



2022-23 Mid-year debt investor update

15 March 2023

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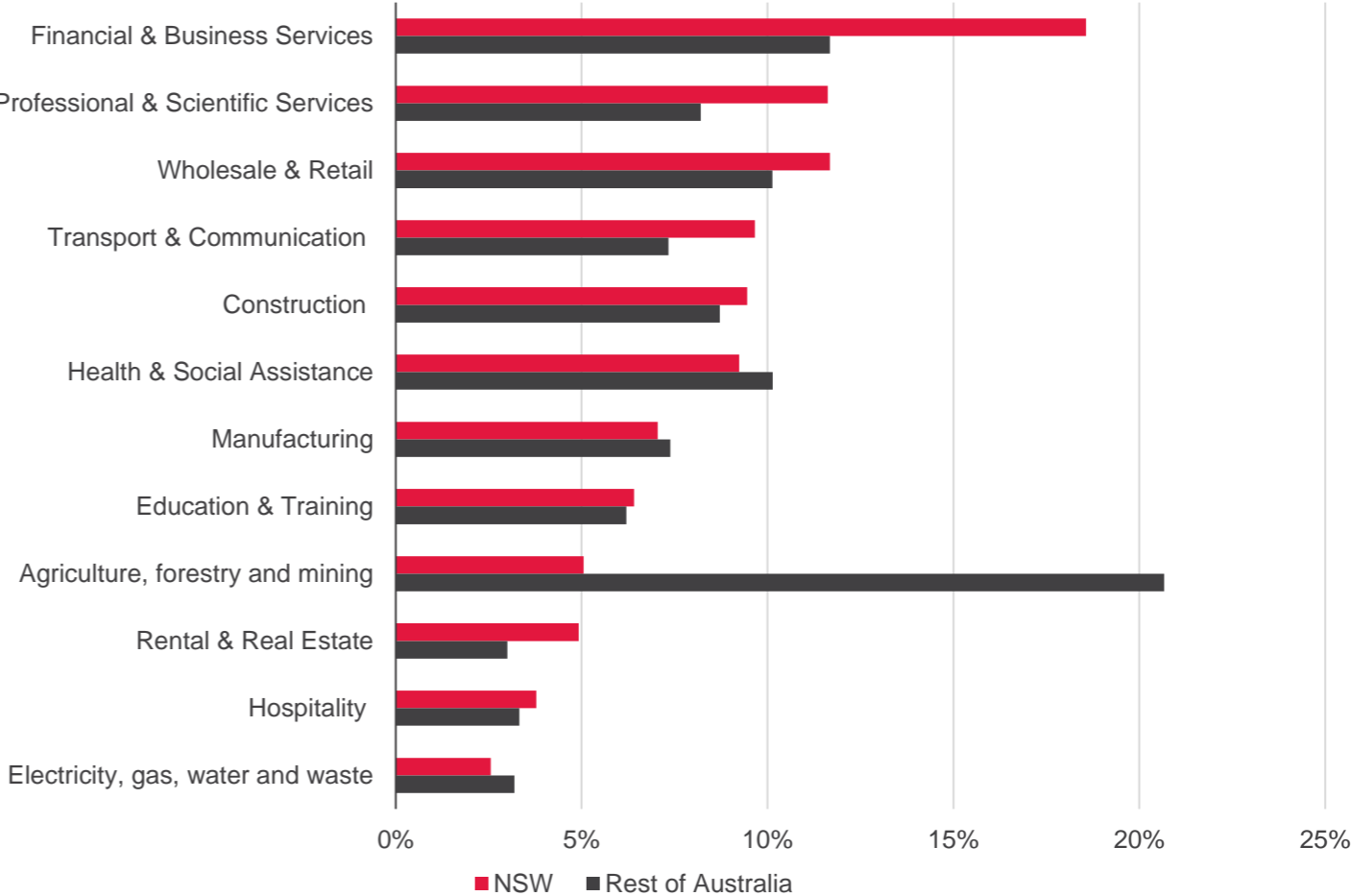
1. New South Wales at a glance

NSW is a highly diversified economy

The NSW economy

- Represents almost one third of national GDP
- Highest concentration of services industries
- Low concentration of volatile primary production

Industry composition of NSW economy vs rest of Australia



Source: Australian National Accounts: State Accounts 2020/21, Australian Bureau of Statistics

Source: NSW Budget 2022-23, as at 21 June 2022

The state benefits from strong credit ratings

	Long term local currency	Long term foreign currency	Short term
Moody's	Aaa (stable)	Aaa (stable)	Prime-1
Fitch	AAA (stable)	AAA (stable)	F1+
S&P Global	AA+ (stable)	AA+ (stable)	A-1+

“The stable outlook reflects our expectation that the state's large and diverse economy will remain resilient as the global credit cycle turns, continuing to underpin its capacity to service the state's growing debt burden over the next three to four years.”

Moody's, September 2022

“We expect a return to cash operating surpluses, supporting our stable outlook on the state. NSW has achieved high vaccination coverage and further lockdowns appear unlikely. Meanwhile, after-capital-account deficits will narrow in line with the improving operating position but remain elevated because of the state's historically large infrastructure pipeline.”

S&P Global, October 2022

“Despite current spending pressures related to the pandemic, natural disaster recovery and the rising cost of living, we believe the state's history of strong financial management and fiscal discipline will result in tight long-term expenditure control, leading to the 'Stronger' assessment.”

