



New South Wales Sustainability Bond Programme

Annual Report 2024



About this report

This is the sixth annual report for the NSW Sustainability Bond Programme (Programme).

The report is compiled by the Reporting Group (led by NSW Treasury), a sub-committee of the NSW Sustainability Bond Committee and published by TCorp. It will be published on an annual basis over the life of the Programme.

The report provides an overview of the Programme, how bond proceeds were utilised and allocated to eligible assets in the pool, and the environmental and social impact of these assets. It is intended to cover the Programme as a whole, highlighting FY24 bond issuance and the new projects introduced to the asset pool.

For further details about the Programme, please refer to the [NSW Sustainability Bond Framework](#) (Framework).

All amounts are quoted in Australian dollars, unless otherwise stated.

References to 'green bond', 'social bond' or 'sustainability bond' in this report refer to use of proceed bonds issued by TCorp under the Programme and which align with the relevant eligibility criteria set out in the Framework.

Electronic copies of current and previous reports are available at www.tcorp.nsw.gov.au.

This report is dated as at 20 December 2024.

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Feedback

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

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Cover photo

Milson Park, Westmead, Sydney, NSW

Photograph courtesy of Sydney Water

Acknowledgement of Country

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

We pay respect to Elders past and present.



Regeneration
By Josie Rose 2020

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Year in review

Bonds on issue

\$11.9bn face value as at 30 June 2024 across five maturities

- Raised \$11.4bn in net proceeds
- Issued \$1.7bn of a new 4.75% 20 September 2035 Sustainability Bond via syndication, which was 3.8 times oversubscribed
- Tendered \$0.4bn of the 2.50% 22 November 2032 Sustainability Bond and \$0.6bn of the 1.25% 20 November 2030 Green Bond

Supporting projects that improve social housing and revolutionise travel in NSW

- Added \$450mn into the Programme's asset pool in FY24, including an additional tranche of social housing capital maintenance, supporting NSW communities
- A new green project, Sydney Metro City and Southwest, was added to the asset pool in July 2024, with the first tranche of the project confirmed shortly after the 30 June 2024 reporting date

Strong governance

- Guided by the NSW Sustainability Bond Framework, reviewed by Sustainalytics as being credible and impactful
- Independent limited assurance provided by Sustainalytics
- Framework aligned to NSW Government sustainability policies and goals
- Programme oversight by the NSW Sustainability Bond Committee

Aligned to the United Nations Sustainable Development Goals*



* The Sustainable Development Goals were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

A message from TCorp and NSW Treasury

Daniel Chandler
Head of Funding and
Investor Relations
TCorp

Marina van der Walt
Deputy Secretary,
Financial Management
and Services
NSW Treasury

Delivering strong results for the state and greater transparency for investors were key themes for the NSW Sustainability Bond Programme in FY24.



The NSW Sustainability Bond Programme continued to evolve in FY24, growing bonds on issue and setting a record for investor demand in a single tranche. The NSW Government, responding to feedback from investors also took steps to improve access to information relating to sustainability in NSW.

A new \$1.7bn September 2035 Sustainability Bond attracted orders of \$6.5bn on 17 January 2024 – an oversubscription of 3.8 times and at the time of pricing TCorp’s largest single tranche orderbook.

There were \$2.7bn of green and sustainability bonds issued in the financial year, bringing total issuance under the Programme to \$11.9bn face value at 30 June 2024.

This activity reinforced the Programme’s important role in the NSW Government’s efforts to progress positive Environmental, Social and Governance outcomes for the state, and achieve its target of net zero emissions by 2050. To that end, approximately 9% of the state’s funding in FY24 came from green and sustainability bonds.

Since inception in 2018, the Programme has matured and now complements TCorp’s benchmark bond programme, becoming an integral part of our overall funding activities.

Expanding the asset pool

Another tranche of social housing was added to the asset pool in FY24 – NSW Land and Housing Corporation’s Supplementary Capital Maintenance Program.

Sydney Metro City and Southwest received preliminary approval in June 2024 to enter the asset pool, with final approval received a fortnight after the close of the financial year.

Maintaining best practice

As part of the Programme’s commitment to continuous improvement, the [NSW Sustainability Bond Framework](#) was updated during the year to ensure it reflects market best practice against changing standards and investor expectations.

We embraced feedback from the market, with NSW Treasury delivering the [NSW Sustainable finance website](#) in March 2024.

With increasing demand for greater information at the sub-sovereign level, the website brings together aspects of sustainable finance from across government in a one-stop-shop.

Outlook

As the NSW Government continues to embed sustainability practices in projects across the public sector, we expect the Programme to grow.

From our investor liaison, the desire for larger, more liquid bond lines remains a common theme. In line with our strategy of having a smaller amount of bond issuances that are larger in size, we will continue to showcase projects supporting positive social outcomes under the sustainability bond label.

With NSW Treasury’s lead, we will continue to identify eligible projects to be added to the Programme.

Acknowledgments

We would like to acknowledge the broader NSW Government family for their collaboration and support. Without their leadership in embedding sustainability practices throughout the lifecycle of assets, the Programme would not be possible. For their ongoing oversight, we also extend our thanks to the NSW Sustainability Bond Committee.

The Programme has made excellent progress since beginning in 2018, and we remain firmly committed to listening to stakeholders to achieve the best outcomes for the state.

NSW Sustainable finance website

A one-stop-shop for sustainable finance in NSW

The [NSW Sustainable finance website](#) was launched in March 2024 to support investors, credit rating agencies and other stakeholders to learn about and access NSW Environmental, Social and Governance (ESG) related policies, programs and data.

