Annual Report 2023

New South Wales Treasury Corporation

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 136. This report is dated as at 29 September 2023.

Feedback

We welcome your feedback on our report to help improve future editions – please contact the TCorp Marketing team on +61 2 9325 9258.

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Letter of submission to the NSW Treasurer

NSW Treasurer
GPO Box 5341
Sydney NSW 2001

24 October 2023

Dear Treasurer

We are pleased to submit the New South Wales Treasury Corporation (TCorp) Annual Report for financial year ended 30 June 2023, to be tabled in 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 2022 to 30 June 2023 (FY23).

Yours sincerely

Michael Dwyer AM
Chair

David Deverall
Chief Executive

Acknowledgement of Country

Regeneration

By Josie Rose 2020

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, present and emerging.

Contents

Providing resilience for the state over the long term

Cumulative investment returns generated for the state since 1 July 2015

$41.9bn

2023 commemorates 40 years of delivering positive social impact to the people of New South Wales.

Year in review

Delivering a positive financial impact to the state

Dividend

$106.0mn

Profit before tax

$184.4mn

Supporting the state

Term funding (borrowing at fixed terms greater than one year) of

$33.3bn

our largest ever annual issuance

Helping sustainable outcomes

$2.0bn of sustainable bonds issued over the year, bringing total issuance under the NSW Sustainability Bond Programme to

$9.2bn

Helping local government

Council loans – $169.6mn approved, with total lending commitments now

$1.1bn

Investing in infrastructure and property assets

Committed and/or deployed $1.3bn into unlisted infrastructure and property investments, taking total unlisted assets to over

$20.0bn

Message from the Chair

Over the past 40 years, TCorp has been on a journey of evolution, starting as the central borrowing authority for the state, to today providing best-in-class investment and financial management for the NSW public sector.

Forty years ago, the NSW Government made a bold and prescient move – to establish the New South Wales Treasury Corporation as the central borrowing authority for the state.

A series of 'firsts'

TCorp was born into an era of financial deregulation and innovation. We flourished through the 1980s as Australia's first and leading central borrowing authority. In 1984, we issued a Euro-Australian dollar bond – the first time this had ever been done by an Australian semi-government authority. The financial value we delivered to the state was quickly recognised, and TCorp became an independently governed statutory authority in 1987 with an independent board of directors appointed the following year.

More recently, we led the funds amalgamation of TCorp, State Super and icare in 2015. We were the first and, to date, only organisation among our peers to bring together central borrowing and investment management functions. TCorp was also the first to establish a formal and independently verified Sustainability Bond Programme in 2018 which allows us to issue green, social and/or sustainable bonds and has become the largest programme of its type in Australia.

Delivering positive impact since inception

TCorp is systemically important to the financial stability of NSW. Since 1983, we have successfully raised over $240bn for the state through the issuance of bonds and delivered $1.8bn in dividends to NSW.

In focusing on contributing positive results to the bottom line of the state's finances, we create value for our clients through a lens of robust risk management and ensure all our people exhibit the right behaviours, centred on our cultural pillars – Partnership, Impact and Long Term.

Strong corporate performance in FY23

In reviewing TCorp's performance, the Board evaluates 5 key areas: government outcomes, client outcomes, financial performance, operational excellence and people engagement, conduct and culture.

Government outcomes

TCorp is working with NSW Treasury and the government to implement findings from the recent independent Environmental, Social and Governance (ESG) Review led by Pru Bennett, a corporate governance and ESG expert, now a partner at Brunswick Group and formerly Managing Director, Head of Stewardship APAC at Blackrock. We welcomed the review and were pleased to see that her report recognised we were already quite advanced on our ESG path.

TCorp also worked closely with NSW Treasury and the NSW Government family to help fund essential services such as public school infrastructure, affordable housing, and public transport accessibility through the proceeds of bonds raised by the NSW Sustainability Bond Programme. As at 30 June 2023, the total value of bonds on issue under the programme is $9.2bn.

Client outcomes

We continue to achieve strong investment performance returns for our clients' portfolios over a 5-year rolling period.

We pride ourselves on our collaborative approach; each year a market researcher conducts an independent survey of our clients to assess our performance and the value we deliver. For the second year in a row, the results of this annual client survey were very positive.

Michael
Dwyer AM

Chair
TCorp

We achieved a high Net Promoter Score, with clients valuing our proactive solutions and advice, our partnership ethos and overall quality of service.

Financial performance

Over the course of FY23, debt and investment markets continued to experience volatility with post-COVID hangovers, inflationary pressures, and ongoing geopolitical issues. Against this backdrop, I am pleased to report that TCorp posted a pre-tax profit of $184.4mn, an increase of 33% from the previous financial year. This result, and a focus on cost control, allowed us to return a dividend to the state of $106.0mn, an increase of 12% over FY22.

Operational excellence and people engagement

Most of the initiatives in our FY23 strategic plan were completed and, on the people front, we achieved positive sentiment across all metrics – culture, flexibility, and psychological safety.

Supporting communities across the state

TCorp offers valuable services to the wider NSW public sector in ways that help organisations deliver on their missions. This includes direct support, such as the vital funding our Local Government team provides to NSW councils to build much-needed infrastructure in cities and regions across the state. It enables councils to provide sporting and cultural facilities, essential to the quality of life for local communities. In FY23, TCorp funding was opened to all eligible NSW councils. We provided $169.6mn of funding to 14 councils, and the total lending commitment as at 30 June 2023 was $1.1bn to 65 councils.

Our foreign exchange hedging team assists the NSW Government family to procure essential equipment and services and manage their currency risk. These government agencies appreciate our ability to identify and manage their financial risk and our knowledge across complex financial products. Examples of this include foreign exchange hedging for a major sculpture at the NSW Art Gallery and enhancing the capability to develop mRNA vaccines for livestock.

Acknowledgements

We acknowledge a change in government in March 2023 and welcome The Hon. Daniel Mookhey MLC to the role of NSW Treasurer and Michael Coutts-Trotter to the role of Secretary of NSW Treasury. We look forward to working with them and welcome Mr Coutts-Trotter to the Board.

We are grateful to the former Secretary of NSW Treasury Paul Grimes for his contributions and wish him all the best in the future.

My thanks also go to my fellow Board members for their insight and commitment, and to the entire TCorp team. Their combined capabilities, depth and diversity of experience, and deep skill base have allowed TCorp to continue to build on our strong partnership with NSW Treasury and the NSW public sector. The team rises to every challenge, remaining focused on delivering positive results for the state and its people.

Michael Dwyer AM
Chair

Message from the Chief Executive

As TCorp marks its 40th anniversary, our team has remained focused on what it does best – delivering the best possible financial outcomes for NSW.

Over the past 40 years, TCorp has been steadfast in supporting NSW. We have worked with 14 state treasurers, multiple governments and helped contribute to 40 state budgets. We have deep financial markets and investment management expertise and, being at scale with $106.2bn of funds under management, we support NSW through all economic and financial cycles.

Providing the state with financial stability and resilience

Before I delve into financial year 2023, I wanted to reflect on our unique place in the market and our contribution to NSW. In 2015, after the funds amalgamation initiative was announced, TCorp went from primarily a financial markets business, to become a major investment management organisation that, to date, has delivered cumulative investment returns of $41.9bn. While we are proud of this achievement, no one at TCorp believes our mission is accomplished. We are just getting started.

When I joined TCorp as Chief Executive in 2016, I was tasked with implementing funds amalgamation. It was not without its challenges, but the process was helped enormously by NSW Treasury's strong commitment to getting this done. Having this as government policy emboldens people to do good things and, while amalgamation was a logical move, it was up to us to ensure it was done well to drive scale and more efficient outcomes.

We had the opportunity to redesign the way we managed money and part of that entailed moving from strategic asset allocation to a Total Portfolio Approach. We also needed to choose a single custodian and implement the BlackRock Aladdin system that could help us understand portfolios in a better way. We established the real assets business, and that portfolio has grown to over $20.0bn of assets under management.

State of the markets

Throughout the year, markets closely followed the actions of central banks in hiking interest rates in order to bring price inflation under control. Resurgent inflation has been a global phenomenon and it has led to rapid and aggressive responses from central banks worldwide. Cash rates and bond yields are higher – in the range of 4.1% and 4-5% respectively – but not abnormally so. I would characterise the market as returning to a semblance of normality. We should welcome not seeing the same levels of central bank intervention, quantitative easing, and yield control. These were a response to extraordinary circumstances resulting from the COVID-19 global pandemic.

Whatever conditions we face, TCorp focuses on taking opportunities to create long-term, sustainable benefits for NSW. Our job is to calmly steer through volatility and to execute our strategy in a systematic and calm way that enables us to deliver on our goals.

Investment Management

After a difficult FY22 for several portfolios, it was important for us to have belief in our investment processes and team and a firm conviction in what we do. This was borne out by TCorp's investment portfolios bouncing back strongly in FY23.

For our largest funds, we generated positive returns, 9.0% for the State Super Trustee Selection (Defined Benefit) Portfolio, 7.2% for the Workers Compensation Insurance Fund, 8.9% for the NSW Generations (Debt Retirement) Fund and 9.6% for the Treasury Managed Fund. Our multi-asset client portfolio investment returns for the financial year ranged from 4.8% for the NSW Infrastructure Future Fund, to 11.0% for the TCorpIM Long Term Growth Fund.

Across our investment clients, this translated to approximately $8.4bn of dollar value-add generated in returns. The main driver of these returns was from

David
Deverall

Chief Executive
TCorp

equities, but we also had positive contributions from strategies in credit, foreign currency exposure and unlisted infrastructure.

The TCorp Cash & Fixed Income portfolios also added value for clients invested in domestic cash and fixed income.

Financial Markets

This year, TCorp undertook a record $33.3bn of bond issuance. Over the last 5 years, the aggregate size of TCorp's annual funding programme has grown significantly – in the pre- to post-pandemic era – by more than 6 times. Highlights for the year included 3 large issuances: a $2.5bn increase to our February 2035 Benchmark Bond, $2.5bn of a new February 2036 fixed rate Benchmark Bond and $4bn of floating rate notes across 2 tranches, one of our biggest-ever transactions, underscoring the broad market appeal of our debt.

All TCorp bond issuances were oversubscribed, and this is testament to the attractiveness of the state's debt and the efforts of our Financial Markets team in maintaining such strong relationships with our investors, both domestic and global.

FY23 saw increasing support from overseas investors, particularly in the second half. As at 30 June 2023, approximately 20% of our investor base was from overseas. Our team travelled to Japan in mid-2023, reflecting the enduring and close relationship we have enjoyed with Japanese investors who have long held high regard for investing in Australian government securities, both federal and state. We value all our investor groups and reiterate the importance of having a diversified set of investors.

TCorp's balance sheet grew to $148.6bn. Our strategy of maintaining a strong liquidity position helped the state retain its reputation in financial markets and credit ratings. We are the most highly rated semi-government borrowing authority in Australia – we are rated Aaa (Stable) by Moody's Investors Service, AAA (Stable) by Fitch Ratings and AA+ (Stable) by S&P.

Our average cost of debt was 3.3% and the portfolio had a weighted average life of 6.6 years, positioning it well into a rising rate environment.

Acknowledgements

A major change this year is the new state government and new Secretary of NSW Treasury. TCorp has already been working productively with both and we look forward to further developing those relationships.

Everything TCorp achieves comes down to the commitment, expertise and innovation demonstrated by our highly skilled Board members and people.

As an organisation, we recovered from COVID-19 disruptions, with more of our people coming back to the office to, once again, forge relationships. I am very grateful for their flexibility, adaptability and the way they have managed through this period.

Market conditions will always throw us curve balls, but one thing is certain; we pride ourselves on attracting and retaining well-qualified people, experts in their fields, who work as a team to take measured risk for the benefit of the state. Working in financial markets is not for the faint-hearted and working for TCorp is not for those without a partnership mindset. I think that is more than evident from what we have seen in the first 40 years of TCorp, and what is yet to come. We will continue to work together as a team and with our clients to deliver value for NSW for many years to come.

David Deverall
Chief Executive

Oxley Scenic Lookout, Tamworth, NSW

Photograph courtesy of Tamworth Regional Council

About TCorp

Aims and objectives

Our mission to support the NSW public sector is demonstrated in 3 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* created 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. The public financial corporations sector is defined under the government finance statistics framework as "resident government controlled operations and quasi-corporations mainly engaged in financial intermediation or provision of auxiliary financial services". This includes providing financial services in the areas of insurance, lending and investment management, trade in financial assets and liabilities of the state and operating commercially in the financial markets. Furthermore, TCorp is a net contributor to the state through the payment of tax equivalents and dividends and in FY23 we generated a dividend of $106.0mn.

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
- 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 Treasurer annually.

Board constitution

TCorp's Board is constituted in accordance with the *Treasury Corporation Act* 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 3 and no more than 7 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 5 years and may be reappointed. The Secretary of NSW Treasury, with consultation from 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 in everything we do. We have a robust governance framework incorporating sound 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 3 committees:

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 4 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 4 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.

Each Committee acts in accordance with a relevant charter determined by the Board which sets out Committee composition, responsibilities, powers and reporting obligations.

Board of Directors

Directors' names, offices, and qualifications

The directors as at the date of this report are set out below, together with details of their qualifications, experience and special responsibilities.

Director	Qualifications and experience
Michael Dwyer AM 	**AdvDip (FinSvcs), Dip (SuperMgt), Dip Tech, FASFA, FAICD** Director from June 2019. Chairperson from 1 September 2020. Member of Board Investment, Audit and Risk, and People and Remuneration Committees. Michael is Chair of Bennelong Funds Management, 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. 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) and a founding Director of Fund Executive Association (FEAL).
Michael Coutts-Trotter *Ex officio* 	Director from April 2023, Deputy Chairperson from May 2023. Michael was first appointed to head a NSW Government department in 2004 and has since led 7 agencies. He is now the Secretary of NSW Treasury. Before joining the public service, Michael was chief of staff to a NSW Treasurer for 7 years. Michael is a fellow of the Institute of Public Administration of Australia.
David Deverall *Ex officio* 	**BE (Hons), MBA** David joined TCorp as Chief Executive in February 2016. 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.

Director	Qualifications and experience
Joann Wilkie *Ex officio* 	**BEc (Hons), MPubPol** Director from May 2022. Member of the People and Remuneration Committee. 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.
Jenny Boddington 	**MA (Hons, Oxon), FAICD** Director from August 2017. Chair of the People and Remuneration Committee. Jenny is Chair of ANZ Lenders Mortgage Insurance and a Director of Munich Re Australasia. Jenny was the Global Head of Bancassurance for QBE Group. Prior to that Jenny was CEO of QBE Lenders' Mortgage Insurance and Executive General Manager of Financial Institutions, QBE Australia. Jenny was also a Director of DB Capital Partners and Deutsche Bank Australia. Jenny was a Director of Indigenous Business Australia and a Member of the NSW Growth Centres Commission.
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, Rabobank New Zealand Limited 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), Director of Perpetual Limited, Australian Payments Plus Ltd (and its subsidiaries/related entities), Catholic Church Insurance Limited, Tracks Media Pty Ltd and Ed Start Pty Ltd. He is also a Director of Australian Indigenous Education Foundation and OpenInvest Holdings Limited, 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 Schroders in 2000 Greg was Head of Actuarial Consulting for Towers Perrin in Asia.

Director	Qualifications and experience
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 both the American Australian Association Limited and the United States Study Centre. Ian is also a member of the Catholic Schools Broken Bay Advisory Committee, Diocesan Finance Council for the Catholic Diocese of Broken Bay and the Salvation Army Sydney Corporate and Philanthropic Council. 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 Audit and Risk 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 and NWQ Capital Management Investment Committee. Glenn is the former Governor of the Reserve Bank of Australia (RBA) spanning a 36-year career with the RBA.
Anne Templeman-Jones 	**BComm, EMBA (AGSM), MRM, CA, FAICD** Director from October 2020. Member of People and Remuneration and Board Investment Committees. 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. 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).

The following was a director in FY23 and retired during the reporting period.

Paul Grimes PSM *Ex officio* Retired 13 April 2023 	**PhD (ANU), Mec (ANU), Bec (Hons) (Flinders)** Director from January 2022. Deputy Chair from July 2022.

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 2023.

	Board	Audit and Risk Committee	People and Remuneration Committee	Board Investment Committee
Total number of meetings				
Michael Dwyer	7/7	5/5	4/4	5/5
Michael Coutts-Trotter[1]	1/2	–	–	–
Jenny Boddington	6/7	–	4/4	–
Anne Brennan	6/7	5/5	–	–
Greg Cooper	6/7	–	–	5/5
David Deverall[2]	7/7	–	–	–
Joann Wilkie	6/7	–	3/4	–
Ian Saines	6/7	5/5	–	5/5
Glenn Stevens	7/7	5/5	–	5/5
Anne Templeman-Jones	7/7	–	4/4	3/5
Paul Grimes[3]	5/5	–	–	–

1 Appointed as a Director effective 14 April 2023 and Deputy Chairperson effective 3 May 2023.

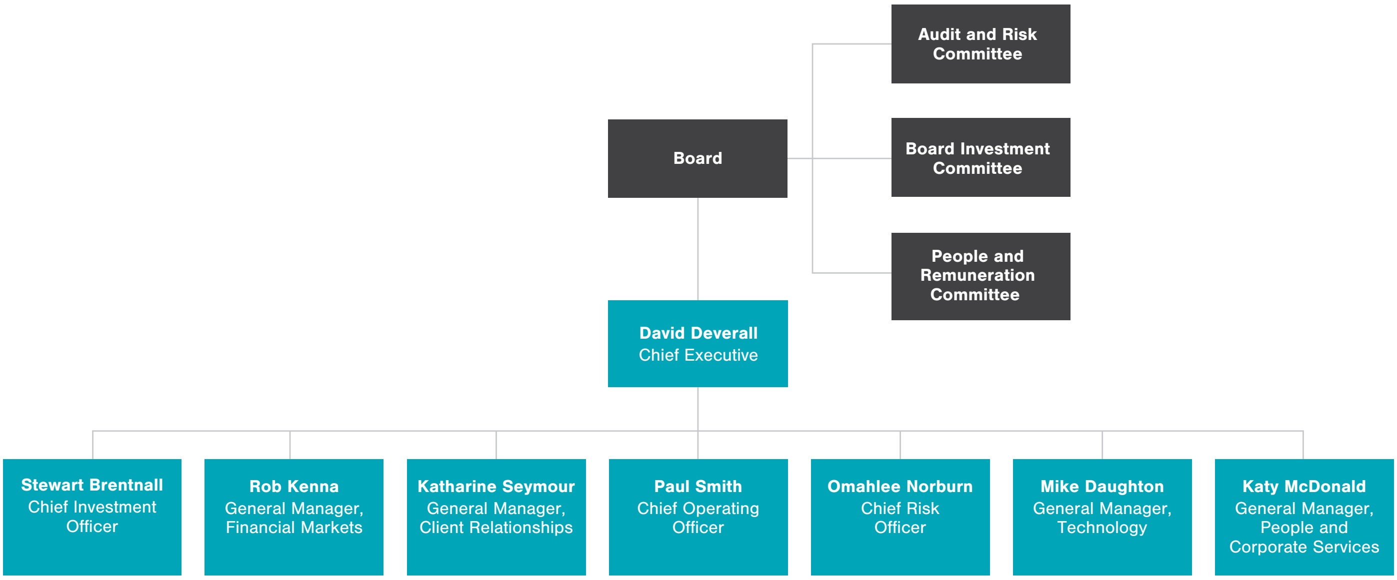
2 David Deverall attends all Audit and Risk, People and Remuneration and Board Investment Committee meetings in his capacity as Chief Executive.

3 Retired as a Director effective 13 April 2023.

Organisation structure

David Deverall, Chief Executive leads a team of 7 general managers who form the executive committee, as detailed in Chart 1.

Chart 1: TCorp organisation chart



Senior executives

David Deverall
Chief Executive
BE (Hons), MBA

Stewart Brentnall
Chief Investment Officer
BSc Ec, Dip App Fin & Inv, CA, GAICD

Rob Kenna
General Manager, Financial Markets
BBus, CFA

Katharine Seymour
General Manager, Client Relationships
BSc (Hons), MBA, GAICD

Paul Smith
Chief Operating Officer
B.Com, CA

Omahlee Norburn
Chief Risk Officer
BFinAdmin, Dip App Fin & Inv, CA

Mike Daughton
General Manager, Technology
BA (Hons), MSc

Katy McDonald
General Manager, People and Corporate Services
BA, LLB, MSc


2.
Section
Strategy

Strategic objectives and outcomes

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

Our annual strategic plan — summarised in Table 1 — supports TCorp's strategy and is developed to coordinate and prioritise new initiatives each year. TCorp's performance against the strategic plan is assessed by our Board annually as discussed in the Message from the Chair on page 6.