Fitch Ratings, November 2022

Stronger than expected growth outcomes, however global headwinds persist

NSW economic performance and outlook

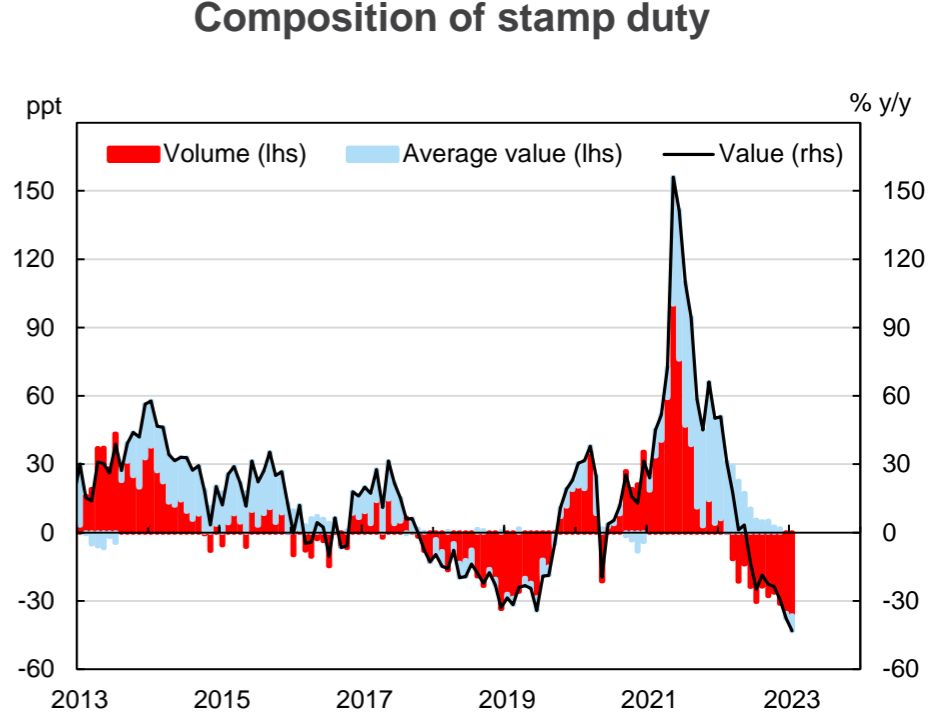
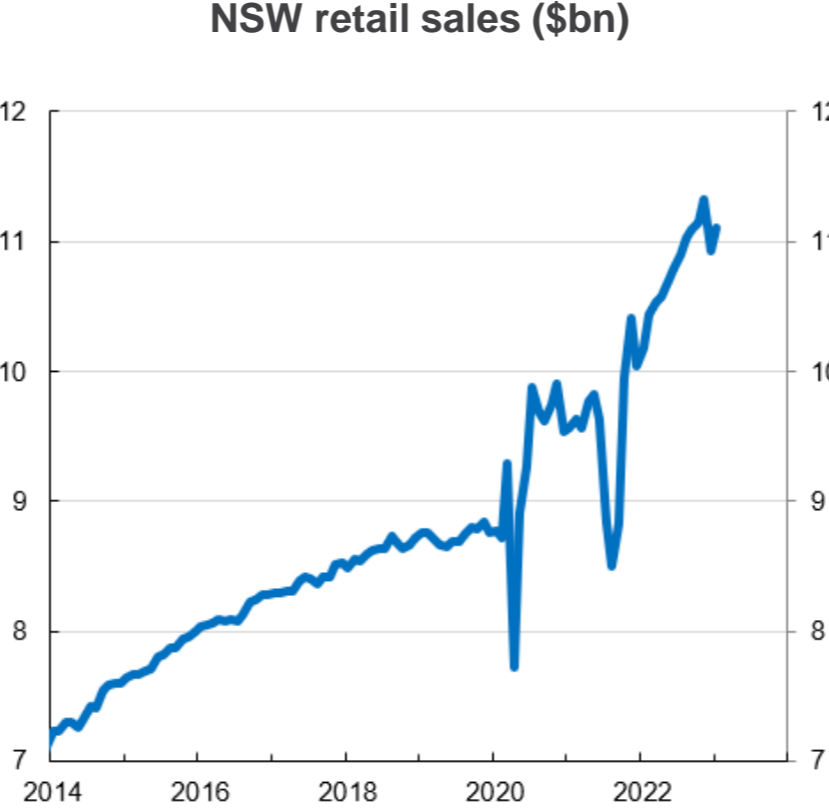
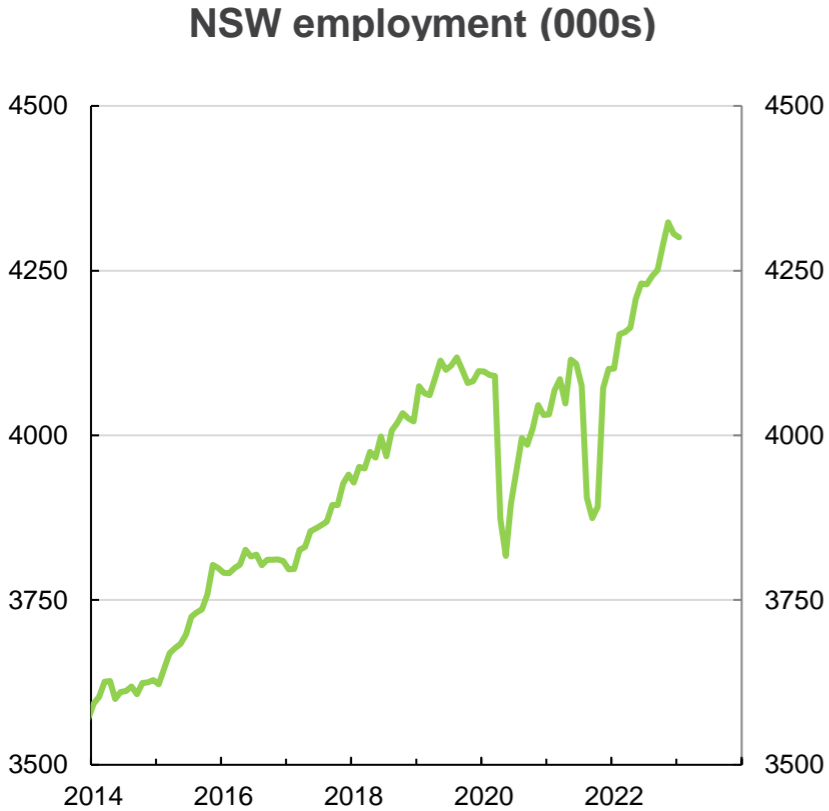
	2021-22 Outcome	2022-23 Forecast (PEBU)	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Real state final demand	3.2	4¾ (5¼)	1	2½	2¾
Real gross state product	1.8	3¾	1½	2¼	2½
Employment	0.9	5½	¾	1¼	1
Unemployment rate	3.6	3½	4½	4	4
Sydney consumer price index	3.9	7	4¼ (3½)	2¾	2¾ (2½)
Wage price index	2.4	3¾	4	3½	3¼
Population	0.7	1.2 (1)	1.2	1.2	1.2

* Forecasts rounded to nearest quarter point and are annual average per cent change. Figures in brackets are NSW Budget 2022-23 Half-Yearly Review as at 7 February 2023
Source: NSW Budget 2023 Pre-election Budget Update (PEBU) as at 8 March 2023



2. New South Wales – the detail

Economic activity in NSW was strong in 2022 but has slowed recently while housing sales have dried up



Source: Bloomberg, Revenue NSW, TCorp

NSW's budget strategy has now shifted to budget improvement

Spending restraint is the key to returning the budget to surplus

- The key anchor for the fiscal strategy is returning the budget to surplus in 2024-25. This budget surplus is forecast to reach \$328mn in 2024-25 and rise to \$824mn in 2025-26
- The return to surplus will be achieved despite modest revenue growth of less than 3% per annum. This reflects the slower growth in the economy and the effect on associated revenue from residential land transfers, payroll tax and GST receipts
- As such, strong discipline around expenses is critical to achieving the return to surplus. Total spending is forecast to decline from \$117.3bn in 2022-23 to \$114.9bn in 2025-26 facilitated in part by the withdrawal of COVID and emergency-related spending in recent years.