The website provides an extensive and unique resource in the Australian market, offering a platform for the Programme and information relating to NSW's progress towards net zero, biodiversity data and more.

What it does

- Centralise and streamline access to initiatives, policies, commitments and data related to the NSW Government's sustainable finance activities and outcomes.

What it aims to achieve

- Improve transparency around the NSW Government response to the risks and opportunities posed by sustainability issues.
- Enhance the accountability of NSW Government entities' efforts to identify and manage climate related risks, and to capture the opportunities the transition to net zero offers.

What NSW information is available

- Key policies and legislation, e.g. [Climate Change \(Net Zero Future\) Act 2023](#).
- Sustainable debt and investment initiatives, e.g. [NSW Sustainability Bond Programme](#), [Social impact investments](#).
- Sustainability data and metrics hub, e.g. [Net Zero Emissions Dashboard](#), [Net Zero Accelerator](#), [NSW BioNet](#).

NSW Sustainability Bond Programme

Our vision

Our intention is to lead the way in the issue of green, social and sustainability (GSS) bonds in Australia, and to establish a pathway to a sustainable NSW through the mobilisation of capital in support of NSW Government initiatives with positive environmental and/or social outcomes.

Overview

The NSW Sustainability Bond Programme enables TCorp to issue GSS bonds. The Programme provides a mechanism for investors to contribute capital to support a range of NSW Government sustainability related policies and initiatives that are aligned with the United Nations Sustainable Development Goals (SDGs).

Unlike TCorp's regular bonds, which are used to fund NSW Government general purpose expenditure, the net proceeds of GSS bonds are used to finance or refinance eligible projects which contribute to NSW Government environmental and social objectives and provide positive environmental and/or social benefits for the state.

Governance and external validation

The Programme, which is overseen by the NSW Sustainability Bond Committee, is underpinned by a credible framework and sound governance to remain impactful in this constantly evolving sector. This is illustrated in Chart 1.

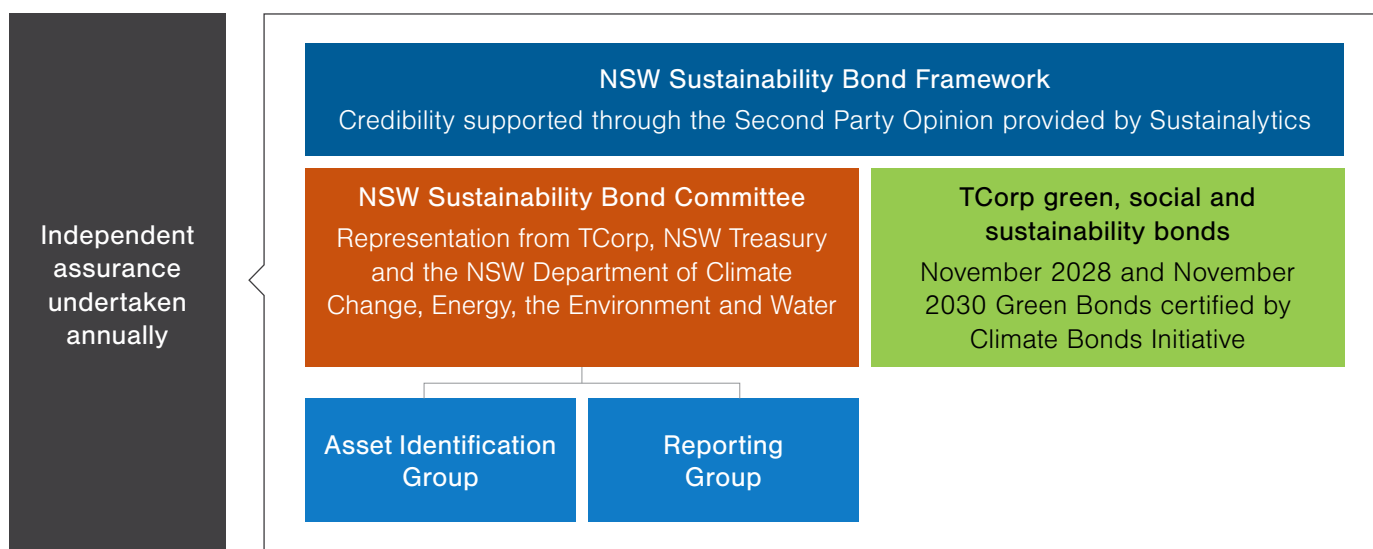
The NSBC comprises of subject matter experts from across the NSW public sector with representatives from TCorp, NSW Treasury and the NSW Department of Climate Change, Energy the Environment and Water. It has oversight of the Asset Identification Group and Reporting Group sub-committees.

For more information, please refer to the NSW Sustainability Bond Framework and Sustainalytics¹ Second Party Opinion on [TCorp's website](#).

Our objectives

- Seek ways for finance to contribute towards meeting United Nation's SDG outcomes.
- Support the development of the wider sustainable finance sector within Australia and globally.
- Draw upon and contribute to global best practice in the discipline of impact measurement and reporting and the transparent disclosure of sustainability outcomes.
- Highlight and influence sustainability practices through the lifecycle of government assets and programs.
- Implement innovative cross-government solutions to NSW's most pressing environmental and social problems.
- Contribute to NSW Treasury's focus on maintaining a sustainable fiscal environment, enabling better environmental and social outcomes for NSW.

