



Value

today

tomorrow



New South Wales  
Treasury Corporation

# TCorp continues its vital role, at the heart of treasury operations, for the State of New South Wales.

Since its establishment as the State's central borrowing authority, TCorp has accumulated significant financial markets experience and expertise which it applies in managing both the funding requirements and the financial assets of Government agencies efficiently and effectively.

TCorp's innovative and proactive approach is constantly extending the reach of its activities, involving support for initiatives such as privately financed infrastructure projects.

For the fourth time in five years, TCorp has been nominated in the Australian Banking and Finance Awards as the Best Non-Bank Financial Institution. Independent client surveys point to a high level of satisfaction with our service delivery and reporting arrangements.



**Financing**  
the public sector

**10**



**Funding**  
from capital markets

**12**



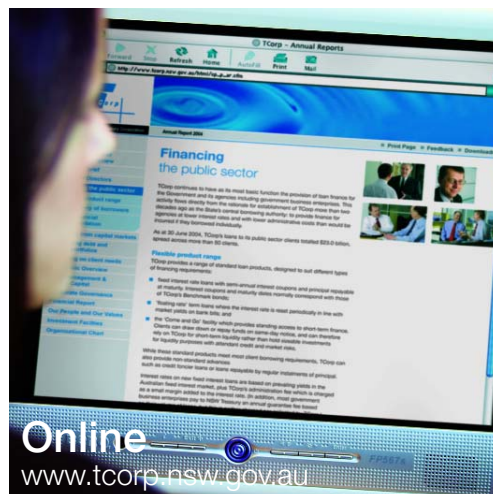
**Managing**  
debt and asset portfolios

**15**



**Advising**  
on client needs

**18**



**Online**  
[www.tcorp.nsw.gov.au](http://www.tcorp.nsw.gov.au)

Visit our website to access this  
annual report in convenient HTML.

# Year in review

## Highlights of TCorp's activities in 2003/04 included:

- A pre-tax operating profit of \$45.2 million, representing TCorp's best result over the past seven years.
- Excellent outcomes from offshore funding, with \$3.5 billion sourced from Japanese markets in 167 separate transactions.
- TCorp's most successful year for issuance in the Global Exchangeable Bond program, with outstandings increasing by over \$2 billion in the year to record levels.
- Launch of a new 1/8/2014 Benchmark bond, with over \$1.6 billion on issue by year end.
- Continued strong growth in TCorp's funds management activities, with funds under management in Investment Facilities and discretely managed portfolios increasing to \$13 billion, a 250% increase in the business over the last three years.
- Excellent performance from the Investment Facilities growth sectors, with top quartile performance registered for the Medium and Long Term Growth Funds. Australian Equity sectors generated returns in excess of 20% and outperformed index.
- Strong value added for managed debt portfolios, with TCorp outperforming benchmark for all 14 managed client portfolios.
- A dividend of \$33.4 million payable to the Government.