Budget spending is being wound back as the focus shifts away from emergency economic support during the pandemic towards fiscal sustainability and fostering long-term productivity improvements

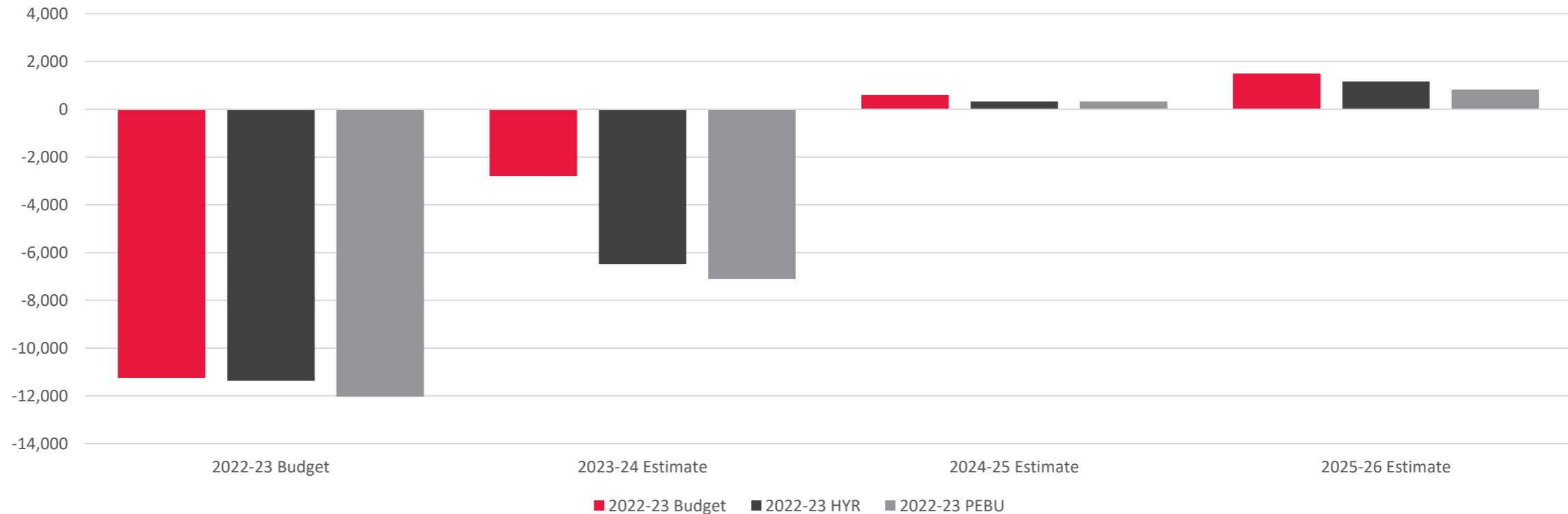


3. NSW Budget 2022-23 HYR and PEBU

NSW Budget is forecast to return to surplus by 2024-25

Affirming the objective to return to surplus by 2024-25 and maintain sustainable debt levels

Comparison of 2022-23 Budget to 2022-23 Half-Yearly Review and 2022-23 Pre-election Update

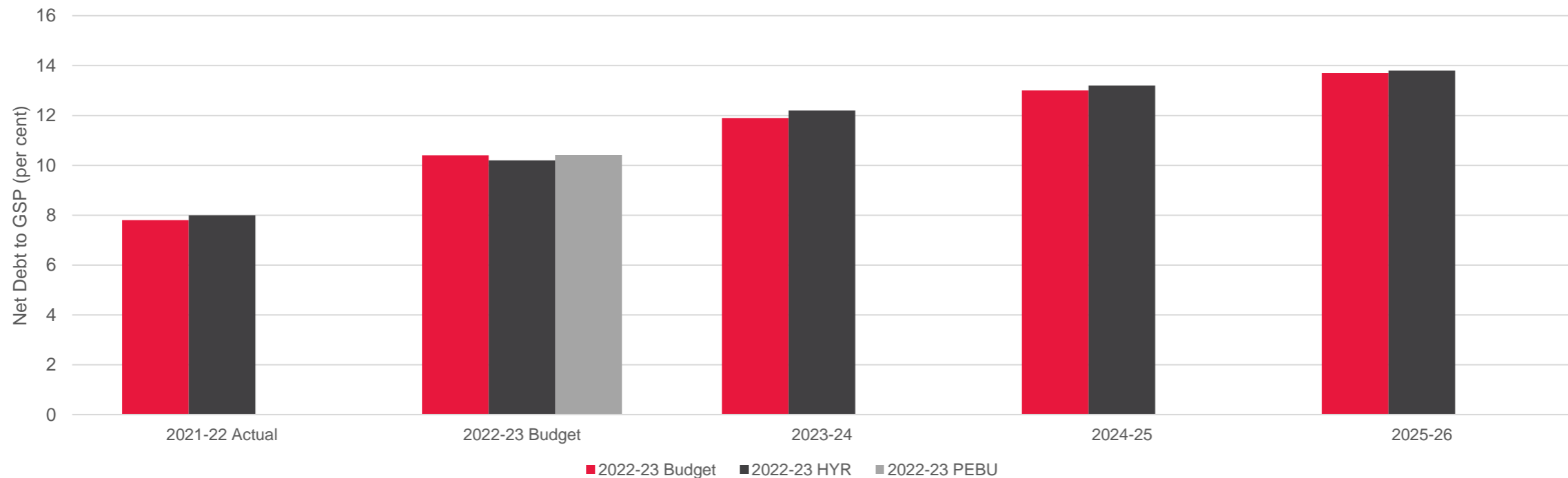


Estimated expenses include storm and flood recovery activities along with cost of living support

Net debt projected to stabilise to around 14% of GSP from June 2026

Operating deficit revised higher in 2023-24 primarily as a result of the flood response and cost of living support measures

