiguous area of more than 100,000 hectares of land managed for conservation.

Comeroo will benefit the national parks system by increasing ecosystem diversity, protecting important semi-arid wetlands and providing habitat for a variety of plants and animals. Among the animal life it supports are migratory shorebirds, waterbirds, and at least 13 threatened species - the stripe-faced dunnart, ringed brown snake, black-breasted buzzard and more.

Client feedback

Collaborating with TCorp enables NPWS to manage financial risk effectively and efficiently to deliver conservation outcomes.

Comeroo National Park is located in the Mulga Lands bioregion, which has some of the lowest levels of protection in NSW, making this a significant addition to the national park estate. Sections of the property span Yantabulla Swamp, an internationally recognised wetlands site.

Helen Asquith

Senior Branch Officer
Biodiversity and Ecological Health Branch
NSW National Parks and Wildlife Service

Maranoa Waterhole, Comeroo Station, NSW

Photograph courtesy of Joshua J Smith,
Department of Climate Change, Energy,
the Environment and Water



Case study

Taronga Zoo trackless train

In January 2023, the much-loved Taronga Sky Safari (a cable car lift used to transport visitors) was decommissioned after 35 years of service. This ageing asset had reached the end of its workable life and, while a new and accessible Sky Safari is being planned, Taronga Zoo needed a way to efficiently transport visitors around its 28-hectare site.

The zoo identified a trackless train as a suitable solution. This was sourced from a European manufacturer and Taronga was required to settle the purchase in euros.

As Taronga did not have a euro bank account, it approached TCorp to discuss the best options for managing this payment.

How we helped

TCorp employed a forward foreign exchange hedge to reduce the foreign exchange risk in the Australian dollar/euro exchange rate up to the time of the expected payment. Taronga benefited from a reduction in budget volatility and increased financial certainty, with the payment hedged into a known Australian dollar amount, helping to manage its budget for the procurement of the trackless train.

Taronga Conservation Society Australia operates Taronga Zoo in Sydney and Taronga Western Plains Zoo in Dubbo. It is a leader in the fields of conservation, research, education, and environmental sustainability, working across NSW, Australia, and the globe. It plays a key role in regional and global conservation breeding programmes, particularly for species threatened in the wild.

Taronga Zoo was officially opened in 1916. Located on the Sydney Harbour foreshore on Cammeragal Country, it is a leading tourism destination, welcoming more than 1.5mn visitors annually for educational experiences, overnight stays or day visits.



Taronga Zoo's trackless train

Photograph courtesy of
Taronga Conservation Society Australia

Case study

Building NSW aviation capacity, driving higher visitor numbers

Destination NSW - Aviation Attraction Fund

Destination NSW, the lead agency driving the visitor economy within the NSW Government, established the Aviation Attraction Fund with the aim of accelerating recovery by building aviation capacity to NSW by securing routes that drive significant economic and social benefits to the state. As part of NSW's Road to Recovery post COVID-19, the fund was open to all airlines servicing or planning to service the state.

Used as a key engagement tool with airlines to boost flights and visitor marketing to NSW, the fund was required to offer payments in a range of currencies. The contracts struck under the fund generated the broadest currency exposure to date for any of TCorp's NSW client organisations.

How we helped

The fund was administered by Destination NSW which entered into funding agreements with several airlines, each with milestone payments based on their activity and/or performance completion.

The original airline hedges were put in place for a period of 14 months. Following this, additional hedging was executed for newly contracted airlines which joined the fund at a later stage. These hedges covered exposures out to the end of 2024.

The fund's contracts with airlines generated the broadest currency exposure for any NSW client historically. TCorp was called on to assist with foreign exchange hedges for US dollar (USD), New Zealand dollar (NZD), Japanese yen (JPY) and, in a first, Chinese yuan (CNH).

While a full program evaluation is yet to be conducted, the hedging supported key outcomes for NSW, by boosting tourism activity, driving new expenditure to the state and supporting jobs creation in NSW.

The key activities of the Aviation Attraction Fund included incentives for airlines, both domestic and international to deliver extra services into NSW, underpinning strategic marketing support to generate visitor demand.

Client feedback

"TCorp has been a trusted provider of foreign exchange services to Destination NSW for this program."

Caroline Miller

Director, Finance
Destination NSW

Aerial view of Sydney Harbour and surrounding coastal landscapes

Photograph courtesy of Destination NSW



Case study

A standout focal point for the Wentworth community

Civic Centre redevelopment

Wentworth Shire Council wanted to repurpose the existing land and buildings of the old Wentworth Club into a multi-faceted community facility.

The redevelopment of the Wentworth Shire Civic Centre in south-western NSW, centralises key council services within one location as well as providing a standout focal point for the community and visitors alike.

How we helped

TCorp assisted by providing a \$4mn loan towards the project's funding.

The centre includes council offices and chambers, alongside a public area comprising the Wentworth Shire Library, community meeting rooms and a function space overlooking the Darling River.

The redevelopment will also include a Visitor Information Centre, providing visitors with a central point to engage and seek information about the region. Services from the building will be operational from August 2024.



Outdoor area of the Wentworth Library

Photograph courtesy of Wentworth Shire Council

Case study

A new civic and cultural precinct for Queanbeyan

The Nellie Hamilton Centre

Creating a cultural and civic precinct was key to Queanbeyan-Palerang Regional Council's plans to rejuvenate the Queanbeyan Central Business District (CBD). The project aimed to stimulate activity in the area, attracting people and workers to the heart of the CBD. It was also an opportunity to consolidate its staff, previously housed across 11 buildings, into one modern head office.

How we helped

TCorp provided a \$39.7mn loan to help fund the Queanbeyan Civic and Cultural Precinct. The complex is now formally known as the Nellie Hamilton Centre, named after a prominent First Nations elder from the late 19th century.

The development is an essential component of the council's CBD Transformation Strategy, linking together arts, cultural and civic buildings including the Bicentennial Hall, The Q Theatre, and the new Queanbeyan public library.

Surrounding public and commercial spaces in the development have been modernised and new council chambers have been built. Council staff have been brought together after previously being housed in 11 buildings throughout the CBD. Construction was completed in December 2023.

Client feedback

"Constructing the civic and cultural precinct, the Nellie Hamilton Centre has been transformative for Council as a workplace, as we have finally been able to get our Queanbeyan staff into one building. But it is also a key part of our ongoing CBD transformation as it brings workers into the CBD and frees up other land for redevelopment."

Rebecca Ryan

General Manager
Queanbeyan-Palerang
Regional Council

The Nellie Hamilton Centre, Queanbeyan, NSW

Photograph courtesy of
Queanbeyan-Palerang Regional Council



Case study

Barton Park Recreational Precinct

A derelict sports field, previously used as a dumping site has been converted into a new community recreational facility in Sydney's Bayside Council area. The transformation required substantial investment to stabilise and remediate the land.

The result is an exciting new sporting destination, Barton Park, which incorporates state-of-the-art community facilities, including natural turf sporting fields, a 450-seat spectator grandstand, two multi-use courts suitable for basketball, futsal and handball, table tennis and four tennis courts. There are also new amenities, picnic areas, a playground, fitness equipment, a shared path connection network, improved road access and parking.

The park serves growing populations in Arncliffe, Banksia and Wolli Creek, and the wider Bayside Council community for sporting, recreational, family and outdoor activities.

How we helped

To fund the new Barton Park Recreational Precinct, TCorp provided Bayside Council with a low-interest rate loan of \$9.65mn. The total project cost is estimated at over \$31mn.

The upgrade has created almost 200 local jobs and transformed the precinct into a facility capable of hosting local, regional, state and national community events.

Client feedback

"TCorp assisted council in securing funding at a very competitive rate. With the recent changes to interest rates, TCorp facilitated council's decision to borrow in one 'tranche' the entire amount required. The TCorp loan provided the surety around the funding to ensure the delivery of this significant renewal and upgrade of open space at Barton Park."

Richard Sheridan

Director, City Performance
Bayside Council

Aerial view of Field 1 and surrounds, Barton Park, Banksia, NSW

Photograph courtesy of Bayside Council



Section 4

Management and accountability

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Economics review and outlook

Brian Redican
Chief Economist

Has investor optimism on the global economy been vindicated? Can markets ‘boom’ when there hasn’t been a ‘bust’? What were the key forces shaping global markets this year and where is inflation and monetary policy heading?



The light at the end of the tunnel

After a couple of years of sharp increases in interest rates, the signs in FY24 of slower economic growth, rising unemployment and moderating inflation saw central banks become increasingly confident that they had tightened monetary policy sufficiently. Indeed, some central banks – such as those in Canada, Europe, Denmark, Sweden and Switzerland – began cutting interest rates while by the end of FY24 those in the US, UK and New Zealand indicated a willingness to cut rates in the near future.

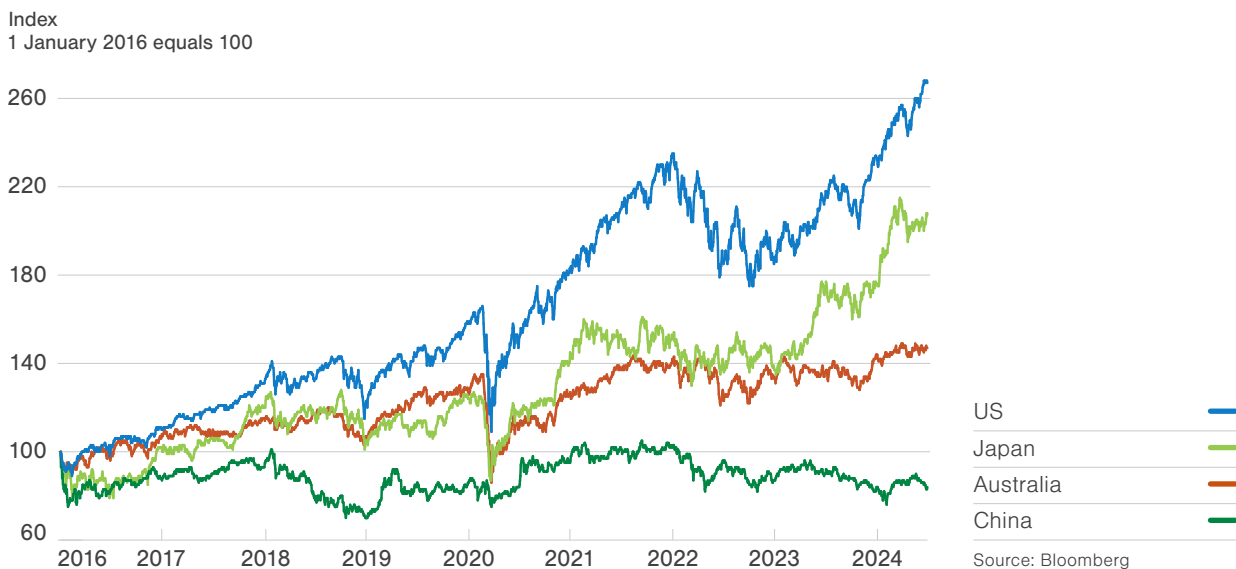
Although FY24 was a challenging year for most economies, it was a good year for many investors. While there were several scares throughout the year when investors questioned whether central banks were losing the battle to get inflation down, bond yields peaked in October 2023. The prospect that interest rates would soon start declining also encouraged investors to look past weaker growth in the belief that it would be temporary.

As a result, most equity markets delivered solid returns over FY24 as illustrated in chart 5.

Although we believe that Australia is following a very similar path to other economies, investors had taken a slightly different tack and didn’t expect the Reserve Bank of Australia (RBA) to cut interest rates. Rising unemployment, soft consumer spending and weak housing construction, however, suggest that some reduction in interest rates might be required to prevent a hard landing for the Australian economy, which is what the RBA is aiming to achieve.

Lower interest rates would certainly support the NSW economy which, while resilient, has experienced slow growth over the past year in line with the rest of Australia. Although the NSW unemployment rate edged higher, at 3.9% in June 2024 it remained historically low. This is important because it suggests that the economy will be in a good position to bounce back quickly when interest rates are cut.

Chart 5: US, Japan, Australia and China equities markets, 2016-2024



Central banks gradually gain confidence inflation has abated

After a frenetic couple of years hiking rates, on the face of it FY24 was a much more sedate year with most central banks delivering just a solitary rate hike near the start of the financial year. By the end of FY24 the focus had shifted to questions about the timing and extent of potential rate cuts. Even so, the transition from rate hikes to the possibility of rate cuts hasn't been seamless because the decline of inflation hasn't been smooth, and some policymakers repeatedly questioned whether more rate hikes might be needed at some point.

Reflecting that uncertainty, bond yields traded in a broad 100bps range over FY24. As illustrated in Chart 6, Australian 10-year bond yields bounced between 4% and 5% and TCorp 10-year yields ranged between 4.5% and 5.5%.

There are two reasons why policymakers frequently expressed uncertainty about whether they had tightened policy sufficiently. First, the path of inflation itself and second, the surprising persistence of low unemployment rates.

Taking the US as an example, inflation fell to 3.1% in January 2024 – a little above the US Federal Reserve's target – but then climbed back to 3.5% in March 2024. This mainly reflected the impact of higher oil prices, both through the direct impact of higher petrol prices as well as the indirect impact on those sectors that use a lot of fuel, such as transportation. This is illustrated in Chart 7.

The key point is that while these effects are significant, they also tend to be fleeting and, sure enough, US inflation fell back below 3% by June 2024. But after being caught off guard by the surge of inflation in 2022, central bankers are, understandably, now being extremely cautious about claiming that any increase in inflation will be transitory.

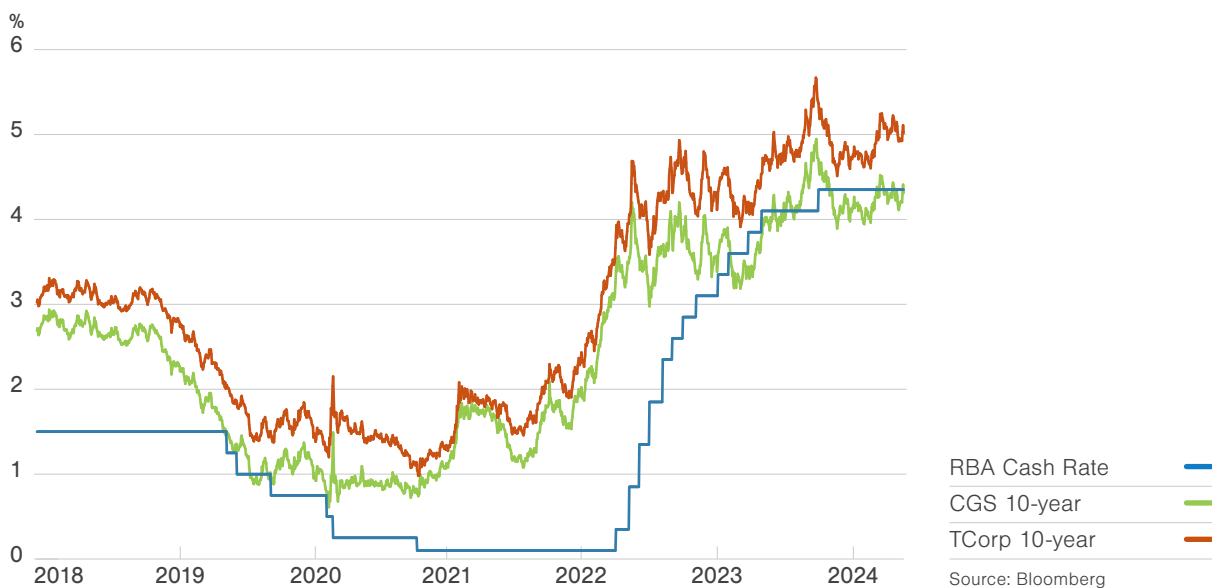
The resilience of labour markets has also prompted questions about the need for central banks to cut interest rates. To be clear, unemployment rates have risen. In the US, unemployment rose from 3.4% in April 2023 to 4.1% in June 2024.