Table 1: TCorp FY24 Strategy on a Page

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

Achievement of our goals

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

Goal 1: Be regarded as best-in-class 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 operations. Our strategy is targeted at supporting and enhancing these core operations to augment our ability to add value to NSW.

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 to raise funding for our clients at the lowest possible cost from a diverse range of funding sources
- 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 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 investment model to maximise risk-adjusted investment returns.

Our key strategic initiatives in FY24 that are aimed at enhancing our ability to deliver on Goal 1 include:

- Implementing a contemporary Financial Markets Treasury Management Platform that offers the appropriate functionality and stability required to best manage the state's financial liabilities (more than $150bn) and debt portfolio
- Implementing the recommendations of the Environmental, Social and Governance (ESG) Review to augment our investment stewardship practices and remain best practice for ESG investing.

Goal 2: Be sought after by 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.

Our key strategic initiatives in FY24 that are aimed at enhancing our ability to deliver on Goal 2 include:

- Developing shared client plans that will help further embed TCorp into its larger clients' core business processes and operations to help solve their financial challenges and achieve their business goals
- Further embedding our Cultural Pillars – Partnership, Impact and Long Term (and their associated behaviours) – developing the technical and leadership skills of our people.

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

TCorp's support divisions are enablers to the operations of its day-to-day activities and are integral to TCorp being a sustainable organisation delivering on its strategy over the long term.

Our key strategic initiative in FY24 aimed at enhancing our ability to deliver on Goal 3 is developing a new multi-year Technology Roadmap for FY25 onwards, with the current Roadmap cycle concluding at the end of FY24. The FY25 Roadmap will take into consideration future business and client technology needs in the context of new and emerging technologies and the rapidly changing cybersecurity landscape.

Red soil, Brindingabba National Park, NSW

Photograph courtesy of Joshua J Smith, NSW Department of Planning and Environment

TCorp 40th anniversary

Welcome

Michael Dwyer AM
Chair

Forty years ago, the NSW Government made a bold and prescient move – to establish the New South Wales Treasury Corporation as the central borrowing authority for the state.

In this feature, we highlight TCorp's milestones and achievements and share reflections from former board directors and leaders.

Today, TCorp looks vastly different from when it started its borrowing activities on 17 June 1983. Originally an offshoot of NSW Treasury, we were born in an era of financial deregulation – ideas and innovation flourished and were quickly adopted to create a thriving financial services industry. I would like to highlight a few moments that, for me, stand out.

In 1984, TCorp issued a Euro-Australian bond with advice from BT Australia Ltd. The issue was the first by a state semi-government authority and very well received by European investors.

Separating from NSW Treasury in 1987 to become an independently governed statutory authority reflected TCorp's quick evolution from being an offshoot of NSW Treasury to a sophisticated participant in the domestic and global financial markets. This was followed by the appointment of a board of directors in December 1988, which brought a valuable mix of commercial, public sector and senior managerial experience to the organisation. Percy Allan, TCorp's inaugural Chair (a role that was a function of being Secretary of NSW Treasury at the time) provides important background on the markets and challenges facing TCorp during that period.

In 1989, TCorp launched the Hour-Glass Facilities, an investment service that enabled client authorities to access funds management skills for a variety of financial assets. Acting as an agent, TCorp aggregated clients' funds into pools that were managed by its service providers and partners. In FY89, TCorp outperformed the competition at an annual rate of 2.75% – a highly successful result. The Hour-Glass Facilities were renamed TCorpIM Funds in 2017.

While recent market commentary revolves around crises such as the impacts of the COVID-19 pandemic, TCorp also came out of the global financial crisis in strong shape. In this section, you will read an article by Stephen Knight, the Chief Executive of TCorp at the time, discussing his relationship with Chair John Pierce which helped TCorp not only weather the period between 2007 to 2008 but take advantage of opportunities that drove value for NSW.

Another significant change came in 2015 when the NSW Government announced that the investment funds of TCorp, State Super and icare would be amalgamated under our leadership and guidance. This has resulted in long-term value and returns for the state. Shortly after, current Chief Executive David Deverall joined TCorp, bringing expertise that reflected this new direction, and, in June 2016, Philip Chronican became TCorp's first independent Chair. This is an example of the robust governance framework that incorporates sound ethical, financial, compliance and risk management practices, underpinning TCorp's ongoing success.

The last milestone I would like to mention also speaks to TCorp's innovation. In 2018, the NSW Sustainability Bond Programme became the first programme of its type to be established among its peers. The programme tapped into new investor appetites both in Australia and around the world and allowed TCorp to diversify its investor base. As at 30 June 2023, it had $9.2bn of bonds on issue and is one of Australia's largest dedicated programmes for green, social and sustainability issuance.

One thing that characterises TCorp over its history is the quality and calibre of people who have been involved, both at the Board level and among the TCorp staff. As a Director and Chair, I have been privileged to work alongside very capable and talented people committed to best-practice governance, including the establishment of 3 Board committees looking at Audit and Risk, Investment, and People and Remuneration.

A common message from the people who have been involved with us over the years and, indeed, among today's staff, is how they value TCorp's clarity of purpose and transparency. It has positioned TCorp well to continue to deliver on its mission of achieving the best possible outcomes for NSW.

An enduring sense of purpose

Board members spanning TCorp's history share their reflections on the organisation's evolution with David Deverall, Chief Executive.

Percy Allan AM

Chair 1985–1994

David Deverall: Percy, you were TCorp's first Chair, appointed in 1985. How did you envision your role?

Percy Allan: Chairing what was then called the NSW Treasury Corporation, became part of my remit when I was appointed Secretary of NSW Treasury. My predecessor was Secretary, Norm Oakes, who led the Corporation before me.

As Treasury Secretary I was more focused on driving budgetary, accounting and state enterprise reforms within my department than managing the NSW Treasury Corporation (later shortened to TCorp), which was the responsibility of its Chief Executive, Jim Watt. Conceiving and establishing the NSW Treasury Corporation was the work of Norm Oakes who retired as Treasury Secretary in December 1985. Treasury officers, Jim Watt and Warwick Hilder, who became Chief Executive and Deputy Chief Executive of TCorp no doubt had a major input too.

Norm's idea was for the NSW public sector to have a single central borrowing authority instead of the general government sector (through the Treasury department) and each government trading enterprise in electricity, water, ports, and other commercial activities doing its own borrowing. Honestly, Norm was the pioneer of TCorp, but a lot of pioneers get arrows in their backs, so he had to fend off fierce opposition. It was a radical move and resisted by the larger state trading authorities. The debate went on for several years before the government finally backed Norm.

David: When you were appointed Chair, Australia's financial markets were developing and adapting to the deregulated environment resulting from the Campbell and Martin reports. Can you describe what it was like as the first Australian central government borrowing authority to operate at that time?

Percy: TCorp was ahead of its time, and it created a model that all other Australian state governments later followed, driving scale and efficiencies.

It was a revolutionary period in financial markets. There was a lot of discussion around what TCorp could do, and how it could maximise benefits to NSW. Some people wanted to explore ways TCorp could make money, while others were more conservative.

Other states could see TCorp was getting lower yields – lower than even the Commonwealth Government. Its securities had massive liquidity because TCorp was the biggest public financing authority in Australia. Every other state, and later the federal government, emulated what TCorp was doing. TCorp can be very proud of its role as the pioneer of centralising government borrowing.

The 1980s boomed, while the 90s went bust. When a severe economic recession hit in the early 90s, NSW was the only state to retain its AAA credit rating thanks to fiscal belt tightening and NSW Treasury's constructive working relationship with the rating agencies. Having TCorp as a professional borrowing authority also helped retain our AAA rating. Keeping that meant the NSW public sector could borrow at the lowest interest rates in Australia. That saved the government money, and, for the public, the credit rating was rightly seen as a gold medal for good fiscal management.

David: What were TCorp's biggest achievements?

Percy: TCorp became the standard by which other states measured their borrowings success in terms of the costs and tradability (i.e., liquidity) of their bonds. TCorp's ability to raise public funds in large bond tranches of short-, medium- and long-term maturities meant it became the borrower of choice for big lenders both here and overseas. The development was rapid.

The first staff appointments made on commercial terms were in 1987. There was physical separation from NSW Treasury in June 1988 with the move to new premises, and legislative independence, with the appointment of a Treasury Corporation Board. TCorp was a more mature organisation after the Board came in. The shift from borrowing from banks overseas to selling TCorp bonds to foreign creditors, and the introduction of the Hour-Glass Facility to allow government entities to invest their reserve funds through TCorp reflected this.

Michael Cole

Director 2001–2013

David Deverall: Michael, you've had a long association with TCorp, first in an advisory capacity on the first-ever bond issuance in 1983 while working at BT Australia Ltd (BT), then joining the TCorp Board, then advising on funds amalgamation. What was your view of TCorp during each of your points of contact?

Michael Cole: Deregulation, the floating of the Australian dollar, they both jogged a lot of memories for me. It was quite something how much was going on in 1983. The birth of TCorp was all about driving scale and efficiency – to borrow at better rates – and it was a bold move, as there were a lot of vested interests at the time who preferred the status quo.

That first loan was $375mn – very significant in the market then – and there was another $250mn loan later. It attracted a combination of domestic institutions, life offices, and Japanese investors were big supporters. Around $1.5bn in total was being raised in the market at that time, and BT underwrote 70%. Add TCorp's 2 issuances together and this was close to half of what was being raised in the whole country. TCorp was clearly the dominant institution and a flag bearer for the direction other states went.

Given TCorp was, initially, an extension of NSW Treasury, its culture did not really evolve until it was structurally split, and Stephen (Steve) Knight became chief executive. During my time on the Board, Steve and his team created the organisation's scale and direction. I'd describe TCorp as a business ticking over very efficiently, although the period was about optimisation. A lot of work went into risk management – what risks to take and how to control them from the state's point of view.

It was a liabilities-driven business; the asset side was quite minor initially – around $500mn. That changed when Phil Gaetjens, who was the NSW Treasury Secretary, spoke to me about the concept of funds amalgamation in December 2014/early 2015. Combining TCorp funds with the workers' compensation insurance and the State Super defined benefit scheme came together reasonably smoothly. It kicked off with close to $70bn and now sits at over $106bn, so that is very much a success story.

My role at that time was traffic cop, to get everyone heading in the same direction. I had the advantage of working with TCorp, with State Super; I knew the insurance people. Once Phil made it clear this was not a matter of if, but when, we got the framework right and started to integrate the businesses. Through the process, NSW Treasury was unbelievably supportive and that has always been a key determinant of these successful milestones in TCorp's history. This was good state policy – evidenced by the rest of the country following suit – and driving quantifiable benefits to both sides of TCorp.

Sydney Opera House

"It's always essential to have trusted finance partners, and never more so than in the current rapidly changing fiscal and broader environment. TCorp has been that partner for us, providing important financial risk management support to the Opera House, including during our recently completed extensive Decade of Renewal program of capital works."

Louise Herron AM

Chief Executive Officer

An enduring sense of purpose

John Pierce AO

Chair 1997–2009

David Deverall: John, you were TCorp's longest-serving Chair, what were the key milestones for you during this period?

John Pierce: It was important for me to follow through with the work that my predecessor Mike Lambert had started – implementing the recommendations of the Hogan Stokes Review, which had considered TCorp's purpose and its activities. There were some major operational considerations and a need to embed the right culture.

It was important we firmly established TCorp's core function – to raise funds to the extent necessary to fund the operations of government and not take on risks or financial exposures that were inappropriate for the taxpayer. Similarly with respect to the holding of financial assets. My priority as Chair was setting a clear purpose for TCorp and a culture to support that. It was the start of a new journey that we needed to bring people on.

Another key moment was the global financial crisis. I clearly remember when things went pear-shaped, and the bond market shut up shop. TCorp responded extremely well; it avoided some of the mistakes other financial institutions made, particularly in the way it managed volatility and uncertainty. The team was calm and professional – that was not just my view – I received the same feedback from the Commonwealth Treasury.

TCorp played a material role in the Commonwealth guarantee of the offshore fundraising of Australian banks. The same guarantee extended to states with offshore debt issuance, essentially NSW and Queensland. NSW did not need to draw on that guarantee, but it was important to shore up confidence. The TCorp team did a fantastic job helping the Commonwealth and advised on what a reasonable pricing of those guarantees would be.

David: What value would you say TCorp has delivered to NSW?

John: Beyond what TCorp does as a central borrowing authority, having people with expertise across the operations of financial markets within the NSW Government family is quite valuable in areas outside of TCorp's core responsibilities. It helps NSW be prepared for opportunities, in say, proposals around privately funded infrastructure. It is something the NSW Government public sector doesn't need every day, but vitally important to have.

Philip Chronican

Chair 2016–2019

Director 2009–2019

David Deverall: Phil, what would you describe as key highlights during your tenure?

Phil Chronican: Other people have already mentioned funds amalgamation, and I'll speak about that in a moment, but another highlight was when TCorp was given the responsibility to manage the NSW Infrastructure Future Fund, with over $14bn in funds under management. My tenure as Chair coincided with your appointment David and some of the things that stand out for me include the new leadership team you appointed and TCorp's largest-ever custody transition in FY19.

Funds amalgamation became a catalyst for a significant transformation in TCorp's role. The nature of the organisation changed from a debt issuance and financial markets business, with small funds management as a sideline, to putting investment management at the centre. It went from $20bn in funds under management to $100bn, requiring an uplift in scale and capability. This was the trigger for TCorp to invest in technology and the investment process itself. Part of that was the advent of investment stewardship activities in 2016.

Before COVID-19, the NSW Government was running surpluses, with minimal need for debt issuance. The shift towards investment management re-energised TCorp. The Board's focus had been 80% on debt and financial markets, and 20% on investment management. That quickly shifted to 60-40 the other way and we established a Board Investment Committee. It was a seismic shift.

David: So, this was a very busy period. What were the key challenges and how did TCorp overcome them?

Phil: Those changes led to others throughout the organisation, on things like the way we thought about remuneration, our whole people culture. What stood out to me was how professionally TCorp executed the change. The leadership did not shy away from the work that needed to be done. In a quasi-public service environment, it is never easy, but every Treasurer during my time on the Board was supportive and respected the role of the Board and management. All the planets were properly aligned.

Another aspect that should not be underestimated is the quite remarkable quality of the people on the TCorp Board over the years – Michael Cole, Alan Stockdale, Peter Warne to name just a few. Some of the Treasury Secretaries and Deputy Secretaries were also outstanding – Rob Whitfield, Phil Gardner, Michael Pratt. This helped TCorp punch well above its weight in terms of professionalism.

Essential Energy

"Actively managing Essential Energy's debt portfolio and providing financial risk advice and product, TCorp's high calibre team works closely with Essential Energy's management. TCorp's extensive reach, knowledge and expertise in domestic and global debt markets coupled with understanding of Essential's business and operating environment have resulted in favourable outcomes for our business."

Ian Armstrong

Executive Officer to the CEO

A focus on culture

Current Board member, Jenny Boddington says the evolution of TCorp's culture and approach to flexibility and diversity has been a major contributor to its success.

Jenny Boddington

Director from August 2017

Chair of the People and Remuneration Committee

I have watched the cultural shift at TCorp over the past 6 years, benefiting from our flexible working policies. These are not just valued by women. Men also have responsibilities and interests outside the workplace and offering flexibility not only benefits an organisation but society.

TCorp's Investment Management division was created by several different businesses coming together. When funds amalgamation came about in 2015, it was a mandated merger and the individual organisations had very different cultures. TCorp embarked on its cultural pillars project in 2018 and this was essential in trying to make a cohesive organisation from this jigsaw. It needed determination and the TCorp executive, led by David Deverall, played a huge part in how successfully this was achieved.

I was lucky enough to Chair the committee that oversaw the cultural pillars project. Early on, we acknowledged that TCorp is a hybrid organisation – part of government, but also the financial services sector – and we needed to tread an interesting line to meet both needs.

In bringing together the pieces of the culture puzzle, probably half of the people got the value immediately, and others needed to be coaxed. It was important to start with TCorp enshrining the right behaviours and then go from there. One of the best aspects of TCorp's culture is how our people embody a strong sense of purpose. The value proposition for our people is not just about money. People who want to make as much money as possible won't come to TCorp and this is probably not the right fit either. I'm proud of what TCorp has achieved and it is well-placed to help NSW meet future challenges.

Compared to 2017, TCorp is now miles ahead. Admittedly making this level of progress in just 6 years is easier to do for an organisation of TCorp's size, but there was a lot of pastoral care, especially during COVID-19. That was an eye opener; while we missed out on those important interactions, such as a chat by the coffee machine, it demonstrated the value of flexibility in the workplace.

Art Gallery of NSW

"TCorp is a long-standing and trusted partner of the Art Gallery of New South Wales. TCorp's support was evident during the Art Gallery's expansion, the Sydney Modern Project, by providing sound financial risk management advice. The Art Gallery of New South Wales greatly values TCorp's service, personnel and results."

Hakan Harman

Chief Operating Officer

Case study

TCorp's journey to becoming an independently governed statutory authority

TCorp was established under the *Treasury Corporation Act 1983*, with initial oversight from the NSW Treasury office of Secretary and Comptroller of Accounts (known as TCorp's Manager). Its initial remit was to provide financing for public authorities and county councils.

Norm Oakes was TCorp's first Manager in conjunction with his role as Under Secretary and Comptroller of Accounts at NSW Treasury. TCorp's Manager was subject to the direction and control of the NSW Treasurer.

Established as a statutory corporation in June 1983, TCorp's staffing was provided by 6 officers of NSW Treasury. There was also reliance on temporary staff provided by the Public Service Board as well as staff from government utilities and transport departments that were employed under the *Public Service Act 1979*. Between 1983-1986, TCorp drew extensively on the expertise of NSW Treasury staff.

The move to legislative independence

TCorp quickly evolved to become a sophisticated participant in the financial markets. By 1987, the importance of TCorp's role including the financial benefits to the state became apparent. This provided the impetus to vest executive powers with a full-time Chief Executive, rather than being a part-time responsibility of the NSW Treasury Under Secretary and Comptroller of Accounts.

The following amendments to the *Treasury Corporation Act* facilitated major changes to TCorp's operating structure and staff.

- In 1987, TCorp separated from the NSW Treasury through the appointment of a Chief Executive and statutory power to employ staff. This amendment also disapplied the application of the *Public Service Act 1979* (NSW) to TCorp's Chief Executive's appointment.
- In 1988, legislative amendments were enacted to establish TCorp's Board of Directors comprising up to 7 private and public sector representatives. The expanded Board of Directors brought a valuable mix of commercial, public sector and senior managerial experience.
- In 1991, legislative amendments were enacted to enable TCorp to serve as an agent for the NSW Government.
- In 1992, legislative amendments were enacted to allow TCorp to expand the scope of activities which it could undertake. The amendments also provided TCorp with the same legal capacity and powers as a company under the Corporations Law.
- In 2015 the NSW Treasury Secretary was enabled to appoint an independent Chair to TCorp's Board. This legislative development also enabled TCorp's Board to delegate functions to committees, and the ability to prescribe prudential standards or reporting and auditing requirements that TCorp should adhere to.

Notably, Philip Chronican was appointed to be TCorp's first independent Chair in June 2016. Rob Whitfield, in his capacity as Secretary of NSW Treasury, continued to remain on the TCorp Board as Deputy Chair.

Outcomes

Today, TCorp operates under a robust governance framework incorporating sound ethical, financial, compliance and risk management practices. This includes a Board appointed by the NSW Treasurer, comprising of no fewer than 3 and no more than 7 people who have expertise in TCorp's functions. Up to 2 officers of NSW Treasury also sit on the Board.

In providing guidance, directions and oversight of management, the Board has established 3 committees, the Audit and Risk Committee, Board Investment Committee, and People and Remuneration Committee.

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

Stephen
Knight

TCorp Chief Executive

2005-2015

Head of Financial Markets and Deputy Chief Executive

1996-2005

Forging the right way forward

As TCorp's Chief Executive during the Global Financial Crisis, Steve Knight reflects on the strategies that continued to deliver value for NSW.

In the period leading up to the Global Financial Crisis (GFC), Steve Knight recalls constant pressure from market participants for TCorp to look at a wide range of credit investments.

"I'm thinking of a time, from around 2002 onwards," he says. "TCorp had a very strong balance sheet and funds to invest, both for its own balance sheet and for clients' cash and fixed income funds.

"There were a lot of people in the market promoting collateralised debt obligations and other lower credit investments, and they came knocking on TCorp's door. But we had a simple rule when weighing up opportunities – I would never approve an investment where we didn't understand the underlying credit risk. I asked our credit people to deconstruct the risk and convince me of a sensible return, but we just couldn't get there. That told us something about the opaque nature of some of these products."