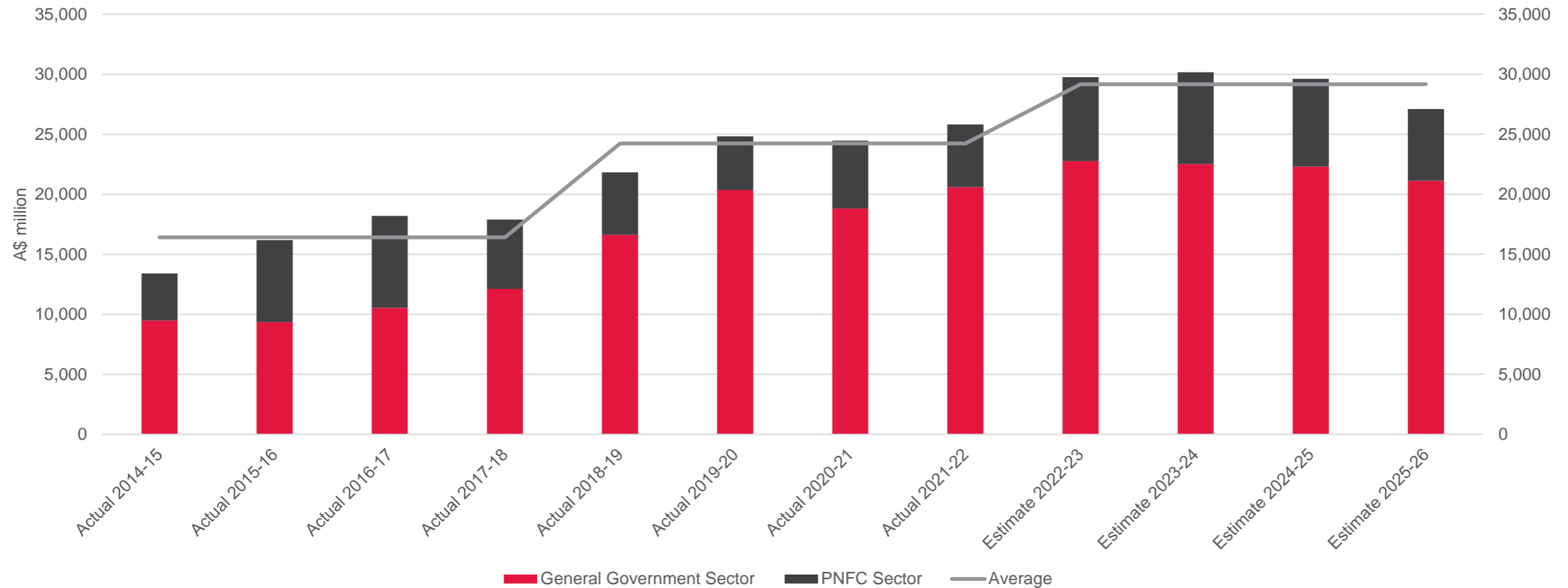
Net Debt to GSP - 2022-23 Budget to 2022-23 Half-Yearly Review



Net debt to GSP is forecast to decline in the second half of this decade

Infrastructure program of \$116.6bn

Infrastructure program from 2014-15 to 2025-26 for general government and public non-financial corporations sector



Source: NSW Budget 2022-23 Half-Yearly Review as at 7 February 2023

New South Wales Treasury Corporation

Unclassified

13

NSW infrastructure program

Transport

\$79.7bn



- Sydney Metro West
- Sydney Metro Western Sydney Airport
- Western Harbour Tunnel upgrade
- Zero Emission buses
- New England and Newell Highway upgrades

Health

\$11.4bn



- Health Infrastructure plan to deliver new and upgraded hospitals including:
 - Bankstown Hospital
 - Grafton Base Hospital Redevelopment
 - Ambulance Infrastructure Program

Education

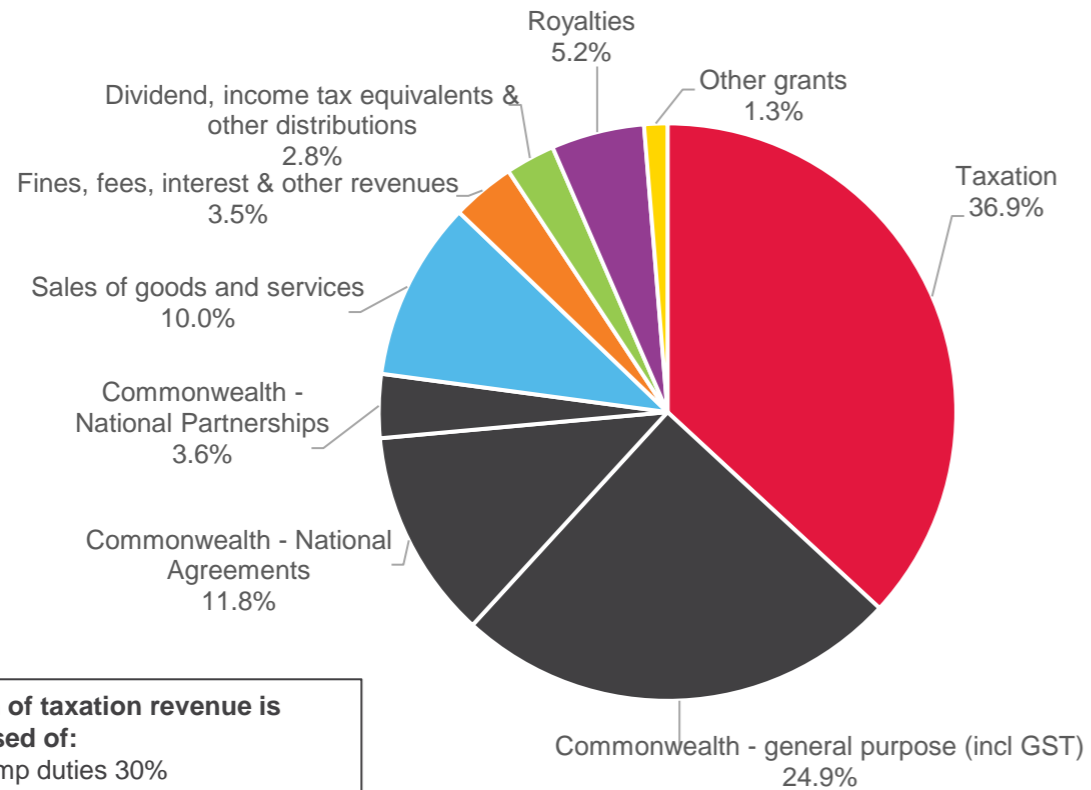
\$9.8bn



- Schools and Skills Infrastructure
- New and upgraded school projects
- 8x upgrades term 4 2022
- 5x upgrades term 1 2023
- 6x new schools term 1 2023