But in the 30 years before the pandemic, the US unemployment rate was only rarely below 4%. Similarly, although Australia's unemployment rate has risen from 3.5% in June 2023 to 4.1% in June 2024, it has historically been well above 4%.

There are two reasons why unemployment rates have remained low despite weak growth. First, after experiencing severe labour shortages during the pandemic, firms have been reluctant to shed labour even though business has been weak, for fear that they won't be able to rehire those workers when demand recovers. Second, government hiring has been very strong, particularly in areas like healthcare and social services.

But while the path back to low inflation has had a few surprises along the way, policymakers are increasingly confident that the destination is now in sight.

Chart 6: 10-year Commonwealth Government and TCorp 10-year bond yields compared to the RBA cash rate, 2018-2024



Investor optimism has been vindicated so far

During 2023, investors were betting the global economy was set for a soft landing, that the slowdown in growth would prove temporary and that central banks would begin cutting rates before major cracks appeared in labour markets. In such a scenario, they were prepared to look past weaker earnings reports and focus on the recovery ahead. While there have been a few scares along the way, overall, that optimism has been vindicated.

The question facing investors in the year ahead is: can markets 'boom' when there hasn't been a 'bust'? Or are market returns likely to be more modest and in line with the likely performance of the economy? Of course, financial markets over FY24 have also been affected by geopolitics and new market themes, such as the excitement surrounding generative artificial intelligence technology. These types of factors can sometimes trigger panic in markets or speculative bubbles but by their very nature, these are impossible to predict.

That said, the moderation of inflationary pressures over the past couple of years is important because it means that if the market panics for some reason, central banks will have little hesitation in cutting rates aggressively. That would not be to prevent asset prices from falling per se, but to circumvent a vicious cycle in which falling markets undermine business and consumer confidence which then feeds back into weaker spending, falling profits, job losses and then further falls in asset prices. In that sense, financial markets are perhaps less risky than they were over the past few years when reducing inflation was almost the only focus for central banks.

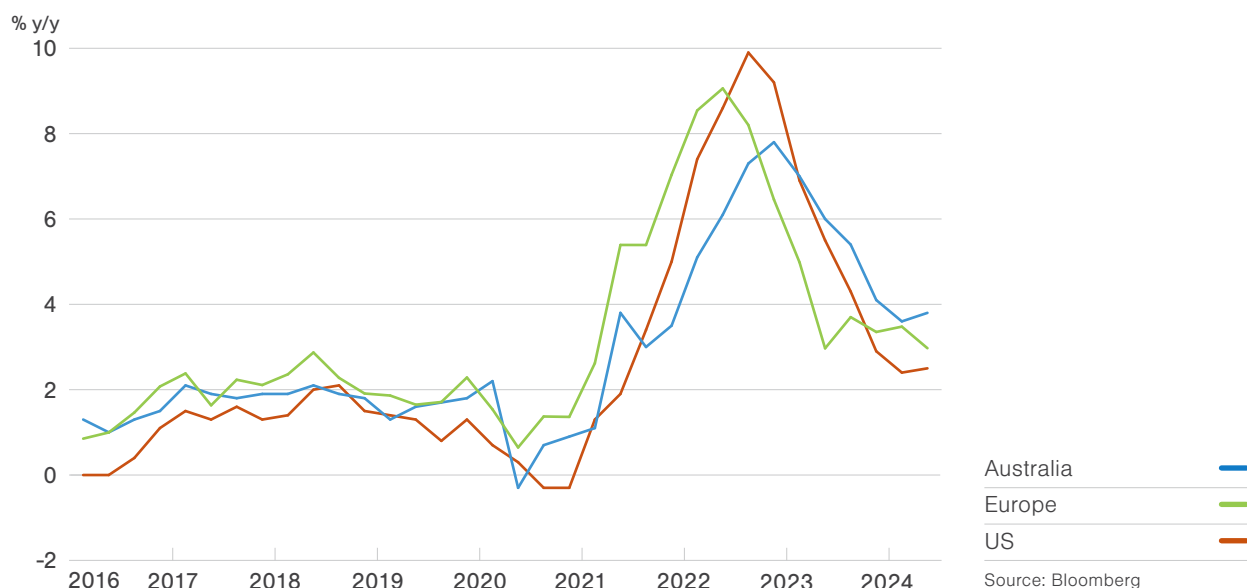
A transitional year

As central banks transition from hiking rates to cutting them, households and businesses must balance the lingering negative effects from the recent period of high interest rates with the prospect of improving growth down the track.

Usually, central bank rate cuts signal the eventual start of a robust upswing in growth which is reflected in rising investor optimism and strong performance of financial markets. But just as the low level of unemployment delayed the timing of rate cuts, if unemployment remains relatively low it may also temper the magnitude of rate cuts. In other words, while monetary policy would become less restrictive, it may not become overtly stimulatory which is what investors have experienced in the past. Thus, rather than a clear change in the tempo of economic growth from lethargic to energetic, we might experience a more subtle shift from getting a little worse to getting a little better.

An aggressive interest rate cutting cycle would likely only occur in response to a much sharper rise in unemployment than policymakers expect. This scenario is clearly undesirable, but were Australian interest rates to fall materially, it would likely unleash a rebound in housing construction from its current low levels and, with time, begin to alleviate some of the housing shortage. Of course, this would also underpin a recovery in economic activity more generally and should ensure that any downturn in production does not become entrenched.

Chart 7: Australia, Europe, and US inflation rates, 2016-2024



Human resources

TCorp's mission is to provide best-in-class financial management, solutions and advice to the NSW Government family. This requires us to employ highly experienced financial service professionals and offer market competitive salaries to attract and retain appropriate levels of talent, experience, and expertise. We do, however, operate within the parameters prescribed by the NSW Government and are mindful of this in relation to our remuneration activities.

Number of officers and employees by category and compared to prior year

Number of employees*

	FY24	FY23	FY22	FY21
Chief executive	1	1	1	1
General managers	7	7	7	7
Professional employees	176	170	163	142
Support employees	41	35	33	30
Total	217	213	204	180

* Headcount represents permanent employees at 30 June 2024 and excludes directors, contractors, and maximum term employees.

Number and gender of executive officers

	FY24	FY23	FY22
Number of executive officers	8	8	8
Number of female executive officers	2	3	3

Numbers and remuneration of senior executives*

Bands and gender of executive officers

Band	FY24		FY23		FY22	
	Female	Male	Female	Male	Female	Male
Band 3 & 4	2	5	3	5	3	5
Band 2	0	0	0	0	0	0
Band 1	0	0	0	0	0	0

* TCorp senior executives are not employed under the *Government Sector Employment Act 2013* (GSE Act).

Executive remuneration

TCorp follows the NSW Public Service Commission and state government reporting guidelines. Consistent with the guidelines, TCorp reports on the number of executive officers, the number of senior executives and average equivalent remuneration to Bands 1 to 4.

Remuneration of executive officers

Band	Range \$	Average remuneration ²	
		FY24	FY23
Band 3 & 4 ¹	\$361,301 to 509,251+	\$677,200 ³	\$712,925 ⁴
Band 2	\$287,201 to \$361,300	N/A	N/A
Band 1	\$201,350 to \$287,200	N/A	N/A

¹ Bands 3 and 4 have been consolidated for disclosure purposes as individual confidential salary arrangements would be identifiable.

² Average remuneration includes a variable component.

³ The variable component for the Chief Executive has not been approved as at the date of this submission and is not reflected in the FY24 figure.

⁴ The FY23 average remuneration figure has been updated to include the FY23 variable component for the Chief Executive not finalised until after the date of the last annual report.

- 9.8% of TCorp's employee-related expenditure in 2023/24 was related to senior executives, who represented 3.6% of full-time equivalent employees as at 30 June 2024.
- 10.53% of TCorp's employee-related expenditure in 2022/23 was related to senior executives, who represented 3.8% of full-time equivalent employees as at 30 June 2023.

Promotion

As a top 10 Australian asset manager and one of the nation's largest central financing authorities, TCorp has significant and frequent interactions with global fund managers, banks and investors. These are critical to achieve the best possible investment returns and lowest possible borrowing costs for the people of NSW.

With nearly 66% of its funds under management (valued at approximately \$72bn) invested in international assets, TCorp has a fiduciary duty to undertake regular research visits, meet with our fund manager partners and perform due diligence on both the assets we own and prospective investments.

As the funding authority for the state, TCorp issued \$32.0bn in the year and had \$161.7bn in borrowings as at 30 June 2024. The state relies heavily on offshore capital to fund NSW Government policies and projects for the direct benefit of the people of NSW. Approximately 21% of TCorp's bonds on issue are held by offshore investors.

For TCorp to successfully raise sizeable amounts of capital – particularly during periods of market volatility – it is essential to maintain strong relationships with offshore investors and access to global capital markets by promoting NSW as an attractive investment proposition.

Table 5 details international visits made by TCorp employees during the current financial year.

International visits

Table 5: International visits FY24

Employee	Travel date	Purpose and location
Chimin Sam	July 2023	Undertake investment site visits, meet with management teams, conduct due diligence. (US, Canada, Singapore)
Tim Dai	July 2023	Undertake investment site visits, meet with management teams, conduct due diligence. (US, Canada, Singapore)
Ken Lee	July 2023	Undertake investment site visits, meet with management teams, conduct due diligence. (US, Canada, Singapore)
Alex du Pasquier	September 2023	Asset inspections of existing assets and attendance at ICPM conference. (US, Canada, Europe, UK)
Tom Gillespie	September 2023	Research and peer engagement and attendance at Global Volatility Summit. (US, Canada)
Julien Hoefflin	September 2023	Research and peer engagement and attendance at Global Volatility Summit. (US, Canada)
Andrew Helm	September 2023	Attendance at sovereign fund tax conference. (UK)
Matt Dellit	September 2023	Research and peer engagement and attendance at a conference. (US, UK)
John Zavone	September 2023	Research and peer engagement and attendance at a conference. (US, UK)
Stewart Brentnall	September 2023	Engagement with peer funds and asset managers. (UK, Europe, Singapore)
Tanya Branwhite	October 2023	Inspection of existing assets, meeting with managers and attendance at the Oceania Institutional Investor Forum. (New Zealand)
Rob Kenna	October 2023	Promote NSW and TCorp bonds to UK and European investors via a European roadshow. (UK, Europe)
Daniel Chandler	October 2023	Promote NSW and TCorp bonds to UK and European investors via a European roadshow. (UK, Europe)
Rob Kenna	November 2023	Promote NSW and TCorp bonds to investors via an Asian roadshow. (Singapore, Japan)
Daniel Chandler	November 2023	Promote NSW and TCorp bonds to investors via an Asian roadshow. (Singapore, Japan)
David Deverall	November 2023	Attendance at Sovereign Fund CEO Forum. (New Zealand)
James Freeman	November 2023	Meet with asset managers and inspections of existing assets. (US)

Employee	Travel date	Purpose and location
Deron Fung	November 2023	Meet with asset managers and inspections of existing assets. (US)
Chris Myers	November 2023	Research and peer engagement. (Canada, UK, Europe, US)
Adrian Trollor	November 2023	Research and peer engagement. (Canada, UK, Europe, US)
Brett Dillon	February 2024	Meet with incumbent and prospective managers, inspections of existing assets. (Europe, UK, Japan)
Matthew Starr	February 2024	Meet with incumbent and prospective managers, inspections of existing assets. (Europe, UK, Japan)
James Murray	February 2024	Meet with asset managers. (US, Japan)
Alexis Cheang	March 2024	Meet with peer funds, investment partners and portfolio companies to discuss approaches to ESG and climate change. (Europe, UK)
Emily Lay	March 2024	Meetings with peer funds, investment partners and portfolio companies to discuss approaches to ESG and climate change. (Europe, UK)
Ben Tan	March 2024	Undertake investment site visits and meet with management teams. (UK, Europe)
Brian To	March 2024	Undertake investment site visits and meet with management teams. (UK, Europe)
Clare Mifsud	March 2024	Attendance at a conference. (New Zealand)
Kate Pancino	March 2024	Attendance at a conference. (New Zealand)
Chimin Sam	April 2024	Meet with asset managers and conduct due diligence. (UK, Europe, Singapore)
Nic Hofmeyr	April 2024	Meet with incumbent and prospective managers. (Europe, UK, US)
Stuart Gray	April 2024	Meet with incumbent and prospective managers. (Europe, UK, US)

Risk management matters

Risk management and insurance activities

Risk Management Framework

The Risk Management Framework is the totality of systems, structures, policies, processes and people within TCorp that identify, measure, monitor, evaluate, report and control or mitigate sources of material risks. The Board is responsible for, and committed to, ensuring there is an effective framework in place to manage TCorp's risks.

The Risk Management Framework as detailed in Chart 8, is comprised of several components, which are divided into two groupings, Governance, and Risk Profile & Management, which are all wrapped in our organisation's culture.

Chart 8: TCorp Risk Management Framework

Risk Management Framework	
Cultural Pillars	
Governance	Risk Profile & Management
Committee structure	Risk Register
3 Lines of Accountability	Risk Appetite Statement
Delegated Authorities	Risk Management Strategy
Policies	Enterprise Risk Management System
Training programme	Monitoring and reporting

The Risk Management Framework is applied appropriately and proportionately throughout the organisation to meet the specific needs of TCorp.

Audit and Risk Committee

This Board level Committee provides oversight and reports to the Board on the appropriateness of the risk management process and effectiveness of the Risk Management Framework. To assist with this process, the Committee receives regular reports from internal audit, external audit and TCorp management.

Management Risk Committee

This Management level Committee is chaired by the Chief Risk Officer and is responsible for embedding the Risk Management Framework in TCorp's business, practices, management risk policies and decision-making processes. The Management Risk Committee has also established a Cyber Security Committee which meets monthly to assess and respond to current and emerging cyber security threats.

3 Lines of Accountability

TCorp employs a 3 Lines of Accountability model to ensure an organisation-wide approach to risk management. The model fosters a culture of risk awareness and ensures all levels of the business contribute to the Risk Management Framework.

- First line is the business management who are the risk owners. Line 1 is responsible for day-to-day risk management, effective implementation of the Risk Management Framework, and promoting the TCorp risk culture.
- Second line is the Risk Management function who is responsible for the design and maintenance of the Risk Management Framework. The function acts as a trusted advisor to the first line and provides oversight, challenge, influence and risk assurance against the Risk Management Framework. The Chief Risk Officer has an independent reporting line into the Audit and Risk Committee.
- Third line is the independent assurance provided by internal audit and external assurance functions.

Risk Management team

This team is responsible for the design and maintenance of the Risk Management Framework and undertakes the following:

- Supports the Framework by providing employees with guidance, training and independent challenge in order to foster risk awareness and enhance risk management practices
- Works with each division to assess the design, documentation and operating effectiveness of the controls developed to manage the identified risks to within risk appetite

The Risk Management team is led by the Chief Risk Officer who reports to the Chief Executive with a functional reporting line to the Audit and Risk Committee.

Audit

TCorp is audited annually by the Audit Office of NSW. The NSW Parliament promotes independence of the Audit Office by ensuring that only Parliament, not the executive government, can remove the Auditor-General, and by precluding the provision of non-audit and assurance services to all public sector agencies.

TCorp's Investment Management function is subject to an annual internal controls audit by the NSW Audit Office, which is performed in accordance with Assurance Standard ASAE3402.

The Chief Risk Officer oversees the outsourced internal audit function and is the Chief Audit Officer. Our outsourced internal audit programme is currently provided by PricewaterhouseCoopers, who report directly to the Audit and Risk Committee.