Chart 1: Programme governance and validation process



¹ Morningstar Sustainalytics, a globally recognised provider of ESG research, ratings and data, evaluated the NSW Sustainability Bond Framework and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the Framework. The Second Party Opinion whether in whole or in part shall not be construed as part of any offering of TCorp GSS bonds and shall not be considered as an offer or advertisement to buy a security, solicitation of votes or proxies, investment advice, expert opinion or negative assurance letter as defined by any applicable laws.

The 20 September 2035 Sustainability Bond new issuance

In January 2024, TCorp extended its ESG curve with the issuance of a new September 2035 Sustainability Bond, its fifth bond issued under the Programme. The net proceeds raised were earmarked to refinance a range of projects supporting clean transportation, sustainable water and wastewater management, affordable housing, access to essential services and affordable basic infrastructure. Allocations and impact reporting for these projects are outlined in the Reporting section of this report.

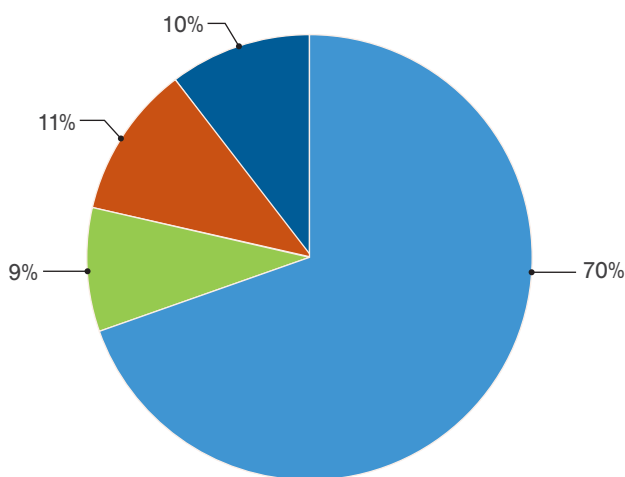
A [term sheet](#) with full details of the bond is available for investors and the results are summarised in Table 1.

Table 1: Results for the 4.75% 20 September 2035 Sustainability Bond

Pricing date	17 January 2024
Total amount allocated	A\$1.7bn
Total amount of bids received at final price	A\$6.495bn
Total amount on issue	A\$1.7bn
Yield allocated	4.995%
Exchange for Physical (EFP) spread to 10-year bond futures	78.0bps

This transaction attracted 69 unique client orders, including participation from several new investors. The breakdown of investors based on their region and mandate type are shown in Charts 2 and 3.

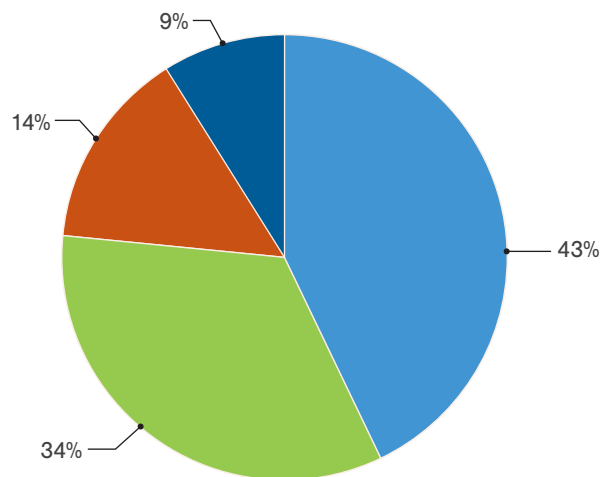
Chart 2: Investor region



Australia & NZ Asia & Japan UK

Source: TCorp

Chart 3: Investor type



Balance Sheet Asset Manager & Insurance Hedge Fund

Source: TCorp

Strategy for sustainability bond issuance

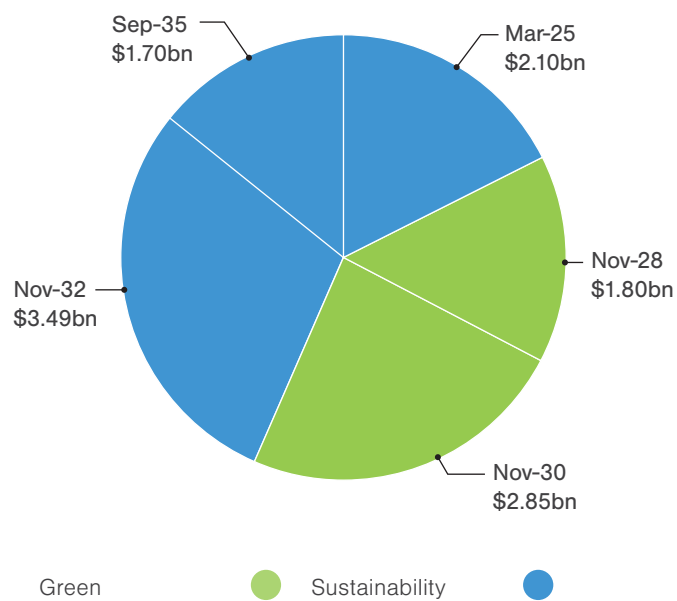
As at 30 June 2024, there were \$11.9bn face value of bonds outstanding across five maturities, financing a range of projects contributing to green and social outcomes for NSW. The five bonds on issue and allocation of the net proceeds by International Capital Markets Association’s (ICMA) category are displayed in Charts 4 and 5.

In FY24, we were pleased to once again partner with the NSW Land and Housing Corporation to bring a new tranche of social housing to the asset pool, the Supplementary Capital Maintenance Program.