All credit spreads at that time were contracting; Steve says it was integral to the bubble that led to the GFC. "Whenever there's a market catastrophe or a bank collapse, I would fully expect the NSW Treasurer or Premier to want an immediate answer about the state's exposure to the failing entity, and did we have a sense of what was going on," he says.

"I'm enormously proud that our team maintained its robust risk framework and navigated the GFC not only with no credit losses, but we were also able to generate substantial financial gains for the NSW Government. We found opportunities at a time where many other market participants were still reeling from losses; TCorp was well placed to take advantage of the dislocated markets."

While the signs that led to the GFC emerged early, Steve clearly recalls the first time he felt financial markets were in trouble. "It was August 2007, a year before the collapse of Lehman Brothers. A couple of offshore BNP Paribas money market funds suddenly froze redemptions. That, for me, was the canary in the coal mine.

"It wasn't immediately clear that it would lead to widespread Armageddon; but I was seeing investors in Europe and the US with TCorp's Chair at the time, John Pierce. After every meeting with major investors, we had more concerns. We both felt a storm was coming and the feedback from investors endorsed our conservative approach to credit. What happened next took a year to play out but, when it did, we were in a good position."

TCorp's executive team spent a lot of time working with the TCorp Board on risks and opportunities. "TCorp has been incredibly lucky with the quality of people it has had on its board over the years – people like Phil Chronican and Peter Warne who understood risk to the nth degree," Steve recalls. "While the GFC did present challenges, we also had some amazing opportunities for our offshore funding. I remember a long-dated Sterling/Australian dollar swap-based funding deal which generated incredible value; when investors wanted to unwind the bond a few years later, it created even more value for NSW.

"TCorp made a record profit the year of the GFC; making profits on its own balance sheet was not the only measure of performance and we were also able to deliver value for clients. Ultimately, the extraordinary funding opportunities went straight back to the NSW Government in dividends.

"Also, as a debt issuer, TCorp was developing new markets and particularly offshore. There were some innovations for debt products into the Japanese market and elsewhere. We had our first Uridashi issue and first dual-currency swap issue. There were other structures that were also first to market, including a renminbi-based bond. These supplemented our domestic programme and provided substantial savings for NSW."

A milestone of Steve's tenure as Chief Executive was funds amalgamation. "There was a logic for combining the investment teams across the 3 NSW Government entities managing large pools of funds (namely State Super, TCorp and the old WorkCover)," he recalls. "This would create substantial scale economies, cost efficiencies and a real centre of excellence in funds management for NSW. But it needed a policy platform, which was initiated by Mike Baird as Treasurer in 2011.

"This was 4 years in planning and execution and required a great deal of effort and collaboration across all the agencies. Michael Cole, formerly Chair of State Super and a former TCorp director, chaired the working group that oversaw the amalgamation.

"For me it always made sense for these funds management activities to be in one place – whether at TCorp or elsewhere – and this was finally achieved in 2015. Like any transformation project, it was a challenging and detailed process but there were enormous advantages. For TCorp's investment clients, they benefited from the economies of scale and increased expertise of the combined team. For the government, it gave them greater 'line of sight' of their aggregate balance sheet. And for TCorp it expanded the expertise and market exposure across the business. It reshaped the organisation. By the time I left TCorp, its business mix was equally weighted between debt and funds management.

"TCorp reflects a unique combination of clarity of purpose in serving NSW, having a good governance structure, and a pragmatic commerciality. It was fairly unique then and still not that common today. Yes, there are constraints but as long as they are sensible, fair, enable TCorp to do its job and attract and motivate the many good people who have worked and continue to work there, it's a very sound model for the future."

NSW Sustainability Bond Programme

Long-term growth fundamentals remain for sustainable bond issuance

TCorp continues to be a key player in Australia's sustainable bond market through the NSW Sustainability Bond Programme, the primary mechanism for investors to allocate capital to contribute to the NSW Government's sustainability agenda.

Since the inaugural issuance in 2018, there have been 4 bonds issued totalling $9.2bn, financing a range of projects contributing to green and social outcomes for the state. Of this total, $6.4bn has been issued via syndication and the remaining $2.8bn through a combination of tender and reverse enquiry.

The overall strategy of the programme is calibrated to ongoing identification of eligible assets that will support issuance in this format, with a focus on increasing liquidity in existing lines, and periodically adding new lines.

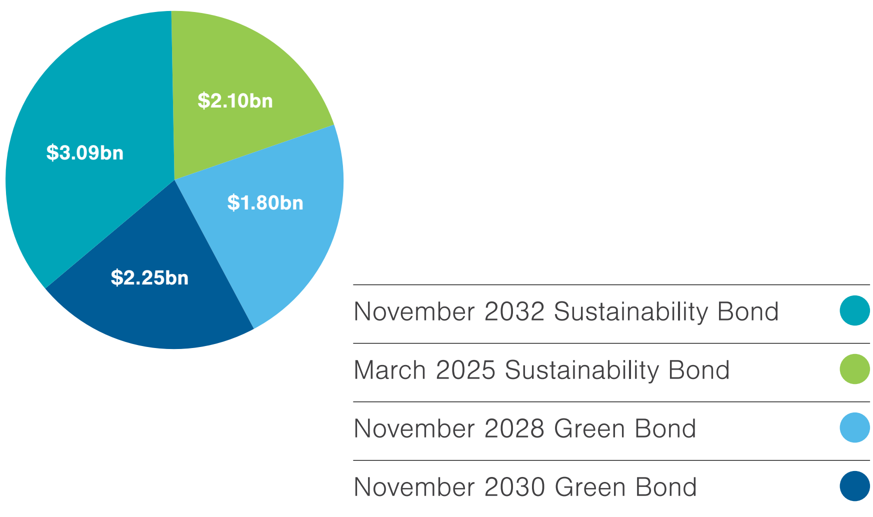
Delivering financial impact

During the financial year, TCorp added $1.8bn of assets to the eligible pool resulting from increased expenditures across projects including Public School Infrastructure, Parramatta Light Rail and the Social Housing Maintenance Stimulus Program.

Investor appetite for TCorp bonds issued in this format remains strong, underscoring their genuine interest in directing capital to high quality, sustainable investments for the long term. Over the year, TCorp responded to over $2.0bn of investor demand in the November 2030 Green Bond and November 2032 Sustainability Bond. Relative to our nominal fixed rate curve, we were able to price these issuances at levels that were favourable to TCorp, with savings passed on to our clients.

The maturities we have outstanding are included in Chart 2 and composition of the underlying asset pool is shown in Chart 3.

Chart 2: Sustainable bonds on issue as at 30 June 2023



Source: TCorp

Working collaboratively

TCorp recognises that the NSW Sustainability Bond Programme is a whole-of-government initiative that would not be possible without the support and collaboration across many areas of the NSW Government family. The valuable partnership we have with NSW Treasury, in particular the Office of Social Impact Investments (OSII) and the Office of Energy and Climate Change (OECC), has been key in helping us grow the programme and ensure we continue to be an efficient conduit for the state's ESG commitments. We are also thankful for the expert knowledge and enthusiasm brought by our partners, for their contribution of eligible assets that supported the issuance in FY23.

The market context

Challenging market conditions saw 2022 sustainable bond issuance of US$853bn fall short of 2021's record US$1.1tr result, however in 2023, S&P Global Ratings are projecting a return to growth in the asset class with US$900mn to $1tr of new issuance. The first half of FY23 issuance has already been recorded at over $540bn and on an annualised basis is running ahead of estimates.

Growth in the sector will continue to be supported by measures that include policy and regulatory initiatives, along with the ongoing requirement for jurisdictions to step up efforts to decarbonise and address the physical risks of climate change. It is expected that the funding of adaptation and resilience measures will accelerate in years to come across both the public and private sectors.

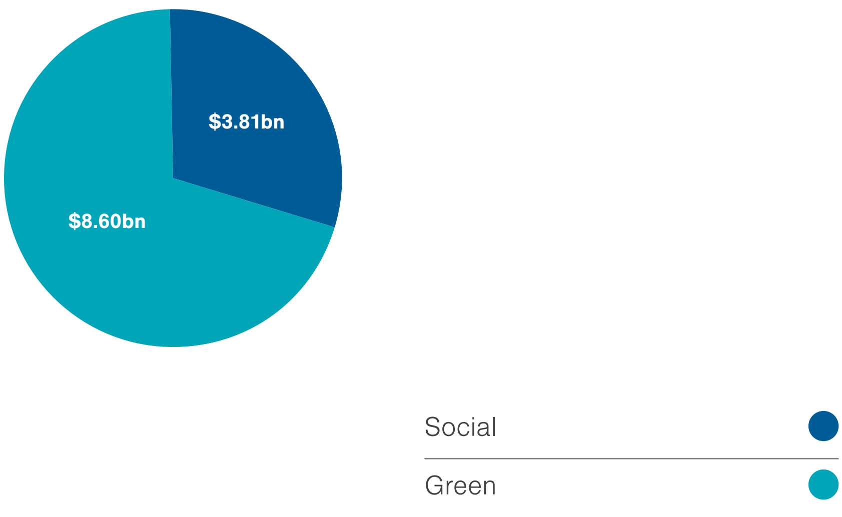
A sustainability bond programme for NSW

Established in 2018, the NSW Sustainability Bond Programme finances projects and assets that support a broad range of NSW Government environmental and social objectives and, in line with best practice, also adhere to global standards.

The programme, overseen by NSW Treasury's Sustainable Finance Steering Committee, is underpinned by a strong governance framework with representatives from TCorp, OSII and the OECC. Together they form the NSW Sustainability Bond Committee, Asset Identification Group and Reporting Group.

To date, TCorp has issued 4 bonds with the proceeds earmarked to a range of green and social projects, including low carbon transport, sustainable water and wastewater management, affordable housing and access to essential services. TCorp reports annually on the sustainability outcomes of the projects included in the programme and has appointed an external verifier to ensure it maintains its high standing in the market both domestically and globally.

Chart 3: Eligible assets financed



Source: TCorp

Management and activities

Nature and range of activities

TCorp is the financial services partner to the NSW public sector, providing best-in-class investment management, financial management solutions and advice. With $106.2bn of assets under management, TCorp is a top 10 Australian institutional investor and is the central borrowing authority of the state of NSW, with a balance sheet of $148.6bn.

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 State Super and Insurance and Care NSW (icare)
- Direct management of domestic cash and fixed income portfolios
- Direct management of some infrastructure and property assets and portfolios (real assets and private markets).

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 risk on the TCorp balance sheet
- Managing liquidity assets
- Providing lending and tailored financial solutions to the NSW public sector.

Acting as both a fund manager and a central borrowing authority, TCorp combines these functions to our clients' advantage as detailed in Chart 4. Our scale, market presence and strong credit ratings: Aaa (Moody's Investors Service), AAA (Fitch Ratings) and AA+ (S&P) enables us to access to a broad range of opportunities at lower costs.

Chart 4: TCorp – connecting the public and private sectors

TCorp clients

TCorp has 2 major groups of clients and interacts with them in various ways as detailed below.

NSW Government clients

TCorp manages investment portfolios for a range of NSW public sector clients including:

- Clients with large pools of funds, namely icare, NSW Treasury and State Super
- General Government clients including Sydney Children's Hospital Network, Sydney Opera House, Art Gallery of NSW, State Library of NSW, various 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 14 banks, our conduit to the market as illustrated in Table 11.

5-year summary

	2023 $mn	2022 $mn	2021 $mn	2020 $mn	2019 $mn
Profitability					
Profit before income tax expense equivalent	**184**	**139**	**117**	**75**	**124**
Balance sheet					
Loans to public sector	135,346	110,358	106,303	87,224	61,799
Other assets	13,238	14,188	10,928	12,492	12,723
Total assets	**148,584**	**124,546**	**117,231**	**99,716**	**74,522**
Benchmark bonds	95,528	74,126	77,816	64,435	52,672
Other borrowings and liabilities	52,803	50,190	39,187	35,041	21,587
Total liabilities	**148,331**	**124,316**	**117,003**	**99,476**	**74,259**
Difference represented by equity	**253**	**230**	**228**	**240**	**263**
Funds under management					
Investment funds	75,165	67,835	69,132	56,763	59,319
Specific fund mandates	31,000	32,834	41,402	46,200	47,528
Total	**106,165**	**100,669**	**110,534**	**102,963**	**106,847**

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 $184.4mn was a solid performance given market volatility and resulted in a dividend to the state of $106.0mn.

Funds under management

Our funds under management totalled $106.2bn.

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 2023, we have delivered cumulative absolute returns of $41.9bn.

Strong credit rating

Our strategy of maintaining a strong liquidity position contributed to TCorp retaining its 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 the global investor base.

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, (including capital works), 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 government's long-term policy aims and fiscal position.

Some of our key funds include:

- NSW Generations (Debt Retirement) Fund (NGF) – This is the state's sovereign wealth fund that aims to achieve a competitive return for taxpayers, while supporting a sustainable debt position over the medium term, and intergenerational equity. As at 30 June 2023, the NGF was valued at $16.0bn.
- 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 2023, the TMF was valued at $14.9bn.
- 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 the Restart NSW/Rebuilding NSW programmes. As at 30 June 2023, it was valued at $7.4bn.
- 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 2023, the fund had a balance of $1.6bn.

Summary review of operations

Investment Management

Key highlights

- The market environment is uncertain, with rising interest rates and inflation coinciding with declining market liquidity. This is a challenging environment for investing.
- TCorp's investment approach prepares for a range of scenarios, not just one. We have built resilient portfolios which are designed to deliver our clients' investment objectives.
- Our diversified funds delivered positive returns from 4.8% to 11.0% in FY23.

The investment environment

The period covering the COVID-19 pandemic and the emergence from this have clearly indicated a shift in the global investment environment. Having enjoyed 40 years of falling interest rates and inflation — as well as plentiful liquidity in markets, particularly since the global financial crisis — we are now entering a phase of much higher interest rates, sticky and elevated inflation, and liquidity scarce markets.

In our view, these conditions will translate into lower asset returns and higher volatility in asset prices for some time. With 2 economic superpowers rather than one (US and China), we also expect geopolitics to remain an issue for the foreseeable future. As the forward market environment will likely be less supportive for risk assets, we will need to work portfolios harder to achieve resilient returns. Core to this, given the heightened uncertainty and an unsettled macro backdrop, is our focus on delivering well-diversified portfolios to our clients.

TCorp's role, in providing clients with a range of investment solutions, was again crucial.

As at 30 June 2023, TCorp had $106.2bn of client assets under management and is a top 10 investment manager in Australia. We are also a leading global asset owner, as highlighted in leading investment consultant WTW's Thinking Ahead Institute Asset Owner 100 study.

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

Client portfolios deliver strong returns

FY23 was generally positive for investors, despite a volatile market environment at times. Most asset classes, led by equities, experienced a substantial rebound compared with FY22.

Our diversified client portfolios had solid to strong annual returns, ranging from 4.8% to 11.0%. Wage inflation relative portfolios outperformed their objectives over the year. However, high CPI made it very challenging for our price-inflation oriented client portfolios to achieve their objectives, particularly the lower risk portfolios. Our portfolios with longer track records continue to outperform their long-term objectives. All portfolios are being managed to their agreed risk appetites.

Strong absolute returns added $8.4bn to our clients' portfolios collectively in FY23, for a total dollar return impact of $41.9bn 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.

Implementing recommendations of the NSW Treasury Environmental, Social and Governance (ESG) Review

We engaged with the independent expert Pru Bennett, appointed by the NSW Treasurer, who reviewed TCorp's approach to sustainable investment, to ensure we are managing our portfolios to market leading practice. Alongside this review, TCorp continues to deliver investment outcomes from its evolving ESG framework. This includes supporting State Super in its goal to achieve a net zero carbon emissions portfolio by 2050 via our management of its Trustee Selection (Defined Benefit) portfolio.

A change in thinking in our investment strategy

Market conditions in FY23 led us to revisit our investment strategy, and 4 aspects evolved for our portfolios.

Seeking out extra return opportunities in a low return environment

With an economic climate marked by higher interest rates, cash and bonds have a role in portfolios again. Lower risk portfolios that hold significant exposures to cash, bonds and corporate credit are starting to enjoy better returns now that the rise in bond yields and credit spreads has slowed. For higher risk (higher return seeking) portfolios, we are looking for more difficult-to-access assets and return streams such as insurance-linked bonds and timberland assets.

Seeking inflation-protected assets

Many of our portfolios have real return (CPI+ return) objectives. Being cognisant of this, we continue to seek inflation-protected assets for our portfolios, whether in listed equity businesses with pricing power, property and infrastructure assets with contracted inflation-adjusted revenue streams, or inflation-linked bonds.

Seeking to capitalise on expected higher volatility in markets through considered refinements in portfolios

We implement this by removing or adding small amounts of risk at the peaks and troughs of asset price performance. We seek to achieve this with capital efficiency and avoid having to sell and repurchase assets which has more costly impacts on the portfolios.

Liquidity is becoming more important

Our portfolios must retain adequate liquidity in all market environments to meet client needs while delivering longer term performance objectives. We will continue to monitor liquidity requirements for new asset purchases, payment of foreign exchange hedging obligations, and ensure we continue to enable our clients to meet their cashflow requirements, such as pension and insurance benefit payments as and when they are due.

Fund performance

Uncertain market conditions

Developed economy central banks across the world unleashed an interest rate hiking cycle of unprecedented speed and magnitude with the aim of bringing the highest inflation we have seen in decades under control, despite the risk of a recession. Their efforts were rewarded, with Australian and Eurozone inflation peaking during the year.

The year was also punctuated with events that unsettled investors, with uncertainty arising from:

- In September 2022, the UK Government's "mini budget" under the brief Truss administration resulted in market turbulence. Developed Market Equities lost 9.4% in September, reaching bear market territory
- In December 2022, the Chinese Government lifted its severe COVID-19 lockdown and reopened the economy
- In March 2023, the collapse of Silicon Valley Bank resulted in pressure on the financial system, in particular US regional banks. Swiss regulators brokered a takeover of Credit Suisse, a systemically important financial institution, by its rival UBS
- In May 2023, markets followed negotiations to raise the US debt ceiling, calming down when it became clear a resolution was likely.

The MSCI World ex-Australia and ex-tobacco equity index rose 16.7%, and the S&P/ASX200 rose 14.8% over the year. While US bonds continued to decline for the third straight financial year, Australian bonds performed better with positive returns, particularly inflation-linked bonds. The prospect of slowing economic growth, however, weighed on the Australian dollar.

Our funds deliver positive returns

TCorp provides bespoke investment advice and portfolio management solutions for 15 client portfolios (14 diversified funds and one single sector fund) with assets totalling $106.2bn as at 30 June 2023.

Total portfolio outcomes for our funds were positive, with returns of between 4.8% to 11% in FY23. Our portfolios benefited from rebounding equity markets, the depreciating Australian dollar, and positive returns across infrastructure and credit assets.

For our largest funds as illustrated in Table 2, we generated positive returns of 9.0% for the State Super Trustee Selection (Defined Benefit) Portfolio, 7.2% for the Workers Compensation Insurance Fund, 8.9% for the NSW Generations (Debt Retirement) Fund and 9.6% for the Treasury Managed Fund. Investment returns for our other multi-asset portfolios ranged from 4.8% for the NSW Infrastructure Future Fund, to 11.0% for the TCorpIM Long Term Growth Fund.

In Australia, CPI peaked at 7.8% in the December 2022 quarter, with the Wage Price Index reaching 3.7% in March 2023. Consequently, even with strong absolute returns across the board, most of our CPI-linked portfolios underperformed their return target over the year, whereas the portfolios with wages-linked return targets outperformed.

Over the long term, investment returns for our client portfolios remained solid to strong in absolute terms as illustrated in Chart 5 – Average client fund returns weighted by assets, 30 June 2023. Compared to their respective objectives, the asset-weighted average of fund returns over a 10-year horizon, as at 30 June 2023, showed:

- Outperformance of 1.1% p.a. for higher growth funds
- Outperformance of 1.3% p.a. for medium growth funds.