Annual internal audit plans are approved by the Audit and Risk Committee to which all internal audit review reports are provided in full.

Capital provision

TCorp does not hold subscribed share capital, but retains sufficient capital to support the market, credit and operational risks of the business.

This retained capital is determined with reference to the Australian Prudential Regulation Authority's (APRA) standardised approach and in consultation with the NSW Government which provides a guarantee to TCorp bond holders.

Capital usage is calculated daily and monitored against Board-approved limits. Management reports are produced daily, and reporting is presented monthly to management and quarterly to the Board.

Insurance

During FY24, insurance for TCorp was maintained with the NSW Government self-insurance scheme, the Treasury Managed Fund (TMF), which covers the NSW Government's insurable risks.

The TMF provides cover for the following classes of risk:

- Workers' compensation
- Property (full replacement, new for old, including consequential loss)
- Liability (including, but not limited to cyber, professional indemnity and directors' and officers' liability)
- Miscellaneous (e.g. personal accident).

Legal and regulatory compliance

TCorp is ultimately accountable to the NSW Parliament, through the NSW Treasurer and regulated by several pieces of NSW legislation, including the following:

- *Treasury Corporation Act 1983*
- *Public Finance and Audit Act 1983*
- *Annual Reports (Statutory Bodies) Act 1984*
- *Government Sector Finance Act 2018*.

Although TCorp is not directly regulated as a licensee by either the Australian Prudential Regulation Authority (APRA) or the Australian Securities and Investments Commission (ASIC), we use their relevant prudential standards and guidance notes as inputs for our Board and Management risk policies.

TCorp continuously monitors developments in the regulatory environment to determine if any changes to business practices are required. Our activities are subject to review and monitoring by several external parties:

- The NSW Treasurer, the NSW Government shareholder representative
- NSW Treasury, which maintains a shareholder monitoring role through quarterly and annual reporting requirements common to all NSW Government agencies, and by representation on the TCorp Board
- The NSW Auditor-General, who reports to the NSW Parliament, provides an independent audit of TCorp's financial reports and expresses an opinion on those financial reports in line with the requirements of the *Government Sector Finance Act 2018*.

Code of Conduct and Ethics

Our Code of Conduct and Ethics (Code) articulates our expectations of our people in their business affairs and in dealings with clients and other parties. The Code demands high standards of personal integrity and honesty in all dealings and respect for the privacy of clients and others.

All employees sign the Code upon commencement to acknowledge they have understood it and agree to act in accordance with its requirements. Employees subsequently confirm this acknowledgement annually.

Internal Audit and Risk Management Policy attestation (TPP20-08)

Internal audit and risk management attestation for the 2023–2024 Financial Year for NSW Treasury Corporation

The Directors are of the opinion that NSW Treasury Corporation has internal audit and risk management processes in operation that are compliant with the seven (7) core requirements set out in Internal Audit and Risk Management Policy for the General Government Sector, specifically:

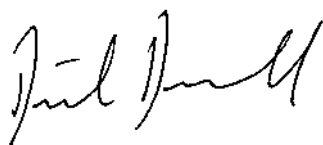
Core Requirements		Compliance
Risk Management Framework		
1.1	The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2	The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with <i>AS ISO 31000:2018</i> .	Compliant
Internal Audit Function		
2.1	The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	Compliant
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	Compliant
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	Compliant
Audit and Risk Committee		
3.1	The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
3.2	The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant

Membership

The Chair and members of the Audit and Risk Committee are:

Member	Status	Appointed	Retired
Ms Anne Brennan	Independent member Independent Chair (Current)	January 2019 July 2020	
Mr Michael Dwyer	Independent member	January 2020	
Mr Ian Saines	Independent member	October 2020	
Mr Glenn Stevens	Independent member	January 2021	March 2024
Ms Anne Templeman-Jones	Independent member	March 2024	

in accordance with a resolution of the Directors of NSW Treasury Corporation.



David Deverall

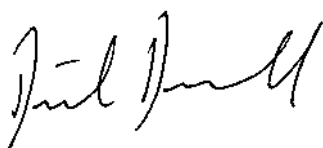
Chief Executive
29 August 2024

NSW Cyber Security Policy attestation

NSW Cyber Security Policy Compliance Attestation for the 2023-2024 Financial Year for NSW Treasury Corporation

The Management of TCorp are of the opinion that NSW Treasury Corporation has complied with its obligations under the NSW Cyber Security Policy (Policy), specifically:

Core Requirements	Compliance
1 Assessment of cyber security risks	TCorp undertakes regular reviews of TCorp's Cyber Risk environment and potential impact upon its operations.
2 Cyber security risk profile	TCorp's residual cyber security risk profile remained within Board assigned risk appetite throughout the reporting period.
3 Reporting obligations under the policy	TCorp has reported its cyber security assessment, in compliance with the NSW Cyber Security Policy.
4 Continuity during periods of machinery-of-government changes	TCorp has not been subject to a machinery-of-government change during the reporting period.
5 Discussion of cyber security matters at governance forums	Cyber security risks are managed by reference to TCorp's Risk Management Framework, with regular reporting and discussion of cyber security matters at management and Board forums.
6 Activities undertaken to continuously improve the management and governance of cyber security risks	TCorp undertakes regular internal and independent reviews of its cyber security arrangements against market best practice with opportunities for improvement incorporated within its Cyber Security Roadmap. Progress against the roadmap is overseen by the Audit & Risk Committee on behalf of the Board.



David Deverall

Chief Executive

15 August 2024

Legal and regulatory matters

Legal change

In FY24, there were no legal changes affecting areas of TCorp's business.

Statement of action taken by the agency in complying with PPIP Act

In accordance with the *Privacy and Personal Information Protection Act 1998* (PPIP Act), we have a Privacy Management Plan and a designated Privacy Officer. There have been no internal reviews conducted by, or on behalf of, TCorp under Part 5 of the PPIP Act during the year.

Government Information (Public Access) Act 2009 (NSW) Annual Report for Agency New South Wales Treasury Corporation

Clause 8(a) GIPA Regulation: Details of the review carried out by the agency under section 7(3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of the review.

Reviews carried out by the agency	Information made publicly available by the agency
Yes	No

Clause 8(b) GIPA Regulation: The total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications).

Total number of applications received
1

Clause 8(c) GIPA Regulation: The total number of access applications received by the agency during the reporting year that the agency refused either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure).

Number of applications refused	Wholly	Partly	Total
0	0	0	0

Schedule 2 Statistical information about access applications to be included in annual report

Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0	0
Members of the public (by legal representative)	0	0	0	0	0	0	0	0	0	0
Members of the public (other)	1	0	0	0	0	0	0	0	1	100
Total	0	0	0	0	0	0	0	0	0	0
% of Total	0	0	0	0	0	0	0	0	0	0

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Personal information applications*	0	0	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	1	0	0	0	0	0	0	0	1	100
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0
% of Total	0	0	0	0	0	0	0	0	0	0

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

Reason for invalidity	No of applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	0	0
Application is for excluded information of the agency (section 43 of the Act)	0	0
Application contravenes restraint order (section 110 of the Act)	0	0
Total number of invalid applications received	0	0
Invalid applications that subsequently became valid applications	0	0

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of Act

	Number of times consideration used*	% of Total
Overriding secrecy laws	0	0
Cabinet information	0	0
Executive Council information	0	0
Contempt	0	0
Legal professional privilege	0	0
Excluded information	0	0
Documents affecting law enforcement and public safety	0	0
Transport safety	0	0
Adoption	0	0
Care and protection of children	0	0
Ministerial code of conduct	0	0
Aboriginal and environmental heritage	0	0
Total	0	0

* More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of times consideration used*	% of Total
Responsible and effective government	0	0
Law enforcement and security	0	0
Individual rights, judicial processes and natural justice	0	0
Business interests of agencies and other persons	0	0
Environment, culture, economy and general matters	0	0
Secrecy provisions	0	0
Exempt documents under interstate Freedom of Information legislation	0	0
Total	0	0

Table F: Timeliness

	Number of applications	% of Total
Decided within the statutory timeframe (20 days plus any extensions)	1	100
Decided after 35 days (by agreement with applicant)	0	0
Not decided within time (deemed refusal)	0	0
Total	0	0

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

Number of applications refused	Decision varied	Decision upheld	Total	% of Total
Internal review	0	0	0	0
Review by Information Commissioner*	0	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0	0
Review by NCAT	0	0	0	0
Total	0	0	0	0
% of Total	0	0	0	0

* The Information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review	% of Total
Applications by access applicants	0	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0
Total	0	0

Table I: Applications transferred to other agencies

	Number of applications transferred	% of Total
Agency – Initiated Transfers	0	0
Applicant – Initiated Transfers	0	0
Total	0	0

Additional matters for inclusion in annual report

After balance date events

There were no after balance date events.

Total external costs incurred in the production of the report

Most of the production of this report was undertaken internally and less than \$11,000 in costs were incurred.

Website at which the report may be accessed

TCorp annual reports can be accessed via the resources section on our website: www.tcorp.nsw.gov.au

Consultants

The consultants TCorp used in FY24 are illustrated in Table 6.

From time to time, TCorp may also engage consultants on behalf of other government agencies. To the extent that these costs are ultimately borne by those agencies, they are not reported here.

Table 6: Consultants used in FY24

Consultants	Nature of consultancy	Cost (\$) (Inclusive of GST)
Skylight Cyber Security	Cyber assessment: analysis and remediation plan	107,910
Deloitte Risk Advisory	Cyber security maturity review	54,450
KPMG Australia	Climate related disclosures advice	98,857
Towers Watson Australia	Review of investment governance and operations	77,000
Consultancies equal to or more than \$50,000		338,217
Consultancies less than \$50,000 (two engagements)		38,212

Exemptions

We have been granted exemptions from clauses 10 and 11 of the Annual Reports (Statutory Bodies) Regulation 2015 (the Regulation), relating to reporting on the performance of our liability portfolio, benchmark portfolio and investments.

One of our core activities is the raising of debt in the private sector capital markets and on-lending to the NSW Government sector. The profile of borrowings from the private sector is substantially determined by the amounts and maturities required by the government and public authorities. Therefore, unlike other authorities that fall under the Regulation, we are not in a position to actively manage our liability portfolio in a manner that is readily comparable with a benchmark portfolio as contemplated by the Regulation. Any savings we make in connection with our debt are, however, reflected in the financial statements for the year.

Section 5

Sustainability

<i>Modern Slavery Act 2018</i>	69
Disability inclusion action plans	72
Work health and safety (WHS)	72
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Sustainable work practices and policies at TCorp are covered in this section.

Modern Slavery Act 2018

The *Modern Slavery Act 2018* came into effect on 1 January 2022 and provides for the mandatory reporting of risks of modern slavery occurring within supply chains of NSW Government agencies.

In our investment portfolio, we believe understanding and managing ESG issues, including modern slavery risk is critical to achieving sustainable investment outcomes.

As part of its procurement policy and processes, to comply with the Act, TCorp undertakes an assessment of modern slavery risk with vendor supply chains for all new procurements and renewals which exceed \$150,000 in value over a three-year period.

In December 2023, the Anti-slavery Commissioner published *Guidance on Reasonable Steps to Manage Modern Slavery Risks in Operations and Supply-Chains* which TCorp has embedded in its procurement systems and processes.

Annual Modern Slavery reporting

No significant operational issues in TCorp were identified by the NSW Anti-slavery Commissioner during the reporting period.

Below are the reasonable steps taken by TCorp during the reporting period to ensure that goods and services procured by and for the entity were not the product of modern slavery.

Reasonable steps taken	TCorp status
1 Commit	
<i>1.1 Stakeholder Engagement</i>	
What steps did your entity take to engage with stakeholders during this reporting period in relation to modern slavery?	TCorp ensures stakeholders of material procurements discuss the potential for modern slavery within their supply chains.
Did you engage with external stakeholders on modern slavery risks in this reporting period?	Yes
<i>1.2 Identify salient risks at the organisational level</i>	
What steps did your entity take to identify salient modern slavery risks at the organisational level (i.e. across all operational and procurement activities) during this reporting period?	As input to its annual risk assessment process, TCorp reviewed its operations and identified that the risks of modern slavery were limited to its procurement and investment management processes.
Did you conduct or update a Salient Modern Slavery Risk Assessment in this reporting period?	Yes
<i>1.3 Modern Slavery Policy</i>	
What steps did your entity take to adopt a Modern Slavery Policy during this reporting period?	TCorp's ESG Framework was approved in June 2024 and incorporates TCorp's approach to management of modern slavery risks. TCorp's Procurement Policy also provides additional context for the management of modern slavery risks.
Do you have a modern slavery policy, approved by your senior governing body (e.g. Agency Head / Secretary), in place?	Yes
<i>1.4 Modern Slavery Risk Management Plan</i>	
What steps did your entity take to adopt a Modern Slavery Risk Management Plan during this reporting period?	TCorp has implemented a process to evaluate and manage the risk of modern slavery within its procurement and investment management processes.
Do you have a modern slavery risk management plan, approved by your senior management, in place?	Yes

Reasonable steps taken	TCorp status
2 Plan	
<i>2.1 Identify and map your supply-chain risks for each procurement</i>	
What steps did your entity take to identify and map your modern slavery risks at the supply-chain level during this reporting period?	Material suppliers are required to complete a questionnaire which is assessed by the Risk Management team. The supplier is also subjected to screening for negative media relating to workplace practices and reputational matters.
<i>2.2 Develop a risk-reducing sourcing strategy</i>	
What steps did your entity take to develop a modern slavery risk-reducing sourcing strategy during this reporting period?	TCorp updated its systems and processes to utilise the inherent risk rating tool provided by the Anti-slavery Commissioner.
3 Source	
<i>3.1 Select appropriate suppliers</i>	
What steps did your entity take to address modern slavery risks when selecting suppliers during this reporting period?	All material suppliers have been subjected to a modern slavery risk assessment with none requiring remedial actions.
<i>3.2 Adopt a shared responsibility approach to contracting</i>	
What steps did your entity take to adopt a shared responsibility approach to modern slavery risks in contracting during this reporting period?	No supplier required the use of a shared responsibility approach.
4 Manage	
<i>4.1 Monitor and evaluate supplier performance</i>	
What steps did your entity take to monitor and evaluate supplier performance relating to modern slavery, during this reporting period?	Suppliers are subject to a formal triennial review with semi-annual media screening.
Has your entity required any of your Tier 1 suppliers to undergo an audit addressing modern slavery risks in this reporting period?	No
<i>4.2 Develop supplier capabilities</i>	
What steps did your entity take to develop supplier capabilities relating to modern slavery risks during this reporting period?	Where a material supplier's modern slavery practices did not meet TCorp's expectations a set of required remedial actions were agreed prior to engagement.
5 Remedy	
<i>5.1 Provide or enable access to effective grievance mechanisms</i>	
What steps did your entity take to provide or enable access to effective modern slavery grievance mechanisms during this reporting period?	Vendors requiring heightened due diligence must demonstrate, or commit to implement, grievance mechanisms suitable for their specific circumstances.
<i>5.2 Take safe immediate steps to remedy harm</i>	
What steps did your entity take to safely and immediately remedy modern slavery harms to which you were connected during this reporting period?	No instances were identified during the reporting period.
<i>5.3 Use leverage to remediate deficient practices</i>	
What steps did your entity take to use leverage to remediate deficient modern slavery practices during this reporting period?	No deficiencies requiring further action were identified during the reporting period.
<i>5.4 Withdraw responsibly</i>	
What steps did your entity take to withdraw responsibly during this reporting period, in connection to modern slavery risks?	No instances were identified during the reporting period.
How many procurement contracts or arrangements were terminated on modern slavery grounds during the reporting period?	None for the period.