Economic recovery leading to upward revenue revisions

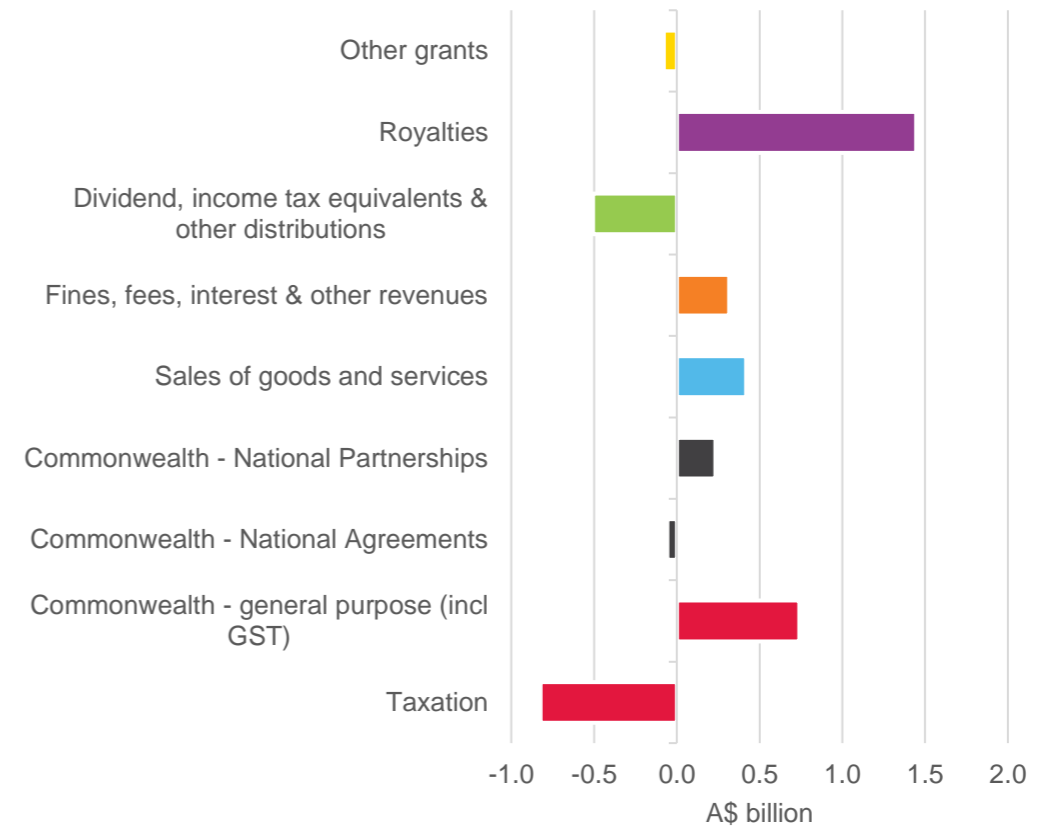
Updated 2022-23 forecast revenue, total of \$105.2bn at PEBU



\$38.8bn of taxation revenue is comprised of:

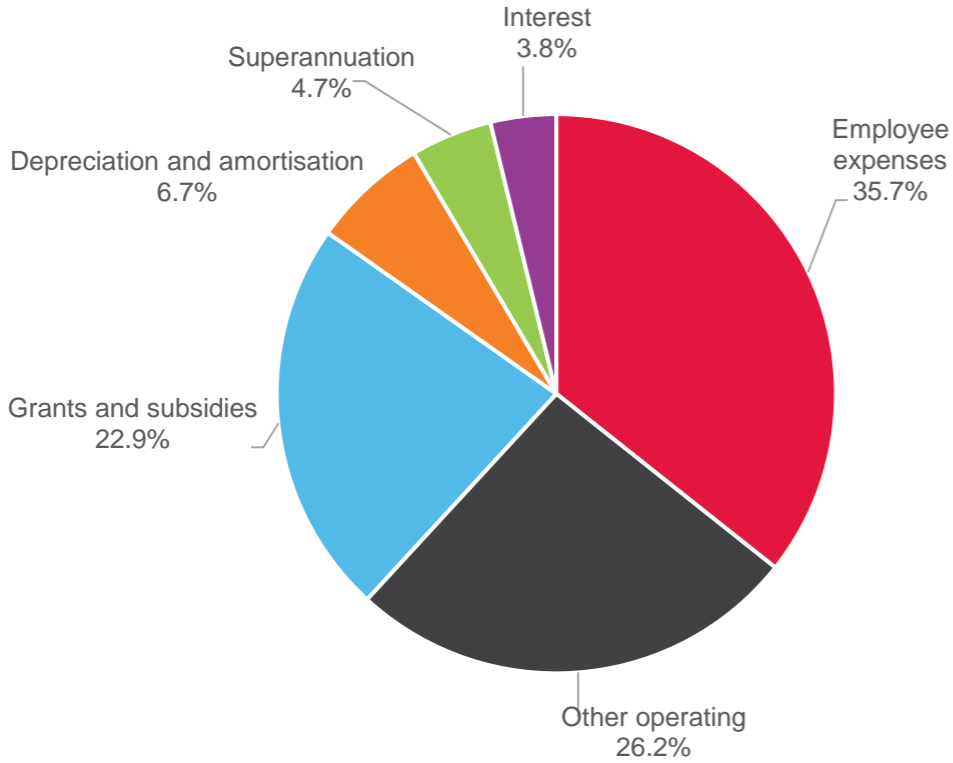
- Stamp duties 30%
- Payroll tax 29%
- Land tax 15%
- Motor vehicle taxes 7%
- Gambling and betting taxes 9%
- Other 10%

Expense change: 2022-23 Budget to PEBU

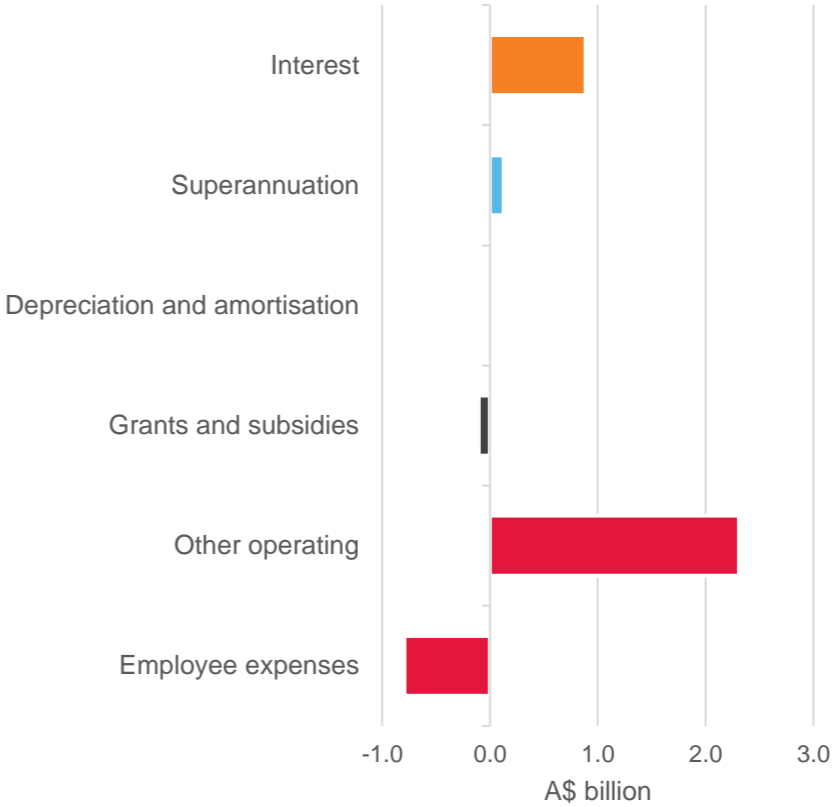


Despite increasing in 2022-23, expenses forecast to decline over forward estimates

Updated 2022-23 forecast expenses, total of \$117.3bn at PEBU



Expense change: 2022-23 Budget to PEBU



Since the 2022-23 Budget, NSW has experienced further storm and flooding events



Grant and Funding Support

\$1.1bn

- Clean up assistance
- Direct funding support for affected households
- Primary producer support
- Local council support
- Small business and NFP support