The most prominent addition to the asset pool was the Sydney Metro City and Southwest project, which was assessed over the course of FY24, and formally entered the asset pool in July 2024.

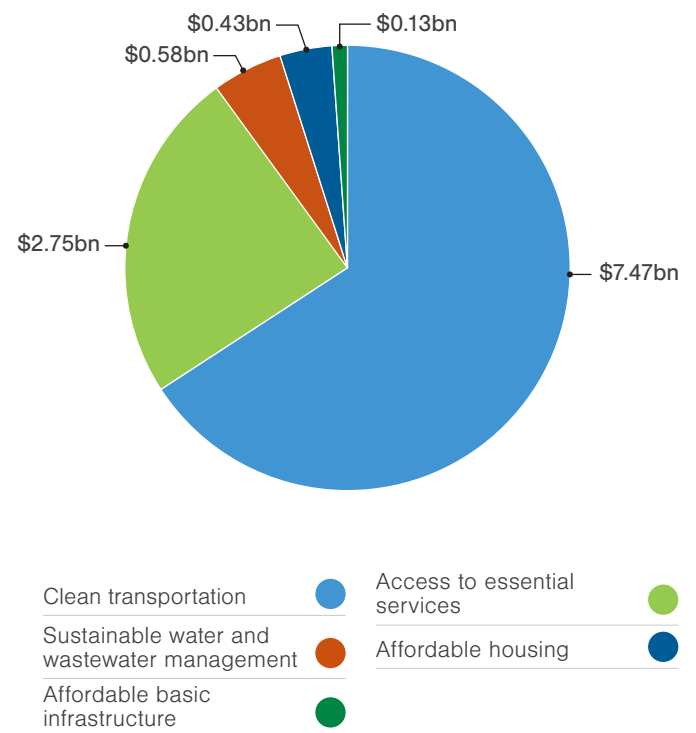
While the Programme’s asset pool is skewed towards projects supporting positive environmental outcomes, notably large-scale transport infrastructure, there has been an increased focus on projects supporting positive social outcomes, particularly in the essential services and affordable housing categories.

Chart 4: Bonds on issue (face value) as at 30 June 2024



Source: TCorp

Chart 5: Allocation of net proceeds (capital value) by ICMA category as at 30 June 2024



Source: TCorp

Of the \$11.9bn of bonds outstanding, \$8.1bn was issued via syndication and the remaining \$3.8bn through a combination of tender and reverse enquiry. Chart 6 demonstrates the evolution of the Programme since FY18, namely how GSS bond issuance has grown in various formats against the backdrop of an expanding eligible asset pool.

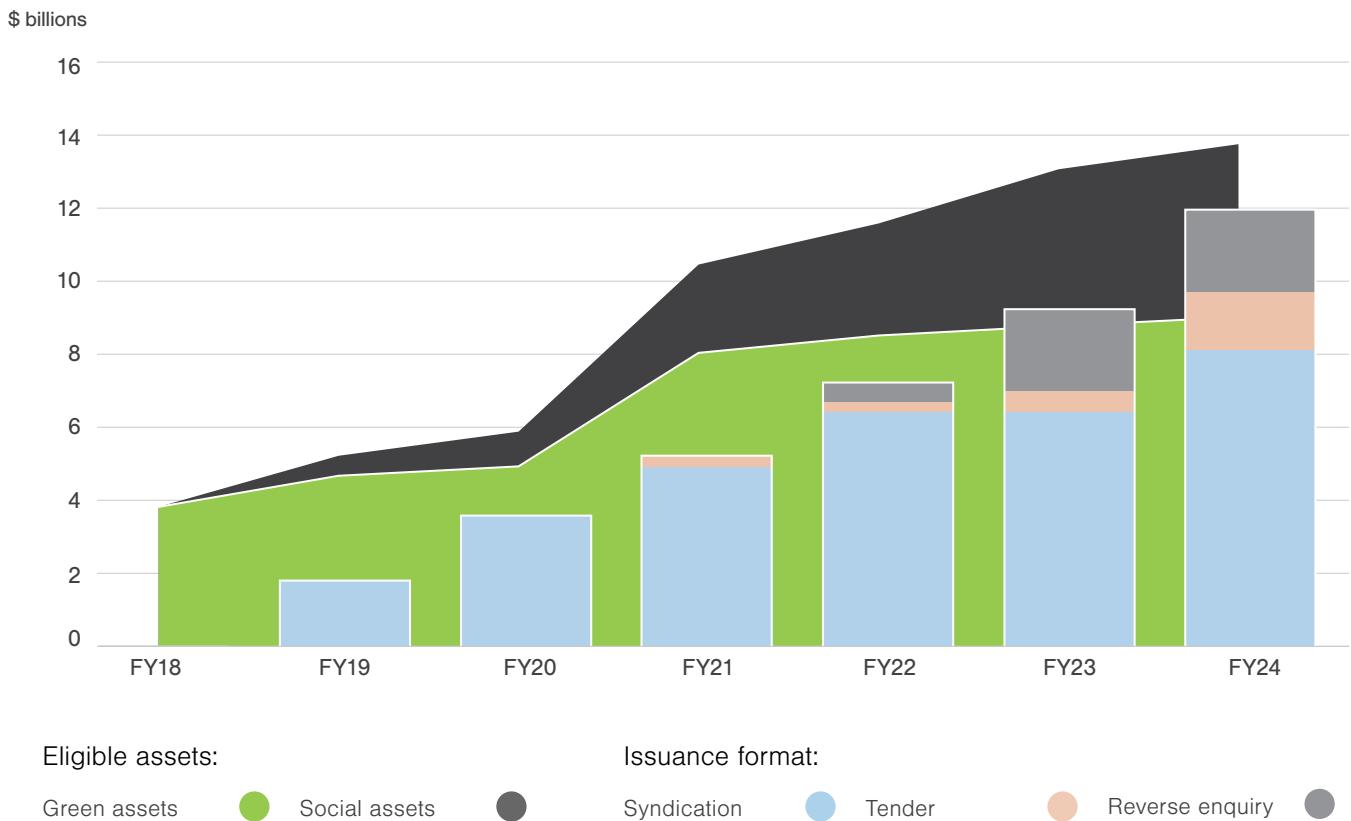
TCorp’s strategy is to maintain an ESG curve focused on fewer bonds outstanding, where investor demand can be met periodically and bond lines increased accordingly. The Programme now sits alongside our benchmark bond curve as a core component of our overall funding activities.