Reasonable steps taken	TCorp status
6 Report	
<i>6.1 Establish a victim-centred reporting protocol</i>	
What steps did your entity take to establish a victim-centred modern slavery reporting protocol during this reporting period?	Vendors requiring heightened due diligence must demonstrate, or commit to implement, victim-centred protocols suitable for their specific circumstances.
Do you have a modern slavery reporting protocol in place that prioritises the interests of the victim/survivor?	No scenarios have been identified requiring TCorp as an entity to adopt a reporting protocol given its policies and procedures.
<i>6.2 Report on your modern slavery risk management efforts</i>	
What steps did your entity take to report on your modern slavery risk management efforts during this reporting period?	Inclusion of reasonable steps approach in the FY24 annual report.
Did your entity report on modern slavery in its prior Annual Report?	Yes
During the reporting period, did your entity comply with its obligations to report heightened modern slavery due diligence procurements valued at AUD \$150,000 (including GST) or more within 45 days?	Yes
7 Improve	
<i>7.1 Learn lessons from your performance and others'</i>	
What steps did your entity take to learn lessons from your modern slavery performance and others' during this reporting period?	Implementation of the Anti-slavery Commissioner guidance has been embedded in TCorp's procurement systems and processes.
Has your entity updated its modern slavery policies or procedures based on stakeholder feedback or lessons from a grievance mechanism during this reporting period?	No instances were identified during the reporting period.
<i>7.2 Train your workforce</i>	
What steps did your entity take to train your workforce on modern slavery during this reporting period?	All staff were provided with modern slavery training to support the introduction of supply chain assessments by TCorp in November 2022. TCorp has maintained a dedicated modern slavery resource page on its intranet which all employees have access to.
What percentage of your workforce received modern slavery training during this reporting period?	4%
<i>7.3 Cooperate with the Anti-slavery Commissioner</i>	
What steps did your entity take to cooperate with the Anti-slavery Commissioner during this reporting period?	TCorp's Investment Stewardship team has participated in Anti-slavery Commissioner led discussions and the risks of modern slavery in financial services.

Disability inclusion action plans

Due to the nature of our operations, the focus of disability inclusion is directed internally rather than to accessibility for the wider public. We ensure compliance with the relevant legislation (disability and anti-discrimination) as it relates to all policies, procedures, and practices, including in areas of recruitment and selection, internal promotions and transfers, training, and development.

Our premises comply with Australian Building Codes and Standards. On commencement of employment, new employees are asked to notify us of any adjustments to assist them with a disability so that relevant modifications or adjustments can be made. If people require assistance in evacuating the premises, we work with them to develop and implement a Personal Emergency Evacuation Plan. We do not currently have any people working at TCorp with a declared disability.

Work health and safety (WHS)

The health and safety of all people performing work for TCorp is extremely important to us. Our approach to WHS involves identification of hazards, risk assessments, and eliminating or controlling risks and hazards and fostering a psychologically safe culture.

We provide a healthy and safe workplace environment for all employees and visitors, clear guidelines for the reporting and management of physical and psychosocial hazards, accidents, illness, and incidents, and we provide WHS training for our people so that they are aware of their WHS responsibilities.

TCorp's WHS and Return to Work policies and procedures are reviewed regularly to ensure our WHS and Return to Work systems, policies, and procedures support a safe and healthy work environment and meet legislative obligations.

All people working at TCorp complete annual face-to-face appropriate workplace behaviour training as part of our mandatory compliance training programme. WHS inductions, including appropriate workplace behaviour, are completed for all workers and contractors as part of their onboarding activities.

The Board induction includes WHS, and in December 2023, the Board received a legal update on workplace, health, and safety developments. Board members are regularly updated on WHS matters through the People and Remuneration Committee, including reporting on safety incidents.

In FY24 there were 11 incidents, with four minor injuries, five illnesses and two near misses with no prosecutions. This compares with nine incidents in FY23, including six minor injuries, one illness and two near misses.

The Risk Management team conducted a review of TCorp's WHS practices and controls to provide assurance. The review supported a WHS residual risk rating of Low.

An independent workplace inspection was conducted by Lingard in September 2023 and found that TCorp's premises and WHS systems are well managed, that TCorp has taken a proactive approach to the identification, assessment and mitigation of psychosocial and physical hazards at work, with no physical hazards reported. The report noted three minor recommendations based on best practice principles that were subsequently implemented.

Our FY24 Thrive Wellbeing programme focused on building mental and physical health and resilience. We also offered flu vaccinations, an annual health check programme and a confidential counselling service as part of our Employee Assistance Programme.

Workforce diversity

Table 7: Trends in the representation of diversity groups¹

	Benchmark or target (%)	% of total employees ²		
		FY22	FY23	FY24
Women	50	41.4	42.2	38.3
Aboriginal people and Torres Strait Islanders	3.3 ³	0.5	0.0	0.0
People whose first language was not English	23.2	29.5	36.0	35.7
People with a disability	5.6 ⁴	0.0	0.4	0.0
People with a disability requiring work-related adjustment	N/A	0.0	0.0	0.0

1 Employee numbers are as at 30 June.

2 Excludes casual employees.

3 The NSW Public Sector Aboriginal Employment Strategy 2014–17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

4 In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027.

Table 8: Trends in the distribution of diversity groups

	Benchmark or target (%)	Distribution index ¹		
		FY22	FY23	FY24
Women	100	91	91	92
Aboriginal people and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language was not English	100	97	94	98
People with a disability	100	N/A	N/A	N/A
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A

1 A Distribution index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other employees. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other employees.

Section 6

Financial performance

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Pearsons Lookout, Capertee Valley, NSW

Photograph courtesy of Lithgow City Council

START OF AUDITED FINANCIAL STATEMENTS

Statement of comprehensive income

	Note	2024 \$'000	2023 \$'000
Net gains on financial instruments at fair value through profit and loss	3	227,853	214,906
Fee income	4	97,775	88,726
Other income		3,437	-
Total net income		329,065	303,632
Operating costs	5	(108,457)	(97,959)
Transaction costs	5	(20,906)	(21,316)
Total operating and transaction costs		(129,363)	(119,275)
Profit before income tax equivalent expense		199,702	184,357
Income tax equivalent expense	1(b)	(59,911)	(55,307)
Profit for the year		139,791	129,050
Other comprehensive income/(loss)		-	-
Total comprehensive income for the year		139,791	129,050

The accompanying notes form part of these financial statements.

Balance sheet

	Note	2024 \$'000	2023 \$'000
Assets			
Cash and liquid assets	6	4,234,827	4,242,741
Outstanding settlements receivable	1(c)	139	533
Due from financial institutions	7	1,974,297	1,111,530
Securities held	8	8,330,390	7,106,473
Derivative assets	13	592,163	708,091
Loans to government clients	9	161,735,358	135,346,063
Other assets	21	51,884	55,221
Right-of-use asset	22	1,935	12,132
Plant and equipment	22	783	1,662
Total assets		176,921,776	148,584,446
Liabilities			
Due to financial institutions	10	10,570,491	10,700,025
Outstanding settlements payable	1(c)	3,110,689	533
Due to government clients	11	391,339	240,218
Borrowings	12	161,724,160	136,432,521
Derivative liabilities	13	670,229	782,322
Income tax equivalent payable		15,090	11,475
Lease Liability	23	2,623	16,926
Other liabilities and provisions	23	174,400	147,462
Total liabilities		176,659,021	148,331,482
Net assets		262,755	252,964
<i>Represented by:</i>			
Equity			
Retained earnings	17	262,755	252,964
Total equity		262,755	252,964

The accompanying notes form part of these financial statements.

Statement of changes in equity

	Note	Retained earnings \$'000	Total equity \$'000
Total equity at 30 June 2022	17	229,914	229,914
Profit for the year		129,050	129,050
Other comprehensive income/(loss)		-	-
Total comprehensive income for the year		129,050	129,050
<i>Transactions with owners in their capacity as owners:</i>			
Dividend payable	23	(106,000)	(106,000)
Total equity at 30 June 2023	17	252,964	252,964
Profit for the year		139,791	139,791
Other comprehensive income/(loss)		-	-
Total comprehensive income for the year		139,791	139,791
<i>Transactions with owners in their capacity as owners:</i>			
Dividend payable	23	(130,000)	(130,000)
Total equity at 30 June 2024	17	262,755	262,755

The accompanying notes form part of these financial statements.

Statement of cash flows

	Note	2024 \$'000	2023 \$'000
Cash inflows/(outflows) from operating activities			
Interest and other costs of finance received		5,411,487	3,565,570
Interest and other costs of finance paid		(5,230,414)	(3,441,924)
Fee income received		104,721	100,654
Payments of tax equivalents		(56,298)	(53,425)
Payment of Goods and Services Tax		(6,125)	(5,348)
Payment of operating and transaction costs		(126,163)	(120,791)
Loans to government clients made		(29,209,501)	(33,084,758)
Loans to government clients repaid		6,515,878	6,755,256
Net cash inflows/(outflows) from other financial instruments		163,680	(430,582)
Net cash used in operating activities	28	(22,432,735)	(26,715,348)
Cash (outflows)/inflows from investing activities			
Purchases of plant and equipment and intangibles		(226)	(81)
Net cash (paid to)/received from market securities held		(2,091,987)	2,251,418
Net cash (used in)/provided by investing activities		(2,092,213)	2,251,337
Cash inflows/(outflows) from financing activities			
Proceeds from issuance of borrowings and short term securities		98,138,143	116,350,345
Repayment of borrowings and short term securities		(73,515,109)	(90,372,774)
Dividends paid		(106,000)	(95,000)
Net cash provided by financing activities		24,517,034	25,882,571
Net (decrease)/increase in cash held		(7,914)	1,418,560
Cash and cash equivalents at the beginning of the year		4,242,741	2,824,181
Cash and cash equivalents at the end of the year	27	4,234,827	4,242,741

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Basis of preparation and material accounting policies

New South Wales Treasury Corporation ('the Corporation') provides financial services for the New South Wales Government, public authorities and other public bodies of New South Wales.

Material accounting policies adopted in the preparation of these financial statements are reported in this and subsequent notes to the financial statements. Accounting policies are consistent with the previous year.

These financial statements were authorised for issue in accordance with a resolution of the directors of New South Wales Treasury Corporation on 27 August 2024.

a. Basis of preparation

The financial statements of New South Wales Treasury Corporation are general purpose financial statements and have been prepared in accordance with the provisions of the *Government Sector Finance Act 2018*, *Government Sector Finance Regulation 2024* and the New South Wales Treasurer's Directions. They have also been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRS) and Australian Accounting Interpretations. The financial statements which include the accompanying notes comply with IFRS.

The financial statements are prepared on the basis of a 'for-profit' entity.

The financial statements are prepared using the accrual basis of accounting. Financial assets and liabilities are stated on a fair value basis of measurement. Plant and equipment are measured at depreciated historical cost, which for these assets approximates fair value. Employee benefits are recognised on a present value basis. All other assets, liabilities and provisions are initially measured at historical cost and reported based on their recoverable or settlement amount.

All amounts are shown in Australian dollars and are rounded to the nearest thousand dollars unless otherwise stated.

Assets and liabilities are presented on the balance sheet in order of liquidity.

b. Income tax

The *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* exempt the Corporation from liability for Commonwealth income tax. However, the Corporation is subject to tax equivalent payments to the New South Wales Government. The Corporation's liability was determined to be an amount equal to 30% of the profit before income tax equivalent expense for the year to 30 June 2024 (2023: 30%).

c. Outstanding receivables and payables

Outstanding settlements receivable comprise the amounts due to the Corporation for trade transactions that have been recognised, but not yet settled at balance date. Outstanding settlements payable comprise amounts payable by the Corporation for trade transactions that have been recognised, but not yet settled at balance date. Outstanding amounts are usually settled within 60 days from balance date.

d. Standards and interpretations adopted during the year

The Corporation has applied the following amendments for the first time for the annual reporting period commencing 1 July 2023:

[AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates](#)

The adoption of the amendments resulted in updates to accounting policy disclosures.

1. Basis of preparation and material accounting policies (continued)

e. Relevant standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the standards and amendments listed below were issued but not yet effective.

Standard/Amendment	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027	30 June 2028

AASB 18 Presentation and Disclosure in Financial Statements (effective from 1 January 2027)

AASB 18 will impact the presentation and disclosure of the Corporation's financial statements. The key presentation and disclosure requirements established by AASB 18 that will impact the Corporation's financial reporting requirements are to classify income and expenses into operating, investing and financing categories in the statement of comprehensive income as well as enhanced requirements for grouping of information.

The Corporation has not early adopted any new accounting standards, amendments, and interpretations in compliance with NSW Treasury Policy and Guidelines 24-06 "Mandates of options and major policy decisions under Australian Accounting Standards".

f. Critical accounting estimates and significant judgements

Fair value of financial assets and liabilities

The preparation of the financial statements requires management to exercise a higher degree of judgement and estimation when determining the fair value of financial assets and liabilities as discussed in Note 15. Estimates and judgements are regularly evaluated and are based on historical experience and expectations of future events.

2. Segment information

The Corporation has the following business segments:

1. Financial Markets

This function is responsible for lending to government clients and the associated funding through debt issuance. This function is also responsible for the Corporation's balance sheet risk management activities and also provides debt management, currency management and advisory services.

Revenues from Financial Markets comprise in its entirety the net gains and losses from financial assets and liabilities as disclosed in Note 3 and relevant fee income as disclosed in Note 4.

2. Investment Management

This function provides funds management activities including direct management of cash & fixed income, property and infrastructure portfolios, 'Manager-of-managers' services through the TCorpIM Funds and other tailored investment management services.

The Investment Management function deposits short-term funds with TCorp's Financial Markets function at overnight market rates. Typically, these deposits are in relation to the TCorpIM Funds (Note 11).

Revenues from Investment Management are in the form of fee income as disclosed in Note 4.

The majority of the Corporation's revenues are derived from the New South Wales Government and its agencies, which are considered to be under common control.

Given the nature of its core functions and the legislative intent, the Corporation operates within Australia, apart from a proportion of funding raised from offshore financial markets. As such, no geographic location segment reporting is presented within these financial statements.

3. Net gain/(loss) on financial instruments at fair value through profit and loss

Accounting policy

Net gain/(loss) on financial instruments at fair value through profit and loss relates to revenue from lending and associated funding activities and the management of associated risks. Revenue is primarily generated from the differential between the fair value movements of financial assets and financial liabilities, inclusive of interest earned on assets or paid on liabilities.

The Corporation is required to measure financial assets and financial liabilities at fair value through profit or loss. The classification requirements under AASB 9 *Financial Instruments*, considers an entity's business model for managing its financial assets and financial liabilities. The Corporation manages its balance sheet on a fair value basis. This is demonstrated through the measurement and reporting of risks, limits, valuations and performance, consistent with risk management policies approved by the Board. Therefore, all financial assets and financial liabilities are valued on a fair value basis as at balance date with resultant gains and losses from one valuation date to the next recognised in the statement of comprehensive income.

Interest expense on the lease liability (Note 23) is recognised within interest expense – government clients below.

	2024	2023
	\$'000	\$'000
Financial assets designated at fair value through profit and loss		
Interest income – government clients	5,268,785	3,896,630
Interest income – financial institutions	688,818	485,125
Increase/(decrease) in fair value of financial assets	243,668	(2,103,979)
	6,201,271	2,277,776
Financial liabilities designated at fair value through profit and loss		
Interest expense – government clients	(6,210)	(11,994)
Interest expense – financial institutions	(5,779,993)	(4,154,940)
(Increase)/decrease in fair value of financial liabilities	(206,619)	2,071,960
	(5,992,822)	(2,094,974)
Net (losses)/gains on foreign exchange	(133)	556
Net gains on derivatives	19,537	31,548
Net gains on financial instruments at fair value through profit and loss	227,853	214,906

Derivative financial instruments are used to manage interest rate risk and foreign exchange risk. Gains or losses on derivative financial instrument by changes in the fair value of financial assets and liabilities.

