

New South Wales Treasury Corporation

Type of Engagement: Annual Review
Date: 18 November 2024
Engagement Team:
Tomya Sardana, tomya.sardana@morningstar.com
Bhakti Chikhalikar, bhakti.chikhalikar@morningstar.com

Introduction

The New South Wales Treasury Corporation (“TCorp” or the “Issuer”) issued three sustainability bonds and two green bonds between November 2018 and January 2024 (collectively the “GSS Bonds”)¹ raising a total of AUD 11.36 billion² to refinance a range of projects supporting clean transportation, sustainable water and wastewater management, access to essential services, affordable housing and affordable basic infrastructure. In 2024, TCorp engaged Sustainalytics to review the projects financed with proceeds from the Sustainability Bonds (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether TCorp complied with the reporting commitments in the NSW Sustainability Bond Framework (the “Framework”).^{3,4} Sustainalytics provided a Second-Party Opinion (“SPO”) on the Framework in September 2024.⁵

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and TCorp’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Clean Transportation	<ul style="list-style-type: none">• Zero direct emissions public transport such as electrified rail, rolling stock, light rail and buses• Zero direct emissions passenger or light commercial vehicles such as electric vehicles• Dedicated infrastructure for eligible rolling stock, railway lines and networks• Dedicated charging stations• Public walking and cycling infrastructure.	<ul style="list-style-type: none">• GHG emissions in tCO₂e• GHG emissions savings, offset, reduced or avoided• Passenger trips or passenger trip-kilometers• Water use reduced (assets under construction)• Waste diverted from landfill (assets under construction)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none">• Sustainable and resilient infrastructure for clean and/or	<ul style="list-style-type: none">• Amount of raw/untreated sewage sludge that is treated and disposed of

¹ TCorp issued 5 bonds since November 2018: i) two green bonds of AUD 1.80 billion and AUD 2.85 billion with maturity on November 2028 and November 2030 respectively; and ii) three sustainability bonds of AUD 2.10 billion, AUD 3.49 billion, and AUD 1.70 billion with maturity on March 2025, November 2032, and September 2035 respectively; in face value.
² The total net proceeds are the sum of capital value and any accrued interest.
³ TCorp., “NSW Sustainability Bond Framework”, (2024), at: https://tcorp.nsw.gov.au/wp-content/uploads/2024/09/NSW_Sustainability_Bond_Framework_2024.pdf
⁴ The reporting commitments in the NSW Sustainability Bond Framework in relation to the Nominated Expenditures are reported by TCorp in the 2024 NSW Sustainability Bond Programme Annual Report.
⁵ Sustainalytics, “Second-Party Opinion, NSW Sustainability Bond Framework.”, (2024), at: https://tcorp.nsw.gov.au/wp-content/uploads/2024/09/New_South_Wales_Treasury_Corporation_Sustainalytics_SPO_2024_Final.pdf

	<p>drinking water, including water distribution and storage</p> <ul style="list-style-type: none"> • Wastewater treatment and recycling infrastructure • Sustainable and resilient urban drainage systems and river training and other forms of flooding mitigation • Nature based solutions. 	<p>(e.g. tonnes of dry solids per year)</p> <ul style="list-style-type: none"> • Amount of sludge that is reused (e.g. tonnes of dry solids per year) • Area covered by sustainable land and water resources management practices. • GHG emissions savings, offset, reduce or avoided • Amount of sediment, litter and organic matter removed from waterways
Access to Essential Services	<ul style="list-style-type: none"> • Affordable public health care services (including vaccinations, medications, hiring and training of medical personnel) • Access to public transport for people with disability or limited mobility • Infrastructure related to public sector education and vocational training including schools and universities • Access to emergency services. 	<ul style="list-style-type: none"> • Intake of students and teaching spaces created. • Students survey results for sense of belonging • Number of stations upgraded • Percentage of stations that are accessible to people with disability and limited mobility. • Geographic and population coverage
Affordable Housing	<ul style="list-style-type: none"> • Public-private partnerships to build new social housing • Upgrades or maintenance of existing social housing. 	<ul style="list-style-type: none"> • Number of new, upgraded or maintained properties
Affordable Basic Infrastructure	<p>Increasing access for households to the following public services:</p> <ul style="list-style-type: none"> • Clean drinking water • Sewers • Sanitation • Mass transport • Energy • Natural/green recreational spaces. 	<ul style="list-style-type: none"> • Number of projects completed

Issuer's Responsibility

TCorp is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from TCorp's GSS Bonds. The work undertaken as part of this engagement included collection of documentation from TCorp and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by TCorp. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by TCorp.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. TCorp has disclosed to Sustainalytics that 100% of the proceeds from the GSS Bonds were fully allocated as of 30 June 2024.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPI selection methodology outlined in the Framework.	TCorp reported on at least one KPI per use of proceeds category.	None