Investor demand for our issuance remains strong, underscoring the genuine interest in directing capital to sustainable investments for the long term. This dynamic was demonstrated by our September 2035 Sustainability Bond which was 3.8 times oversubscribed and at the time of pricing, the largest single tranche orderbook that TCorp had achieved. The pricing outcome represented a small pricing benefit for our clients relative to our fixed rate benchmark cost of funds.

TCorp also tendered \$1.0bn of the November 2030 Green Bond and November 2032 Sustainability Bond in response to broad-based investor demand in these lines. This resulted in small pricing benefits that were passed onto our clients.

TCorp will continue to issue sustainability bonds to showcase assets that support positive social outcomes. While such assets are highly sought after, they represent a smaller portion of the current eligible asset pool. This allows all investors to gain exposure to these assets and is consistent with our strategy of having a smaller amount of bonds outstanding that are larger in size.

Chart 6: NSW Sustainability Bond Programme asset pool and issuance as at 30 June 2024



Source: TCorp

Reporting: NSW Sustainability Bond Programme assets

This section outlines the assets earmarked to the Programme's green and sustainability bonds

The impact indicators on pages 12-18 are intended to capture global principles on green and social bonds impact reporting. Unless otherwise stated, impact indicators are for FY24 and have not been pro-rated for the share of project financed by GSS bonds.

Information on project costs have been provided by the relevant NSW Government entity and NSW Treasury. 100% of the net proceeds of green and sustainability bonds issued have been allocated towards refinancing eligible projects and assets. The refinancing of eligible projects and assets will only occur once and the asset will leave the asset pool upon bond maturity.



Milson Park, Westmead, Sydney, NSW

Photograph courtesy of Sydney Water

Table 2: Use of net proceeds² as at 30 June 2024

Project name	Delivery partner	ICMA green or social bond category	Mar-25 Sustainability Bond (A\$m)	Nov-28 Green Bond (A\$m)	Nov-30 Green Bond (A\$m)	Nov-32 Sustainability Bond (A\$m)	Sep-35 Sustainability Bond (A\$m)	GSS bonds allocated (A\$m)	Eligible expenditure (A\$m)	Eligible expenditure ³ (% total expenditure)
Sydney Metro Northwest	Sydney Metro	Clean transportation	1,118	1,574	2,183	365	0	5,241	6,039	83%
Newcastle Light Rail	Transport for NSW	Clean transportation	100	100	140	0	0	340	343	59%
CBD and South East Light Rail	Transport for NSW	Clean transportation	0	0	0	800	0	800	800	24%
Parramatta Light Rail	Transport for NSW	Clean transportation	0	0	0	254	839	1,093	1,247	48%
Lower South Creek Treatment Program	Sydney Water	Sustainable water and wastewater management	50	90	254	0	0	394	418	100%
Green Square Trunk Stormwater Improvement	Sydney Water	Sustainable water and wastewater management	63	0	0	0	0	63	63	86%
Waterway Naturalisation and Stormwater Improvement - Tranche 1	Sydney Water	Sustainable water and wastewater management	73	0	0	0	0	73	73	100%
Waterway Naturalisation and Stormwater Improvement - Tranche 2	Sydney Water	Sustainable water and wastewater management	0	0	0	30	22	52	57	100%
Public School Infrastructure	Department of Education	Access to essential services	502	0	0	685	8	1,195	2,193	100%
Transport Access Program - Tranche 3	Transport for NSW	Access to essential services	209	0	0	442	162	813	813	81%
Critical Communications Enhancement Program	Telco Authority	Access to essential services	0	0	0	300	438	738	864	99%
Improving Access to National Parks Program	NSW National Parks and Wildlife Service	Affordable basic infrastructure	0	0	0	86	40	126	143	100%
Social Housing Maintenance and Upgrades	NSW Land and Housing Corporation	Affordable housing	0	0	0	247	0	247	413	99%
Aboriginal Housing Office Stimulus 2022 Program	Aboriginal Housing Office	Affordable housing	0	0	0	0	183	183	183	85%
Total			2,115	1,764	2,577	3,210	1,691	11,358	13,650	

² In relation to a GSS Bond, net proceeds means its capital value plus any accrued interest as defined in the Framework. In previous years, the net proceeds of GSS Bonds were reported at face value.

³ Eligible expenditure divided by total project expenditure.

Impact indicators – Clean transportation



Sydney Metro Northwest

The Metro North West Line is the first stage of Sydney Metro – Australia’s biggest public transport project.

It is a high frequency single deck train system connecting Sydney’s growing northwest with Chatswood in Sydney’s north.