The majority of the Corporation's Borrowings (Note 12) and associated Loans to Government Clients (Note 9) are at fixed interest rates.

4. Fee income

Accounting policy

Fee income is mainly earned from investment management activities through the management of client asset portfolios and as trustee and/or manager of the TCorpIM Funds.

Fee income for services provided is recognised in the period in which the service is provided.

	2024	2023
	\$'000	\$'000
Investment Management fees		
Asset client mandate fees ¹	56,668	51,647
TCorpIM Funds management fees ¹	40,844	36,812
	97,512	88,459
Financial Markets fees		
Fees from NSW Government entities	263	258
Other fees from financial institutions	-	9
	263	267
	97,775	88,726

¹ Relates to fees earned on funds under management as disclosed in Note 24.

5. Operating costs and transaction costs

Accounting policy

Operating and transaction costs are recognised in the period in which the relevant service has been rendered or when the liability has been incurred.

Depreciation and amortisation is calculated using the straight line method over the asset's estimated useful life (Note 22).

The Corporation has undertaken an impairment assessment for its right-of-use asset and noted that there were no new material impairment indicators. Therefore, no impairment loss was recognised during the 2024 financial year (2023: Nil).

Software as a service (SaaS) arrangements are service contracts providing the Corporation with the right to access the cloud providers' application software over the contract period. Costs incurred to configure or customise the software are generally recognised as operating expenses when the relevant services are received.

Operating costs

	2024	2023
	\$'000	\$'000
Salaries and related costs	61,715	56,235
Superannuation contributions	4,628	4,235
Contractors	2,458	1,164
Information technology	15,008	12,922
Market information services	6,250	6,264
Depreciation and amortisation	4,228	4,452
Other operating costs	14,170	12,687
	108,457	97,959

Other operating costs above include the following specific items:

	2024	2023
	\$'000	\$'000
Auditor's remuneration to the Audit Office of NSW		
For audit of the financial statements of the Corporation	388	370
Other services	106	106
	494	476

Transaction costs

	2024	2023
	\$'000	\$'000
Bond issuance fees	13,450	13,140
Other transaction costs	7,456	8,176
	20,906	21,316

Other transaction costs include costs associated with managing client investment portfolios and other financial market related costs including futures brokerage and clearing fees.

Financial instruments

Accounting policy

a. Financial instruments overview

Financial instruments of the Corporation comprise cash and liquid assets, money market securities, loans, borrowings and derivatives as disclosed in Notes 6 to 13.

All financial assets, financial liabilities and derivatives are recognised on the balance sheet at trade date being the date the Corporation becomes party to the contractual provisions of the instrument.

Financial assets are de-recognised when the Corporation's contractual rights to cash flows from the financial assets expire. Financial liabilities are de-recognised when the Corporation's contractual obligations are extinguished.

Securities sold under agreements to repurchase are retained in the financial statements within Securities Held (Note 8) where substantially all the risks and rewards of ownership remain with the Corporation. A liability for the agreed repurchase amount from the counterparty is recognised within Due to Financial Institutions (Note 10) as an obligation exists to buy back the securities, usually for terms ranging up to one month.

b. Fair value measurement

The Corporation measures financial assets and financial liabilities in accordance with AASB 13 *Fair Value Measurement*. Where an active market exists, fair values are determined by reference to the specific market quoted prices/yields at the year end. If no active market exists, judgement is used to select the valuation technique which best estimates fair value by discounting the expected future cash flows arising from the securities to their present value using market yields and margins appropriate to the securities. These margins take into account credit quality and liquidity of the securities. Market yields used for valuing loans to government clients are derived from yields for similar debt securities issued by the Corporation which are detailed in Note 18.

The Corporation manages market risk through its financial assets and financial liabilities on the basis of its net exposure, in accordance with its risk management strategy. As a result the Corporation utilises the exception permitted within AASB 13 *Fair Value Measurement* to measure a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net asset position or paid to transfer a net liability position for a particular risk exposure.

6. Cash and liquid assets

	2024	2023
	\$'000	\$'000
Cash and cash equivalents	4,234,827	4,242,741
	4,234,827	4,242,741

Cash and cash equivalents include deposits with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash.

7. Due from financial institutions

	2024	2023
	\$'000	\$'000
Short-term bank deposits	1,858,671	999,872
Cash Collateral	115,626	111,658
Total	1,974,297	1,111,530

Cash collateral is provided by the Corporation to support amounts payable to financial institutions in respect of certain derivative transactions of \$115.5 million (2023: \$110.8 million) and securities sold under repurchase agreements of \$0.1 million (2023: \$0.8 million).

8. Securities held

	2024	2023
	\$'000	\$'000
Floating rate notes ¹	3,078,885	2,979,491
Certificates of deposit ²	5,020,892	3,383,508
Commonwealth Government bonds	-	73,575
Semi-government bonds ³	21,892	108,887
Supranational bonds	187,160	538,291
Other Commonwealth and NSW Government related securities	21,561	22,721
	8,330,390	7,106,473

¹ Includes securities sold under agreements to repurchase of \$773.9 million (2023: \$2,655.6 million).

² Includes securities sold under agreements to repurchase of \$1,597.0 million (2023: \$1,600.7 million).

³ Includes securities sold under agreements to repurchase of Nil (2023: \$78.0 million).

Securities held are used mainly to cover liquidity requirements. Of the above amounts, \$2,040.2 million (2023: \$2,488.5 million) is scheduled to mature more than twelve months from the balance date.

9. Loans to government clients

	2024	2023
	\$'000	\$'000
New South Wales public sector clients:		
- The Crown in right of the State of New South Wales	131,734,467	107,581,239
- Water Sector	17,616,288	15,945,297
- Electricity Sector	6,263,370	5,944,095
- Transport Sector	2,309,164	2,290,224
- Other Sectors	2,734,680	2,564,921
- Local Councils	1,077,389	1,020,287
	161,735,358	135,346,063

Loans to government clients comprise financial accommodation on simple interest, fixed interest, floating rate or inflation indexed bases.

Capital indexed loans, coupons and face value are indexed quarterly in line with changes in inflation. The fair value of these loans at balance date totaled \$6,233.6 million (2023: \$6,483.1 million).

Floating rate loans comprise of variable quarterly coupons with the face value repayable on maturity. The fair value of these loans at balance date totaled \$14,539.3 million (2023: \$16,323.9 million).

Year-on-year indexed loans comprise a constant face value and a variable coupon that includes the fixed real rate and latest adjusted Consumer Price Index. The fair value of these loans at balance date totaled \$1,275.7 million (2023: \$1,319.2 million).

Loans to New South Wales public sector clients are guaranteed by the New South Wales Government. Of the above amounts, \$152,336.4 million (2023: \$127,798.8 million) is scheduled to mature more than twelve months from the balance date.

10. Due to financial institutions

	2024	2024	2023	2023
	Face Value	Fair Value	Face Value	Fair Value
	\$'000	\$'000	\$'000	\$'000
Promissory notes	8,250,108	8,123,434	6,374,000	6,321,316
Cash Collateral	285,140	285,106	260,030	260,001
Securities Sold under Agreement to Repurchase	2,158,517	2,161,951	4,114,630	4,118,708
	10,693,765	10,570,491	10,748,660	10,700,025

Promissory notes are short term securities issued by the Corporation, usually for terms ranging up to twelve months.

Cash collateral may be obtained by the Corporation to support amounts receivable from financial institutions in respect of certain derivative transactions (Note 19).

Securities sold under agreements to repurchase are secured by cash collateral (Note 19). The Corporation has an obligation to buy back the securities on the dates agreed, usually for terms ranging up to one month.

11. Due to government clients

	2024	2024	2023	2023
	Face Value	Fair Value	Face Value	Fair Value
	\$'000	\$'000	\$'000	\$'000
Deposits:				
- Crown entity	-	-	499	499
- TCorpIM Funds	175,550	175,529	1,000	1,000
- Other Government Clients	214,979	215,810	238,031	238,719
	390,529	391,339	239,530	240,218

Deposits are received from clients and TCorpIM Funds on an unsecured basis either at call or for fixed terms of one year or less, with interest payable at maturity.

12. Borrowings

	2024	2024	2023	2023
	Face Value	Fair Value	Face Value	Fair Value
	\$'000	\$'000	\$'000	\$'000
Benchmark bonds	135,504,866	121,703,153	106,449,804	95,527,574
Euro Medium Term Notes	1,136,233	909,426	1,163,925	951,048
Sustainability bonds	11,940,000	10,689,308	9,240,000	8,080,725
Capital indexed bonds	6,051,623	6,130,109	6,023,197	6,267,940
Floating rate notes	16,800,000	16,775,220	19,867,000	19,976,103
Other borrowings	7,458,839	5,516,944	7,490,656	5,629,131
	178,891,561	161,724,160	150,234,582	136,432,521

Benchmark bonds pay semi-annual coupons with the face value repayable on maturity.

Euro Medium Term Notes are issued via lead managers into both the Euro market and Japanese retail market. They are repayable at maturity with coupons payable either annually or semi-annually. In fair value terms, \$909.4 million (2023: \$951.0 million) Euro Medium Term Notes are scheduled to mature more than twelve months from the balance date.

Sustainability bonds are issued as part of the NSW Sustainability Bond Programme. They are repayable at maturity with coupons payable semi-annually. In fair value terms, \$8,631.1 million (2023: \$8,080.7 million) of sustainability bonds are scheduled to mature more than twelve months from the balance date.

Capital indexed bonds are domestic bonds with quarterly coupons and face value indexed in line with inflation. In fair value terms, \$6,130.1 million (2023: \$6,267.9 million) capital indexed bonds are scheduled to mature more than twelve months from the balance date.

Floating rate notes pay variable quarterly coupons with the face value repayable on maturity. In fair value terms, \$14,263.0 million (2023: \$16,878.8 million, fair value) floating rate notes are scheduled to mature more than twelve months from the balance date.

Other borrowings include Waratah bonds and other non-benchmark domestic bonds. The fair value of Waratah bonds totalled \$705.8 million (2023: \$738.7 million). In fair value terms, \$5,372.8 million (2023: \$5,546.7 million) of other borrowings are scheduled to mature more than twelve months from the balance date.

All financial liabilities of the Corporation are guaranteed by the New South Wales Government (Note 14). The Corporation does not provide any further security in the form of asset and other pledges in relation to its borrowings.

12. Borrowings (continued)

The benchmark bonds on issue, by maturity were:

Maturity	Coupon % p.a.	2024	2024	2023	2023
		Face Value \$'000	Fair Value \$'000	Face Value \$'000	Fair Value \$'000
8 February 2024	1.00	-	-	4,542,150	4,466,214
20 August 2024	5.00	4,084,722	4,161,775	4,323,510	4,426,151
20 May 2026	4.00	5,473,298	5,457,911	5,473,298	5,448,866
20 May 2027	3.00	11,111,380	10,743,879	9,111,380	8,733,383
20 March 2028	3.00	13,342,520	12,833,196	10,092,520	9,621,834
20 April 2029	3.00	11,108,100	10,492,960	10,233,100	9,592,456
20 February 2030	3.00	13,379,196	12,517,658	10,841,196	10,093,847
20 March 2031	2.00	12,290,250	10,486,937	10,353,250	8,733,821
20 February 2032	1.50	14,547,000	11,583,483	11,761,000	9,237,323
8 March 2033	2.00	13,594,500	10,915,539	12,994,500	10,351,581
20 March 2034	1.75	13,463,900	10,175,427	7,373,900	5,532,198
20 February 2035	4.75	12,775,000	12,624,774	6,850,000	6,908,210
20 February 2036	4.25	7,835,000	7,293,802	2,500,000	2,381,690
20 February 2037	4.75	2,500,000	2,415,812	-	-
		135,504,866	121,703,153	106,449,804	95,527,574

13. Derivatives

A derivative financial instrument is a contract or agreement whose value depends on (or derives from) the value of (or changes in the value of) an underlying instrument, reference rate or index.

Derivative financial instruments include swaps, futures and forward foreign exchange contracts. For all other derivative financial instruments the Corporation is not a price maker, but is a price taker in its use of derivatives.

Collateral may be obtained, or provided, by the Corporation when the market value of certain derivative transactions exceed thresholds agreed with the counterparty (Note 19).

Net exposure

The fair value of the Corporation's transactions in derivative financial instruments outstanding at year end is as follows:

	2024	2023
	\$'000	\$'000
Derivative assets		
Cross currency swaps	124,566	105,701
Interest rate swaps	434,469	514,150
Forward foreign exchange contracts	32,055	84,287
Exchange traded futures	535	2,024
Commodity swaps	538	1,929
	592,163	708,091
Derivative liabilities		
Cross currency swaps	(129,081)	(108,562)
Interest rate swaps	(505,567)	(587,180)
Forward foreign exchange contracts	(35,043)	(84,651)
Commodity swaps	(538)	(1,929)
	(670,229)	(782,322)
Net amount (payable) under derivatives	(78,066)	(74,231)

Derivative financial instruments are used to manage interest rate risk and foreign exchange risk. Gains or losses on derivative financial instruments are largely offset by changes in the fair value of financial assets and liabilities.

The majority of derivative financial instruments (with the exception of exchange traded futures and commodity swaps) are scheduled to be recovered or due to be settled more than twelve months from the balance date.

14. Other disclosures concerning financial liabilities

Guarantee of the State

All financial liabilities of the Corporation are guaranteed by the New South Wales Government under Division 6.5, sections 6.26 and 6.27 of the *Government Sector Finance Act 2018*.

Financing arrangements

The Corporation is able to access both domestic and offshore capital markets to ensure an adequate funding base. The credit rating of the Corporation is derived from the guarantee provided by the New South Wales Government.

In addition to the Corporation's domestic benchmark, non-benchmark and promissory note issuances, the following offshore programmes are in place:

	2024 \$bn	2023 \$bn
Global exchangeable bonds	AUD 18	AUD 18
Multi-currency Euro medium term note	USD 10	USD 10
Multi-currency Euro commercial paper	USD 10	USD 10

The programmes are not contractually binding on any provider of funds.

15. Fair value measurement

Financial assets and financial liabilities are recorded as fair value through profit or loss.

The Corporation's loans and borrowings are guaranteed by the New South Wales State Government. As a result, credit risk is not a significant factor in the determination of the fair value. Changes in fair value are therefore mainly attributable to fluctuations in market yields and prices arising from changes in market conditions.

The Corporation uses a discounted cash flow valuation technique in determining the fair value of its financial assets and financial liabilities.