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

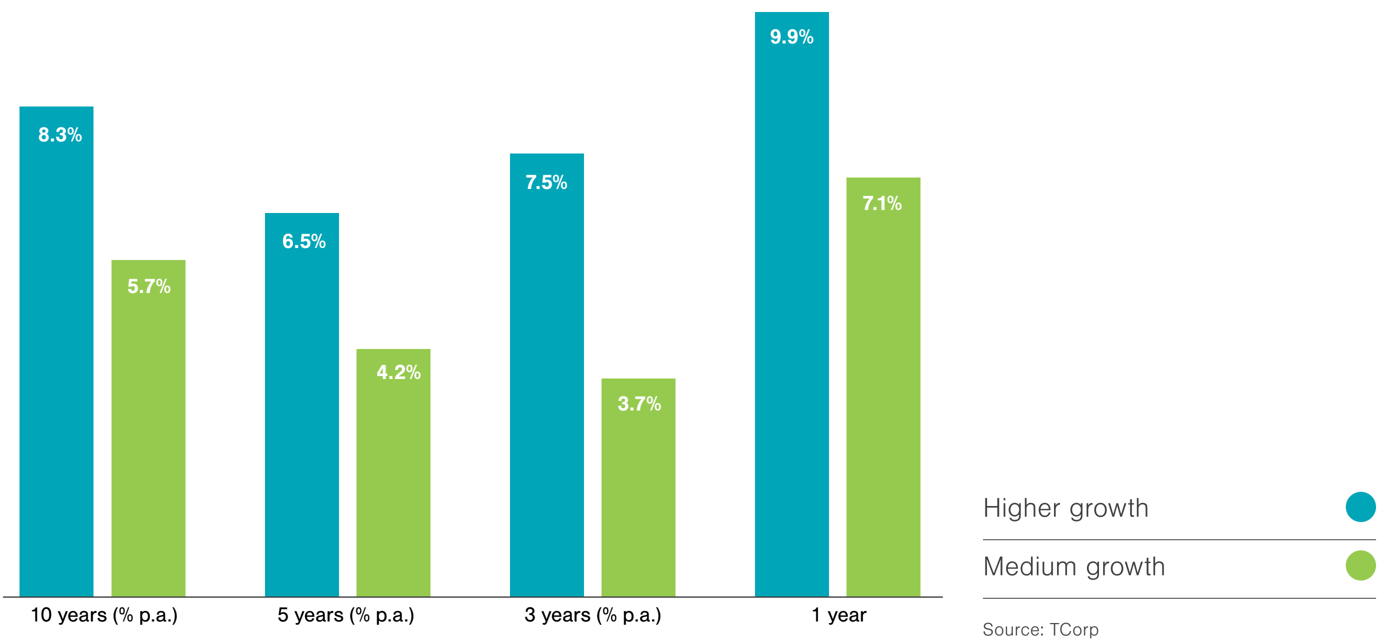
Our investment approach

We continued our approach of preparing for a range of possible investment scenarios, not just one. TCorp enhanced the resilience, flexibility and quality of our portfolios by implementing defensive currency management strategies and sourcing unlisted investment opportunities to bolster diversification and inflation-protection characteristics. We also deepened stewardship integration into our investment processes by exploring how we might set a net zero portfolio emissions ambition and implemented a country risk governance framework.

TCorp completed the transition of all client portfolios to our Total Portfolio Approach, a global best practice, risk-based investment model that leading major institutional investors in Australia and overseas have adopted. As part of this transition, we worked with clients on an updated format for investment governance and reporting that aligns to the model. Over the past 3 years, we advised and worked closely with each client to develop fund-specific investment risk appetite statements – documents that articulate the set of commonly-agreed risk and return metrics on which the investment strategies and portfolio decisions are based.

Recent market outcomes serve to remind investors that markets go through periods of good and poor returns. We believe that investors who are able to hold to long time horizons will be rewarded with strong investment returns over the long term.

Chart 5: Average client fund returns weighted by assets as at 30 June 2023



Source: TCorp

Table 2: TCorp funds' performance as at 30 June 2023

Client Fund (Investment objective as at 30 June 2023)	Inception date	Since inception return (% p.a)[1]	5 year return (% p.a)[1]	1 year return (%)	Fund size ($mn)	5 year dollar value add to client portfolio ($)
State Super Trustee Selection Portfolio (CPI + 3.7% p.a. over 10 years)	30-Apr-88	7.4	6.6	9.0	30,051.4	10.2bn
Workers Compensation Insurance Fund (AWE + 2.0% p.a. over 20 years)[2]	30-Nov-05	5.8	4.5	7.2	16,709.9	3.9bn
NSW Generations (Debt Retirement) Fund (CPI + 4.5% p.a. over 10 years)	15-Nov-18	6.4	n/a	8.9	16,045.7	n/a[3]
Treasury Managed Fund (CPI + 3.5% p.a. over 10 years)	31-Mar-99	6.7	6.3	9.6	14,925.8	3.5bn
NSW Infrastructure Future Fund (CPI + 2.0% p.a. over the life of the fund)	07-Dec-16	3.8	3.0	4.8	7,441.1	2.3bn
Lifetime Care and Support Authority Fund[2] (AWE + 2.0% p.a. over 20 years)	30-Jun-07	7.2	5.7	9.6	8,958.6	2.0bn
Long Service Corporation Investment Fund (NSW AWOTE + 1.0% p.a. over 10 years)	25-Nov-13	6.2	4.2	6.6	2,213.3	0.3bn
TCorpIM Long Term Growth Fund (CPI + 3.5% p.a. over 10 years)	01-Jul-89	7.7	5.7	11.0	2,741.8	0.5bn
Social and Affordable Housing Fund (CPI + 4.0% p.a. over 10 years)	16-Aug-17	6.3	5.6	9.2	1,577.0	0.4bn
Snowy Hydro Legacy Fund (CPI + 1.0% over the life of the Fund)	13-Dec-21	-2.5	n/a	6.0	1,647.0	n/a[3]
TCorpIM Medium Term Growth Fund (CPI + 2.0% p.a. over 5 years)	01-Dec-90	6.9	2.9	6.1	2,105.1	0.1bn
Dust Diseases Authority Fund[2] (4.5% p.a. over 5 years)	30-Jun-07	5.3	4.8	6.4	1,024.8	0.3bn
Parliamentary Contributory Superannuation Fund (Sydney CPI + 3.5% p.a. over 10 years)	01-Jan-99	7.4	6.5	10.1	335.0	0.1bn
Insurers' Guarantee Fund (AWE + 2.0% p.a. over 20 years)	01-Jul-11	5.9	3.9	6.4	200.8	39.2mn

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 These funds have an investment history of less than 5 years and are therefore shown as n/a.

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

Source: TCorp

Investment advice and portfolio management

Cash and fixed income

TCorp's cash and fixed income team is responsible for managing $15.1bn of domestic cash and fixed income mandates. These mandates have different maturity and credit risk profiles which are part of our clients' overall 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 FY23, our fixed income funds generated positive returns, as illustrated in Table 3:

- The Liquidity Cash strategy benefited from higher interest income as the RBA lifted its cash rate from 0.1% to 4.1%
- The Short-Term Income Fund benefited from higher interest income, as the RBA lifted its cash rate from 0.1% to 4.1%, and credit exposure as credit spreads tightened moderately
- The Australian Bond strategy benefited from higher yields, tighter semi-government bond spreads and strong returns from inflation-linked bonds
- The Australian Inflation-Linked Bond strategy benefited from higher yields, tighter semi-government bond spreads and strong returns from inflation-linked bonds.

Table 3: Australian fixed income performance as at 30 June 2023

TCorpIM Cash and Fixed Income strategies	5 year return (% pa)	1 year return (%)	Market value ($bn)
Liquidity Cash	1.3	3.3	3.3
Short-Term Income	1.8	4.1	4.7
Australian Bonds	0.8	1.6	2.8
Australian Inflation-Linked Bonds	2.3	6.0	4.3

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.

Source: TCorp

Real assets and private markets

TCorp's real assets and private markets provide access to long-term inflation linked returns and diversification. Examples of unlisted assets in our portfolio include infrastructure, property, and opportunistic investments.

We focus on owning assets directly. This strategy (as opposed to investing in pooled funds) provides greater governance to influence management decision making when compared to fund-based investments in these assets.

Infrastructure and property had mixed performance, generating returns of 9.0% and -1.6% respectively for the year as illustrated in Table 4. Over the past 5 years, infrastructure and property delivered returns of 7.9% and 5.0% per annum respectively. We continue to monitor the outlook for our assets in light of recent declines in the price of property office assets that have been heavily impacted by the increase in interest rates and flexible working arrangements following COVID-19.

TCorp's real assets portfolio seeks to have a strong sustainability focus aligned to TCorp's ESG principles.

- In infrastructure, we continue to work with management companies to reduce carbon emission. For example, TCorp's investment in Australia Pacific Airports Corporation, which owns Melbourne Airport, has committed to a 2025 net zero Scope 1 and 2 emissions by 2025[1].
- In property, 41% of domestic, and 30% of global operating assets (excluding development and externally managed assets) were Scope 1 and 2 neutral as at 30 June 2023.

We committed and/or deployed $1.3bn into unlisted infrastructure and property investments in FY23.

Key highlights include:

- Increasing investment in energy through a waste infrastructure business in the UK
- Investment in a data centre services provider in the US
- Investment in an integrated forestry and wood products company with operations in Australia and New Zealand
- Investment in a 50% interest in a prime office asset in central London
- Increasing our exposure to an opportunistic Japanese logistics platform.

Table 4: Real assets performance as at 30 June 2023

Area	**5 year return (% pa)**	**1 year return (%)**	**Market value ($bn)**
Infrastructure	7.9	9.0	9.8
Property	5.0	-1.6	9.3

Source: TCorp

1 Scope 1: direct emissions that are owned or controlled by a company. Scope 2: indirect emissions associated with the purchase of electricity, steam, heat, or cooling.

Investment stewardship

TCorp's investment stewardship journey is aligned to the state's commitment to sustainable investment outcomes. Following directions from the NSW Treasurer, TCorp divested from tobacco companies in 2012 and last year divested the state's exposure to Russian financial assets that were not subject to Russian central bank constraints. The TCorp Board introduced its first belief relating to stewardship in 2017, that understanding and managing ESG issues is critical to achieving sustainable investment outcomes.

In 2017, TCorp established its first Investment Stewardship policy, which has evolved and expanded substantially over the last 5 years. Now, in 2023, investment stewardship is embedded in our investment model and the client investment journey from portfolio design, to implementation, monitoring and reporting.

We assess and manage ESG risks and opportunities through our 5-pillar stewardship framework: ESG integration into our investment process, voting at shareholder meetings, corporate engagement, collaboration and disclosure to clients on our activities.

TCorp's most recent milestone in its investment stewardship journey was from the NSW Treasurer's Environmental, Social and Governance Review. The Review, led by Pru Bennett with support from Frontier Advisors, was released in March 2023. It concluded there were no critical deficiencies observed across TCorp's investment stewardship function, and that TCorp's approach to ESG reflects "leading practice" or was "consistent with industry practice" or NSW Government policy across all areas.

The report also suggested that the most important defining characteristic of a leading investment stewardship practice is an intentional culture of continual improvement. TCorp supports the Review's findings and is grateful to Ms Bennett for her collaborative approach to the review. Over the coming 2 years, TCorp will continue to evolve its approach to investment stewardship including implementing the Review's 21 recommendations.

Environmental

We believe climate change is a systemic risk with financial impacts for portfolios and in FY23, we delivered 3 major items:

- We established a TCorp Investments climate project to explore how we might set a net zero portfolio emissions ambition, as recommended by the ESG Review and in line with the NSW Government's net zero by 2050 ambition.
- We undertook climate scenario analysis enabling us to evaluate the impact of both high and low warming scenarios on TCorp investment portfolios. Work has begun to establish a carbon emissions baseline for our aggregate investment portfolio, design a decarbonisation glidepath, and appoint an advisor to undertake physical climate risk analysis of our direct property and infrastructure investments.
- We continued corporate engagement on climate-related investment risk. We engaged directly with the chairs and CEOs of a number of Australia's most carbon intensive companies around 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 license to operate, modern slavery, and fair treatment of customers.

We also engaged with a number of Australia's largest employers, conveying the importance of employee engagement, recruitment and retention, which are closely linked with a corporate culture of diversity, equity and inclusion. We discussed the need for corporations to demonstrate respect for indigenous rights and culture when operating on or near Aboriginal land and best practice standards for obtaining free, prior and informed consent.

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 investee companies in Australia and overseas, to promote improved corporate governance. In our real 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 beliefs and principles, ensuring 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.

A major milestone for TCorp in 2023 was the development and implementation of a country governance risk framework, designed to evaluate and mitigate investment risks that arise through different country level risk exposures (such as Russia's invasion of Ukraine). This has resulted in changes to our emerging market investment exposures, leading to improved country governance scores across the total TCorp portfolio.

Financial Markets

Key highlights

- In FY23, we raised $33.3bn of net debt, the largest amount ever by volume. All TCorp bond issuances were oversubscribed, reflecting their attractiveness among domestic and international investors.
- We issued $2bn of ESG bonds and focused on increasing liquidity in existing lines. The NSW Sustainability Bond Programme is valued at $9.2bn as at 30 June 2023.
- TCorp maintained a strong liquidity position and deep market access supporting funding outcomes and the NSW's strong credit profile. We are the most highly rated semi-government borrowing authority in Australia: we are rated Aaa (Stable) by Moody's Investors Service, AAA (Stable) by Fitch Ratings and AA+ (Stable) by S&P.

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

Supported the state through delivery of the FY23 borrowing programme

The state's funding requirement remained elevated in an historical context. In FY23, we raised $33.3bn of net debt. Conditions for semi-government issuance have, in the main, been favourable since early 2023. This is despite persistent global banking concerns regarding the collapse of Silicon Valley Bank in the US which resulted in pressure on the financial system, followed by the takeover of Credit Suisse by competitor UBS.

As at 30 June 2023, our average book cost of debt was 3.3% and our funding book ended the year with a weighted average life of 6.6 years, positioning it extremely well into a rising rate environment.

Investor confidence increased over the year, driving investor diversification with greater participation from domestic investment managers. This was a result of wider semi-government spreads to Australian Commonwealth Government Bonds (ACGB) and greater confidence in the rates markets here and overseas. There was increased interest from European central banks in TCorp bonds, while buying from UK and other European investors waned over the financial year.

In October 2021, the NSW Treasurer directed that the net proceeds of the WestConnex sale (valued at $11.0bn) be transferred from the NSW Generations (Debt Retirement) Fund to retire state debt. Over the course of FY22, $7.7bn of shorter-term maturities were retired with the remaining $3.3bn used to retire debt over FY23.

Oversubscribed issuances

All TCorp bond issuances were oversubscribed, reflecting their attractiveness among domestic and international investors. We issued bonds across a range of different instruments, including floating rate notes, benchmark bonds and sustainability bonds as detailed in Chart 6.

Under the NSW Sustainability Bond Programme, $1.8bn of assets were added to the pool:

- We continued to add liquidity to our existing lines and responded to investor demand issuing a further $2.0bn into our existing green and sustainability bonds
- As at 30 June 2023, green, social and sustainability bonds on issue totalled $9.2bn across 4 maturities.

Provided financial capacity, economic stability and resilience

We managed a balance sheet, now over $148bn, on behalf of the state.

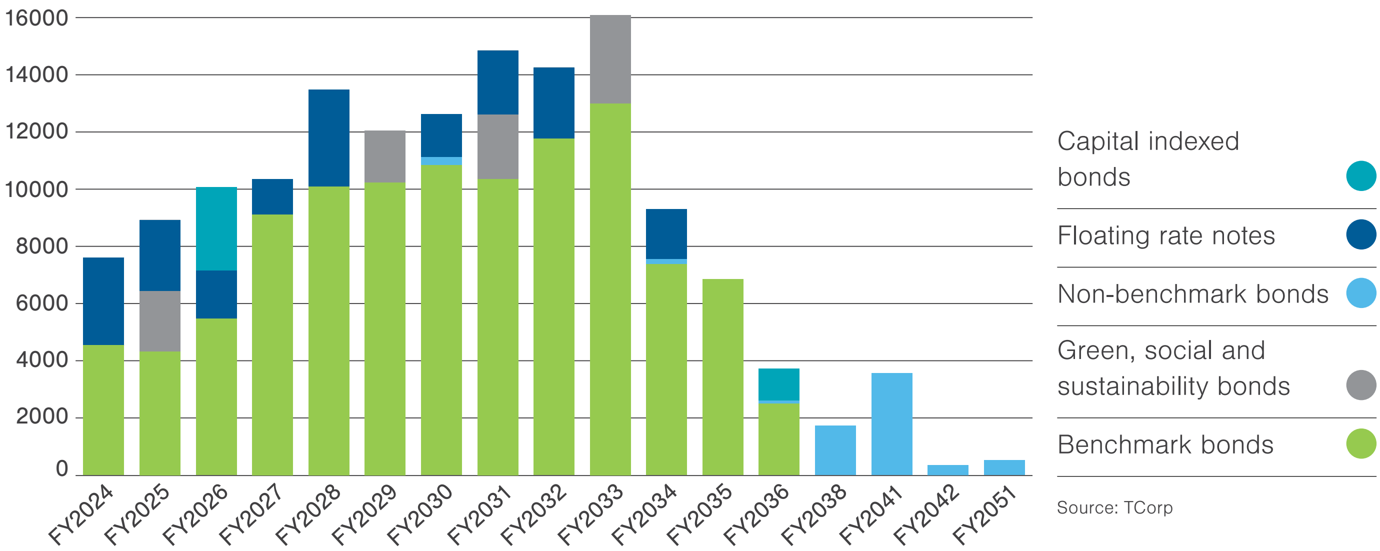
TCorp maintained a strong liquidity position and deep market access supporting funding outcomes and the NSW's strong credit profile. We are the most highly rated semi-government borrowing authority in Australia: we are rated Aaa (Stable) by Moody's Investors Service, AAA (Stable) by Fitch Ratings and AA+ (Stable) by S&P.

Financial Markets raises debt for the state of NSW by issuing bonds locally and globally, 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.

Chart 6: TCorp bonds on issue as at 30 June 2023



Source: TCorp

Expanded lending solutions to support our clients with their business objectives

We provided strategic advice and execution to state owned corporations (the largest being Sydney Water, Hunter Water, and Essential Energy) to manage their debt portfolios against regulatory debt benchmarks.

We also issued sustainable, long dated infrastructure funding to 14 councils, with total lending commitments across all of our council clients as at 30 June 2023 of $1.1bn.

Creating budget certainty

We gave financial risk management advice to identify and hedge nearly $3.0bn of notional exposures including several innovative transactions which had a significant positive impact for our clients including reducing risk and improving budget certainty. You can read case studies on this work on pages 52-56 and 60.

Raising funds in the debt markets

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. As at 30 June 2023, we managed a balance sheet of over $148bn.

FY23 borrowing programme

TCorp raised a total of $33.3bn of term funding, its largest ever year by volume. Syndications played a significant role in the delivery of the programme accounting for 39% of total funding raised across 6 transactions. The 3 largest syndications were:

- $2.5bn increase to our February 2035 fixed rate Benchmark Bond at a yield of 4.705%
- $2.5bn issuance of a new February 2036 fixed rate Benchmark Bond at a yield of 4.425%
- $4.0bn of floating rate notes across 2 tranches (September 2030 and September 2033).

Reverse inquiry remains critical to the success of the overall programme delivering 58% of total funding and was particularly important in FY23 for Authorised Deposit-taking Institutions (ADIs) and offshore investors as they sought to time the acquisition of assets with movements in a volatile swap market.

How does TCorp issue debt?

There are 3 ways.

Syndication

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

Reverse inquiry

When a member of our dealer panel banks initiates contact with TCorp to convey 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.

Global investors

TCorp conducted comprehensive investor engagement in FY23, including the first offshore roadshow since the COVID-19 pandemic. Investor marketing focused on Australia, the UK, Europe, Singapore and Japan. Roadshows are critical for educating and engaging with investors on the state of the economy in NSW, the NSW budget, our borrowing programme, and how it supports the state.

There was a material increase in participation from the offshore investor base due to larger asset allocations towards fixed income, improved pricing relativities for Australian dollar fixed income assets and semi-government authorities trading comfortably above longer run averages versus ACGBs. This support, complemented by onshore investor activity, resulted in a record year of turnover for TCorp bonds.

Local investors

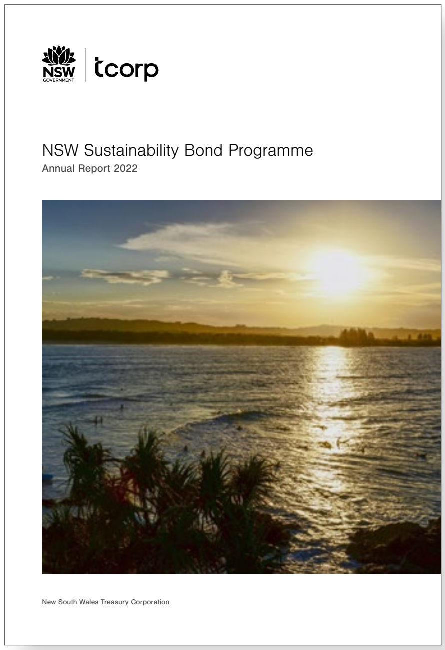
The ADI investor base again accounted for the largest share of TCorp's issuance by investor type but growing interest from domestic asset managers and insurers further diversified the distribution of our issuance. This increased participation from asset managers and insurers, particularly in the second half of the year, was driven by an increased weighting of allocation to fixed income and improved value of semi-government authorities relative to ACGBs.