The project is the first fully automated electrified metro rail system in Australia, delivering 36km of new metro rail line, with eight new stations and five upgraded stations.

The line is estimated to provide public transport travel time savings of up to 30 minutes between popular destinations along its route.

Status

Operational as of May 2019.

Target population

General population in Sydney’s main statistical area with highest car ownership per household.⁴

Indicators

24.2mn total passenger trips.⁵

100% of grid electricity required for operations (87.3 GWh) is offset by renewable energy through the voluntary surrender or transfer of LGCs, offsetting emissions of 54,999 tCO₂-e.⁶

SDG



Newcastle Light Rail

A 2.7km electrified system providing a frequent and reliable travel option through the city centre of Newcastle, the second most populous city in NSW. It has capacity to transport 1,200 people per hour. The project is a key part of the revitalisation program of Newcastle’s CBD.

Status

Operational as of February 2019.

Target population

General population.

Indicators

1.1mn total passenger trips.⁷

1,222 tCO₂-e total emissions.⁸

Restatement of historical tCO₂-e total emissions

FY20: 1,563 tCO₂-e total emissions

SDG



4 ABS, 2016 Census.

5 Trips are measured by tap on/off activity measured by Opal, credit card, debit card and mobile devices. Includes school travel using concessional cards, single tap-on or tap-off, transport concession entitlements, integrated ticketing for major events and fare non-compliance.

6 From electricity purchased to operate stations, traction power and a depot. Emissions calculated using the forecast emission factor of 0.63 tonnes CO₂-e per MWh for scope 2 and 3 emissions for 2024. Factors sourced from Australia’s emissions projections 2023, Australian Government Department of Industry, Science, Energy and Resources (November 2023).

7 See reference 5.

8 From electricity purchased. Emissions calculated using the forecast emission factor of 0.63 tonnes CO₂-e per MWh for scope 2 and 3 emissions for 2024. Factors sourced from Australia’s emissions projections 2023, Australian Government Department of Industry, Science, Energy and Resources (November 2023).



CBD and South East Light Rail

The 12km route features two new electrified lines (L2 Randwick and L3 Kingsford) and 19 stops. It is designed to service major transport hubs within Sydney and connect commuters to buses, trains, ferries, and other light rail services.

Status

The L2 Randwick Line operational as of December 2019. The L3 Kingsford Line operational as of April 2020.

Target population

General population.

Indicators

37.1mn total passenger trips.⁹

9,176 tCO₂-e total emissions.¹⁰

SDG



Parramatta Light Rail Stage 1

A 12km electrified light rail project in Sydney's west which will connect Westmead to Carlingford via the Parramatta CBD and Camellia through 16 stops and a fleet of 13 light rail vehicles.

Status

Completed in December 2024.

Target population

General population.

Indicators

*Construction*¹¹

Over 21% reduction in GHG emissions.

14% reduction in water use.

99% of waste diverted from landfill.

4,642 trees planted.

SDG



⁹ See reference 5.

¹⁰ See reference 8.

¹¹ Indicators are cumulative and reflect infrastructure, enabling works, supply, operate and maintain packages. Indicators reported in previous annual reports for the Programme were for infrastructure works only.

Impact indicators – Sustainable water and wastewater management



Lower South Creek Treatment Program: Quakers Hill and St Marys Water Recycling Plants Process and Reliability Renewal

Sydney Water is delivering world-class technology and infrastructure upgrades to meet the demands of a growing Western Sydney region and to protect the region’s waterways.

Working towards a circular economy, this Program includes the upgrade of the St Marys and Quakers Hill water recycling plants, which will deliver improved sustainability and significant energy and carbon savings. The upgraded treatment processes produce a higher grade of stabilised dried biosolid and generate more biogas captured through cogeneration to increase energy efficiency. This allows a large proportion of self-supply of electricity at the plants.

Status

Construction works are complete and staged process commissioning is continuing. Upgraded facilities expected to be fully operational by early 2025.

Target population

General population.

Indicators

Operations (current)

100% (or approximately 6,178 tonnes) of biosolids recovered from wastewater beneficially reused.

Operations (post-upgrades)

42% estimated reduction in GHG emissions during construction and across its 50-year operation.

SDG



Green Square Trunk Stormwater Improvement

Construction of a 2km underground stormwater drain from Zetland to the existing stormwater system at Alexandra Canal in Sydney’s inner southern suburbs.

The project significantly reduces flooding in the area, improves water quality and enables future development projects in Green Square.

Demand for drinking water is reduced through the harvest and purification of 900 kL/day of stormwater at full capacity – the equivalent of 150 Olympic swimming pools of stormwater every year.

Status

Completed in October 2019.

Target population

General population.

Indicators

Removal of over 55 tonnes of combined litter and sediment.

SDG





Waterway naturalisation and stormwater improvement – Tranche 1: Astrolabe Park, Strangers Creek, Powells Creek and Cooks River

Replacement of deteriorating concrete sections with sandstone, and stabilisation of banks with native plants, trees and rocks.

Naturalising these stormwater channels in Sydney increases the asset life from approximately 80 to 150 years and beyond.

Naturalisation and restoration works improve water quality, mitigate flooding, increase amenity and liveability, as well as provide greater park access for the community.

Status

Engineering works completed in stages up to March 2019.

Vegetation establishment periods of around 24 months and ongoing maintenance occur subsequently.

Target population

General population.

Indicators

Removal of 889m³ of litter and approximately 199 tonnes of combined sediment and litter.