Fair value measurements are classified using a fair value hierarchy that reflects the subjectivity of inputs used in making the measurements. The fair value hierarchy has the following levels and inputs:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This includes quoted or observable prices combined with margins derived from appropriate benchmarks.
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

TCorp's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

15. Fair value measurement (continued)

The table below sets out the Corporation's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Outstanding settlements receivable	-	139	-	139
Due from financial institutions	1,115,491	858,806	-	1,974,297
Securities held	3,287,937	5,042,453	-	8,330,390
Derivatives assets	535	591,628	-	592,163
Loans to government clients	6,293	161,283,678	445,387	161,735,358
Futures margins deposits	1,897	-	-	1,897
Financial assets	4,412,153	167,776,704	445,387	172,634,244
Financial liabilities				
Due to financial institutions	(285,106)	(10,285,385)	-	(10,570,491)
Outstanding settlements payable	-	(3,110,689)	-	(3,110,689)
Due to government clients	(260,715)	(130,624)	-	(391,339)
Borrowings	(148,897,780)	(11,916,955)	(909,425)	(161,724,160)
Derivative liabilities	-	(670,229)	-	(670,229)
Financial liabilities	(149,443,601)	(26,113,882)	(909,425)	(176,466,908)

15. Fair value measurement (continued)

2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Outstanding settlements receivable	-	533	-	533
Due from financial institutions	1,111,530	-	-	1,111,530
Securities held	3,624,253	3,482,220	-	7,106,473
Derivatives assets	2,024	706,067	-	708,091
Loans to government clients	6,018	134,858,987	481,058	135,346,063
Futures margins deposits	4,493	-	-	4,493
Financial assets	4,748,318	139,047,807	481,058	144,277,183
Financial liabilities				
Due to financial institutions	(260,001)	(10,440,024)	-	(10,700,025)
Outstanding settlements payable	-	(533)	-	(533)
Due to government clients	(99,493)	(140,725)	-	(240,218)
Borrowings	(126,131,895)	(9,349,578)	(951,048)	(136,432,521)
Derivative liabilities	-	(782,322)	-	(782,322)
Financial liabilities	(126,491,389)	(20,713,182)	(951,048)	(148,155,619)

Level 3 Financial Instruments – fair value determined from valuation techniques utilising significant unobservable inputs

The Level 3 Euro Medium Term Notes are foreign currency denominated fixed interest securities (borrowings) issued by the Corporation. The fair value of the Level 3 Euro Medium Term notes at balance date totalled \$909.4 million (2023: \$951.0 million). The valuation of these securities is derived from quoted market prices of the underlying securities, and other observable inputs. The Corporation has applied a further risk adjustment to the quoted market prices in recognition of limited trading activity of the securities. The Corporation uses cross currency swaps to fully hedge the currency exposure associated with the cash flows on these securities, and these associated cross currency swaps are categorised as Level 2 under the fair value hierarchy.

The Level 3 Loans to government clients are loans with fair value based on the valuation associated with specific Level 3 Euro Medium Term Notes. The fair value of the Level 3 Loans to government clients at balance date totalled \$445.4 million (2023: \$481.1 million).

15. Fair value measurement (continued)

Reconciliation of Level 3 fair value movements

The table below summarises the reconciliation of change in exposure in the balance sheet to financial instruments categorised as Level 3.

	Financial assets \$'000	Financial liabilities \$'000
Total as at 30 June 2022	538,603	(949,920)
Additions	-	-
Unrealised gains and (losses) ^{1,2}	(40,758)	(18,914)
(Interest received)/Coupons paid ¹	(16,787)	17,786
Total as at 30 June 2023	481,058	(951,048)
Additions	-	-
Unrealised gains and (losses) ^{1,2}	(18,884)	24,323
(Interest received)/Coupons paid ¹	(16,787)	17,300
Total as at 30 June 2024	445,387	(909,425)

1 Included in Net gain/(loss) on financial instruments at fair value through profit or loss in the statement of comprehensive income.

2 Gains and losses are largely offset by the gains and losses on the associated cross currency swaps, which are categorised as Level 2 under the fair value hierarchy.

Level 3 financial instruments – unobservable inputs

Description	Fair Value at 30 June 2024 \$'000	Unobservable Inputs	Range of Inputs
Loans to government clients	445,387	Yield	87 bps - 474 bps
Euro Medium Term Notes (Borrowings)	(909,425)	Yield	

Description	Fair Value at 30 June 2023 \$'000	Unobservable Inputs	Range of Inputs
Loans to government clients	481,058	Yield	80 bps - 481 bps
Euro Medium Term Notes (Borrowings)	(951,048)	Yield	

As at balance date, a 0.01% change in the yield used to value the Level 3 Euro Medium Term Note liabilities and Level 3 Loans to government clients would impact the fair value by approximately +/- \$1.5 million (2023: +/- \$1.7 million) and +/- \$0.7 million respectively (2023: +/- \$0.8 million). This sensitivity analysis should be considered in context of the Corporation's management of market risk as detailed in Note 18.

16. Offsetting financial assets and financial liabilities

The following table identifies financial assets and liabilities which have been offset in the balance sheet and those which have not been offset in the balance sheet but are subject to enforceable master netting agreements with our counterparties.

2024	Note	Effects of offsetting on the Balance sheet			Related amounts not offset		
		Gross amounts \$'000	Gross amounts offset in the Balance sheet \$'000	Net amounts presented in the Balance sheet \$'000	Amounts subject to master netting arrangements \$'000	Financial instrument collateral and margins (received)/ paid \$'000	Net amount \$'000
Financial assets							
		595,230	(3,602)	591,628	(310,792)	(269,673)	11,163
		2,173	(1,638)	535	-	-	535
	13	597,403	(5,240)	592,163	(310,792)	(269,673)	11,698
	21	1,897	-	1,897	-	-	1,897
		599,300	(5,240)	594,060	(310,792)	(269,673)	13,595
Financial liabilities							
		(673,831)	3,602	(670,229)	310,792	108,927	(250,510)
		(1,638)	1,638	-	-	-	-
	13	(675,469)	5,240	(670,229)	310,792	108,927	(250,510)
		(415)	-	(415)	-	-	(415)
	10	(2,161,951)	-	(2,161,951)	-	2,161,592	(359)
		(2,837,835)	5,240	(2,832,595)	310,792	2,270,519	(251,284)

¹ Included in Note 23 Other Liabilities and Provisions.

16. Offsetting financial assets and financial liabilities (continued)

2023	Note	Effects of offsetting on the Balance sheet			Related amounts not offset		
		Gross amounts \$'000	Gross amounts offset in the Balance sheet \$'000	Net amounts presented in the Balance sheet \$'000	Amounts subject to master netting arrangements \$'000	Financial instrument collateral and margins (received)/ paid \$'000	Net amount \$'000
Financial assets							
		716,602	(10,535)	706,067	(407,224)	(256,107)	42,736
		2,393	(369)	2,024	-	-	2,024
	13	718,995	(10,904)	708,091	(407,224)	(256,107)	44,760
		1,608	-	1,608	-	-	1,608
	21	4,493	-	4,493	-	-	4,493
		725,096	(10,904)	714,192	(407,224)	(256,107)	50,861
Financial liabilities							
		(792,857)	10,535	(782,322)	407,224	98,779	(276,319)
		(369)	369	-	-	-	-
	13	(793,226)	10,904	(782,322)	407,224	98,779	(276,319)
	10	(4,118,708)	-	(4,118,708)	-	4,118,708	-
		(4,911,934)	10,904	(4,901,030)	407,224	4,217,487	(276,319)

² Included in Note 21 Other Assets.

Financial assets and liabilities are permitted to be offset and the net amount reported in the balance sheet where the Corporation currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. In line with general market practice, the Corporation has entered into arrangements that do not meet the criteria for offsetting in the balance sheet. This is because the Corporation does not currently have a legally enforceable right to offset recognised amounts, as the right to offset is enforceable only on the occurrence of future events. These amounts have therefore not been offset in the balance sheet, but have been presented separately in the table. The table also presents the gross amounts of financial assets and financial liabilities that are offset in the balance sheet. The column "Net amount" shows the impact on the Corporation's balance sheet if all set-off rights were exercised.

16. Offsetting financial assets and financial liabilities (continued)

Related amounts not offset on the Balance sheet

Derivative assets and liabilities

The Corporation enters into derivative transactions governed by master netting arrangements set out in International Swaps and Derivatives Association (ISDA) agreements between the Corporation and market counterparties. In certain circumstances, such as a counterparty credit default, all outstanding transactions under the ISDA agreement may be terminated by the Corporation, the termination value is determined and only a single net amount is payable to/receivable from a counterparty in settlement of all transactions. Financial collateral refers to cash obtained to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default.

Repurchase agreements

Repurchase agreements (securities sold under agreements to repurchase) are separately subject to offset under netting agreements, such as global master repurchase agreements. Under these netting agreements, all outstanding transactions with the same counterparty can be offset and close-out netting applied in an event of default. These arrangements are supported by financial collateral in the event of counterparty default.

17. Financial risk

Objectives and policies

The Corporation manages and monitors a variety of financial risks across its balance sheet including market risk (interest rate risk and foreign exchange risk), credit risk and liquidity risk (refer Notes 18, 19 and 20 respectively).

The boundaries within which these risks are undertaken and managed are established under Board policies, management guidelines and agreements with clients. The Corporation monitors these risks to ensure compliance with Board policies, management guidelines and client constraints. This monitoring is appropriately segregated from the operating divisions. Information is summarised, monitored and reviewed daily and reported regularly to the Board.

All aspects of the Corporation's Financial Market function process are segregated between dealing, settlement, accounting and compliance. In addition, position limits, liquidity limits and counterparty credit limits have been established. These limits are monitored independently of the dealing and settlement functions, with utilisation of these limits summarised and reported to management on a daily basis.

The nature of the Corporation's lending and associated funding activities gives rise to maturity and repricing gaps within the Corporation's balance sheet which alter from day to day. The Board of the Corporation has identified the risks that arise from these gaps and has established Board policies to prudently limit these risks. In managing the risks in accordance with the Board limits, the Corporation utilises derivative financial instruments.

Derivatives are used to manage interest rate risk and foreign exchange risk for certain assets and liabilities within the balance sheet.

Equity

The New South Wales Government is not required under legislation to contribute equity to the Corporation. Retained earnings are held in lieu of contributed equity and provide a capital base commensurate with the risks inherent in the Corporation's business. Further, all financial liabilities of the Corporation are guaranteed by the New South Wales Government under Division 6.5, sections 6.26 and 6.27 of the *Government Sector Finance Act 2018*.

18. Market risk

Interest rate risk

Interest rates equal to, or derived from, the Corporation's debt securities and used for valuation purposes were:

	Coupon % pa	Market Rates (Yield to Maturity) at 30 June 2024 % pa	Market Rates (Yield to Maturity) at 30 June 2023 % pa
Nominal			
Overnight	-	4.330	4.070
90 days	-	4.445	4.361
180 days	-	4.626	4.610
8 February 2024	1.000	-	4.491
20 August 2024	5.000	4.380	4.479
20 May 2026	4.000	4.405	4.332
20 May 2027	3.000	4.355	4.263
20 March 2028	3.000	4.366	4.298
20 April 2029	3.000	4.427	4.346
20 February 2030	3.000	4.525	4.397
20 March 2031	2.000	4.665	4.507
20 February 2032	1.500	4.802	4.616
8 March 2033	2.000	4.900	4.720
20 March 2034	1.750	5.019	4.818
20 February 2035	4.750	5.104	4.847
20 February 2036	4.250	5.226	4.921
20 February 2037	4.750	5.306	-
20 November 2037	3.500	5.342	5.031
20 November 2040	2.250	5.492	5.235
7 May 2041	2.250	5.501	5.245
20 May 2042	2.250	5.525	5.227
24 August 2050	2.450	5.520	5.200
Capital indexed			
20 November 2025	2.750	1.955	1.307
20 November 2035	2.500	2.547	2.314

18. Market risk (continued)

The Corporation measures its exposure to interest rate risk in terms of cash flows or notional cash flows generated by financial instruments. These cash flows are discounted to present values at appropriate market yields and margins. Interest rate risk can be in the form of 'fair value interest rate risk', such as fixed interest rate instruments which change in value as interest rates move and 'cash flow interest rate risk', such as floating interest rate instruments that are reset as market rates change.

The Corporation uses a Value at Risk (VaR) model to measure the market risk exposures inherent in the balance sheet. VaR is measured on a rolling two-year historical simulation basis using a 99% confidence interval and a 10-day holding period.

VaR is calculated daily and represents an estimate of the loss that can be expected over a 10-day period, with a 1% probability that this amount may be exceeded.

The historical database comprises observations relevant to the major market risk exposures faced by the Corporation including bank bills, bank bill futures, bond futures, Commonwealth and semi-government bonds, floating rate notes, capital indexed bonds and interest rate swaps. The simulation process captures movements in outright interest rate levels, yield curve tilts and changes in the basis spread between various groups of securities. All historical observations are equally weighted.

As an estimate of market risk, VaR has certain limitations including:

- a. Calculating VaR on an historical simulation basis implicitly assumes that returns in the future will have the same distribution as they had in the past. If this is not the case, VaR may overestimate or underestimate the actual losses experienced.
- b. In rapidly changing markets, the model can be slow to react with the result that VaR at the confidence interval is exceeded more often than statistically expected.
- c. The model quantifies the expected loss at the confidence interval. It does not however indicate the potential size of losses on days VaR is exceeded.

Given the Corporation's balance sheet positions at 30 June 2024, the maximum potential loss expected over a 10-day period is \$4.3 million (2023: \$4.6 million), with a 1% probability that this maximum may be exceeded. The average VaR over the year ended 30 June 2024 was \$4.4 million (2023: \$4.3 million).

Foreign exchange risk

The Corporation has policies and procedures in place to ensure that it has no material exposure to changes in foreign exchange rates. Foreign exchange risk arising from borrowings undertaken in foreign currencies through Promissory Notes (Note 10) or Euro Medium Term Notes (Note 12), to fund Australian dollar assets is covered by entering into Australian dollar cross currency swaps and forward foreign exchange contracts.

Where the Corporation has entered into forward foreign exchange contracts with clients, these are covered by corresponding forward foreign exchange contracts with market counterparties. Foreign exchange risks within Investment Funds, where the Corporation acts as Trustee or manager, are borne by the investors in these Funds.

19. Credit risk

For all classes of financial assets, with the exceptions noted below, the maximum credit risk exposure at balance date is equal to the fair value already disclosed.

As loans and receivables from government clients are guaranteed by the New South Wales Government, no credit risk is deemed to arise.

Derivative financial instruments include swaps, forward foreign exchange contracts and futures. The Corporation enters into derivative contracts for the purposes of hedging market risks arising from the Corporation's activities and when acting as an intermediary between government clients and market counterparties under back-to-back arrangements. In respect of derivative trades executed on behalf of government clients, TCorp is indemnified by the clients in the event of counterparty default which substantially eliminates the credit risk of these derivative transactions.

The Corporation does not use credit derivatives, such as credit default swaps, to mitigate credit risks.

The market convention for the calculation of credit exposure for derivative financial instruments is to add to the market value an amount of potential exposure as determined by reference to the length of time to maturity and face value. The additional credit exposure is noted in the concentration of credit risk table below.

For financial instruments where face value is greater than market value, the difference between the face value and the market value is disclosed to reflect the maximum potential credit exposure. The additional credit exposure is noted in the concentration of credit risk table below.

Collateral

The Corporation may obtain, or provide, collateral to support amounts due under derivative transactions with certain counterparties. The collateral may include cash or eligible securities obtained, or provided, when agreed market value thresholds are exceeded. These arrangements are agreed between the Corporation and each counterparty and take the form of annexures to the standard industry agreement governing the underlying derivative transaction. In the event of default, the Corporation is immediately entitled to offset the cash collateral against the amounts owed by the defaulting counterparty. There was \$284.6 million of collateral received under these arrangements at balance date (2023: \$260.0 million). Refer below for the net impact of collateral received on credit risk.

	2024	2023
	\$'000	\$'000
Derivative Financial Instruments	269,768	261,816
Carrying amount of collateral received	(269,673)	(256,107)
Net credit risk	95	5,709

The Corporation had paid \$115.5 million of collateral under these arrangements at balance date (Amount paid in 2023: \$110.8 million). Refer to Note 7.

19. Credit risk (continued)

Repurchase agreements (securities sold under agreements to repurchase)

At year end, the Corporation had \$2,370.9 million in securities sold under agreements to repurchase (2023: \$4,334.3 million) (refer Note 8). Securities sold under agreements to repurchase are secured by cash collateral. In the event of default, the Corporation is immediately entitled to offset the cash collateral against the amounts owed by the defaulting counterparty. The terms and conditions of the repurchase agreements are governed by standard industry agreements, reflecting current Australian market practice. The effect of these offsetting arrangements is disclosed in Note 16.