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 $2bn of ESG bonds over the year and focused on increasing liquidity in existing lines, specifically the November 2030 Green Bond and November 2032 Sustainability Bond.

We published our fourth annual report under the NSW Sustainability Bond Programme, providing an overview of the programme, our governance and certification/assurance. The report also identifies which assets funds were earmarked to, including dollar amounts and details of each project.



Providing lending solutions to clients

General government

FY23 was a significant year for TCorp client debt requirements. General government debt increased by $25.2bn, with new fixed rate debt issued at a weighted average yield of 4.48% and a weighted average life of 10.35 years.

The general government debt maturity profile ended the year at a weighted average life of approximately 7.8 years, positioning it extremely well into a rising rate environment.

Our regulated utility clients benchmark-manage their debt portfolios to the methodology set by their respective regulators such as the Australian Energy Regulator and 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. Recent sampling periods across our regulated utility clients have been at times of extreme volatility and illiquidity in interest rate markets, resulting in challenging market conditions to issue and match the benchmark.

TCorp was able to execute and outperform respective annual benchmarks for all regulated water utility clients. Additionally, these clients ended the year positioned long of these benchmarks, reducing the proportion of debt versus benchmark to be issued in coming years, in a rising rate environment, thereby providing lower cost of debt over the longer term.

Local government

This year TCorp provided $169.6mn of funding to 14 councils, with total lending commitments reaching $1.1bn to 65 NSW councils.

On 10 February 2023, the Minister for the Office of Local Government announced that every council in NSW would have access to TCorp community infrastructure lending. This has made TCorp lending available to a group of councils including the Far West and County (water) Councils that were previously ineligible. All applications remain subject to TCorp's standard loan application process and lending criteria.

Our focus has remained on delivering efficient, 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 77% 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:

- Inverell Aquatic Centre Redevelopment
- Wollondilly Performing Arts Centre/Government Services Building
- Gilgandra Library and Community hub
- Liverpool Civic Place
- Ballina Shire Airport Runway strengthening and improvements
- Shoalhaven Entertainment Centre Upgrade
- Narromine Industrial Hub and Freight Exchange development
- South Macksville sewerage transfer system
- Lane Cove Sports and Recreation Precinct: Multi-Sport Facility.

Case studies showcasing our work with local government can be found on pages 57-59.

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.

TCorp has worked in partnership with our clients to identify and hedge approximately $3.0bn of notional exposures. These activities included changing the approach to funding for some projects, managing traditionally unhedged exposures (both in interest rates and foreign exchange) and assisting our clients to navigate their volatile exposure to volatile prices.

Case studies showcasing our work in this area can be found on pages 52-56 and 60.

Case study

Sydney Modern Project – Art Gallery of New South Wales

Flowers that Bloom in the Cosmos

Aerial view of the Art Gallery of New South Wales' SANAA-designed building, November 2022

Flowers that Bloom in the Cosmos 2022 © Yayoi Kusama

Photograph courtesy of Iwan Baan

Renowned Japanese artist Yayoi Kusama was invited to create an exuberant floral sculpture, *Flowers that Bloom in the Cosmos*, as part of the art commissioning programme for the Sydney Modern Project – the expansion and transformation of the Art Gallery of New South Wales.

The artwork is prominently positioned on the new building's terrace overlooking Woolloomooloo Bay. Opened in December 2022, the building was designed by noted Tokyo-based architects SANAA with Australian firm Architectus as executive architect, built by Richard Crookes Constructions and delivered by Infrastructure NSW on behalf of the NSW Government and the Art Gallery.

Issue

Having commissioned the artwork to be delivered ahead of the opening of the new building, the Art Gallery needed to pay for it in US dollars. The Art Gallery's foreign exchange exposure began at the time the order was made.

How we helped

The art commission involved 4 different US dollar amounts, to be paid at specific milestone completion points, although the actual dates of these were unknown at the time of the order. Milestones included upfront payment upon agreement execution, approval of structural designs, completed production and installation of the artwork.

TCorp was able to hedge the exposures in 2 tranches to manage the uncertainty around the payment schedule and to accommodate any delays in milestone completion.

The hedges protected the Art Gallery's project budget by locking in Australian dollar payments, reducing exposure to the AUD/USD exchange rate and a potential increase in project cost. Budget volatility was minimised, and the Art Gallery was able to fulfil its Financial Risk Management Policy obligations.

Case study

Crash test dummy purchase – supporting NSW vehicle and road safety

Issue

Transport for NSW (TfNSW) required a new anthropomorphic test device — commonly known as a crash test dummy — to complement an existing unit which has been in continuous use since its purchase in 2019.

The crash test dummy was sourced from US supplier Humanetics, the company that created the first such devices 70 years ago.

Representing a significant investment at just over US$915,000, TfNSW sought TCorp's assistance to quantify the risks and determine an appropriate financial solution for the purchase.

Test device for Human Occupant Restraint

Anthropomorphic Test Device

Photograph courtesy of ANCAP Safety

How we helped

As the purchase price of the dummy was in US dollars, TfNSW faced budget uncertainty, unable to forecast exactly how much the unit would cost given constant fluctuations in the AUD/USD exchange rate.

TCorp was able to hedge the risk so that TfNSW could pay a known Australian dollar amount at the time of procurement of the unit.

This transaction not only supported TfNSW in terms of budget management and lowering of financial market risk, but also continued the long-term positive impact for government agencies collaborating with TCorp to achieve improved efficiencies and economies within their procurement practices.

Benefits to the community

The new crash test dummy will be based in the Crashlab test facility in Sydney. Using the latest technology, it will increase data gathering capabilities, assist with independent new car safety ratings and deliver research to support road safety initiatives in vehicles and on NSW roads.

Crash test dummies

Anthropomorphic test devices, known as crash test dummies, are highly sophisticated instruments.

Crash test dummies are vitally important in simulating the human response to impacts, accelerations, forces and moments of inertia generated during a vehicle crash.

Each dummy is designed to model the form, weight and articulation of a human body. Over 100 sensors and transducers located within the dummy provide life-saving data, measuring physical forces exerted on key body parts in a crash event.

Case study

Helping protect NSW's livestock industry

Issue

In 2022, the NSW Government began a 5-year partnership with Tiba Biotech, a biotechnology company specialising in mRNA vaccines, to address emergency animal disease threats. The collaboration focuses on building local mRNA vaccine development capability – including a pilot manufacturing facility – for vaccine prevention of several endemic threats, including Foot and Mouth Disease and Lumpy Skin Disease.

Being fully synthetic, mRNA vaccines do not carry with them the same risks as traditionally derived vaccines. They are not created from animal or microbial products (like current Foot and Mouth Disease vaccines), can be quicker to produce, and are safe and highly effective.

How we helped

Tiba Biotech is a US-based organisation; for the NSW Government to enter this partnership, the Department of Regional NSW (DRNSW) was required to hedge the fees paid, in accordance with NSW Treasury's Financial Risk Management Policy.

TCorp advised DRNSW on a foreign exchange hedging strategy, to facilitate a series of US dollar payments (over US$2mn) to Tiba Biotech.

Early collaboration with TCorp enabled DRNSW to fix the future US dollar cashflows at a known rate, consequently removing any risk associated with fluctuating exchange rates. With payments scheduled from 2023 into 2025, this fixed rate provided budget certainty over the duration of the project and removed any risk that additional funding would be required.

Establishing domestic mRNA vaccine manufacturing capability means NSW can respond more quickly to outbreaks, mitigate the impact of emergency animal diseases through preventative measures, safeguard animal health and the NSW livestock industry and underpin a key area of the NSW economy.

Reading cell culture plates for the effect of a virus

Photograph courtesy of NSW Department of Primary Industries

Case study

Helping NSW National Parks and Wildlife Service secure land for conservation

Brindingabba is a vast property 175km northwest of Bourke and was announced as a new national park by the NSW Government in December 2022. This 34,000-hectare property protects a vital refuge for rare and threatened species and gives the people of NSW the opportunity to experience its rich biodiversity for future generations.

Brolgas, Brindingabba National Park

Brolgas are listed as a vulnerable species in NSW and are dependent on wetlands habitats such as those at Brindingabba. Brolgas are one of Australia's largest flying birds, standing 1.3m tall with a wingspan of nearly 2.5m. Loss of wetland habitat is one of the threats to this species.

Photograph courtesy of Michael Pennay, NPWS

Issue

The NSW National Parks and Wildlife Service (NPWS) received support from The Nature Conservancy Australia (TNC), part of a global environmental, non-profit, non-government organisation, who contributed to the acquisition of the property on the NSW-Queensland border.

TNC worked with charitable organisations the Wyss Foundation and artist Haley Mellin's Art into Acres initiative, via Re-wild, to support the acquisition which it made in US dollars. NPWS does not have a US dollar bank account and contacted TCorp in August 2022 to determine the best approach, based on the exchange rate at the time.

How we helped

To appropriately manage fluctuations in US and Australian dollar exchange rates up to the time of payment expected in September 2022 – and to provide financial certainty – TCorp used a hedging strategy. We hedged TNC's US dollar grant into a known Australian dollar amount.

NPWS benefited from the financial certainty in managing its budget for the Brindingabba acquisition.

Brindingabba National Park is a major addition to the NSW National Park estate, as it supports 30 different ecosystems and protects the habitat for at least 12 endangered and 31 vulnerable species. It also safeguards an important part of Lake Wombah, and more than 7,000 hectares of Yantabulla Swamp, which are nationally significant wetlands. In addition the Park contains extensive Aboriginal cultural heritage, with many artefacts and items of significance located across the site. The new reserve is expected to boost the outback economy, providing an important new visitor destination as part of a strategy to help diversify regional economies.

Client feedback

TCorp's hedging strategy assisted NPWS with managing foreign currency on a USD grant brokered by TNC. Hedging protected the value of the grant from changes in the exchange rate, which had the potential to make the currency less valuable before grant funds were received.

The hedging strategy provided NPWS with certainty in managing funds that contributed towards the purchase of the property. Brindingabba National Park was an important acquisition for NPWS with its extensive Aboriginal cultural heritage and diverse ecosystems, providing wetland habitat and conservation outcomes for threatened species.

Helen Asquith

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

Lake Wombah, Brindingabba National Park

Brindingabba National Park is in the Cuttaburra Basin, and forms part of the Paroo River and the Warrego floodplains in the northern Murray-Darling Basin. After inundation, Lake Wombah and surrounding freshwater wetlands support thousands of waterbirds, including internationally protected migratory shorebirds and threatened species.

Photograph courtesy of Joshua J Smith, NSW Department of Planning and Environment

Case study

Cultural precinct and performing arts centre

Wollondilly Shire Council

Wollondilly Shire Council wanted to unify its village green, government services and library in a cultural precinct that incorporates a performing arts centre.

The focal point is a new 350-seat performing arts centre located in Picton, which will provide a local venue for music, theatre, exhibitions and civic events. The centre will be a major injection into the cultural life of Picton and the wider Wollondilly area.

The total project cost is $24.5mn. TCorp funded an initial portion of the demolition work and is expecting to support Council with further funding in 2024. Demolition work started in March 2023 to make way for the centre and construction has now begun. The expected completion date is June 2024.

Construction of Wollondilly Cultural Precinct

Case study

The GIL Library Hub

Gilgandra Shire Council

Built in 1923, the Gilgandra Shire Library has been a longstanding community hub servicing the needs of residents. The space became increasingly cramped and outdated and an upgrade was needed.

Gilgandra Shire Council redeveloped and expanded the library and community meeting spaces to accommodate current and future demand and invigorate the central business district.

The total cost of the GIL Library Hub project is $6mn and funding has been provided by multiple sources, including state, federal and Council funds. Council accessed a $1mn loan from TCorp for the project, which is due for completion in late 2023.

"TCorp provided Gilgandra Shire Council with exceptional service and the funding is tremendous value."

David Neeves

General Manager,
Gilgandra Shire Council

The GIL Library Hub

Artist's impression of the new library and community space.

Image courtesy of Gilgandra Shire Council

Case study

Park Road Netball Courts

Shoalhaven City Council

Issue

Shoalhaven Netball Association and Shoalhaven City Council identified that several of the netball courts at Park Road, Nowra had been impacted by cracking and surface deterioration. This reduced the number of courts available for both local and representative competitions and was affecting the ability of the community to engage in this sport.

How we helped

Funding was provided to redevelop the courts which saw the full replacement of 6 of 12 courts and the resurfacing of the remaining 6 courts with new plexipave material, providing a better playing experience in terms of texture, longevity, and athletic capability. Upgrades to the facility also included floodlighting, accessible parking, seating, and fencing. This redevelopment of the netball courts was an important part of Council's plan to provide accessible community facilities.

"The netball courts are a popular recreational facility used by all ages in our community. The project highlights Council's ongoing commitment to providing accessible recreational facilities that promote active and healthy communities."

Stephen Dunshea
CEO,
Shoalhaven City Council

Upgraded Park Road Netball Courts

Photograph courtesy of Shoalhaven City Council

Case study

Managing multi-agency foreign exchange risk in Information and Communications Technology

Issue

Information and Communications Technology (ICT) procurement contracts expose NSW Government agencies to billions of dollars of foreign exchange (FX) risk due to the predominantly offshore origin of goods and services. This exposure can lead to significant budget volatility.

The NSW Government's Beyond Digital Strategy aims to create a leading customer-centric, digitally enabled government. As a result, more agencies are becoming exposed to this risk through the uptake of cloud services.

Changes to the ICT procurement framework have enabled agencies to proactively manage their FX risk by asking for quotes in the supplier's native currency.

How we helped

Applying a whole-of-government lens, TCorp analysed NSW's historical contract data to identify ICT procurement contracts as a major opportunity to reduce potential FX exposure.

We partnered with Digital NSW and NSW Treasury to remove the former constraints against purchasing in currencies other than AUD and hedging the associated FX risk. By incorporating this into the new ICT framework in September 2021, NSW Government agencies are now able to expose embedded FX risk and take advantage of potentially cheaper native currency pricing as part of ICT procurement.

TCorp was able to devise high impact and long-term FX hedging strategies to reduce budget volatility and manage risk for NSW Government agencies procuring ICT-related goods, services, and licenses from offshore.

We partnered with several agencies, including Transport for NSW, NSW Health, Department of Customer Service, and Department of Education, to hedge their significant FX exposure which resulted from cloud services procured from Amazon Web Services. The adoption of cloud services and storage contributes towards the modernisation of service delivery and drives better outcomes for the people of NSW.

Through managing and mitigating financial risk, agencies were able to manage their procurement budget efficiently, in compliance with NSW Treasury's Financial Risk Management Policy and the NSW Government Procurement Policy Framework.

TCorp's expertise has also helped various agencies explore efficient pricing opportunities and manage their embedded FX exposures in other ICT categories such as cybersecurity, digital licensing, digital education, networking, hardware, and software. These FX exposures are growing annually, and our support and collaboration remain ongoing.

4. Section

Management and accountability

Economics review and outlook

Brian Redican

Chief Economist
TCorp

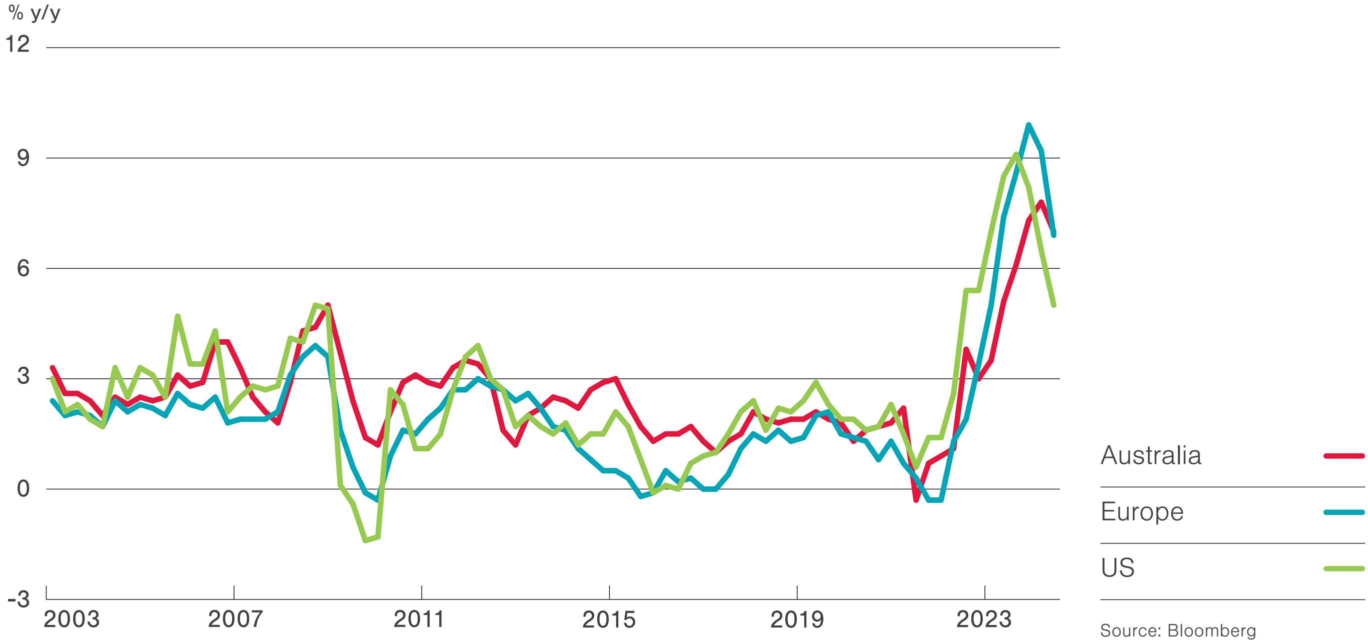
Key developments affecting the outlook for the economy and financial markets in FY23.

The cost of quelling inflation

The extent and speed of interest rate increases around the world has been extremely aggressive over the past year but, importantly, there is growing evidence that inflationary pressures are now receding as illustrated in Chart 7. That suggests most central banks may be nearing the end of their rate tightening cycles.

The sharp rise in borrowing costs has taken a toll on the economy. Consumer and business confidence have fallen and some economies – such as New Zealand and the Eurozone – experienced falling production over a 6-month period in late 2022 to early 2023. That said, unemployment rates remain low in most countries, emboldening some investors to think economies might be able to rebound quickly, if falling inflation allows central banks to shift from raising interest rates to cutting them.

Chart 7: Australia, Europe and US inflation rates, 2003-2023



Source: Bloomberg

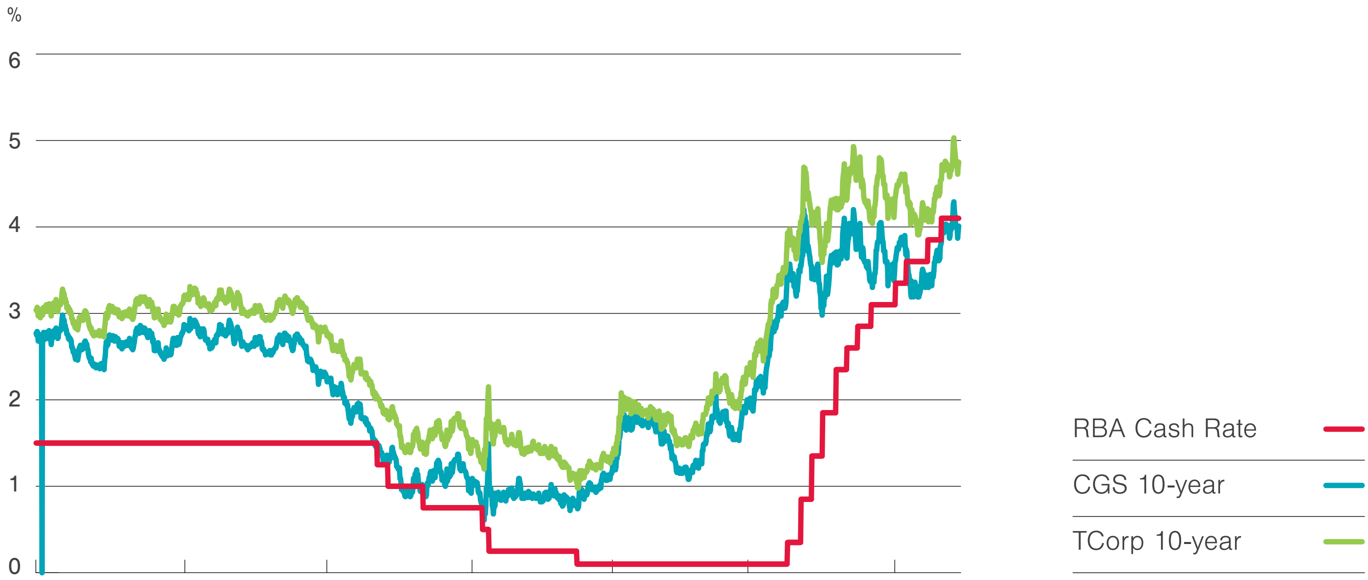
The Reserve Bank of Australia (RBA) is hopeful the Australian economy can also avoid a recession, although it notes that the path to a soft landing is 'a narrow one'. It can take up to 18 months for the full effects of tighter monetary policy to be revealed, so the year ahead is likely to remain quite challenging for many households and firms. The NSW economy will also be buffeted by the range of headwinds slowing growth although the state faces these challenges from a clear position of strength, best highlighted by its unemployment rate falling to 2.9% at the end of FY23. This is the lowest unemployment rate recorded since the Australian Statistician began measuring monthly unemployment in 1978.