SDG



Waterway naturalisation and stormwater improvement – Tranche 2: Johnstons Creek, Milson Park and Parkside Drive

Replacement of deteriorating concrete sections with sandstone and stabilisation of banks with native plants, trees and rocks.

Construction of several water sensitive urban design projects, developed in collaboration with councils and community input across three major Sydney catchments.

Naturalisation and restoration works improve water quality, mitigate flooding, increase amenity and liveability, as well as provide greater park access for the community.

Status

Engineering works completed in stages up to September 2023.

Vegetation establishment periods of around 24 months and ongoing maintenance occur subsequently.

Target population

General population.

Indicators

Infrastructure

Approximately 0.6km of waterways naturalised, 0.35ha of constructed wetland and approximately 0.14ha of bioretention systems built.¹²

Native vegetation gain included approximately 0.27ha of endangered saltmarsh and around 110,000 local natives planted.

1.7km of paths and cycleways, one boardwalk, two bridges and five lookouts constructed, 13 seats and five interpretive signs installed.

*Operations*¹³

Removal of approximately 68 tonnes of combined sediment and organic matter.

SDG



12 The indicators for constructed wetland and bioretention systems were combined in the 2023 NSW Sustainability Bond Programme annual report and have been separated in this report.

13 Removal of sediment and organic matter commenced in April 2024.

Impact indicators – Access to essential services



Public School Infrastructure

New builds and major upgrades that will provide school-aged NSW children with access to high quality education facilities at their local public school.

The new and upgraded schools aim to improve the way classrooms are designed, and now feature open-planned, interactive and multipurpose indoor and outdoor spaces that include state-of-the-art technology.

Status

Ongoing.

Target population

Children.

Indicators¹⁴

Infrastructure

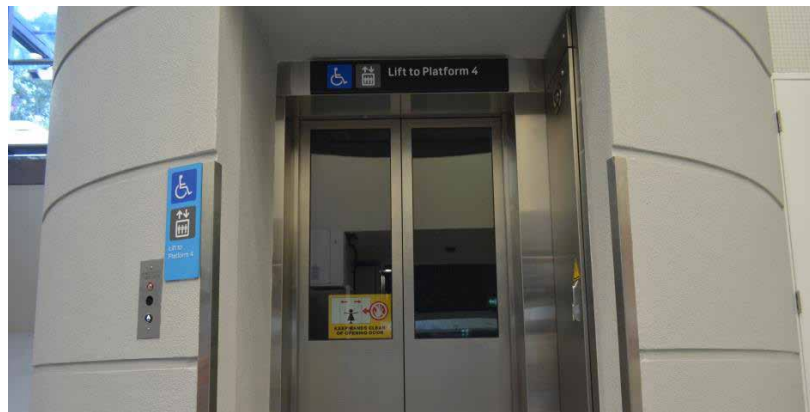
43,021 teaching spaces for the state.

Operations

84% of primary and 54% of secondary public school students reporting a sense of belonging.¹⁵

788,612 school enrolments for the state.

SDG



Transport Access Program – Tranche 3 (TAP3)

Upgrade of train stations across the Sydney Trains, Regional Trains and Intercity Trains network to improve accessibility for people with disability and limited mobility.

The initiative will provide a better experience for public transport customers by delivering accessible, safe and integrated transport infrastructure.

Status

Completed in April 2024.

Target population

People with disabilities and limited mobility, and parents with prams.

Indicators

Infrastructure

61 train stations upgraded.¹⁶

Operations

72% of train stations state-wide (73% including Metro stations) accessible to people with physical disability and limited mobility (compared to 59% in FY20).

SDG



¹⁴ Impact indicators are for the state for 2023 calendar year. Since the inception, the Programme has supported refinancing of 70 new schools and major upgrades.

¹⁵ Data are from the NSW Department of Education's 'Tell Them From Me' survey. Indicators are not comparable with those reported in previous annual reports for the Programme due to a change in the survey questions and methodology.

¹⁶ Indicator is cumulative and includes all station upgrades since the commencement of the Transport Access Program – Tranche 3, including those which have been completed but may have subsequently had additional works.



Critical Communications Enhancement Program

Expansion and enhancement to the NSW Public Safety Network (PSN), providing emergency services with mission critical radio communication.

Investment in critical communications will support our frontline responders to:

- Increase the sharing of information during emergencies, such as floods and fires
- Improve network access, resilience and reliability
- Improve responses to communities affected by disasters and critical incidents
- Allow for cross-border connections to networks in other states.

Status

Underway, due for completion in 2027.

Target population

General public. PSN is for the exclusive use of frontline responders, emergency services, essential agencies and local government.

Indicators

Infrastructure

54% geographic coverage across NSW (compared to 35% baseline in 2017).

98.9% population coverage across NSW (compared to 80% baseline in 2017).

Operations

21 operational areas migrated by Emergency Services Organisations (ESO) to date (out of 198 available).

46.3mn voice airtime minutes in ESO communications (compared to 20.2mn baseline in FY16).

SDG



Impact indicators – Affordable basic infrastructure



Improving Access to National Parks Program

Capital works to upgrade visitor infrastructure and facilities, development of digital tools, expansion of safety programs and the enhancement of mobile connectivity across NSW national parks.

Status

Underway, due for completion in 2026.

Target population

General population, in particular women and children, older persons and persons with disabilities.

Indicators

Infrastructure

210 projects completed to date, including 23 lookouts with mobility access.

Operations

53.2mn visitors to national parks (compared to 60.2mn baseline in 2018).¹⁷

SDG



¹⁷ Indicator is for 2022 based on a biennial survey and has been impacted by bushfires and COVID-19.