Due to retention of substantially all the risks and rewards of these securities, the Corporation continues to recognise these securities on the balance sheet and the collateral received as liabilities. The counterparties have an obligation to return the securities to the Corporation and the Corporation has an obligation to buy back the securities on the dates agreed, usually for terms ranging up to one month.

The following table sets out the carrying amount of transferred financial assets and the related liabilities along with the net impact on credit risk at the reporting date.

	2024	2023
	\$'000	\$'000
Securities sold under agreements to repurchase	2,370,861	4,334,320
Cash collateral paid	-	820
Carrying amount of collateral received	(2,153,989)	(4,117,872)
Net credit risk¹	216,872	217,268

¹ Net credit risk exposure to the Commonwealth Government of Australia is \$216.9 million (2023: \$217.3 million).

19. Credit risk (continued)

Securities lending

As at 30 June 2024, Corporation bonds with a total market value of \$7.5 million (2023: Nil) were loaned to the fixed interest market under its stock lending facility. These bonds are not recorded on the Corporation's Balance Sheet.

In the unlikely event of default by the borrowers of the bonds, the Corporation would obtain ownership of any security pledges held as collateral against stock it has lent. There were \$7.9 million of security pledges held at 30 June 2024 (2023: Nil).

Concentration of credit risk

By credit rating – 2024¹

	AAA \$'000	AA+ \$'000	AA \$'000	AA- \$'000	A+ \$'000	A \$'000	Other ² Ratings \$'000	Total \$'000
Cash and liquid assets	-	-	-	4,234,621	206	-	-	4,234,827
Due from financial institutions	-	-	-	1,506,738	63,602	403,957	-	1,974,297
Securities held	466,849	1,120,381	149,266	4,458,459	1,134,196	1,001,239	-	8,330,390
Derivative financial instruments	-	-	-	290,371	213,502	72,491	15,799	592,163
Futures margins deposits	-	-	-	-	-	-	1,897	1,897
	466,849	1,120,381	149,266	10,490,189	1,411,506	1,477,687	17,696	15,133,574
Additional potential exposure to derivatives	-	-	-	87,291	92,674	45,826	75,951	301,742
Additional potential exposure to financial instruments	1,494	1,665	734	42,647	12,701	13,761	-	73,002
	468,343	1,122,046	150,000	10,620,127	1,516,881	1,537,274	93,647	15,508,318

By credit rating – 2023¹

	AAA \$'000	AA+ \$'000	AA \$'000	AA- \$'000	A+ \$'000	A \$'000	Other ² Ratings \$'000	Total \$'000
Cash and liquid assets	-	-	-	4,242,644	97	-	-	4,242,741
Due from financial institutions	-	-	-	1,045,377	66,153	-	-	1,111,530
Securities held	633,063	1,504,380	573,666	2,495,076	1,039,423	686,678	174,187	7,106,473
Derivative financial instruments	-	-	-	359,936	225,723	83,381	39,051	708,091
Futures margins deposits	-	-	-	-	-	-	4,493	4,493
	633,063	1,504,380	573,666	8,143,033	1,331,396	770,059	217,731	13,173,328
Additional potential exposure to derivatives	-	-	-	75,825	132,917	44,329	91,586	344,657
Additional potential exposure to financial instruments	4,719	573	21,901	24,126	3,232	3,322	813	58,686
	637,782	1,504,953	595,567	8,242,984	1,467,545	817,710	310,130	13,576,671

19. Credit risk (continued)

By classification of counterparty – 2024¹

	Governments ³ \$'000	Banks ⁴ \$'000	Other ⁵ \$'000	Total \$'000
Cash and liquid assets	-	4,234,827	-	4,234,827
Due from financial institutions	-	1,974,297	-	1,974,297
Securities held	1,549,335	6,572,335	208,720	8,330,390
Derivative financial instruments	15,263	575,250	1,650	592,163
Futures margins deposits	-	-	1,897	1,897
	1,564,598	13,356,709	212,267	15,133,574
Additional potential exposure to derivatives	75,951	211,883	13,908	301,742
Additional potential exposure to financial instruments	2,400	69,108	1,494	73,002
	1,642,949	13,637,700	227,669	15,508,318

By classification of counterparty – 2023¹

	Governments ³ \$'000	Banks ⁴ \$'000	Other ⁵ \$'000	Total \$'000
Cash and liquid assets	-	4,242,741	-	4,242,741
Due from financial institutions	-	1,111,530	-	1,111,530
Securities held	2,172,819	4,372,643	561,011	7,106,473
Derivative financial instruments	37,027	664,840	6,224	708,091
Futures margins deposits	-	-	4,493	4,493
	2,209,846	10,391,754	571,728	13,173,328
Additional potential exposure to derivatives	91,586	239,497	13,574	344,657
Additional potential exposure to financial instruments	23,777	31,492	3,417	58,686
	2,325,209	10,662,743	588,719	13,576,671

1 Credit rating as per Standard & Poor's or equivalent. In accordance with the Corporation's counterparty risk policy, counterparties on "credit watch with negative implications" are reduced by one class.

2 Other Ratings includes long-term ratings of BBB+, or when the counterparty has no long-term rating, a short-term rating of A-2 or lower.

3 Governments – foreign, Commonwealth and other Australian states.

4 Banks – an entity licensed as a Bank under the relevant Australian Law, or equivalent in offshore jurisdiction.

5 Other counterparties include Supranational organisations.

20. Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The ability to readily issue debt is considered to be a mitigant to liquidity risk. As the central financing authority for NSW, the Corporation maintains strong access to funding markets underpinned by the NSW Government guarantee of its debt. This is further supported by the Australian regulatory environment which provides Australian banks with favourable capital treatment where they hold debt issued by the Corporation and as TCorp benchmark bonds are Reserve Bank of Australia (RBA) repurchase agreement eligible.

Notwithstanding the Corporation's ability to readily access funding markets, the Corporation maintains adequate levels of liquidity on its balance sheet to meet unanticipated calls and to cover temporary market disruptions. TCorp's liquidity is held in high quality liquid assets which must meet RBA repurchase agreement standing facility criteria ensuring they can be readily converted to cash regardless of contractual maturity and market conditions.

Liquidity is managed within minimum prudential and maximum ranges set by the Board. The minimum prudential level is defined as a percentage of liabilities maturing over a rolling three-month period. Additional levels of liquidity are maintained up to the maximum approved range level based on a range of circumstances, including client funding requirements, maturing commitments, and balance sheet management activities.

The following table summarises contractual (undiscounted) cash flows by time ranges. The amounts differ from the balance sheet which is based on fair value or discounted cash flows.

20. Liquidity risk (continued)

2024

	Up to 1 month \$'000	1 to 3 months \$'000	3 to 12 months \$'000	1 to 2 years \$'000	2 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Financial Assets							
Cash and liquid assets	4,234,827	-	-	-	-	-	4,234,827
Outstanding settlements receivable	139	-	-	-	-	-	139
Due from financial institutions	115,640	864,520	1,000,000	-	-	-	1,980,160
Securities held	5,186	3,500,960	2,893,228	1,205,974	822,425	16,096	8,443,869
Loans to government clients	1,281,693	5,883,451	6,974,251	16,075,201	53,088,793	132,123,791	215,427,180
Other Assets	41,896	304	1,002	667	589	-	44,458
Future margins deposits	1,897	-	-	-	-	-	1,897
Financial assets	5,681,278	10,249,235	10,868,481	17,281,842	53,911,807	132,139,887	230,132,530
Financial Liabilities							
Due to financial institutions	(2,772,056)	(1,420,000)	(6,509,000)	-	-	-	(10,701,056)
Outstanding settlements payable	(2,243,450)	(877,692)	-	-	-	-	(3,121,142)
Due to government clients	(260,746)	(89,563)	(42,487)	-	-	-	(392,796)
Borrowings	(22,679)	(5,900,617)	(7,584,889)	(16,173,941)	(53,235,138)	(130,770,550)	(213,687,814)
Lease Liability	(250)	(500)	(2,000)	-	-	-	(2,750)
Creditors, expense accruals and other provisions	(12,727)	(12,399)	-	(404)	(193)	-	(25,723)
Financial liabilities	(5,311,908)	(8,300,771)	(14,138,376)	(16,174,345)	(53,235,331)	(130,770,550)	(227,931,281)
Net Financial assets/(liabilities)	369,370	1,948,464	(3,269,895)	1,107,497	676,476	1,369,337	2,201,249
Derivatives							
Derivative assets	21,626	26,475	100,427	113,870	232,340	540,848	1,035,586
Derivative liabilities	(14,227)	(107,096)	(110,391)	(131,016)	(301,364)	(1,003,836)	(1,667,930)
Net derivatives	7,399	(80,621)	(9,964)	(17,146)	(69,024)	(462,988)	(632,344)
Net	376,769	1,867,843	(3,279,859)	1,090,351	607,452	906,349	1,568,905
Cumulative¹	376,769	2,244,612	(1,035,247)	55,104	662,556	1,568,905	-

¹ The method in preparing this table does not reflect the highly liquid nature of certain assets held by the Corporation (Refer to Note 7 and Note 8). These highly liquid assets can be readily converted into cash either by sale or via a repurchase agreement to the RBA, to reduce the risk of the Corporation being a forced borrower in unfavourable market conditions. The Corporation may also undertake periodic refinancing of its liabilities.

20. Liquidity risk (continued)

2023

	Up to 1 month \$'000	1 to 3 months \$'000	3 to 12 months \$'000	1 to 2 years \$'000	2 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Financial Assets							
Cash and liquid assets	4,242,741	-	-	-	-	-	4,242,741
Outstanding settlements receivable	533	-	-	-	-	-	533
Due from financial institutions	111,670	-	1,000,000	-	-	-	1,111,670
Securities held	1,245,856	1,431,178	2,031,740	344,463	1,972,174	307,026	7,332,437
Loans to government clients	462,212	1,681,008	9,185,301	12,529,453	43,273,550	110,643,899	177,775,423
Other Assets	39,058	327	1,525	1,427	1,256	-	43,593
Future margins deposits	4,493	-	-	-	-	-	4,493
Financial assets	6,106,563	3,112,513	12,218,566	12,875,343	45,246,980	110,950,925	190,510,890
Financial Liabilities							
Due to financial institutions	(6,548,543)	(2,385,000)	(1,824,000)	-	-	-	(10,757,543)
Outstanding settlements payable	(533)	-	-	-	-	-	(533)
Due to government clients	(133,393)	(103,759)	(4,074)	-	-	-	(241,226)
Borrowings	(57,287)	(1,296,334)	(10,009,952)	(12,383,240)	(44,712,218)	(108,904,221)	(177,363,252)
Lease Liability	(240)	(481)	(2,162)	(2,785)	-	-	(5,668)
Creditors, expense accruals and other provisions	(10,973)	(11,827)	-	(342)	(211)	-	(23,353)
Financial liabilities	(6,750,969)	(3,797,401)	(11,840,188)	(12,386,367)	(44,712,429)	(108,904,221)	(188,391,575)
Net Financial assets/(liabilities)	(644,406)	(684,888)	378,378	488,976	534,551	2,046,704	2,119,315
Derivatives							
Derivative assets	33,319	27,939	139,277	126,126	234,397	409,153	970,211
Derivative liabilities	(19,097)	(55,377)	(160,951)	(201,381)	(321,823)	(879,863)	(1,638,492)
Net derivatives	14,222	(27,438)	(21,674)	(75,255)	(87,426)	(470,710)	(668,281)
Net	(630,184)	(712,326)	356,704	413,721	447,125	1,575,994	1,451,034
Cumulative¹	(630,184)	(1,342,510)	(985,806)	(572,085)	(124,960)	1,451,034	-

¹ The method in preparing this table does not reflect the highly liquid nature of certain assets held by the Corporation (Refer to Note 7 and Note 8). These highly liquid assets can be readily converted into cash either by sale or via a repurchase agreement to the RBA, to reduce the risk of the Corporation being a forced borrower in unfavourable market conditions. The Corporation may also undertake periodic refinancing of its liabilities.

Undertakings on behalf of certain New South Wales public sector clients and undrawn loan commitments are disclosed in Note 25.

21. Other assets

Accounting policy

Receivables and Intangible assets are assessed on a regular basis for any evidence of impairment. Where evidence of impairment is found, the carrying amount is reviewed and, if necessary, written down to the asset's recoverable amount.

Computer software that is capitalised in accordance with AASB 138 *Intangible Assets* are amortised on a straight-line basis over the estimated useful life of the asset. Estimated useful lives are generally up to five years from the date the computer software is commissioned. The assets' useful lives are reviewed on a regular basis and adjusted if appropriate. Intangible assets are measured initially at cost. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Corporation's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment. Systems projects that are capitalised and implemented in stages do not commence amortising until they are commissioned.

Lease receivables comprise of amounts due from the lessee over the lease term under finance lease arrangements.

	2024	2023
	\$'000	\$'000
Fee income accruals and receivables	19,610	18,399
Interest receivable from cash and liquid assets	22,169	20,555
Intangible assets	1,363	2,708
Futures margins deposits	1,897	4,493
Lease receivables	2,543	4,374
Other prepayments	4,302	4,692
	51,884	55,221

Reconciliation of Intangible assets

Opening carrying value	2,708	4,284
Additions	205	73
Amortisation	(1,550)	(1,649)
Carrying value at year end	1,363	2,708

22. Plant and equipment and right-of-use asset

Accounting policy

Plant and equipment comprising leasehold improvements, office furniture and equipment and computer hardware are stated at cost less accumulated depreciation and impairment which approximates fair value. Cost includes expenditure that is directly attributable to the acquisition or construction of the item.

The Right-of-use asset represents the Corporation's right to use the current office premises for the current contracted lease term to 31 May 2025 and is stated at cost less accumulated depreciation and impairment which approximates fair value.

Depreciation is calculated on a straight-line basis, from the date the assets are commissioned, over their estimated useful lives as follows:

- Leasehold improvements (including the lease make good provision) over the contractual term of the lease
- Right-of-use asset over the term of the lease
- Furniture and equipment:
 - Computer hardware - three years
 - Office furniture and equipment - over the contractual term of the lease.

The assets' residual values, useful lives and depreciation method are reviewed on a regular basis with the effects of any changes recognised on a prospective basis. Due to the nature and materiality of the assets an independent valuation is not required. Where indicators of impairment are present, the carrying amount will be written down to the recoverable amount of the asset if necessary.

The gain or loss arising on disposal or retirement of an item of plant or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Expenditure on plant and equipment is capitalised where it relates to identifiable assets that result in a material enhancement to the asset base of the Corporation and it is probable that these assets will provide the Corporation with an on-going benefit.

	Leasehold Improvements		Furniture and Equipment		Total Plant and Equipment		Right-of-use Asset	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Opening fair value	4,927	4,927	958	1,234	5,885	6,161	19,622	19,622
Opening accumulated depreciation	(3,578)	(2,874)	(645)	(619)	(4,223)	(3,493)	(7,490)	(5,693)
Opening carrying amount	1,349	2,053	313	615	1,662	2,668	12,132	13,929
<i>Changes during the year:</i>								
Additions at fair value	-	-	-	-	-	-	-	-
Lease adjustment ¹	-	-	-	-	-	-	(8,398)	-
Depreciation expense	(704)	(704)	(175)	(302)	(879)	(1,006)	(1,799)	(1,797)
Closing carrying amount	645	1,349	138	313	783	1,662	1,935	12,132
Closing fair value	4,927	4,927	958	958	5,885	5,885	11,224	19,622
Closing accumulated depreciation	(4,282)	(3,578)	(820)	(645)	(5,102)	(4,223)	(9,289)	(7,490)
Carrying amount at year end	645	1,349	138	313	783	1,662	1,935	12,132

¹ The prior year's right-of-use asset and corresponding lease liability (Note 23) included the Corporation's right to exercise an option to a 5-year extension on its current contracted lease term of its office premises which expires on 31 May 2025. The Lease adjustment reflects the 5-year option not being exercised. The Corporation entered into a new lease agreement, post balance sheet date, generating a right-of-use asset and corresponding lease liability which will be recognised in 2025.