# Performance indicators

## Five year summary

|                                                             | 2003/04<br>\$m | 2002/03<br>\$m | 2001/02<br>\$m | 2000/01<br>\$m | 1999/2000<br>\$m |
|-------------------------------------------------------------|----------------|----------------|----------------|----------------|------------------|
| <b>Profitability</b>                                        |                |                |                |                |                  |
| Profit before income tax equivalent expense <sup>(1)</sup>  | 45             | 33             | 24             | 38             | 33               |
| <b>Statement of financial position</b>                      |                |                |                |                |                  |
| Loans to clients                                            | 22,966         | 22,659         | 22,297         | 23,351         | 24,205           |
| Other assets                                                | 4,682          | 4,603          | 3,336          | 2,601          | 2,284            |
| Total assets                                                | <b>27,648</b>  | <b>27,262</b>  | <b>25,633</b>  | <b>25,952</b>  | <b>26,489</b>    |
| Domestic Benchmark bonds                                    | 13,501         | 16,219         | 14,935         | 15,813         | 15,737           |
| Global Exchangeable bonds                                   | 5,704          | 3,581          | 3,119          | 3,461          | 3,912            |
| Due to Government clients                                   | 1,426          | 615            | 888            | 781            | 536              |
| Other borrowings and liabilities                            | 6,987          | 6,817          | 6,661          | 5,867          | 6,274            |
| Total liabilities                                           | <b>27,618</b>  | <b>27,232</b>  | <b>25,603</b>  | <b>25,922</b>  | <b>26,459</b>    |
| Difference represented by equity                            | 30             | 30             | 30             | 30             | 30               |
| <b>Asset management for State authorities</b>               |                |                |                |                |                  |
| Funds under management:                                     |                |                |                |                |                  |
| - Investment Facilities                                     | 5,321          | 4,447          | 3,068          | 2,874          | 3,297            |
| - specific fund mandates                                    | 7,607          | 6,221          | 4,568          | 2,158          | 1,035            |
| <b>Liability portfolio management for State authorities</b> |                |                |                |                |                  |
| Liability portfolio management                              | 15,480         | 16,581         | 14,939         | 15,922         | 16,741           |

<sup>(1)</sup> The above amounts include individually significant amounts of \$6.3 million in 2003/04, \$3.6 million in 2002/03, \$13.3 million in 2000/01 and \$11.2 million in 1999/2000.

# Chairman and Chief Executive's review

## Overview

The past year has been marked by continuing terrorist activity as well as the major geo-political event of the war in Iraq.

While less profound in impact than those of the previous year, these events affected financial markets and, in the short term, confidence. However, the underlying strength of our domestic economy and the recovery elsewhere – particularly in the United States and less so in Japan – have seen the year close on a more satisfactory footing than 2002/03.

The Reserve Bank of Australia increased the cash rate twice during the year to 5.25% through two moves each of 25 basis points. A neutral stance has been maintained since, despite the decisions of other central banks to raise rates. The Reserve Bank remained concerned about the escalation in house prices nationally and the level of household gearing. While the market has not seen a dramatic retracement in values, there seems to have been a change in expectations about future house price gains.

The Australian Stock Exchange main equity indices finished the year markedly higher, with the ASX 300 index finishing almost 500 points up at 3,550. Offshore markets performed well with the S&P 500 index gaining about 14% over the year. The improvement in the outlook for the US economy and corporate earnings supported the gains. Elsewhere, there was a general rise in offshore equity markets after the end of the war in Iraq while Asian equity markets recovered particularly well after the end of the SARS-induced activity slump and an underlying lift in economic activity.

## Funding

TCorp had its most active and profitable year since the mid-nineties from offshore funding through the Japanese involvement in our borrowing program. For the full year, we raised a total of \$3.5 billion from new issues into the Japanese market. This involved buying back \$352 million in seasoned bonds, giving a net offshore funding program of \$3.1 billion. The borrowing program was \$5.2 billion, the largest in recent times but well accommodated by the domestic and offshore markets.

Domestic bonds on issue fell over the year due to the maturity of the April 2004 line of bonds and the strength of the offshore appetite for our paper. TCorp takes advantage of opportunities to issue offshore at prices below our domestic cost of funds and this in turn provides for price tension on our domestic yield curve.

Domestic outstandings finished the year at \$13.5 billion, which is towards the lower end of our target range. Offsetting this, and complementing our Japanese transactions, our Global Exchangeable program also saw good demand with outstandings climbing to \$5.7 billion at year end.