Resilient Homes Fund

\$800mn

- Improving resilience of homes in high-risk flood areas
- Targeting Northern NSW



Regional and Local Roads Repair Program

\$500mn

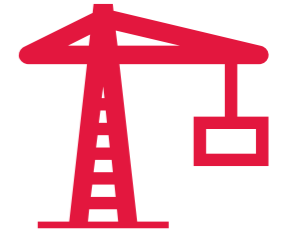
- Supporting councils to undertake urgent repairs for roads impacted by major flooding throughout NSW



Implementation of the 2022 NSW Independent Flood Inquiry

\$199mn

- Including, enhancing NSW's flood rescue capability
- Strengthening key disaster welfare functions
- Better supporting volunteerism



NSW Reconstruction Authority

- Establishing a dedicated agency to support communities to build greater resilience and rebuild and recover quickly from natural disasters

Cost of living support for households across NSW

Broad-based Toll Relief Rebate Scheme \$520mn over 2 years

- Provides a 40% rebate on toll expenditure for eligible motorists from 1 July 2022
- Maximum of \$750 per annum

Back to School NSW Vouchers \$193mn

- To assist every parent with a child in school in reducing the cost of school supplies and excursions
- Up to \$150 per eligible student
- Over 3.3mn vouchers issued to 31 January 2023

Energy Bill Buster Program \$128mn over 8 years

- Assist eligible households address their energy bills
- Encourage the use of solar and high efficiency appliances

Regional Student and Apprentice Travel Card \$250 prepaid travel cards

- Help ease the cost of travel and support access to education and training
- Open to eligible apprentices and university students in regional, rural and remote areas of NSW

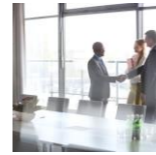
Commencement of schemes to increase opportunities for home ownership

First Home Buyer Choice scheme



- NSW Parliament passed the *Property Tax (First Home Buyer Choice) Act 2022* in November 2022
- Purchases made since November 2022 are eligible for the scheme
- \$728.6mn over 4 years to introduce the scheme
- Eligible first home buyers choose between upfront stamp duty or smaller annual land tax payments for purchases up to \$1.5mn for established or new homes and up to \$800,000 for vacant land
- At 31 January 2023, 761 first home buyers had chosen the property tax

Shared Equity Home Buyer Helper scheme



- \$780.4mn over 4 years which commenced 23 January 2023
- Program supports lower income single parents, singles over 50 and first home buyer key workers
- Key workers include nurses, midwives, paramedics, teachers, early childhood educators and police officers. Applicants must have a gross annual income up to \$90,000 for singles or \$120,000 for couples
- Maximum value of property purchase is \$950,000 in Sydney and major regional centres, \$600,000 in other centres
- At 31 January 2023, 117 loan applications completed or in progress



4. NSW Sustainability Bond Programme

NSW Sustainability Bond Programme overview

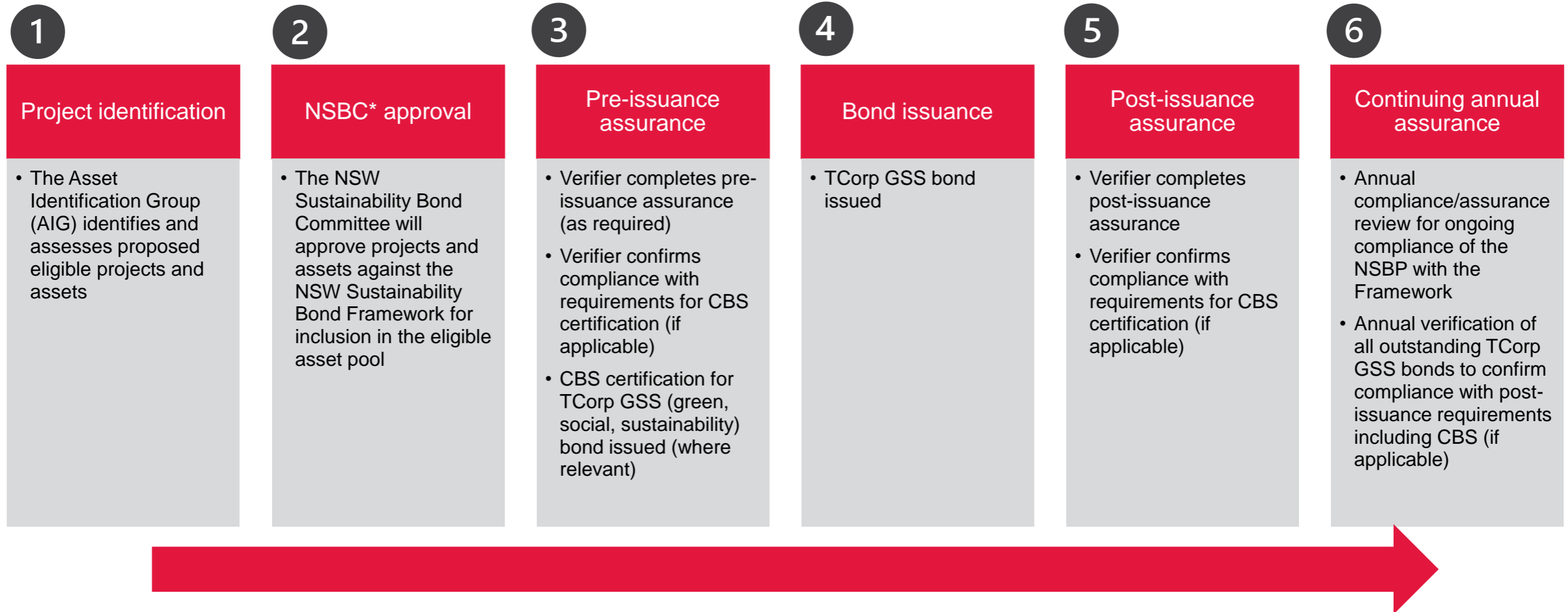
Mechanism for investors to contribute capital to accomplish environmental and social goals

Framework	NSW Sustainability Bond Framework – January 2022 (which may be updated periodically)
External Review	<ul style="list-style-type: none">• Second Party Opinion (SPO) on current framework provided by Sustainalytics• Assurance – annual, independent reasonable assurance on outstanding bonds and Annual Report from EY
Green Bonds	Issued in alignment with 2021 ICMA Green Bond Principles (GBP) Certification in compliance with Climate Bonds Standard V3.0 (CBS)
Social Bonds	Issued in alignment with 2021 ICMA Social Bond Principles (SBP)
Sustainability Bonds	Issued in alignment with 2021 ICMA Sustainability Bond Guidelines (SBG)
Components	Each bond is issued under the framework which covers the following components: <ul style="list-style-type: none">• Use of proceeds• Process for project evaluation and selection• Management of proceeds• Reporting• External review
Asset Pool	<ul style="list-style-type: none">• Limited to expenditure on eligible projects and assets detailed in the framework• Lookback period limited to 2 years (i.e. assets completed more than 2 years ago are not eligible)• Only expenditure that has already occurred• Refinancing of assets via the SBP occurs only once
UN SDGs	Framework incorporates ICMA alignment mapping of GBP and SBP with UN SDGs
Annual Report	Annually for all outstanding green, social or sustainability bonds
Website	https://www.tcorp.nsw.gov.au/html/sustainabilitybonds.cfm