23. Other liabilities, provisions and lease liabilities

Accounting policy

Provision for employee benefits include provisions for annual leave, long service leave and other employee entitlements.

The provision for long service leave represents the present value of the estimated future cash outflows to employees in respect of services provided by employees up to the year end, with consideration being given to expected future salary levels, previous experience of employee departures and periods of service.

Dividends payable by the Corporation are determined by the New South Wales Treasurer in accordance with the *Government Sector Finance Act 2018*. Additionally, the basis for determination of the year's dividend is recorded in a Board resolution prior to the end of the financial year.

A lease liability representing the present value of future lease payments has been recognised in accordance with AASB 16 *Leases*.

	2024	2023
	\$'000	\$'000
Other liabilities and provisions	174,400	147,462
Lease liability	2,623	16,926
	177,023	164,388

Other liabilities and provisions are comprised of:

	2024	2023
	\$'000	\$'000
Provisions for employee benefits	20,466	18,846
Creditors, expense accruals and other provisions	12,727	10,973
Revenue earned in advance	11,207	11,643
Dividend payable	130,000	106,000
	174,400	147,462

Lease liability movement schedule

The Balance sheet shows the following amounts relating to leases:

	2024	2023
	\$'000	\$'000
Opening carrying value	16,926	19,220
Additions	-	-
Interest expense ¹	410	465
Rental Payments	(2,883)	(2,759)
Lease adjustment ²	(11,830)	-
Carrying value at year end	2,623	16,926

1 Interest expense on the lease liability is recognised within Interest expense - government clients (Note 3).

2 Right of use asset included the Corporation's right to exercise an option to a 5-year extension on its current contracted lease term of its office premises which expires on 31 May 2025. The Lease adjustment reflects the 5 year option not being exercised. The Corporation entered into a new lease agreement, post balance sheet date, generating a right of use asset and corresponding Lease liability (Note 23) of \$16.1 million after the balance sheet date.

24. Fiduciary activities and funds under management

The Corporation acts both as Trustee and as manager of funds for the TCorpIM Funds and manages asset and debt portfolios on behalf of clients. The associated assets and liabilities are not recognised in the balance sheet of the Corporation unless otherwise stated (Note 11). Fees earned by the Corporation in carrying out these activities are included in the statement of comprehensive income on an accrual basis.

	2024	2023
	\$'000	\$'000
Funds under management¹	109,715,911	106,165,236
These funds were managed by:		
- External fund managers	92,054,296	88,176,939
- The Corporation	17,661,615	17,988,297
Total funds under management	109,715,911	106,165,236
Debt portfolios under management	141,935,537	117,331,675

¹ Funds within the TCorpIM funds were \$79,120.4 million (2023: \$75,165.2 million).

25. Commitments and undertakings

- a. During the year, the Corporation provided short term liquidity facilities to approved client authorities. These facilities are offered on a revolving basis. At year end, the total facilities were \$1,673.0 million (2023: \$1,573.0 million) and undrawn commitments were \$1,499.9 million (2023: \$1,477.2 million). Drawn commitments are recognised as loans to government clients (Note 9) on the balance sheet.
- b. The Corporation has also issued undertakings on behalf of other New South Wales public sector clients in respect of those clients' performance under contracts with third parties. At year end, the amounts of these undertakings totalled \$91.8 million (2023: \$66.4 million).

Amounts paid under these undertakings are recoverable from the New South Wales public sector agency participants. This financial accommodation is New South Wales Government guaranteed.

26. Related parties

Key management personnel

Key management personnel include the directors and executives with the authority and responsibility for managing the Corporation. Compensation for key management personnel is disclosed below.

Compensation of Directors and Executives for the year

	2024	2023
	\$'000	\$'000
Short-term employee benefits	5,791	5,674
Post-employment benefits	293	290
Other long-term employee benefits	366	546
Termination benefits	342	-
	6,792	6,510

The total compensation above is paid by the Corporation and includes \$756,000 (2023: \$752,000) for non-executive directors.

Where the Corporation's key management personnel are also considered to be key management personnel of entities with whom the Corporation transacts, those transactions are conducted on an arm's length basis, under the Corporation's normal commercial terms and conditions.

Cabinet Ministers

Cabinet Ministers of the New South Wales Government, which includes the Corporation's portfolio minister (the New South Wales Treasurer), are considered to be related parties of the Corporation and each State-controlled entity.

The New South Wales Treasurer, in his capacity as portfolio minister is responsible for authorising certain transactions undertaken by the Corporation, including the investment of public sector funds with the Corporation and lending activities to government clients.

Other statutory relationships

The Corporation is a statutory authority established under the *Treasury Corporation Act 1983* of the New South Wales Parliament. It is domiciled in Australia and its principal office is at Level 7, Deutsche Bank Place, 126 Phillip Street, Sydney, NSW 2000.

Dividends payable by the Corporation are determined by the New South Wales Treasurer in accordance with the *Government Sector Finance Act 2018*. The financial results of the Corporation are consolidated annually in the *New South Wales Report on State Finances*.

The *Government Sector Finance Act 2018* requires New South Wales Government authorities to borrow only from the Corporation unless a specific exemption is granted by the New South Wales Treasurer.

Other New South Wales Government entities

Under the *Treasury Corporation Act 1983* the Corporation's principal objective is to provide financial services for, or for the benefit of, the New South Wales Government, public authorities and other public bodies. More specifically, the Corporation may engage in the following activities in relation to New South Wales Government and New South Wales public authorities:

- The provision of finance
- The management, administration or advice on management of assets and liabilities
- The acceptance of funds for investment.

The Corporation transacts with its clients under the Corporation's normal terms and conditions.

27. Statement of cash flows – reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes the following:

	Note	2024 \$'000	2023 \$'000
Cash and liquid assets	6	4,234,827	4,242,741
Cash and cash equivalents		4,234,827	4,242,741

28. Reconciliation of cash flow from operating activities to profit for the year

	2024 \$'000	2023 \$'000
Net cash used in operating activities	(22,432,735)	(26,715,348)
Add/(less) adjustments arising from:		
- net loans to clients	22,693,623	26,329,503
- net change in coupons accrued at each year end on financial assets and liabilities	(41,049)	(25,939)
- net change in other financial instruments	(163,680)	430,582
- net change in other assets	(2,137)	18,184
- Reduction to right-of-use asset - lease adjustment	(8,398)	-
- Reduction to lease liability - lease adjustment	11,830	-
- Reduction to lease liability - Rental payments	2,883	2,759
- net change in other liabilities and provisions, excluding dividend	(6,551)	(2,434)
	53,786	37,307
Add/(less) amounts contributing to net profit but not generating operating cash flows:		
- Interest expense on lease liability	(410)	(465)
- gain/(loss) on sale of financial instruments	67,166	99,972
- fair value (loss)/gain (unrealised)	23,477	(3,312)
- depreciation and amortisation	(4,228)	(4,452)
Profit for the year	139,791	129,050

29. Reconciliation of liabilities arising from financing activities

	2024	2023
	\$'000	\$'000
Opening Balance	147,372,763	123,390,285
Cash flows:		
Proceeds from issue of borrowings and short term securities	98,138,143	116,350,345
Repayment of borrowing and short term securities	(73,515,109)	(90,372,774)
Non-cash changes (Fair value changes and foreign exchange rates)	690,190	(1,995,093)
Closing balance	172,685,987	147,372,763

Financing activities include financial instruments held within Due to financial institutions, Due to government clients and Borrowings on the balance sheet.

30. Subsequent events

There have been no events subsequent to balance date which would have a material effect on the financial statements as at 30 June 2024.

END OF AUDITED FINANCIAL STATEMENTS

Statement by the Board of Directors

Certificate under Division 7.6 of the *Government Sector Finance Act 2018*.

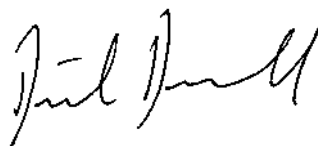
In the opinion of the directors of New South Wales Treasury Corporation:

- a. the financial statements have been prepared in accordance with the provisions of the *Government Sector Finance Act 2018*, Government Sector Finance Regulation 2024 and the Treasurer's Directions. They have also been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).
- b. the financial statements for the year ended 30 June 2024 present fairly New South Wales Treasury Corporation's financial position, financial performance and cash flows.

Signed in accordance with a resolution of the Board of Directors:



M J Dwyer
Director



D M Deverall
Director

Sydney, 27 August 2024



INDEPENDENT AUDITOR'S REPORT

New South Wales Treasury Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of New South Wales Treasury Corporation (the Corporation), which comprise the Statement by the Board of Directors, the Statement of Comprehensive Income for the year ended 30 June 2024, the Balance Sheet as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes to the financial statements, including the Basis of Preparation and Material Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2024. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

Key Audit Matter	How my audit addressed the matter
Valuation of financial instruments	
<p>At 30 June 2024, the Corporation held \$172.6 billion in financial assets and \$176.5 billion in financial liabilities (as disclosed in Note 15), measured at fair value.</p> <p>I consider the valuation of the Corporation's financial instruments a key audit matter because:</p> <ul style="list-style-type: none"> financial assets and financial liabilities measured at fair value are quantitatively significant to the Balance Sheet small changes to market observable inputs and assumptions can significantly impact the fair value of these financial assets and financial liabilities management applies significant judgement in the selection of assumptions to value offshore borrowings issued in foreign currencies for which there is limited trading activity (\$909.4 million in Note 15), and client loans directly funded by these borrowings (\$445.4 million in Note 15). These are classified as 'level 3' according to the fair value hierarchy under Australian Accounting Standards (i.e., where significant unobservable inputs are used in the valuation). 	<p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> obtained an understanding of, and assessed the valuation models applied to each category of financial instrument assessed the design and tested the operating effectiveness of the key operational and information technology controls supporting the valuation of financial instruments tested the inputs to the valuation system by comparing them to independent market observable data compared the calculations of fair value to independent recalculations across a sample of financial instruments reviewed the key valuation inputs and significant assumptions used by management to value 'level 3' financial instruments for reasonableness, and where data was available, agreed these inputs to market observable data confirmed the existence and completeness of balances at 30 June 2024 with external counterparties assessed the adequacy of financial statement disclosures against the requirements of applicable Australian Accounting Standards.

The Board's Responsibilities for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar6.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Weini Liao
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 August 2024
SYDNEY

Section 7

Appendices

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NSW Treasury Annual Reporting Requirements

Table 9: TPG23-10 NSW Treasury Annual Reporting Requirements

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Investment partners

TCorp manages \$109.7bn of assets. We partner with fund managers who manage the assets on our behalf and implement our requirements for the targeted asset exposures. This approach is similar to that of other major institutional investors and asset owners such as superannuation funds and sovereign wealth funds.

The list of external fund managers we partner with is detailed in Table 10.

Table 10: External fund managers as at 30 June 2024

Alternatives

Fulcrum Asset Management
GMO Australia
K2/D&S Management
Man Asset Management
PIMCO Australia

Currency and overlays

Macquarie Asset Management
PIMCO Australia
QIC

Equities

Alphinity Investment Management
Ausbil Investment Management
BlackRock Investment Management
Macquarie Investment Management
Ninety One Asset Management
Northcape Capital
Northern Trust
Pental Institutional
Platypus Asset Management
Robeco Asset Management
Schroders Investment Management

Fixed income

Ardea Investment Management
BlueCove
Brigade Capital
Fidera Vecta Ltd
Goldman Sachs Asset Management
ICG
KKR
Lazard Asset Management
Morgan Stanley Investment Management
Ninety One Asset Management
PineBridge Investments
State Street Global Advisors

Opportunistic

Apollo
Blackstone
KKR
Macquarie Asset Management
Man Asset Management
PIMCO Australia
Securis Investment Partners

Real assets

Argo Infrastructure Partners LP
Arrow Capital Partners
Blackstone
Brookfield Asset Management
Campbell Global, a J.P. Morgan company
CIM Group
Dexus
EG Funds Management
Equitix
Franklin Templeton Investments
GPT Group
Hermes Infrastructure
IFM Investors
LendLease
Logistics Property Co
Logos
Macquarie Asset Management
Mirvac Group
Morgan Stanley Investment Management
Morrison
PATRIZIA SE
Siguler Guff
StepStone Group

Dealer panel

Members of the dealer panel provide TCorp benchmark bonds pricing to market participants and other panel members. These are detailed in Table 11. Price-making is determined by each panel member individually with counterparties and customers.

Table 11: Dealer panel as at 30 June 2024

Domestic issuance

Australia and New Zealand Banking Group Limited
Citigroup Global Markets Australia Pty Ltd
Commonwealth Bank of Australia
Deutsche Bank AG, Sydney Branch
J.P. Morgan Securities Australia Limited
Merrill Lynch International
National Australia Bank
Nomura International plc
Royal Bank of Canada
UBS AG, Australia Branch
Westpac Banking Corporation

Euro Commercial Paper panel

Bank of America Europe DAC
Barclays Bank PLC
Citigroup Global Markets Limited (Dealer and Arranger)
Commonwealth Bank of Australia
ING Bank N.V.
RBC Europe Limited
UBS AG, London Branch
Westpac Banking Corporation

Euro Medium Term Notes panel

Australia and New Zealand Banking Group Limited
BNP Paribas
Citigroup Global Markets Limited
Commonwealth Bank of Australia
Daiwa Capital Markets Europe Limited
Deutsche Bank AG, London Branch
J.P. Morgan Securities PLC
Merrill Lynch International
National Australia Bank Limited
Nomura International PLC
RBC Europe Limited
Toronto Dominion (South East Asia) Limited
UBS AG London Branch

Section 8

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Key to legislative reference codes

GIPA	<i>Government Information (Public Access) Act 2009</i>
GSF	<i>Government Sector Finance Act 2018</i>
PIDR	<i>Public Interest Disclosures Regulation 2011</i>
PPIP	<i>Privacy and Personal Information Act 1998</i>
PSC	Public Service Commission
TPG	Treasury Policy and Guidelines
TPP	Treasury Policy Paper

Case studies

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Glossary

AASB	Australian Accounting Standards Board
ADI	Authorised Deposit-taking Institutions
APES	Accounting Professional and Ethical Standards Board
APRA	Australian Prudential Regulatory Authority
ASIC	Australian Securities and Investments Commission
AWE	Average Weekly Earnings
AWOTE	Average Weekly Ordinary Time Earnings
Board	The Board of New South Wales Treasury Corporation
CEO	Chief Executive Officer
Chair or Chairperson	The Chairperson of New South Wales Treasury Corporation
CPI	Consumer Price Index
ESG	Environmental, social and governance
iCare	Insurance and Care New South Wales
IFRS	International Financial Reporting Standards
ISDA	International Swaps and Derivatives Association
MIP	Moorebank Intermodal Precinct
NGF	NSW Generations (Debt Retirement) Fund
NIFF	NSW Infrastructure Future Fund
NPWS	NSW National Parks and Wildlife Services
PFC	Public Financial Corporation
RBA	Reserve Bank of Australia
SaaS	Software as a service
SAHF	Social and Affordable Housing Fund
State Super	SAS Trustee Corporation
TCorp	New South Wales Treasury Corporation

Glossary

TCorpIM	TCorp Investment Management
The Corporation	New South Wales Treasury Corporation
TMF	Treasury Managed Fund
TNC	The Nature Conservancy Australia
TPA	Total Portfolio Approach
VaR	Value at Risk
WHS	Work Health and Safety
WPI	Wage Price Index



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