Impact indicators – Affordable housing



Social Housing Maintenance and Upgrades

Accelerated maintenance of social housing infrastructure. Across the programs, the scope of work included improving property conditions, access to affordable and sustainable energy and the wellbeing of residents. The programs supported employment in the construction and trade industries and strengthened partnerships with the community housing sector.

Status

Social Housing Maintenance COVID-19 Stimulus Program - Tranche 1 completed in June 2020 and Tranche 2 completed in June 2022.

Supplementary Capital Maintenance Program underway, due for completion in December 2024.

Target population

NSW social housing residents and applicants.

Indicators¹⁸

Social Housing Maintenance COVID-19 Stimulus Program - Tranche 1, over 2,300 properties maintained or upgraded.

Social Housing Maintenance COVID-19 Stimulus Program - Tranche 2, over 12,600 properties maintained or upgraded.

Supplementary Capital Maintenance Program, over 7,890 properties maintained or upgraded.

SDG



Aboriginal Housing Office Stimulus 2022 Program

Delivery of new homes and upgrades to existing Aboriginal housing supply to improve living conditions for Aboriginal social housing residents. The program also supported the local construction industry across a range of local government areas, many in bushfire and drought affected parts of NSW.

Status

Completed in June 2022.

Target population

Aboriginal people and communities.

Indicators¹⁹

Over 180 new Aboriginal social housing properties delivered.

Over 6,500 upgrades to Aboriginal social housing properties delivered.²⁰

SDG



¹⁸ Tranche 1 and 2 impact indicators are for FY20 and FY22 respectively and will not be updated annually as they reflect one-off activities.

¹⁹ Impact indicators are for FY22 and will not be updated annually as they reflect one-off activities. The program included an additional workstream which was not deemed eligible for the Programme due to its funding source.

²⁰ Including backlog maintenance upgrades, roof replacements, recladding and windows upgrades, solar and hydro panels upgrades, and air-conditioning upgrades.

How the Programme asset pool has grown

Expansion of existing project categories

Clean transportation

Sydney Metro City and Southwest

Sydney Metro is changing how Australia's biggest city travels, providing fast, reliable turn-up-and-go metro services. Sydney Metro City and Southwest enhances urban sustainability by offering high-frequency public transport that is more efficient and environmentally friendly than private car use.

Stage 1 of Sydney Metro City and Southwest includes 15.5km of new metro rail and extends the metro railway from Chatswood in Sydney's north to Sydenham in the city's inner west (via the Sydney CBD). The turn-up-and-go metro services are the fastest way to travel from Sydney's north to the city's CBD.

Stage 2 will extend the metro railway from Sydenham to Bankstown Station in Sydney's southwest after the conversion of 11 existing stations.

Once Sydney Metro City and Southwest is complete, Sydney will have 31 metro railway stations and a 66km metro railway system. Customers will benefit from reduced wait times (four minutes during peak times) and all metro stations will be fully accessible, with lifts and level access, and have platform screen doors for safety, accessibility and increased security.

Sustainability is deeply embedded into Sydney Metro City and Southwest, which has achieved a 6 Star 'World Leadership' Green Star design rating for all seven of its new underground city stations. Building on this accomplishment, Sydenham Station and Tunnels, Stations and Excavation works were awarded 'Leading' Infrastructure Sustainability As-Built ratings.

Once the line is fully operational, Sydney Metro City and Southwest will offset 100% of electricity needs via the purchase and retirement of renewable energy Large Scale Generation Certificates.

This project was provisionally approved prior to 30 June 2024 and received final approval on 17 July 2024. As of the publication date of this report, the eligible expenditure for this asset is \$3.7bn.

Sustainability highlights

- Reuse of 100% of the spoil generated during construction
- 96% of construction and demolition waste recycled or reused
- 35% of the water used in construction from non-potable sources
- Offset over 46% of the electricity needs for the construction phase
- Installation of 825 kW of solar panels at stations, the maintenance facility and service buildings.

SDG



Barangaroo Station, Sydney Metro City and Southwest

Photograph courtesy of Transport for NSW



About TCorp

Our mission is to provide best-in-class financial management, solutions and advice to the NSW public sector.

TCorp is the financial services partner to the NSW Government family, providing best-in-class financial management solutions and advice. With \$109.7bn of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of \$176.7bn as at 30 June 2024.

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.

TCorp is a public financial corporation (PFC) and not a budget dependent agency. It is a net contributor to the state through the payment of tax equivalents and dividends and in FY24, we generated a dividend of \$130.0mn.

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

Our objectives

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.

For the benefit of NSW

TCorp has a unique remit, being the only public sector organisation that acts as both a fund manager and a government central borrowing authority. We combine both functions to our clients' advantage and provide long-term benefits to the people and communities of NSW.

Our scale, market presence and strong credit rating provide access to a broader range of opportunities at lower costs.

TCorp's product and service lines are detailed below.

Financial management

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

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

Investment Management

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 the state of NSW. Investment strategies are agreed with and managed within the risk appetites of TCorp's clients.

The funds management activities include:

- Investment management and advisory services to NSW Treasury and other government entities including SAS Trustee Corporation (State Super) and Insurance and Care NSW (icare)
- In-house asset management of domestic cash and fixed income portfolios
- In-house asset management of some infrastructure and property assets and portfolios.

Appendix: Independent Limited Assurance Report

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.

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TCorp (New South Wales Treasury Corporation)

Level 7, Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000, Australia

T +61 2 9325 9325

ABN 99 095 235 825

www.tcorp.nsw.gov.au