⁶ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting

Table 3: Allocation of proceeds from the GSS Bonds

Use of Proceeds Category	Project Name	Project Description	Amount Allocated (AUD million)
Clean Transportation	Sydney Metro Northwest	The project is the first fully automated metro rail system in Australia covering 36 km of route with 8 new stations and 5 upgraded stations. This project is estimated to save public transport time for up to 30 minutes between popular destinations.	5,241
	Newcastle Light rail	The Newcastle Light Rail is a 2.7 km system that offers a frequent and dependable travel option through the city center of Newcastle. It has a capacity to transport 1,200 passengers per hour and is a key part of the revitalization program of Newcastle's CBD.	340
	CBD And South East Light Rail	This railway line involves a 12 km long network featuring 2 lines and 19 stops. It was designed to provide services within the Sydney region and connect passengers to buses, trains, ferries, and other light rail services.	800
	Parramatta Light Rail	This project involves a 12 km long light rail line that connected Westmead to Carlingford via the Parramatta CBD and Camellia, with 16 stops and a total fleet of 13 light rail vehicles.	1,093
Sustainable Water and Wastewater Management	Lower South Creek Treatment Program	As part of the shift towards a circular economy, the program includes upgrading the St Marys and Quakers Hill water recycling plants, which will enhance sustainability and result in significant energy and carbon savings. The upgraded treatment processes will produce a better-quality biosolids and generate more biogas for energy, enabling the plants to supply a large portion of their own electricity.	394
	Green Square trunk Stormwater Improvement	This project involved construction of a 2 km underground stormwater drain from Zetland to Alexandra Canal in Sydney's inner southern suburbs successfully reducing flooding, improving water quality, and facilitating future developments in Green Square. Additionally, it contributed to water conservation by harvesting and purifying up to 900 kl of stormwater per day.	63
	Waterway naturalization and Stormwater Improvement – Tranche 1 ⁷	This project aimed to replace old concrete sections with sandstone and stabilize banks using native plants, trees, and rocks. Naturalizing Sydney's stormwater channels increased their lifespan from 80 to over 150 years. The work also improved water quality, reduced flooding, enhanced community spaces, and increased park access.	73
	Waterway naturalization and Stormwater Improvement – Tranche 2 ⁸	This project focuses on replacing old, deteriorating concrete sections with durable sandstone and stabilizing riverbanks using native plants, trees, and rocks. In collaboration with local councils and community input, several water-sensitive urban design projects were constructed across three major catchments in Sydney. The aim of these works is to improve water quality, reduce the risk of flooding, and enhance the overall environment, making the area more livable. Additionally, the	52

⁷ TCorp has confirmed Sustainalytics that the project has a vulnerability assessment and adaptation plan as per the Framework criteria.

⁸ TCorp has confirmed Sustainalytics that the project has a vulnerability assessment and adaptation plan as per the Framework criteria.

		project provides better park access, creating more green spaces for the community to enjoy.	
Access to Essential Services	Public School Infrastructure	This project focuses on building new schools and upgrading existing ones in NSW to give children better access to high-quality education facilities. The new designs aim to create open, interactive, and flexible indoor and outdoor learning spaces equipped with modern technology.	1,195
	Transport Access Program – Tranche 3	This project involves upgrade of train stations across Sydney, Regional, and Intercity networks to improve accessibility for people with disabilities and limited mobility. The goal is to create safer, more accessible, and integrated transport infrastructure for a better public transport experience.	813
	Critical Communications Enhancement Program ⁹	This project aims to expand and improve the NSW Public Safety Network (PSN), providing better radio communication for emergency services. The upgrades will help the frontline responders to share information more effectively during emergencies, improve network reliability, enhance disaster response, and enable connections with networks in other states for cross-border coordination.	738
Affordable Housing	Social Housing Maintenance and upgrades	This project focuses on fast-tracking maintenance of social housing to improve property conditions, provide access to affordable and sustainable energy, and enhance the living experience for residents. It also supports jobs in construction and trades, while strengthening partnerships with community housing organizations.	247
	Aboriginal Housing Office Stimulus 2022 Program	This program delivered new homes and upgraded existing Aboriginal housing to improve living conditions for Aboriginal social housing residents. It also supported the local construction industry in several areas, including those affected by bushfires and drought in NSW.	183
Affordable Basic Infrastructure	Improving Access to national Parks Program ¹⁰	This program focuses on upgrading visitor facilities, developing digital tools, expanding safety programs, and improving mobile connectivity in national parks across NSW. The goal was to enhance the overall visitor experience and safety.	126
Total Amount Allocated			11,358
Total Proceeds Unallocated			0
Total Net Proceeds Raised			11,358

⁹ TCorp has confirmed that the Critical Communications Enhancement Program serves emergency services organisations which include law enforcement agencies, supporting their business-as-usual (BAU) activities. As it is a single interoperable network, TCorp is unable to separate these expenditures from other socially impactful expenditures. However, the expenditures toward law enforcement agencies which are BAU including policing and mob-control are viewed as a deviation as mentioned in the SPO.