Passing the peak of inflation

In FY23, central banks were resolute in their determination to push interest rates into restrictive territory, to ensure that inflation expectations would remain anchored and inflation itself would recede. The pace of rate increases slowed marginally in 2023 and more central banks acknowledged they were considering a pause.

With markets correctly anticipating where central bank policy rates were heading, longer-dated bond yields traded in a broad 100bps range over FY23. For example, while the RBA raised its policy rate by 3.25%, Australian 10-year bond yields bounced between 3% and 4%, and TCorp 10-year yields ranged between 4% and 5% as illustrated in Chart 8.

Chart 8: Commonwealth Government Bond and TCorp 10-year rates compared to the RBA cash rate, 2017-2023



Source: Bloomberg

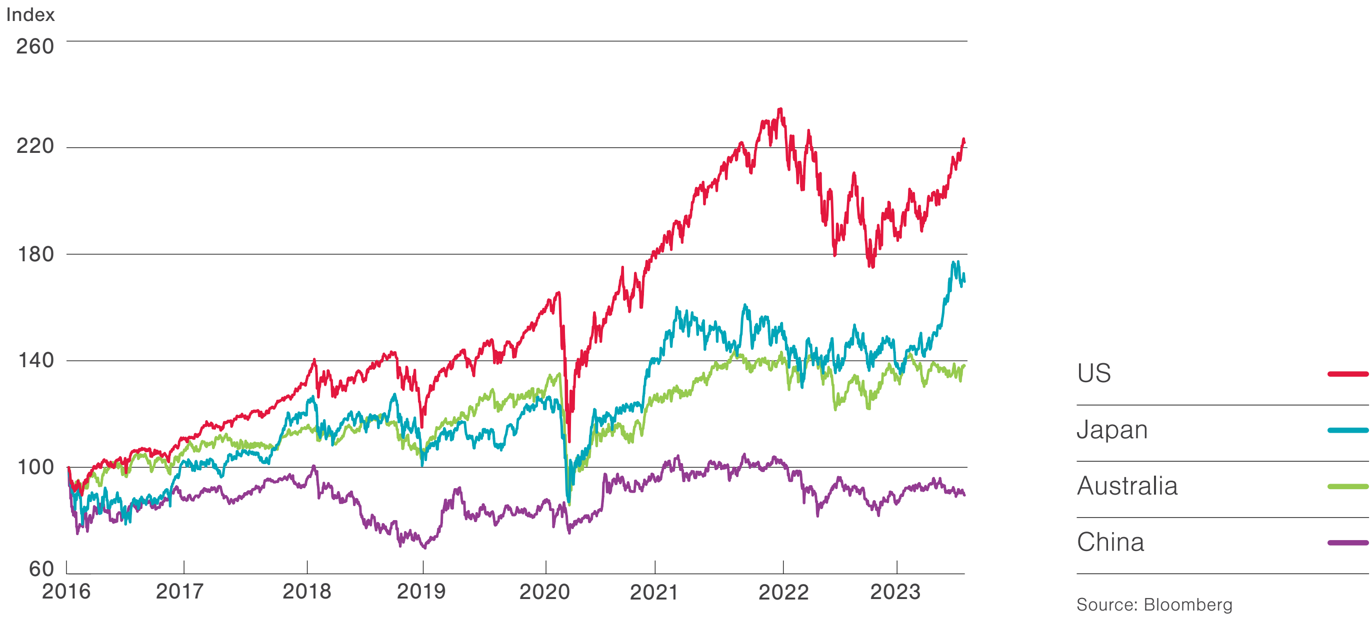
The large increase in interest rates quickly deflated consumer sentiment but the impact on the broader economy has taken longer to manifest. This can be partly explained by the unusually large proportion of mortgage holders who took advantage of the exceptionally low fixed rates on offer during 2021 and 2022 and have been shielded from higher mortgage repayments until their fixed term expires. In addition, some households built up large saving buffers during the pandemic when they were prevented from spending money on items such as travel. This meant they could fund spending despite the rise in living expenses.

There is growing evidence, however, that consumer spending has now weakened substantially, and this is beginning to be reflected in declining business confidence and falling job vacancies. Similarly, while building construction has remained resilient so far, much weaker approvals point to falling activity in 2024.

These factors have also cushioned the impact of higher interest rates in other countries. In the US, for example, most mortgages are fixed for 25 or 30 years, so most households haven't been affected too much by higher interest rates. In addition, oil prices fell sharply, with the price of Brent crude dropping from an average price of US$118 per barrel in June 2022 to US$74 a year later. As this was reflected in falling petrol prices, it provided some welcome relief to consumers and enabled them to sustain spending.

The decline in oil prices was one factor that has supported a moderation of inflationary pressures over the last 6 months. There is, however, a range of commodities and services which pushed up inflation in 2022 that has now reversed. This mainly reflects the resolution of supply chain problems and resulted in lower prices for everything from used cars to transport and shipping rates.

Chart 9: US, Japan, Australia and China equities markets, 2016-2023



Source: Bloomberg

While there have been some encouraging developments on the inflation front, central banks remain concerned about some sources of inflation. They are concerned that services price inflation – which includes everything from rents to travel to restaurant meals – will prove to be more persistent because it is more closely correlated to wages growth than goods prices. Wages growth in many countries remains elevated.

And this is the conundrum facing central banks: while they hope that inflation can be extinguished without a deep recession, they will only become relaxed about wages growth when unemployment starts rising. Delivering a modest rise in unemployment while avoiding a sharp downturn, however, is extremely challenging.

Are rising profits consistent with falling inflation?

The prospect that inflation can be quelled without a sharp economic downturn has also underpinned the strong improvement in some equity markets since late 2022 as illustrated in Chart 9. It is debatable whether wages growth in the US or Europe will moderate while unemployment remains so low, but it is also questionable whether falling inflation is consistent with growing corporate margins and profits.

In summary, financial markets are currently positioned for a best-case scenario where inflation falls without much damage to the economy and firms shrug off a temporary pause in profit growth to enjoy better times ahead. While there are clear signs that some parts of the global economy have slowed, the combination of still-low unemployment and declining inflation has encouraged investors to think that this scenario is becoming more likely.

For optimism around resilient profits to eventuate, there would need to be a sharp increase in productivity growth. This is a possibility, but weak productivity growth has been a global problem for the last decade. As such, the risks around this benign scenario appear clearly skewed to a more adverse scenario, where the price of achieving a return to low inflation involves falling profits and a weaker labour market.

Preparing for a volatile year

While the year ahead will reveal whether central banks have successfully rebuffed the recent surge in inflation and at what cost to the economy, it is worth noting that there are several reasons why Australia and NSW are relatively well placed to cope with the challenges that await.

Firstly, the starting point for the economy is extremely good, perhaps best reflected in the NSW unemployment rate as we mentioned earlier.

Secondly, Australia's current rate of wages growth remains consistent with the RBA's 2-3% target range. the challenge for the RBA (and other policymakers) is to prevent wages growth accelerating to a higher level that is inconsistent with the inflation target. In contrast, wages growth in the US, UK and New Zealand has risen above 4%, which is not consistent with inflation falling back to 2%. Those central banks must weaken the labour market sufficiently to reduce wage demands – a more difficult task with a greater risk of pushing those economies into recession (or a deeper recession).

Finally, one of the most remarkable Australian and NSW economic developments over the last year has been a very strong surge in overseas migration; the Australian working age population has grown at a 3% pace. While this creates some challenges for policymakers, exacerbating pressure on infrastructure and housing shortages, it also supports consumer spending and helps alleviate labour shortages. Moreover, it creates pent-up demand for housing that can turbocharge construction once inflation has been quelled and interest rates start to decline.

Human resources

Given TCorp's scale, we need to 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*

	FY23	FY22	FY21	FY20
Chief executive	1	1	1	1
General managers	7	7	7	7
Professional employees	170	163	142	144
Support employees	35	33	30	32
Total	**213**	**204**	**180**	**184**

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

Number and gender of executive officers

	FY23	FY22	FY21
Number of executive officers	8	8	8
Number of female executive officers	3	3	3

Numbers and remuneration of senior executives

Bands and gender of executive officers

Band	FY23		FY22		FY21	
	Female	Male	Female	Male	Female	Male
Band 3 & 4	3	5	3	5	3	5
Band 2	0	0	0	0	0	0
Band 1	0	0	0	0	0	0

Executive remuneration

TCorp follows the NSW Public Service Commission and state government reporting requirements. In line with these guidelines, TCorp reports on the number of executive officers, the number of executives and average remuneration in Bands 1 to 4.

The TCorp Board considers remuneration annually. In doing so the Board takes into consideration TCorp's performance against its corporate report card and strategic plan, the current economic environment and follows the guidance given by the NSW public sector in relation to wages.

In relation to FY23, the Board determined that TCorp's corporate performance was very good, especially given the challenging operating environment and continuing volatility in the financial markets. A fixed remuneration review was undertaken for eligible employees within the parameters communicated by the NSW public sector and within our approved remuneration framework. A variable reward component for senior executives and eligible employees was also awarded.

Remuneration of executive officers

Band	Range $	Average remuneration[2]	
		FY23	FY22
Band 3 & 4[1]	$361,301 to 509,251+	$663,350[3]	$658,763[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 FY23 figure.

4 The FY22 average remuneration figure has been updated to include the FY22 variable component for the Chief Executive not finalised until after the date of the last annual report.

- 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.
- 11.1% of TCorp's employee-related expenditure in 2021/22 was related to senior executives, who represented 3.9% of full-time equivalent employees as at 30 June 2022.

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 57% of its funds under management (valued at approximately $60bn) 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 $33.3bn during the year and had $136.4bn in borrowings as at 30 June 2023. The state relies heavily on offshore capital to fund NSW Government policies and projects for the direct benefit of the people of NSW. Approximately 20% of TCorp's bonds on issue are held by offshore investors.

For TCorp to successfully raise sizeable amounts of capital – particularly during periods of extreme 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 FY23

Employee	Travel date	Purpose, location
Tanya Branwhite	August 2022	Engage with New Zealand peer state and sovereign investment managers (NZ Super and ACC NZ) to gather insights on approaches to portfolio construction, particularly total portfolio and risk-based approaches as well as investment management systems and data support. (New Zealand)
Derek Mock	August 2022	Engage with New Zealand peer state and sovereign investment managers (NZ Super and ACC NZ) to gather insights on approaches to portfolio construction, particularly total portfolio and risk-based approaches as well as investment management systems and data support. (New Zealand)
Alan Zhao	September 2022	Engage and assess the capabilities of prospective alternative managers, attendance at an alternative strategies conference, and meet with incumbent managers. (US)
Matt Dellit	September 2022	Engage and assess the capabilities of prospective alternative managers, attendance at an alternative strategies conference, and meet with incumbent managers. (US, UK)
Tanya Branwhite	September 2022	Meetings with current and prospective investment managers and attendance at conference and summit. (UK)
Andrew Helm	September 2022	Meetings with investment asset managers, legal and tax advisors, peer funds and attendance at sovereign fund tax conference. (UK)
Ali Parker	September 2022	Engage with Canadian peer state and sovereign asset owners on investment models, organisational design and client/stakeholder engagement. Meet with management and co-investor in the Ontario based H2O business. Meet with Blackrock, operator of TCorp's investment platform. (Canada, US)
David Deverall	September 2022	Promote NSW and TCorp to global investors. (UK)
Rob Kenna	September 2022	Promote NSW and TCorp bonds to global investors to facilitate ongoing bond issuance by expanding our investor base, given the larger funding task. (UK, France, Spain, Germany)
Daniel Chandler	September 2022	Promote NSW and TCorp bonds to global investors to facilitate ongoing bond issuance by expanding our investor base, given the larger funding task. (UK, France, Spain, Germany)
Rob Kenna	October 2022	Promote NSW and TCorp bonds to global investors via an Asian roadshow for ongoing bond issuance. (Singapore, Japan)

Employee	Travel date	Purpose, location
Daniel Chandler	October 2022	Promote NSW and TCorp bonds to global investors via an Asian roadshow for ongoing bond issuance. (Singapore, Japan)
Stewart Brentnall	October 2022	Engage with Canadian peer state and sovereign asset owners on investment models, organisational design and client/stakeholder engagement. Meet with management and co-investor in the Ontario based H2O business. Meet with Blackrock, operator of TCorp's investment platform. (Canada, US)
Ben Griffiths	November 2022	Equity manager research trip: Meet with incumbent and prospective managers, conduct due diligence on emerging equity strategies and get market insights on status of climate integration in equity strategies. (Netherlands, UK, US)
Eva Cook	November 2022	Equity manager research trip: Meet with incumbent and prospective managers, conduct due diligence on some emerging equity strategies and get market insights on status of climate integration in equity strategies. (Netherlands, UK, US)
Nic Hofmeyr	November 2022	Meet with incumbent and prospective managers, and conduct research on European direct lending strategies. (UK, US)
Kenneth Wong	November 2022	Meet with incumbent and prospective managers, and conduct research on European direct lending strategies. (UK, US)
Brett Dillon	November 2022	Asset inspections of existing assets, developments and potential investments, meetings with asset managers, consultants and co-investors. Attend an annual Limited Partner Advisory Committee meeting. (US)
James Freeman	November 2022	Asset inspections of existing assets, developments and potential investments, meetings with asset managers, consultants and co-investors. Attend an annual Limited Partner Advisory Committee meeting. (US)
Chimin Sam	March 2023	Undertake investment site visits, meet with management teams, attend Infrastructure Investor Global Summit and meet with investment managers and investors. (Sweden, Germany, Belgium, UK)
James Murray	March 2023	Undertake site visits of existing UK assets and meetings with management teams. Meetings with current and prospective investment managers. (UK)
Madelaine Broad	March 2023	Undertake site visits of existing UK assets and meetings with management teams. Engage with pension funds and sovereign wealth funds, incumbent investment managers and our international engagement service provider to research investor climate and net zero strategies. (Singapore, UK, Netherlands)
Brett Dillon	April 2023	Undertake inspections of existing and prospective Asia Pacific property investments, engagement with regional asset managers, participate in market research presentations and share market insights with peers. (New Zealand, Singapore, Japan, South Korea)
Puian Mollaian	April 2023	Undertake inspections of existing and prospective Asia Pacific property investments, engagement with regional asset managers, participate in market research presentations and share market insights with peers. (New Zealand, Singapore, Japan, South Korea)
Josh Rancan	April 2023	Engagements with peer funds and asset managers, incumbent and prospective, on differentiated investment opportunities, such as natural capital. Attended the PIMCO Institute Conference to study and share asset owner best practice and ideas. (US, Canada)
David Deverall	May 2023	Engage with TCorp bond investors and attendance at the Australian Government Fixed Income Forum. (Singapore, Japan)
Rob Kenna	May 2023	Engage with TCorp bond investors and attendance at the Australian Government Fixed Income Forum. (Singapore, Japan)
Alexis Cheang	May 2023	Meetings with peer funds, investment partners and portfolio companies to discuss approaches to ESG and climate change. Understand global best practice; attended the International Center for Pensions Management Investor Forum and hosted an Investor Roundtable on Climate Risk & Decarbonisation. (US, Canada)

Risk management matters

Risk management and insurance activities

Risk Management Framework

The Board is responsible for the establishment and oversight of the TCorp Risk Management Framework.

The Framework is approved by the Board and articulates the Board's expectations for the identification and management of financial and non-financial risks arising from TCorp's day-to-day operations. It incorporates:

- The Risk Management Strategy which sets out these risks and TCorp's approach for managing them
- The Risk Appetite Statement which articulates the Board's tolerance for such risks
- Guidance for employees for managing the risks arising from their daily activities and promoting good practice in support of TCorp's risk culture
- Board and Management Policies supporting the identification, assessment, mitigation and monitoring of risks
- Action plans for dealing with specific risk areas such as conflicts of interest, privacy, financial crime, anti-money laundering and counterterrorism financing
- Mandatory risk and compliance training to all TCorp employees.

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 and the detailed systems and processes that identify, assess, mitigate, monitor and report on our risks.

- Line 1 consists of each TCorp business and support function who are responsible for the identification and management of the risks associated with their area.
- Line 2 consists of the Risk Management Team who provide independent challenge and oversight of Line 1 to ensure the ongoing evolution of risk maturity.
- Line 3 relates to 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 to the approach they take in order to foster risk awareness and enhance risk management practices
- Works with each business area and support function to assess the design, documentation and operating effectiveness of the controls developed to manage the identified risks to acceptable levels, as defined within the Risk Appetite Statement
- Is led by the Chief Risk Officer who reports to the Chief Executive with a functional reporting line to the Audit and Risk Committee.

The Chief Risk Officer also oversees the outsourced internal audit function which is conducted by a suitably qualified professional audit firm whose engagement partner retains direct reporting responsibility to the Board to ensure independence.

The TCorp Investments function is also subjected to an annual internal controls audit by the NSW Audit Office which is performed in accordance with Assurance Standard ASAE3402.

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.

Use of capital

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's) standardised approach and in consultation with the NSW

Government who 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 FY23, 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 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 management 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 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*.

Auditor independence

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.

Our outsourced internal audit programme is currently provided by PricewaterhouseCoopers, reporting directly to the Audit and Risk Committee and overseen by the Chief Audit Officer.

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

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 2022–2023 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 NSW public 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 *AS ISO 31000:2018.*	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 of the Audit and Risk Committee

The Chair and members during the reporting period were:

Member	Status	Appointed	Retired
Anne Brennan	Independent member Independent Chair (Current)	January 2019 July 2020	
Michael Dwyer	Independent member	January 2020	
Ian Saines	Independent member	October 2020	
Glenn Stevens	Independent member	January 2021	

in accordance with a resolution of the Directors of the New South Wales Treasury Corporation.

David Deverall

Director

NSW Cyber Security Policy attestation

NSW Cyber Security Policy Compliance Attestation for the 2022-2023 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 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.
3 Cyber Incident Response Plan	TCorp maintains an Incident Response Plan which is integrated with the security components of its business resilience arrangements. The latest iteration of the plan was successfully tested during FY23.
4 Maintenance of information security management systems and cyber security frameworks	TCorp has implemented and maintains systems and processes as required by NSW Cyber Security Policy requirements.
5 Activities undertaken to continuously improve the management and governance of cyber security risks	TCorp undertakes regular 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

22 August 2023

Legal and regulatory matters

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
0

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
	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)	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

* *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)	0	0	0	0	0	0	0	0	0	0
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)	0	0
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

Public interest disclosures

The *Public Interest Disclosures Act 1994* (PID Act) provides a framework for NSW public sector employees to report serious wrongdoing in the workplace and protect persons from reprisals that may result from disclosures. The PID Act supports the principle that is in the public interest for disclosures of this type to be made and acted upon.

TCorp's Whistleblower policy sets out our policy and procedures on handling PIDs, as required by the PID Act. The policy includes the processes to report corrupt conduct, maladministration, or serious and substantial waste of public money by staff, and government information contravention.

The policy also outlines the protection from detrimental action that apply to staff who make such disclosures.

All new staff are advised during induction and existing staff are regularly reminded of their obligations and rights under the PID Act and our policy.

There were no public interest disclosures made to TCorp for the year ending 30 June 2023.

Legal change

In FY23, there were no legal changes affecting areas of TCorp's business.

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 FY23 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 FY23

Consultants	Nature of consultancy	Cost ($) (Inclusive of GST)
Cutter Associates LLC	Operating Model for Collateral Management	65,456
Deloitte	Procurement and Vendor Management Framework Review	104,104
GRACosway	Media relations	301,007
Consultancies equal to or more than $50,000		**470,567**
Consultancies less than $50,000 (3 engagements)		**59,455**

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.

5.

Section

Sustainability

Depot Beach, Murramarang National Park, NSW

Sustainable work practices and policies at TCorp are covered in this section.