## Revenues and performance

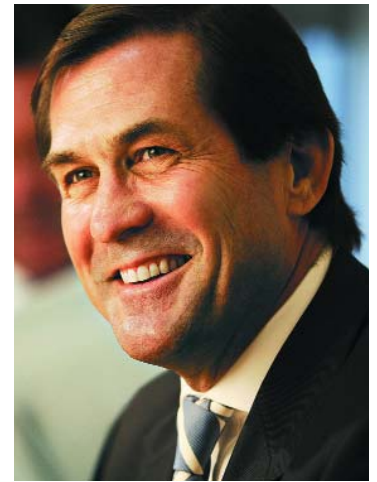
Aggregate revenues derived from our borrowing and lending activities, liability and asset management and corporate services were well ahead of budget for the year. In addition to offshore funding, the performance of our liability management team was particularly strong and ahead of all client benchmarks.

Our asset management business has grown strongly. The year's highlights include:

- all asset classes posted positive returns for the 2003/04 financial year;
- growth funds posted positive results for the first time in two years;
- TCorp's Hour-Glass Medium and Long Term Growth Facilities recorded 'Upper Quartile' results in the InTech surveys;
- Australian equities product was the highest-performing asset class and had the best return since 1997;
- TCorp's Active Australian equities portfolio outperformed the benchmark by 3%, whereas the median manager in the surveys struggled to reach the benchmark. The return of 24.5%, net of fees, was outstanding; and
- international shares posted positive results for the first time since 2000.



John Pierce Chairman



Wayne Jarman Chief Executive

Our Corporate Finance unit again had an interesting and successful year advising NSW Treasury and Government agencies on a variety of important project financings. This is a fully contestable business which included cross-border lease transactions, privately financed toll road transactions and a number of other advisory arrangements for the transport and electricity utilities.

TCorp provides front-to-back treasury and asset management services both in contestable and non-contestable mandates supported by an excellent back-office team.

TCorp's accounting, operations, compliance and administrative units had a particularly busy year. Almost all Government utility businesses contract out their liability management to TCorp. Also, as stated, our asset management business has seen particularly strong growth. These are fully contestable activities, whereas agencies are compulsorily required to borrow through TCorp. It is pleasing that independent client surveys again point to a high level of satisfaction with our service delivery and reporting arrangements.

Similarly, our Client Services unit again achieved high results in the client satisfaction surveys, with client relationship managers scoring very well in advice, reporting and marketing functions. Client loyalty is particularly strong in all facets of our business.

During the year, the rating agencies' representatives endorsed the underlying strength of the New South Wales credit and the strong position maintained by the State with a AAA rating.

TCorp has become more involved with the Boards and senior management of our Public Trading Enterprises clients through the conduct of workshops on risk management with particular emphasis on debt management. The response to these seminars has been tremendously encouraging.

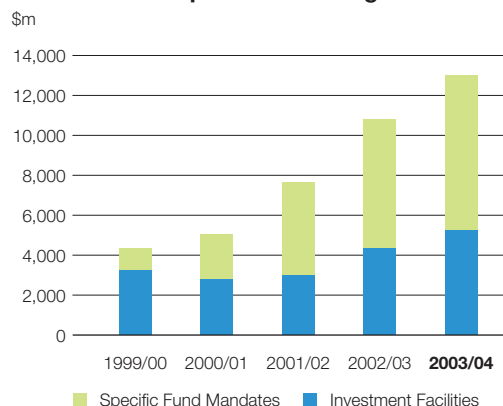
For the fourth time in five years, TCorp was nominated as the Best Non-Bank Financial Institution (NBFI) in the Australian Banking and Finance Awards. Given the strength of the competition from insurance companies and other NBFIs, this continuing recognition is very pleasing.

This year we welcomed Ms Meredith Hellicar to TCorp's Board. Meredith is a well known, highly qualified and accomplished person. A former National Chief Executive of the legal firm Corrs Chambers Westgarth, Meredith brings a considerable skill set to TCorp.

Our thanks go to our staff for their strong contribution to our performance. We had a large borrowing program, a substantial increase in our asset management business and the performance in all areas of our activities front and back office was commendable. Again, this year was characterised by an emphasis on corporate governance and compliance. TCorp's Board and management finalised the process of reviewing its governance arrangements with the assistance of PricewaterhouseCoopers.