NSW Sustainability Bond Programme project evaluation and selection

Ensuring that projects align and meaningfully contribute to the UN SDGs



* New South Wales Sustainability Bond Committee

Source: NSW Budget 2022-23 Half-Yearly Review as at 7 February 2023

NSW is adopting a target to reduce emissions by 70% by 2035

Policies are projected to reduce emissions by 55.2mn tonnes of CO2e by 2035

2019 - 2020



- **November** – NSW Electricity Strategy published, introducing the Energy Security Safeguard
- **March** – NSW Net Zero Plan Stage 1: 2020-2030 is launched
- **November** – Electricity Infrastructure Roadmap announced
- **December** – NSW Parliament passes the *Electricity Infrastructure Investment Act 2020*

2021



- **March** – Net Zero Industry and Innovation Program unveiled
- **June** – NSW Waste and Sustainable Materials Strategy 2041 – Stage 1: 2021-2027 released
- **June** – NSW Electric Vehicle Strategy published
- **October** – NSW Hydrogen Strategy launched
- **November** – Carbon Positive by 2028 for the National Parks and Wildlife (NPWS) published
- **December** – Net Zero Emissions and Clean Economy Board members announced

2022

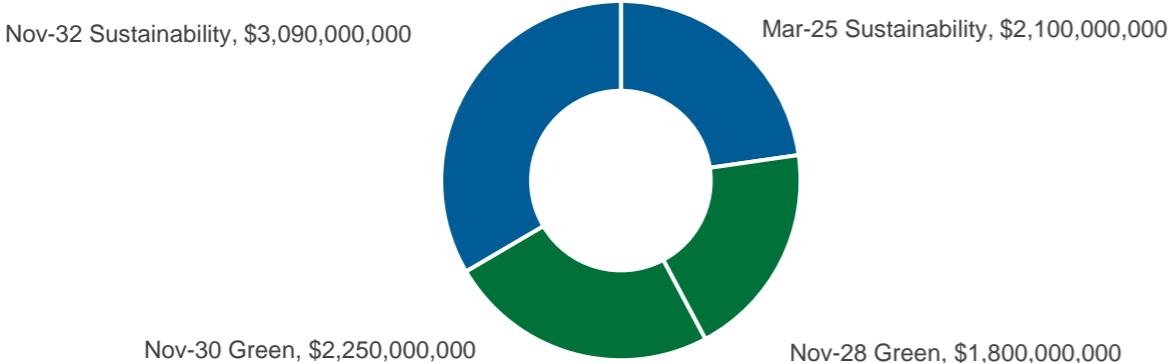


- **February** - \$300mn announced to build the State's clean manufacturing base
- **February** - \$250mn Renewable Manufacturing Fund announced
- **March** – Primary Industries and Productivity Abatement Program announced
- **May** – State Infrastructure Strategy 2022-2042 published
- **June** – NSW Climate Change Adaptation Strategy released
- **June** – Sustainable Farming Program launched
- **June** – Zero Emissions Buses Transition Plan announced
- **August** - Sustainable Buildings Environment Planning Policy (SEPP)
- **August/September** - NSW Net Zero Emissions Dashboard and related data and methods papers published
- **September** – Future Transport Strategy published
- **September** – Blue Carbon Strategy launched
- **September** – Draft NSW EPA Climate Change Policy and Action Plan released
- **September** – Updated Peak Demand Reduction Scheme commenced
- **October** – Net Zero Cities Action Plan published

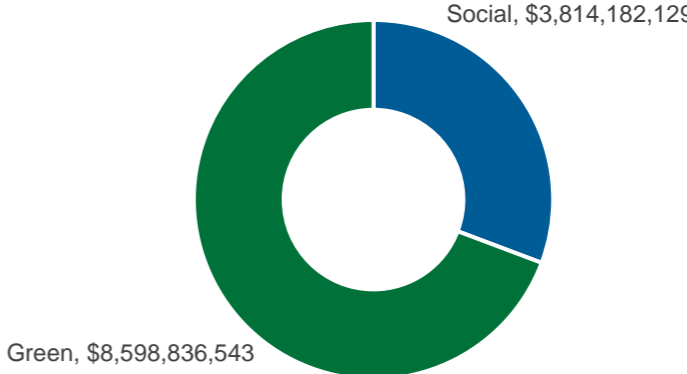
NSW committed to its sustainability bond programme

Will continue to issue new lines, add to existing lines and grow the pool of eligible assets

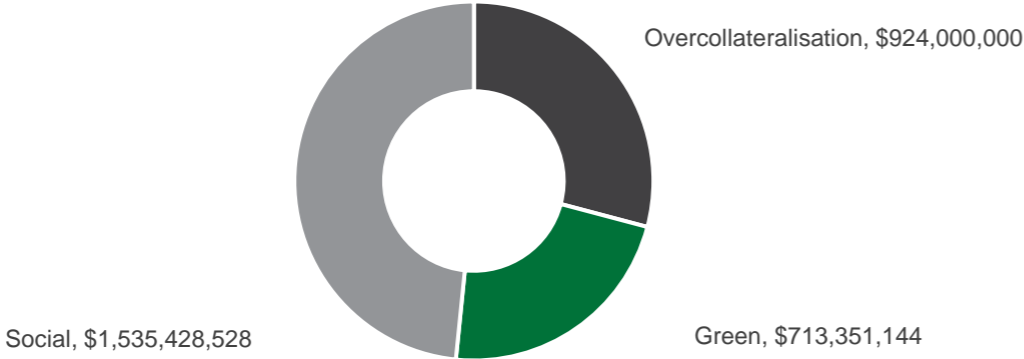
Bonds on issue*



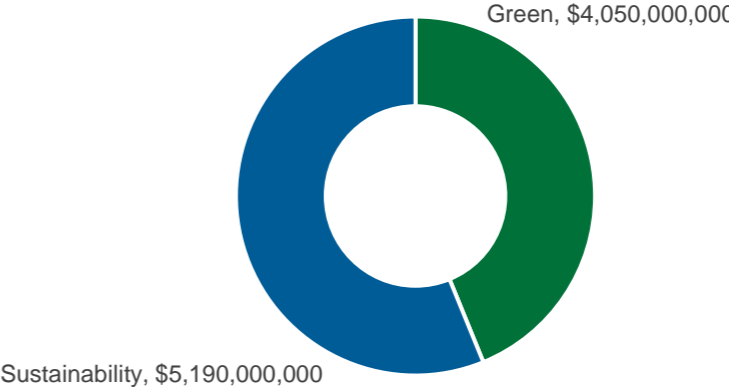
Eligible assets - financed up to 30 June 2022