Disability inclusion action plans

TCorp has a Disability Inclusion Action Plan. Due to the nature of our operations, the focus of disability inclusion planning is directed internally rather than to accessibility by 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 requirements 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.

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.

TCorp has also implemented changes to its procurement policy and processes to comply with the Act; this includes an assessment of modern slavery risk with vendor supply chains for all new procurements and renewals which exceed $150,000 in value over a 3-year period.

TCorp has not been the subject of any action by the Anti-Slavery Commissioner during FY23.

Work health and safety (WHS)

The health and safety of all people performing work for TCorp is extremely important to us. 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 on at least a 2-year cycle to ensure our WHS and Return to Work systems, policies, and procedures support a safe and healthy work environment for all workers, contractors, and visitors, and meet legislative obligations.

JLL Property Services conducted an annual safety inspection on behalf of Property & Development NSW, and no issues were identified. An independent safety risk assessor completed a review of TCorp's premises and WHS system on behalf of Allegis Group for their consultants hired by TCorp. The assessor reported that the premises are well managed and found that the WHS system is well designed with no opportunities for improvement identified.

All people working at TCorp complete appropriate workplace behaviour training annually as part of our mandatory compliance training programme. All new employees complete an online learning assignment on appropriate workplace behaviour as part of their onboarding activities.

The Board induction includes WHS, and in December 2022, the Board received its face-to-face 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 FY23 there were 9 incidents, including 2 near misses with no prosecutions. This compares with 5 incidents in FY22, including 2 near misses.

Our FY23 Thrive Wellbeing programme focused on psychosocial health and wellbeing and making an impact and being productive in the hybrid working environment. During the year, we delivered activities and learning opportunities through this program focused on psychosocial wellbeing, good mental health in the workplace, building resilience and mental health first aid training. 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 groups[1]

	Benchmark or target (%)	% of total employees[2] FY21	FY22	FY23
Women	50	39.3	41.4	42.2
Aboriginal people and Torres Strait Islanders	3.3[3]	0.5	0.5	0.0
People whose first language was not English	23.2	28.4	29.5	36.0
People with a disability	5.6[4]	0.0	0.0	0.4
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] FY21	FY22	FY23
Women	100	92	91	91
Aboriginal people and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language was not English	100	97	97	94
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.


6.
Section
Financial performance

START OF AUDITED FINANCIAL STATEMENTS

Statement of comprehensive income

	Note	2023 $'000	2022 $'000
Net gains on financial instruments at fair value through profit and loss	3	214,906	163,315
Fee income	4	88,726	92,814
Total net income		**303,632**	**256,129**
Operating costs	5	(97,959)	(94,049)
Transaction costs	5	(21,316)	(22,846)
Total operating and transaction costs		**(119,275)**	**(116,895)**
Profit before income tax equivalent expense		**184,357**	**139,234**
Income tax equivalent expense	1(c)	(55,307)	(41,770)
Profit for the year		**129,050**	**97,464**
Other comprehensive income/(loss)		-	-
Total comprehensive income for the year		**129,050**	**97,464**

The accompanying notes form part of these financial statements.

Balance sheet

	Note	2023 $'000	2022 $'000
Assets			
Cash and liquid assets	6	4,242,741	3,069,476
Outstanding settlements receivable	1(d)	533	1,587
Due from financial institutions	7	1,111,530	175,616
Securities held	8	7,106,473	10,292,632
Derivatives receivable	13	708,091	593,895
Loans to government clients	9	135,346,063	110,357,649
Other assets	21	55,221	38,536
Right-of-use asset	22	12,132	13,929
Plant and equipment	22	1,662	2,668
Total assets		**148,584,446**	**124,545,988**
Liabilities			
Due to financial institutions	10	10,700,025	12,242,677
Outstanding settlements payable	1(d)	533	3,124
Due to government clients	11	240,218	2,152,335
Borrowings	12	136,432,521	108,995,273
Derivatives payable	13	782,322	757,943
Income tax equivalent payable		11,475	9,592
Lease Liability	23	16,926	19,220
Other liabilities and provisions	23	147,462	135,910
Total liabilities		**148,331,482**	**124,316,074**
Net assets		**252,964**	**229,914**
Represented by:			
Equity			
Retained earnings	17	252,964	229,914
Total equity		**252,964**	**229,914**

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 2021	17	**227,450**	**227,450**
Profit for the year		97,464	97,464
Other comprehensive income/(loss)		-	-
Total comprehensive income for the year		**97,464**	**97,464**
Transactions with owners in their capacity as owners:			
Dividend payable	23	(95,000)	(95,000)
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
Transactions with owners in their capacity as owners:			
Dividend payable	23	(106,000)	(106,000)
Total equity at 30 June 2023	17	**252,964**	**252,964**

The accompanying notes form part of these financial statements.

Statement of cash flows

	Note	2023 $'000	2022 $'000
Cash inflows/(outflows) from operating activities			
Interest and other costs of finance received		3,565,570	2,474,862
Interest and other costs of finance paid		(3,441,924)	(2,336,114)
Fee income received		100,654	97,327
Payments of tax equivalents		(53,425)	(40,307)
Payments of Goods and Services Tax		(5,348)	(5,764)
Payments of operating and transaction costs		(120,791)	(110,901)
Loans to government clients made		(33,084,758)	(28,274,834)
Loans to government clients repaid		6,755,256	8,556,813
Net cash outflows from other financial instruments		(430,582)	(84,178)
Net cash used in operating activities	29	**(26,715,348)**	**(19,723,096)**
Cash inflows/(outflows) from investing activities			
Purchases of plant and equipment and intangible assets		(81)	(616)
Net cash received/(paid to) from market securities held		2,251,418	(2,239,312)
Net cash provided by/(used in) investing activities		**2,251,337**	**(2,239,928)**
Cash inflows/(outflows) from financing activities			
Proceeds from issuance of borrowings and short term securities		116,350,345	75,552,957
Repayment of borrowings and short term securities		(90,372,774)	(52,054,052)
Dividends paid		(95,000)	(94,000)
Net cash provided by financing activities		**25,882,571**	**23,404,905**
Net increase in cash held		**1,418,560**	**1,441,881**
Cash and cash equivalents at the beginning of the year		2,824,181	1,382,300
Cash and cash equivalents at the end of the year	28	**4,242,741**	**2,824,181**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Basis of preparation and accounting developments

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.

Significant 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 25 August 2023.

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 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 is stated at the fair value of the consideration given at the time of acquisition. 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. Foreign currency

Foreign currency transactions are initially translated into Australian dollars at the rate of exchange at the date of the transaction. At year end, foreign currency monetary items are translated to Australian dollars at the spot exchange rate current at that date. Resulting exchange differences are recognised in the statement of comprehensive income.

c. 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 2023 (2022: 30%).

d. 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 14 days from balance date.

Notes to the Financial Statements

1. Basis of preparation and accounting developments (continued)

e. Goods and services tax (GST)

Income, expenses and assets (other than receivables) are recognised net of GST. The amount of GST on expenses that is not recoverable from the taxation authority is recognised as a separate item of operating costs. The amount of GST on assets that is not recoverable is recognised as part of the cost of acquisition. Receivables and payables are recognised inclusive of GST. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

f. Standards and interpretations adopted during the year

The Corporation has not adopted any new standards and interpretations for the annual reporting period commencing 1 July 2022.

g. 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 2021-2	*Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023	30 June 2024

The Corporation has not early adopted any new accounting standards, amendments, and interpretations in compliance with NSW Treasury Policy and Guidelines 23-04 "Mandates of options and major policy decisions under Australian Accounting Standards". The above standards and amendments issued but not yet effective will have no impact to the Corporation's financial reporting requirements.

h. 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. The Corporation believes the estimates used in preparing the financial statements are reasonable.

Economic, Geopolitical and Environmental, Social, and Governance (ESG) related impacts

The Corporation's financial assets and financial liabilities are valued daily at fair value and therefore no further adjustment is required as a result of a wide range of external factors such as economic, geopolitical, climate change, changes to laws and regulations or other policies adopted by governments or regulatory authorities.

Notes to the Financial Statements

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 investment management and advisory services, including direct management of cash & fixed income, property and infrastructure portfolios.

   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.

Notes to the 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.

Financial assets designated at fair value through profit and loss	**2023 $'000**	**2022 $'000**
Interest income – government clients	3,896,630	2,629,831
Interest income – financial institutions	485,125	49,566
Decrease in fair value of financial assets	(2,103,979)	(14,982,444)
	2,277,776	**(12,303,047)**
Financial liabilities designated at fair value through profit and loss		
Interest expense – government clients	(11,994)	(2,019)
Interest expense – financial institutions	(4,154,940)	(2,516,772)
Decrease in fair value of financial liabilities	2,071,960	15,032,766
	(2,094,974)	**12,513,975**
Net gains/(losses) on foreign exchange	556	(496)
Net gains/(losses) on derivatives	31,548	(47,117)
Net Gains on Financial Instruments at Fair Value Through Profit and Loss	**214,906**	**163,315**

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

Notes to the Financial Statements

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.

	2023 $'000	2022 $'000
Investment Management Fees		
Asset client mandate fees[1]	51,647	52,051
TCorpIM Funds management fees[1]	36,812	37,004
Other fees from financial institutions	-	64
	88,459	**89,119**
Financial Markets		
Fees from NSW Government entities[2]	258	3,686
Other fees from financial institutions	9	9
	267	**3,695**
	88,726	**92,814**

1 *Relates to fees earned on funds under management as disclosed in Note 25.*

2 *During the year ended 30 June 2023, the Corporation changed its approach for certain fees charged to NSW Government entities.*

Notes to the Financial Statements

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 material impairment indicators. Therefore, no impairment loss was recognised during the 2023 financial year (2022: 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

	2023 $'000	**2022 $'000**
Salaries and related costs	56,235	52,639
Superannuation contributions	4,235	3,745
Contractors	1,164	622
Information technology	12,922	11,256
Market information services	6,264	8,572
Depreciation and amortisation	4,452	7,022
Other operating costs	12,687	10,193
	97,959	**94,049**

Notes to the Financial Statements

5. Operating costs and transaction costs (continued)

The operating costs above include the following specific items:

	2023 $'000	2022 $'000
Auditor's remuneration to the Audit Office of NSW		
For audit of the financial report of the Corporation	370	359
Other audit and related services	106	118
	476	**477**

Transaction costs

	2023 $'000	2022 $'000
Bond issuance fees	13,140	10,000
Other transaction costs	8,176	12,846
	21,316	**22,846**

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

Notes to the Financial Statements

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.

Notes to the Financial Statements

6. Cash and liquid assets

	2023 $'000	2022 $'000
Cash and cash equivalents	4,242,741	3,069,476
	4,242,741	**3,069,476**

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

	2023 $'000	2022 $'000
Short term bank deposits	999,872	-
Cash collateral	111,658	175,616
	1,111,530	**175,616**

Cash collateral is provided by the Corporation to support amounts payable to financial institutions in respect of certain derivative transactions of $110.8 million (2022: $168.8 million) and securities sold under repurchase agreements of $0.8 million (2022: $6.8 million). Refer Note 19.

8. Securities held

	2023 $'000	2022 $'000
Floating rate notes[1]	2,979,491	1,975,390
Certificates of deposit[2]	3,383,508	7,712,247
Commonwealth Government bonds	73,575	14,390
Semi-government bonds[3]	108,887	505,537
Supranational bonds	538,291	62,066
Other Commonwealth and NSW Government related securities	22,721	23,002
	7,106,473	**10,292,632**

1 Includes securities sold under agreements to repurchase of $2,655.6 million (2022: $447.0 million).

2 Includes securities sold under agreements to repurchase of $1,600.7 million (2022: Nil).

3 Includes securities sold under agreements to repurchase of $78.0 million (2022: $167.2 million).

Securities held are used mainly to cover liquidity requirements. Of the above amounts, $2,488.5 million (2022: $2,198.2 million) is scheduled to mature more than twelve months from the balance date.

Notes to the Financial Statements

9. Loans to government clients

	2023 $'000	2022 $'000
New South Wales public sector clients:		
- The Crown in right of the State of New South Wales	107,581,239	83,956,504
- Water sector	15,945,297	14,790,115
- Electricity sector	5,944,095	5,814,246
- Transport sector	2,290,224	2,322,502
- Other sectors	2,564,921	2,496,582
- Local Councils	1,020,287	977,700
	135,346,063	**110,357,649**

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 totalled $6,483.1 million (2022: $6,361.0 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 totalled $16,323.9 million (2022: $12,388.4 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 $1,319.2 million (2022: $1,409.6 million).

Loans to New South Wales public sector clients are guaranteed by the New South Wales Government. Of the above amounts, $127,798.8 million (2022: $102,396.8 million) is scheduled to mature more than twelve months from the balance date.

During the year ended 30 June 2022, the NSW government finalised the sale of its remaining 49% stake in WestConnex, resulting in $3,339 million (2022: $7,661 million) of loans of the Crown in right of the State of New South Wales being repaid in the year ending 30 June 2023.

Notes to the Financial Statements

10. Due to financial institutions

	Note	2023 Face Value $'000	2023 Fair Value $'000	2022 Face Value $'000	2022 Fair Value $'000
Promissory notes		6,374,000	6,321,316	11,241,569	11,174,280
Cash collateral	19	260,030	260,001	210,970	210,965
Short term borrowings		-	-	245,300	245,295
Securities sold under agreements to repurchase		4,114,630	4,118,708	611,825	612,137
		10,748,660	**10,700,025**	**12,309,664**	**12,242,677**

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).

Short term borrowings include overnight deposits borrowed from domestic financial institutions. These overnight deposits are borrowed on an unsecured basis, with face value and interest repayable at maturity date.

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

	2023 Face Value $'000	2023 Fair Value $'000	2022 Face Value $'000	2022 Fair Value $'000
Deposits				
- The Crown in right of the State of New South Wales	499	499	1,500,485	1,500,405
- TCorpIM Funds	1,000	1,000	360,000	359,992
- Other Government Clients	238,031	238,719	291,960	291,938
	239,530	**240,218**	**2,152,445**	**2,152,335**

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.

Notes to the Financial Statements

12. Borrowings

	2023 Face Value $'000	2023 Fair Value $'000	2022 Face Value $'000	2022 Fair Value $'000
Benchmark bonds	106,449,804	95,527,574	80,119,877	74,125,893
Euro Medium Term Notes	1,163,925	951,048	1,158,058	1,018,929
Sustainability Bonds	9,240,000	8,080,725	7,225,000	6,445,435
Capital indexed bonds	6,023,197	6,267,940	5,597,013	6,164,912
Floating rate notes	19,867,000	19,976,103	15,242,000	15,377,908
Other borrowings	7,490,656	5,629,131	7,266,440	5,862,196
	150,234,582	**136,432,521**	**116,608,388**	**108,995,273**

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, $951.0 million (2022: $949.9 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, $8,080.7 million (2022: $6,445.4 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, $6,267.9 million (2022: $6,164.9 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, $16,878.8 million (2022: $15,377.9 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. In 2022, other borrowings also included bonds issued that were Commonwealth Government guaranteed which have since matured. The fair value of Waratah bonds and Commonwealth guaranteed bonds totalled $738.7 million (2022: $605.5 million) and Nil (2022: $350.5 million) respectively. In fair value terms, $5,546.7 million (2022: $5,409.4 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.

Notes to the Financial Statements

12. Borrowings (continued)

The benchmark bonds on issue, by maturity were:

Maturity	Coupon % p.a.	2023 Face Value $'000	2023 Fair Value $'000	2022 Face Value $'000	2022 Fair Value $'000
20 April 2023	4.00	-	-	4,010,673	4,092,309
8 February 2024	1.00	4,542,150	4,466,214	4,692,150	4,563,574
20 August 2024	5.00	4,323,510	4,426,151	4,323,510	4,554,199
20 May 2026	4.00	5,473,298	5,448,866	5,323,298	5,405,225
20 May 2027	3.00	9,111,380	8,733,383	8,861,380	8,586,983
20 March 2028	3.00	10,092,520	9,621,834	9,282,520	8,950,137
20 April 2029	3.00	10,233,100	9,592,456	9,153,100	8,668,413
20 February 2030	3.00	10,841,196	10,093,847	10,366,196	9,756,232
20 March 2031	2.00	10,353,250	8,733,821	8,861,750	7,509,767
20 February 2032	1.50	11,761,000	9,237,323	8,046,000	6,348,546
8 March 2033	2.00	12,994,500	10,351,581	4,391,500	3,545,401
20 March 2034	1.75	7,373,900	5,532,198	2,807,800	2,145,106
20 February 2035	4.75	6,850,000	6,908,210	-	-
20 February 2036	4.25	2,500,000	2,381,690	-	-
		106,449,804	**95,527,574**	**80,119,877**	**74,125,892**

Notes to the Financial Statements

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:

	2023 $'000	2022 $'000
Derivatives receivable		
Cross currency swaps	105,701	61,829
Interest rate swaps	514,150	472,308
Forward foreign exchange contracts	84,287	51,367
Exchange traded futures	2,024	630
Commodity swaps	1,929	7,761
	708,091	**593,895**
Derivatives payable		
Cross currency swaps	(108,562)	(157,880)
Interest rate swaps	(587,180)	(543,811)
Forward foreign exchange contracts	(84,651)	(48,491)
Commodity swaps	(1,929)	(7,761)
	(782,322)	**(757,943)**
Net amount (payable) under derivatives	**(74,231)**	**(164,048)**

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.

Notes to the Financial Statements

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.

Guarantee of the Commonwealth

Historically, certain bonds issued by the Corporation, identified in Borrowings (Note 12) were guaranteed by the Commonwealth of Australia pursuant to the Australian Government Guarantee of State and Territory Borrowing Scheme dated 24 July 2009. The last of these bonds matured in May 2023.

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:

	2023 $bn	2022 $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.

Notes to the Financial Statements

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.

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.

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 receivable	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)
Derivatives payable	-	(782,322)	-	(782,322)
Financial liabilities	**(126,491,389)**	**(20,713,182)**	**(951,048)**	**(148,155,619)**

Notes to the Financial Statements

15. Fair value measurement (continued)

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Outstanding settlements receivable	-	1,587	-	1,587
Due from financial institutions	175,616	-	-	175,616
Securities held	2,557,384	7,735,248	-	10,292,632
Derivatives receivable	630	593,265	-	593,895
Loans to government clients	5,821	109,813,225	538,603	110,357,649
Futures margins deposits	2,214	-	-	2,214
Financial assets	**2,741,665**	**118,143,325**	**538,603**	**121,423,593**
Financial liabilities				
Due to financial institutions	(456,260)	(11,786,417)	-	(12,242,677)
Outstanding settlements payable	-	(3,124)	-	(3,124)
Due to government clients	(531,948)	(1,620,387)	-	(2,152,335)
Borrowings	(100,372,157)	(7,673,196)	(949,920)	(108,995,273)
Derivatives payable	-	(757,943)	-	(757,943)
Financial liabilities	**(101,360,365)**	**(21,841,067)**	**(949,920)**	**(124,151,352)**

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 $951.0 million (2022: $949.9 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 $481.1 million (2022: $538.6 million).

Notes to the Financial Statements

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 2021	**660,785**	**(1,299,938)**
Additions	-	-
Unrealised gains and (losses)[1,2]	(105,395)	333,257
(Interest received)/Coupons paid[1]	(16,787)	16,761
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)**

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 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	

Description	Fair Value at 30 June 2022 $'000	Unobservable Inputs	Range of Inputs
Loans to government clients	538,603	Yield	65 bps - 289 bps
Euro Medium Term Notes (Borrowings)	(949,920)	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 +/- $1.7 million (2022: +/- $1.7 million) and +/-$0.8 million respectively (2022: +/-$1.0 million). This sensitivity analysis should be considered in context of the Corporation's management of market risk as detailed in Note 18.

Notes to the Financial Statements

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.