No doubt, as this year has done, the 2004/05 financial year will bring challenges. We are well positioned, confident and optimistic that we shall contribute strongly to the financial benefit of New South Wales.

#### Growth of TCorp's Asset Management Business



# Our charter, mission and values

## TCorp's charter

TCorp is the central financing authority for the New South Wales public sector. Under the Treasury Corporation Act 1983, TCorp's principal objective is "to provide financial services for, or for the benefit of, the Government, public authorities and other public bodies".

TCorp has, for the purpose of pursuing its objectives, the same legal capacity, powers and authorities as a company under the Corporations Act 2001 (Cth). Activities in which TCorp can engage include:

- provision of finance for the Government and New South Wales public authorities;
- management or advice on management of Government and public authority assets and liabilities;
- acceptance of funds for investment from the Government and public authorities;
- investment of funds; and
- management of TCorp's own assets and liabilities.

TCorp's powers to borrow, invest and undertake financial management transactions are regulated under the Public Authorities (Financial Arrangements) Act 1987.

## TCorp's mission statement

TCorp exists to deliver for New South Wales the best that the financial markets can offer.

## TCorp's corporate objectives

In line with the mission statement, the corporate objectives of TCorp are to:

- achieve cost-effective funding;
- effectively execute portfolio assignments;
- effectively execute risk management and structured finance assignments; and
- meet client and market needs through enhanced resource management and allocation.

## TCorp's values

### Integrity

We encourage and maintain the highest levels of honesty and ethical behaviour in all business dealings, work practices and relationships.

### Commitment to excellence

We strive to achieve professional excellence, and contribute to a positive perception of the organisation.

### Maintaining the right work environment

We are committed to creating an environment where people are able to achieve their full potential, be recognised, and rewarded for their efforts. We recognise that sustained high-level performance requires a balance between focus and dedication on the job and appropriate support for individual needs.

### Teamwork

We treat our colleagues with respect, working with them to achieve better results and common goals.

### Open and honest communication

We encourage and maintain an atmosphere of openness and trust.

### Development and learning

We encourage our people to achieve personal growth, and provide them with a range of options to develop their capabilities.

### Balancing external and internal interests

We are committed to adding value for all stakeholders by focusing our resources and energies to meet their needs, while understanding TCorp's needs.



TCorp values the people who create our culture and contribute to our successes. We strive to build a work environment in which they can develop their potential, pursue their aspirations and achieve full job satisfaction.

We recognise that TCorp exists to provide clients with world-class service. We work to develop financial solutions that meet the interests of our clients while exercising the highest standards of honesty, openness and ethical conduct.