¹⁰ TCorp has confirmed that the individuals are not charged any park entry fees; the fees apply only to motor vehicles. Additionally, a National Parks Concession Pass is available for veterans, pensioners and people with disabilities

Appendix 2: Reported Impact

Table 4: Reported Impact from the GSS Bonds

Use of Proceeds Category	Project Name	Reported Impact
Clean Transportation	Sydney Metro Northwest	<ul style="list-style-type: none"> i. 24.2 million total passenger trips. ii. 54,999 tCO₂e emissions offset
	Newcastle Light Rail	<ul style="list-style-type: none"> i. 1.1 million total passenger trips. ii. 1,222 tCO₂e total emissions.
	CBD And South East Light Rail	<ul style="list-style-type: none"> i. 37.1 million total passenger trips. ii. 9,176 tCO₂e total emissions.
	Parramatta Light Rail ¹¹	<ul style="list-style-type: none"> i. Over 21% reduction in GHG emissions. ii. 14% reduction in water use. iii. 99% of waste diverted from landfill. iv. 4,642 trees planted.
Sustainable Water and Wastewater Management	Lower South Creek Treatment Program	<p>Operations (current)</p> <ul style="list-style-type: none"> i. 100% (or approximately 6,178 tonnes) of biosolids recovered from wastewater beneficially reused. <p>Operations (post-upgrades)</p> <ul style="list-style-type: none"> i. 42% estimated reduction in GHG emissions during construction and across its 50-year operation.
	Green Square trunk Stormwater Improvement	<ul style="list-style-type: none"> i. Removal of more than 55 tonnes of combined litter and sediment.
	Waterway naturalization and Stormwater Improvement – Tranche 1	<ul style="list-style-type: none"> i. Removal of 889 m³ of litter and approximately 199 tonnes of combined sediment and litter.
	Waterway naturalization and Stormwater Improvement – Tranche 2	<ul style="list-style-type: none"> i. Approximately 0.6 km of waterways naturalised, 0.35 hectares of constructed wetland and approximately 0.14 hectares of bioretention systems built. ii. Native vegetation gain included approximately 0.27 hectares of endangered saltmarsh and around 110,000 local natives planted. iii. 1.7 km of new paths and cycleways, 1 boardwalk, 2 bridges and 5 lookouts constructed, 13 seats installed, and 5 interpretative signage provided. iv. Removal of approximately 68 tonnes of combined sediment and organic matter.
Access to Essential Services	Public School Infrastructure	<ul style="list-style-type: none"> i. 43,021 teaching spaces for the state. ii. 84% of primary and 54% of secondary public-school students reporting a sense of belonging. iii. 788,612 school enrolments for the state.
	Transport Access Program – Tranche 3	<ul style="list-style-type: none"> i. 61 train stations upgraded.¹²

¹¹ Impact indicators are cumulative and reflect infrastructure, enabling works, supply, operate and maintain packages.

¹² Indicator is cumulative and includes all station upgrades since the commencement of the Transport Access Program – Tranche 3.

		<ul style="list-style-type: none"> ii. 72% of train stations state-wide (73% including metro stations) accessible to people with physical disabilities and limited mobility (compared to 59% in FY20).
	Critical Communications Enhancement Program	<ul style="list-style-type: none"> i. 54% geographic coverage across NSW (compared to 35% baseline in 2017). ii. 98.9% population coverage across NSW (compared to 80% baseline in 2017). iii. 21 operational areas migrated by emergency services organizations (ESO) to date (out of 198 available). iv. 46.3 million voice airtime minutes in ESO communications (compared to 20.2 million baseline in FY2016).
Affordable Housing	Social Housing Maintenance and Upgrades	<ul style="list-style-type: none"> i. Social Housing Maintenance Covid-19 Stimulus Program - Tranche 1, over 2,300 properties maintained or upgraded.¹³ ii. Social Housing Maintenance Covid-19 Stimulus Program - Tranche 2, over 12,600 properties maintained or upgraded.¹⁴ iii. Supplementary Capital Maintenance Program-7,890 properties maintained or upgraded.
	Aboriginal Housing Office Stimulus 2022 Program	<ul style="list-style-type: none"> i. 180 new Aboriginal social housing properties delivered. ii. 6,500 upgrades to Aboriginal social housing properties delivered.
Affordable Basic Infrastructure	Improving Access to National Parks Program	<ul style="list-style-type: none"> i. 210 projects completed to date, including 23 lookouts with mobility access. ii. 53.2 million visitors to national parks (compared to 60.2 million baseline).¹⁵

¹³ Tranche 1 and 2 impact indicators are for FY2020 and FY2022 respectively and will not be updated annually as they reflect one-off activities.

¹⁴ Tranche 1 and 2 impact indicators are for FY2020 and FY2022 respectively and will not be updated annually as they reflect one-off activities.

¹⁵ Indicator is for 2022 based on a biennial survey and has been impacted by bushfires and the Covid-19 pandemic. The data for FY2024 will be available next year. The baseline is 2018.

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