		Effects of offsetting on the Balance sheet			Related amounts not offset		
2023	**Note**	**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							
Derivatives receivable (excluding futures)		716,602	(10,535)	706,067	(407,224)	(256,107)	42,736
Derivatives receivable - futures		2,393	(369)	2,024	-	-	2,024
Total derivatives receivable	13	**718,995**	**(10,904)**	**708,091**	**(407,224)**	**(256,107)**	**44,760**
Futures margins receivable[1]		1,608	-	1,608	-	-	1,608
Futures margins deposits	21	4,493	-	4,493	-	-	4,493
Financial assets		**725,096**	**(10,904)**	**714,192**	**(407,224)**	**(256,107)**	**50,861**
Financial liabilities							
Derivatives payable (excluding futures)		(792,857)	10,535	(782,322)	407,224	98,779	(276,319)
Derivatives payable - futures		(369)	369	-	-	-	-
Total derivatives payable	13	**(793,226)**	**10,904**	**(782,322)**	**407,224**	**98,779**	**(276,319)**
Securities sold under agreements to repurchase	10	(4,118,708)	-	(4,118,708)	-	4,118,708	-
Financial liabilities		**(4,911,934)**	**10,904**	**(4,901,030)**	**407,224**	**4,217,487**	**(276,319)**

1 Included in Note 21 Other assets.

Notes to the Financial Statements

16. Offsetting financial assets and financial liabilities (continued)

		Effects of offsetting on the Balance sheet			Related amounts not offset		
2022	**Note**	**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							
Derivatives receivable (excluding futures)		641,928	(48,663)	593,265	(371,648)	(196,013)	25,604
Derivatives receivable - futures		3,951	(3,321)	630	-	-	630
Total derivatives receivable	13	**645,879**	**(51,984)**	**593,895**	**(371,648)**	**(196,013)**	**26,234**
Futures margins deposits	21	2,214	-	2,214	-	-	2,214
Financial assets		**648,093**	**(51,984)**	**596,109**	**(371,648)**	**(196,013)**	**28,448**
Financial liabilities							
Derivatives payable (excluding futures)		(806,606)	48,663	(757,943)	371,648	157,339	(228,956)
Derivatives payable - futures		(3,321)	3,321	-	-	-	-
Total derivatives payable	13	**(809,927)**	**51,984**	**(757,943)**	**371,648**	**157,339**	**(228,956)**
Futures margins payable[2]		(253)	-	(253)	-	-	(253)
Securities sold under agreements to repurchase	10	(612,137)	-	(612,137)	-	612,137	-
Financial liabilities		**(1,422,317)**	**51,984**	**(1,370,333)**	**371,648**	**769,476**	**(229,209)**

2 *Included in Note 23 Other Liabilities and Provisions.*

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.

Notes to the Financial Statements

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 Markets function's processes 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.

Notes to the Financial Statements

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 2023 % pa	Market Rates (Yield to Maturity) at 30 June 2022 % pa
Nominal			
Overnight	-	4.070	0.810
90 days	-	4.361	1.813
180 days	-	4.610	2.582
20 April 2023	4.000	-	2.420
01 May 2023[1]	6.000	-	2.546
8 February 2024	1.000	4.491	3.015
20 August 2024	5.000	4.479	3.279
20 May 2026	4.000	4.332	3.696
20 May 2027	3.000	4.263	3.775
20 March 2028	3.000	4.298	3.867
20 April 2029	3.000	4.346	3.995
20 February 2030	3.000	4.397	4.069
20 March 2031	2.000	4.507	4.182
20 February 2032	1.500	4.616	4.260
8 March 2033	2.000	4.720	4.346
20 March 2034	1.750	4.818	4.402
20 February 2035	4.750	4.847	-
20 February 2036	4.250	4.921	-
20 November 2037	3.500	5.031	4.491
20 November 2040	2.250	5.235	4.455
7 May 2041	2.250	5.245	4.444
20 May 2042	2.250	5.227	4.434
24 August 2050	2.450	5.200	4.417
Capital Indexed			
20 November 2025	2.750	1.307	(0.171)
20 November 2035	2.500	2.314	1.945

1 Securities covered by Commonwealth guarantee – refer Note 14.

Notes to the Financial Statements

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 2-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 2023, the maximum potential loss expected over a 10-day period is $4.6 million (2022: $2.9 million), with a 1% probability that this maximum may be exceeded. The average VaR over the year ended 30 June 2023 was $4.3 million (2022: $5.7 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.

Notes to the Financial Statements

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.

Historically, certain securities held by the Corporation were guaranteed by the Commonwealth of Australia. The last issuance of these securities matured in May 2023.

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 $260.0 million of collateral received under these arrangements at balance date (2022: $211.0 million). Refer below for the net impact of collateral received on credit risk.

	2023 $'000	**2022 $'000**
Derivative financial instruments	261,816	206,638
Carrying amount of collateral received	(256,107)	(196,013)
Net credit risk	**5,709**	**10,625**

The Corporation had paid $110.8 million of collateral under these arrangements at balance date (Amount paid in 2022: $168.8 million). Refer Note 7.

Notes to the Financial Statements

19. Credit risk (continued)

Repurchase agreements (securities sold under agreements to repurchase)

At year end, the Corporation had $4,334.3 million in securities sold under agreements to repurchase (2022: $614.2 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.

	Note	2023 $'000	2022 $'000
Securities sold under agreements to repurchase		4,334,320	614,202
Cash collateral paid	7	820	6,800
Carrying amount of collateral received		(4,117,872)	(612,137)
Net credit risk[1]		**217,268**	8,865

1 Net credit risk exposure to the Commonwealth Government of Australia is $217.3 million (2022: Nil).

Notes to the Financial Statements

19. Credit risk (continued)

Concentration of credit risk

By credit rating – 2023[1]

	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**

By credit rating – 2022[1]

	AAA $'000	AA+ $'000	AA $'000	AA- $'000	A+ $'000	A $'000	Other[2] Ratings $'000	Total $'000
Cash and liquid assets	-	-	-	2,919,515	157	149,804	-	3,069,476
Due from financial institutions	-	-	-	67,209	108,407	-	-	175,616
Securities held[6]	177,397	1,163,361	745,118	4,960,486	1,792,459	1,096,501	357,310	10,292,632
Derivative financial instruments	-	-	-	342,744	160,454	75,088	15,609	593,895
Futures margins deposits	-	-	-	-	-	-	2,214	2,214
	177,397	**1,163,361**	**745,118**	**8,289,954**	**2,061,477**	**1,321,393**	**375,133**	**14,133,833**
Additional potential exposure to derivatives	-	-	-	87,107	104,603	24,157	46,903	262,770
Additional potential exposure to financial instruments	3,786	48,829	15,158	37,772	5,543	3,695	2,689	117,472
	181,183	**1,212,190**	**760,276**	**8,414,833**	**2,171,623**	**1,349,245**	**424,725**	**14,514,075**

Notes to the Financial Statements

19. Credit risk (continued)

Concentration of credit risk

By classification of counterparty – 2023[1]

	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**

By classification of counterparty – 2022[1]

	Governments[3] $'000	Banks[4] $'000	Other[5] $'000	Total $'000
Cash and liquid assets	-	3,069,476	-	3,069,476
Due from financial institutions	-	175,616	-	175,616
Securities held[6]	2,023,810	8,183,754	85,068	10,292,632
Derivative financial instruments	14,979	578,286	630	593,895
Futures margins deposits	-	-	2,214	2,214
	2,038,789	**12,007,132**	**87,912**	**14,133,833**
Additional potential exposure to derivatives	46,902	215,868	-	262,770
Additional potential exposure to financial instruments	66,247	49,699	1,526	117,472
	2,151,938	**12,272,699**	**89,438**	**14,514,075**

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.

6 AAA rated government securities held included amounts guaranteed by the Commonwealth of Australia totalling $14.4 million.

Notes to the Financial Statements

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 3-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.

Notes to the Financial Statements

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							
Derivatives receivable	33,319	27,939	139,277	126,126	234,397	409,153	970,211
Derivatives payable	(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**
Cumulative[1]	**(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.*

Notes to the Financial Statements

2022	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	3,019,730	50,000	-	-	-	-	3,069,730
Outstanding settlements receivable	1,587	-	-	-	-	-	1,587
Due from financial institutions	175,620	-	-	-	-	-	175,620
Securities held	502,140	3,786,218	3,876,438	542,542	1,190,669	620,456	10,518,463
Loans to government clients	691,758	1,848,417	8,153,719	9,274,170	36,346,241	82,096,978	138,411,283
Other assets	21,222	327	1,538	1,986	2,605	77	27,755
Future margins deposits	2,214	-	-	-	-	-	2,214
Financial assets	**4,414,271**	**5,684,962**	**12,031,695**	**9,818,698**	**37,539,515**	**82,717,511**	**152,206,652**
Financial liabilities							
Due to financial institutions	(2,040,990)	(3,685,000)	(6,584,000)	-	-	-	(12,309,990)
Outstanding settlements payable	(3,124)	-	-	-	-	-	(3,124)
Due to government clients	(532,446)	(120,336)	(1,507,562)	-	-	-	(2,160,344)
Borrowings	(17,458)	(794,390)	(6,452,789)	(10,369,331)	(37,594,442)	(81,448,451)	(136,676,861)
Lease Liability	(230)	(460)	(2,070)	(2,884)	(2,785)	-	(8,429)
Creditors, expense accruals and other provisions	(12,047)	(10,214)	-	-	-	-	(22,261)
Financial liabilities	**(2,606,295)**	**(4,610,400)**	**(14,546,421)**	**(10,372,215)**	**(37,597,227)**	**(81,448,451)**	**(151,181,009)**
Net financial assets/ (liabilities)	**1,807,976**	**1,074,562**	**(2,514,726)**	**(553,517)**	**(57,712)**	**1,269,060**	**1,025,643**
Derivatives							
Derivatives receivable	16,522	35,317	143,373	164,031	220,778	366,631	946,652
Derivatives payable	(11,311)	(46,777)	(161,682)	(173,063)	(327,385)	(926,265)	(1,646,483)
Net derivatives	**5,211**	**(11,460)**	**(18,309)**	**(9,032)**	**(106,607)**	**(559,634)**	**(699,831)**
Net	**1,813,187**	**1,063,102**	**(2,533,035)**	**(562,549)**	**(164,319)**	**709,426**	**325,812**
Cumulative	**1,813,187**	**2,876,289**	**343,254**	**(219,295)**	**(383,614)**	**325,812**	**-**

Contractual commitments are disclosed in Note 24. Undertakings on behalf of certain New South Wales public sector clients and undrawn loan commitments are disclosed in Note 26.

Notes to the Financial Statements

21. Other assets

Accounting policy

Other assets, including receivables, intangible assets, prepayments and deposits are reported based on their recoverable amount.

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 is 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.

	2023 $'000	2022 $'000
Fee income accruals and receivables	18,399	19,514
Interest receivable from cash and liquid assets	20,555	1,591
Intangible assets	2,708	4,284
Futures margins deposits	4,493	2,214
Lease receivables	4,374	6,251
Other prepayments	4,692	4,682
	55,221	**38,536**
Reconciliation of Intangible assets		
Opening carrying value	4,284	8,266
Additions	73	379
Amortisation	(1,649)	(4,361)
Carrying value at year end	**2,708**	**4,284**

Notes to the Financial Statements

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 lease term 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, up to 31 May 2025.
- Right-of-use asset over the term of the lease (inclusive of lease option), up to 31 May 2030.
- Furniture and equipment
  - Computer hardware - 3 years
  - Office furniture and equipment - over the contractual term of the lease, which expires on 31 May 2025.

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 ongoing benefit.

Notes to the Financial Statements

22. Plant and equipment and right-of-use asset (continued)

	Leasehold Improvements		Furniture and Equipment		Total Plant and Equipment		Right-of-use Asset	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Opening fair value	4,927	4,927	1,234	1,118	6,161	6,045	19,622	19,622
Opening accumulated depreciation	(2,874)	(2,170)	(619)	(415)	(3,493)	(2,585)	(5,693)	(3,896)
Opening carrying amount	**2,053**	**2,757**	**615**	**703**	**2,668**	**3,460**	**13,929**	**15,726**
Changes during the year:								
Additions at fair value	-	-	-	204	-	204	-	-
Depreciation expense	(704)	(704)	(302)	(292)	(1,006)	(996)	(1,797)	(1,797)
Closing carrying amount	**1,349**	**2,053**	**313**	**615**	**1,662**	**2,668**	**12,132**	**13,929**
Closing fair value	4,927	4,927	958	1,234	5,885	6,161	19,622	19,622
Closing accumulated depreciation	(3,578)	(2,874)	(645)	(619)	(4,223)	(3,493)	(7,490)	(5,693)
Carrying amount at year end	**1,349**	**2,053**	**313**	**615**	**1,662**	**2,668**	**12,132**	**13,929**

Notes to the Financial Statements

23. Other liabilities, provisions and lease liabilities

Accounting policy

Other liabilities and provisions are reported based on their actual or expected settlement amount.

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision for employee benefits include provisions for annual leave, long service leave and other employee entitlements. These provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date and associated liabilities (such as payroll tax).

Provision for annual leave is recognised on the basis of statutory and contractual requirements and is measured at nominal values using the remuneration rate expected to apply at the time of settlement. 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*.

	2023 $'000	2022 $'000
Other liabilities and provisions	147,462	135,910
Lease liability	16,926	19,220
	164,388	**155,130**

Other liabilities and provisions are comprised of:

	2023 $'000	2022 $'000
Provisions for employee benefits	18,846	16,786
Creditors, expense accruals and other provisions	10,973	12,047
Revenue earned in advance	11,643	12,077
Dividend payable	106,000	95,000
	147,462	**135,910**

Notes to the Financial Statements

23. Other liabilities, provisions and lease liabilities (continued)

Lease liability movement schedule

The Balance Sheet shows the following amounts relating to leases:

	2023 $'000	2022 $'000
Opening carrying value	19,220	21,345
Interest expense[1]	465	516
Rental Payments	(2,759)	(2,641)
Carrying value at year end	**16,926**	**19,220**

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

24. Contractual commitments

	2023 $'000	2022 $'000
Contracted expenditure commitments		
Not later than one year	3,161	2,923
Later than one year but not later than five years	3,523	6,145
Total	**6,684**	**9,068**

Contracted expenditure commitments primarily include foreign denominated licence costs on significant information technology related contracts.

25. 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.

	2023 $'000	2022 $'000
Funds under management[1]	**106,165,236**	**100,668,699**
These funds were managed by:		
- External fund managers	88,176,939	88,542,035
- The Corporation	17,988,297	12,126,664
Total funds under management	**106,165,236**	**100,668,699**
Debt portfolios under management	**117,331,675**	**93,551,673**

1 Funds within the TCorpIM funds were $75,165.2 million (2022: $67,834.8 million).

Notes to the Financial Statements

26. Contingent liabilities and commitments

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 $1,573.0 million (2022: $4,173.0 million) and undrawn commitments were $1,477.2 million (2022: $4,021.3 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 $66.4 million (2022: $53.9 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.

27. 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

	2023 $'000	2022 $'000
Short-term employee benefits	5,674	5,245
Post-employment benefits	290	276
Other long-term employee benefits	546	413
	6,510	**5,934**

The total compensation above is paid by the Corporation and includes $752,000 (2022: $742,000) 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.

Notes to the Financial Statements

27. Related parties (continued)

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.

All clients of the Corporation are New South Wales Government entities or other public bodies. The Corporation transacts with its clients under the Corporation's normal terms and conditions.

28. 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	2023 $'000	2022 $'000
Cash and liquid assets	6	4,242,741	3,069,476
Short term borrowings	10	-	(245,295)
Cash and cash equivalents		**4,242,741**	**2,824,181**

Notes to the Financial Statements

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

	2023 $'000	2022 $'000
Net cash used in operating activities	(26,715,348)	(19,723,096)
Add/(less) adjustments arising from:		
- net loans to clients	26,329,503	19,718,021
- net change in coupons accrued at each year end on financial assets and liabilities	(25,939)	(58,778)
- net change in other financial instruments	430,582	84,176
- net change in other assets	18,184	(635)
- reduction to lease liability	2,759	2,641
- net change in other liabilities and provisions, excluding dividend	(2,434)	(3,144)
	37,307	**19,185**
Add/(less) amounts contributing to net profit but not generating operating cash flows:		
- interest expense on lease liability	(465)	(516)
- (gains)/losses on disposal of plant and equipment and intangible assets	-	(134)
- gains/(losses) on sale of financial instruments	99,972	208,880
- unrealised fair value (loss)/gain on financial instruments	(3,312)	(122,929)
- depreciation and amortisation	(4,452)	(7,022)
Profit for the year	**129,050**	**97,464**

Notes to the Financial Statements

30. Reconciliation of liabilities arising from financing activities

	2023 $'000	2022 $'000
Opening Balance	123,390,285	114,959,863
Cash flows:		
Proceeds from issue of borrowings and short term securities	116,350,345	75,552,957
Repayment of borrowing and short term securities	(90,372,774)	(52,054,052)
Non-cash changes	(1,995,093)	(15,068,483)
Closing Balance	**147,372,763**	**123,390,285**

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

31. 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 2023.

END OF AUDITED FINANCIAL STATEMENTS

Statement by the Board of Directors

Certificate under Division 7.6 of the G*overnment 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* 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 2023 present fairly New South Wales Treasury Corporation's financial position, financial performance and cash flows; and

c. the directors are not aware of any circumstances as at the date of this certificate which would render any particulars included in the financial report misleading or inaccurate.

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

M J Dwyer
Director

D M Deverall
Director

Sydney, 25 August 2023

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 of Comprehensive Income for the year ended 30 June 2023, the Balance Sheet as at 30 June 2023, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising the Basis of Preparation and Accounting Developments and other explanatory information, and the Statement by the Board of Directors.

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 2018 (GSF Regulation) and the Treasurer's Directions
- present 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.

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
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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 2023. 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	
At 30 June 2023, the Corporation held $144 billion in financial assets and $148 billion in financial liabilities (as disclosed in Note 15), measured at fair value. I consider the valuation of the Corporation's financial instruments a key audit matter because: • financial assets and financial liabilities measured at fair value are significant to the Balance Sheet • small changes to valuation 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 used to value offshore borrowings issued in foreign currencies for which there is limited trading activity ($951 million in Note 15), and client loans directly funded by these borrowings ($481 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).	Key audit procedures included the following: • 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 2023 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 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.

David Daniels
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 August 2023
SYDNEY

7.

Section

Appendices

Berrima Boardwalk in the Macquarie Marshes, Warren, NSW

Photograph courtesy of Warren Shire Council

NSW Treasury Annual Reporting Requirements

Table 9: TPG23-10 NSW Treasury Annual Reporting Requirements

Requirement	Page
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Aims and objectives	11
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Charter	11
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Economic or other factors	62
Events arising after the end of annual reporting period	79
Exemptions	79
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Performance information	Not applicable
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Strategic objectives and outcomes	20
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Investment partners

TCorp manages $106.2bn 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 fund managers we partner with is detailed in Table 10.

Table 10: External fund managers as at 30 June 2023

Equities

Alphinity Investment Management
Artisan Partners
Ausbil Investment Management
BlackRock Investment Management
Harris Associates
Macquarie Investment Management
MFS Investment Management
Ninety One Asset Management
Northcape Capital
Northern Trust
Pendal Institutional
Platypus Asset Management
Robeco Asset Management
Schroders Investment Management

Fixed income

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

Alternatives

Fulcrum Asset Management
GMO Asset Management
K2 Advisors
Man Group
PIMCO Investment Management

Real assets

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

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 2023

Domestic issuance

Australia and New Zealand Banking Group Ltd

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

Toronto Dominion (South East Asia) Limited

UBS AG, Australia 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 Ltd

Toronto Dominion (South East Asia) Limited

UBS AG London Branch

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

Index

Key to legislative reference codes

GIPA	*Government Information (Public Access) Act 2009*
GSF	*Government Sector Finance Act 2018*
PIDA	*Public Interest Disclosures Act 1994*
PIDR	*Public Interest Disclosures Regulation 2011*
PPIP	*Privacy and Personal Information Act 1998*
PSC	Public Service Commission
TPG	Treasury Policy and Guidelines
TPP	Treasury Policy Paper

Case studies

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Charts

Glossary

AASB	Australian Accounting Standards Board
ACGB	Australian Commonwealth Government Bonds
ADI	Authorised Deposit-taking Institutions
APES	Accounting Professional and Ethical Standards Board
APRA	Australian Prudential Regulatory Authority
ASIC	Australian Securities and Investments Commission
Board	The Board of New South Wales Treasury Corporation
CEO	Chief Executive Officer
Chair or Chairperson	The Chairperson of New South Wales Treasury Corporation
DRNSW	Department of Regional New South Wales
ESG	Environmental, social and governance
FX	Foreign exchange
iCare	Insurance and Care New South Wales
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
ISDA	International Swaps and Derivatives Association
NGF	NSW Generations (Debt Retirement) Fund
NIFF	NSW Infrastructure Future Fund
NPWS	NSW National Parks and Wildlife Services
OECC	Office of Climate Change
OSII	Office of Social Impact Investments
PFC	Public Finance Corporation
RBA	Reserve Bank of Australia
SaaS	Software as a service
SAHF	Social and Affordable Housing Fund
TCorp	New South Wales Treasury Corporation
TCorpIM	TCorp Investment Management
TfNSW	Transport for NSW
The Corporation	New South Wales Treasury Corporation
TMF	Treasury Managed Fund
TNC	The Nature Conservancy Australia
VaR	Value at Risk
WHS	Work Health and Safety

TCorp
New South Wales
Treasury Corporation

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