# TCorp's key objectives

## Results for 2003/04

| Objectives                                                                                                                                                | Performance measures                                                                                              | Results for 2003/04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To achieve cost effective funding for clients through management of TCorp's funding program and balance sheet activities.                                 | To meet or exceed budgeted revenue from management activities.                                                    | Revenue from management activities was \$57.4 million, which exceeded the budget of \$44.6 million.<br><br>TCorp raised \$3.5 billion from the Japanese sector at favourable levels compared with domestic funding alternatives.                                                                                                                                                                                                                                                                                     |
| To effectively execute portfolio assignments for clients through management of debt and asset management portfolios and Hour-Glass Investment Facilities. | To outperform neutral benchmarks for managed debt portfolios.                                                     | TCorp outperformed benchmarks for all 14 managed debt portfolios.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                                                                                                           | To outperform the general market of fixed interest managers.                                                      | TCorp performance from duration management of debt performance equates to second quartile performance against the broader universe of fixed interest managers.                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                           | To achieve the debt interest cost forecast for the general Government sector.                                     | The debt interest outcome was well within the agreed target range.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                                                                                           | To generate strong returns for the Hour-Glass Investment Facilities, and outperform industry benchmarks.          | Overall, TCorp achieved first or second quartile performances for the Hour-Glass Investment Facilities. Cash and Bond Facilities as indexed funds met benchmarks prior to the deduction of fees. The Medium and Long Term Growth Facilities continued their strong outperformance of recent years, generating performance consistent with top quartile outcomes. Specific client sector investments in the growth sectors also generated strong returns.                                                             |
|                                                                                                                                                           | To outperform neutral benchmarks for discretely managed fixed income asset portfolios.                            | Discretely managed cash and bond portfolios either met or bettered their individual benchmarks.                                                                                                                                                                                                                                                                                                                                                                                                                      |
| To effectively execute risk management and structured finance assignments for clients.                                                                    | To add economic value through TCorp's involvement in risk management and structured finance projects for clients. | TCorp assisted a range of clients in assessing and implementing more than 15 transactions with a total value in excess of \$6 billion. TCorp has received positive feedback from clients.                                                                                                                                                                                                                                                                                                                            |
| To meet client and market needs through enhanced resource management and allocation.                                                                      | To provide cost efficient services to TCorp's client base.                                                        | Cost effective lending, investment, portfolio management, reporting and advisory services were provided to a total of about 130 public sector clients.                                                                                                                                                                                                                                                                                                                                                               |
|                                                                                                                                                           | To maintain or improve clients' level of satisfaction measured by an independent annual attitudinal survey.       | TCorp retains an independent service provider to conduct an attitudinal survey of our stakeholders. The objective is to determine the quality of relationships and interactions with clients and market participants as well as service delivery and ability to meet clients' expected needs. TCorp has achieved high results in the surveys, with client relationship managers scoring very well in advice, reporting and marketing functions. Client loyalty is particularly strong in all facets of our business. |

# Board of directors



1

1 John Pierce Chairman  
2 Robert Carling Deputy Chairman



2



3

3 Cristina Cifuentes  
4 Michael Cole  
5 Meredith Hellicar



4



5



6

6 Bruce Hogan AM  
7 Wayne Jarman  
8 Hon Andrew Rogers QC



7



8

## **John Pierce** BComm (Hons) Chairman

Public utility sector for 13 years; public sector economic and financial management for 11 years. Secretary, NSW Treasury.

## **Robert Carling** MSc, MBA, BEcon (Hons) Deputy Chairman

Public sector economic and financial management for 21 years. International financial institutions for seven years. Executive Director, Economic and Fiscal, NSW Treasury.

## **Cristina Cifuentes** BEc, LLB (Hons)

Economic and investment management for 21 years. Member, Independent Pricing and Regulatory Tribunal of NSW; Director, First State Superannuation Trustee Corporation; and Member, WorkCover Scheme Design Steering Committee.

## **Michael Cole** BEC, MEc, ASIA

Banking and investment management for 32 years. Chairperson, SAS Trustee Corporation; Director and Chair, Ironbark Capital Limited; Director, Illawarra Mutual Building Society Limited; and Chairman, Indemnified Loans Committee.

## **Meredith Hellicar** BA, LLM (Hons), FAICD

Appointed 15 July 2003. Company director and consultant following a range of senior and Chief Executive roles in various business sectors over 20 years. Director, AMP Ltd; AMP Bank Ltd; James Hardie Industries NV; Southern Cross Airports Group; Amalgamated Holdings Limited; HIH Claims Support Ltd; and Garvan Institute Foundation. Chairman, HLA Envirosciences and Sydney Institute; and Member, Takeovers Panel.

## **Bruce Hogan AM** BEc (Hons), FAICD

Finance industry for 34 years. Director, EnergyAustralia; Director and Chair, State Super Financial Services Australia Limited; Director, Hogan & Company Pty Limited; and former Joint Managing Director, Bankers Trust Australia.