TCorp debt unallocated - to 30 June 2022



Label type on issue



Source: TCorp; *As at 9 March 2023



5. TCorp funding overview

TCorp's forecast funding task

	2022/23 Budget \$bn	2022/23 PEBU \$bn	2023/24 \$bn	2024/25 \$bn	2025/26 \$bn
New client loans	27.1	25.0**	25.5	18.6	19.6
Term maturities	1.1*	1.1*	7.8	8.9	11.0
Pre-funding for FY23	(4.2)	-	-	-	-
Estimated borrowings	24.0	26.1	33.3	27.5	30.6
FY23 term funding completed at 14 March 2023		18.5			
Remaining funding requirement		7.6			

*FY23 maturities offset by remaining debt retirement funds

**2022-23 new client loans forecasts incorporate A\$1.6bn of net prefunding completed in 2021-22

TCorp's benchmark bond programme will continue to provide the majority of term funding in the 2022-23 financial year

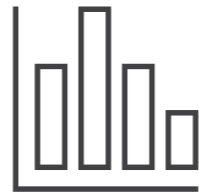


The objectives of TCorp's borrowing strategy

Executed through a combination of syndication, tender and reverse enquiry

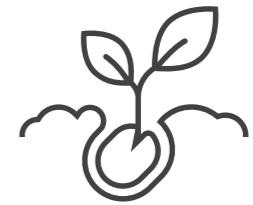
Extending our benchmark curve

- Syndications predominantly in tenors greater than 10 years*



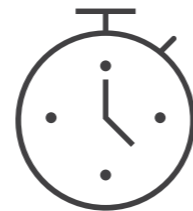
Commitment to issuance under the NSW Sustainability Bond Programme

- New lines and/or increasing November 2030 and November 2032*



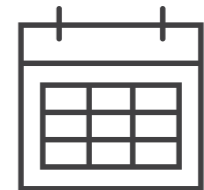
Extending our non-benchmark issuance

- Ultra-long dated AUD and non-AUD maturities*



Active management of our maturity profile

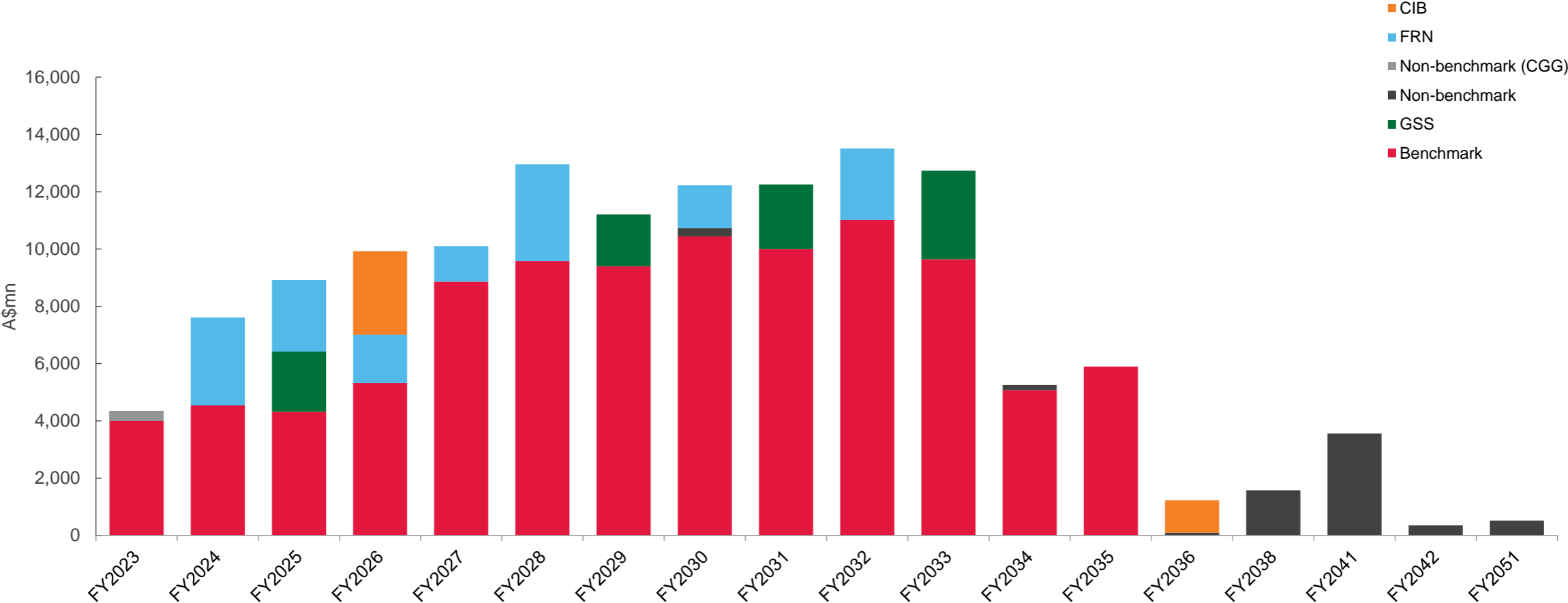
- Term out of short dated benchmark bonds*



* TCorp considerations subject to market conditions

TCorp has an extensive bond offering

Bonds on issue – 9 March 2023



Source: TCorp



6. Contacts

Funding and Balance Sheet contacts

Name	Position	Telephone	Email
Rob Kenna	General Manager, Financial Markets	+61 2 9325 9278	rob.kenna@tcorp.nsw.gov.au
Daniel Chandler	Head of Funding and Sustainability	+61 2 9325 9288	daniel.chandler@tcorp.nsw.gov.au
Stephanie Tiah	Senior Analyst, Funding and Sustainability	+61 2 9325 9136	stephanie.tiah@tcorp.nsw.gov.au
Gavin Sinnott	Head of Balance Sheet	+61 2 9325 9279	gavin.sinnott@tcorp.nsw.gov.au
Matthew Squires	Balance Sheet Trader	+61 2 9325 9280	matthew.squires@tcorp.nsw.gov.au
Yulia Batsman	Liquidity Manager	+61 2 9338 9144	yulia.batsman@tcorp.nsw.gov.au
Michael Reddick	Head of Derivatives Trading and Analytics	+61 2 9325 9306	michael.reddick@tcorp.nsw.gov.au
Karanbir Randhawa	Derivatives Trader	+61 2 9325 9281	karanbir.randhawa@tcorp.nsw.gov.au



Level 7
Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000
T + 61 2 9325 9325
W www.tcorp.nsw.gov.au
ABN 99 095 235 825

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