

Case study

TCorp's expertise helps protect Sydney Metro from interest rate rises

The Sydney Metro network provides a fast, safe and reliable train network, helping residents and visitors to reach their intended destination and meeting the demands of the growing Sydney population.

The network is continuing to expand through Sydney's central business district, the North West and the South West and will introduce a new generation of world-class, fast, safe and reliable trains. It is Australia's largest public transport project and offers greater amenity, liveability and sustainability for the city.

With a major focus on sustainable development, this project will deliver fully accessible stations including lifts, platforms level with train floors, platform screen doors for safety and minimal gaps between platforms and trains.

Issue

Exposure to fluctuating interest rates and the need for budget certainty prompted Sydney Metro to consider an alternative strategy.

How TCorp helped

With interest rates at an all-time low at the inception of the project, TCorp worked in partnership with Sydney Metro to lock in, or hedge, interest rate exposure (replacing floating rate exposure). Sydney Metro accepted TCorp's recommendation to enter into several interest rate swaps with TCorp to 'fix' the exposure, providing Sydney Metro with the ability to manage cash flow requirements, and greater confidence and certainty.



Sydney Metro Northwest.
Photograph courtesy of Sydney Metro.

Sydney Metro currently has 13 metro stations. By 2030, Sydney will have a network of 4 metro lines and 46 stations. The Sydney Metro network will have a target capacity of 40,000 customers per hour, a significant rise from 24,000 customers per hour on the suburban rail system.

The City & Southwest line will extend the existing Metro North West line to the CBD and on to Bankstown. Services between Chatswood and Sydenham commence in 2024. Construction is progressing on the Sydney Metro West and Western Sydney Airport lines, which will improve safety, reliability and accessibility for public transport customers around the city.

About TCorp

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With A\$101 billion of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$124 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P.

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