## **Wayne Jarman** Grad Dip Fin (WA), FAICD, AAIB, FFTP

Banking and public sector financial management for 31 years. Chief Executive, TCorp. Director, TCorp Nominees Pty Limited.

## **Hon Andrew Rogers QC** LLB (Hons) DUniv

Barrister and QC for 23 years; Judge then Chief Judge of Supreme Court of NSW for 13 years; and Commercial Arbitrator and Mediator. President, Securities Industry Research Centre of Asia-Pacific Foundation; Director, Securities Industry Research Centre of Asia-Pacific Limited, previously known as ACM Limited, (resigned 18 September 2003); Director, EnDispute Pty Ltd; and Probity Advisor to Leighton Holdings Ltd and its operating subsidiaries.

One of TCorp's main objectives is to provide finance for New South Wales Government agencies and commercial enterprises, delivered through the centralised borrowing model.

# Financing the public sector



1



3



2



4

1 Mark Swan TCorp  
Colin Broad NSW Treasury  
2 Craig James Integral Energy  
Oliver Bedford TCorp

3 David Antaw EnergyAustralia  
4 David Thorpe State Transit Authority  
Robert Blayney TCorp

TCorp continues to have as its most basic function the provision of loan finance for the Government and its agencies including government business enterprises. This activity flows directly from the rationale for establishment of TCorp more than two decades ago as the State's central borrowing authority: to provide finance for agencies at lower interest rates and with lower administrative costs than would be incurred if they borrowed individually.

As at 30 June 2004, TCorp's loans to its public sector clients totalled \$23.0 billion, spread across more than 50 clients.

## Flexible product range

TCorp provides a range of standard loan products, designed to suit different types of financing requirements:

- fixed interest rate loans with semi-annual interest coupons and principal repayable at maturity. Interest coupons and maturity dates normally correspond with those of TCorp's Benchmark bonds;
- 'floating rate' term loans where the interest rate is reset periodically in line with market yields on bank bills; and
- the 'Come and Go' facility which provides standing access to short-term finance. Clients can draw down or repay funds on same-day notice, and can therefore rely on TCorp for short-term liquidity rather than hold sizeable investments for liquidity purposes with attendant credit and market risks.

While these standard products meet most client borrowing requirements, TCorp can also provide non-standard advances such as credit foncier loans or loans repayable by regular instalments of principal.

Interest rates on new fixed interest loans are based on prevailing yields in the Australian fixed interest market, plus TCorp's administration fee which is charged as a small margin added to the interest rate. (In addition, most government business enterprises pay to NSW Treasury an annual guarantee fee based on their volume of loans, but this is neither charged nor collected by TCorp.)

All proposed borrowings by agencies have to be approved by the Treasurer of New South Wales. Following that formal approval, TCorp can discuss with the client the type of loan which best suits the client's requirements.

## Wide variety of borrowers

The New South Wales Government is the largest borrower from TCorp, with loans at 30 June 2004 totalling \$8.9 billion.

However, the State's commercial enterprises are also substantial borrowers and in aggregate now have a loan volume exceeding that of the Government. This is a result of the Government's policy that State Owned Corporations should have commercial capital structures (debt/equity ratios).

The largest borrowers by sector are electricity generation and distribution (\$8.6 billion at 30 June), water catchment and supply (\$2.8 billion) and public transport (\$1.9 billion).

In addition to lending to the Government and its agencies, TCorp, under Government policy, acts as the Government's agent in providing loans for private sector cooperatives. Advances outstanding at 30 June totalled \$82 million.

## Other financial accommodation

Financial accommodation other than loans is provided by TCorp for certain government businesses in the form of guarantees, performance bonds and other undertakings. The most significant in terms of value are guarantees of electricity distributors' obligations in the national wholesale electricity market which totalled \$539 million at year end.

By accessing funding from a range of domestic and offshore sources, TCorp aims to achieve the lowest possible borrowing costs.

# Funding from capital markets



1 **Roger Sewell** TCorp  
**Patrick O'Connor** Credit Suisse First Boston  
**Rhonda Rowland** Citigroup Global Markets  
Australia Limited



2 **Michael Lucas** Westpac Banking Corporation  
**Greg Murfet** Macquarie Bank Limited  
**Stephen Knight** TCorp

TCorp was well positioned to take full advantage of favourable funding conditions during the year. With a large borrowing program of more than \$5 billion, TCorp was able to capitalise on the very low interest rates and favourable dynamics for capital markets issuance that prevailed early in the year. In this environment, TCorp completed most of its funding requirement in the first six months of the year while interest rates were still at cycle lows.

The strength of demand for TCorp bonds from offshore investors, when combined with TCorp's large refinancing requirement, saw TCorp register its most successful year in offshore funding in nearly a decade, eclipsing the success of the previous 12 months. This achievement has again added significant value to TCorp's results and to those of our clients.

The interest rate environment in Australia reflected changing expectations over the direction of monetary policy. Official cash rates were raised twice in the year to 30 June 2004, taking the rate from 4.75% to 5.25%. In the US, where there had been serious concerns leading into the year about the prospect of deflation, cash rates remained extraordinarily low at 1% for the whole year, with the Federal Reserve embarking on long-awaited tightening cycle only at the end of June. With the US economy reflating and the Australian economy performing well, bond markets began to anticipate future interest rate increases. Ten year bond yields, which began the year around 5%, peaked in May at more than 6% before easing back marginally into year end.

## Benchmark bonds underpin \$5.2 billion program

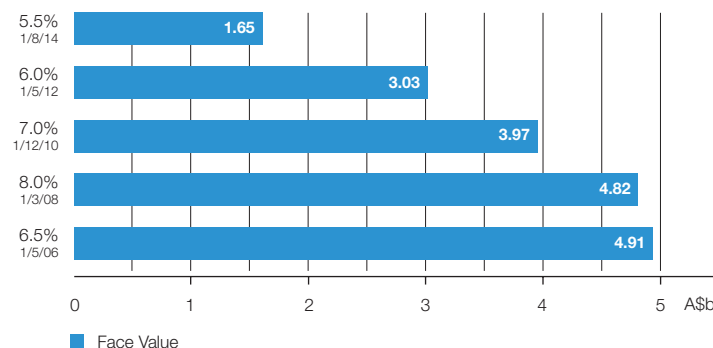
During the year, TCorp raised more than \$5.2 billion in new funding at favourable levels from domestic and offshore capital markets for on-lending to its public sector clients.

The Benchmark bond program continues to be the foundation of TCorp's funding strategy, and is instrumental in providing our borrowing clients and institutional investors with price transparency and liquidity. The Benchmark bond program accounts for more than 60% of TCorp's total debt outstanding. With the 1/4/04 benchmark line of bonds maturing in 2003/04, a new Benchmark bond, with a maturity date of 1/8/14, was launched in August 2003. Issuance into this new line, as well as continued building of outstandings in other maturities across the yield curve, has seen total outstandings in Benchmark bonds consolidate in the \$18-19 billion range.

## Benchmark Bonds on Issue

30 June 2004

Global Exchangeables and Domestic Bonds



Liquidity in TCorp bonds remains a key strategic aim and TCorp bonds are the most liquid of all Australian semi-sovereign securities. Notwithstanding the Commonwealth Government's announcement last year of its commitment to maintaining the Commonwealth bond market, turnover in this market has declined further. Against this backdrop, TCorp has maintained its support for the liquidity and pricing of its own bonds, through the day-to-day activities of the dealer panel and ongoing updates on issuing plans. Turnover in TCorp bonds through the 11 strong Benchmark bond dealer panel was unchanged from the previous year at about \$10 billion a month.

## Offshore demand strong

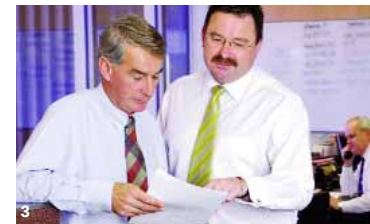
Unlike recent years in which most Benchmark bond activity has been in the domestic market, this year saw significant offshore demand for the Global Exchangeable bonds, with these bonds registering their strongest growth since the program's inception. The twin drivers for this demand were the relatively large interest rate differential between A\$ bonds and those of other major currencies (particularly the US\$ and Japanese Yen), and a strongly appreciating A\$ for much of the year. The confluence of these factors helped fuel strong demand from offshore investors for a range of Australian issuers. TCorp's Global Exchangeable bond program, with its strength, liquidity and AAA rating, was able to take advantage of this demand, and program outstandings rose from about \$3 billion at the start of the year to more than \$5 billion by year end.

# Funding from capital markets

continued

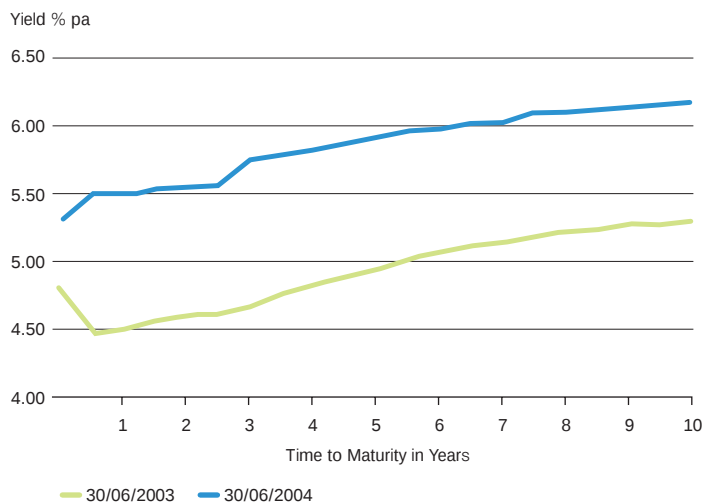


1 Fiona Trigona TCorp  
Nick Palaskas Daiwa Securities SMBC Australia Limited  
Stephen Knight TCorp



2 David Bailey Citigroup Global Markets  
Nick Rutherford TCorp  
James Houstone Nomura Australia Limited  
3 Ivan Nobilo TCorp  
Ian Brissenden Commonwealth Bank  
Global Markets

## TCorp Yield Curves

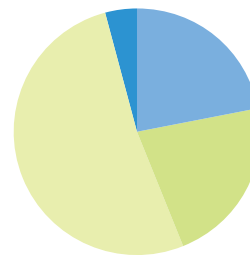


These favourable conditions for currency and interest rate differentials also helped generate demand from offshore retail investors. For many years, TCorp has looked to Japan as the main source of capital markets funding opportunities, and this year was no different. In the year under review, TCorp matched the excellent outcomes of the previous year in terms of funding from the Japanese markets, with \$3.5 billion sourced from a combination of retail and institutional investors through 167 individual transactions. These transactions included 'Uridashi' style issues, which are widely distributed across a broad base of retail investors, as well as institutionally targeted issuance from TCorp's Medium Term Note program. TCorp again worked closely with its key relationships at the Japanese securities houses to promote its product and secure favourable funding opportunities.

The large volume of funds raised from Japanese markets, in addition to the strong demand for the Global Exchangeable bonds from European and Asian investors, gave TCorp its most active and successful year in offshore fundraising for nearly a decade.

With continued strong demand for TCorp bonds from both domestic and offshore investors, TCorp's need for short-term funding remained negligible. TCorp's Euro Commercial Paper program was dormant during the year, but remains a key component of TCorp's funding strategy with activity expected to resume in the coming period.

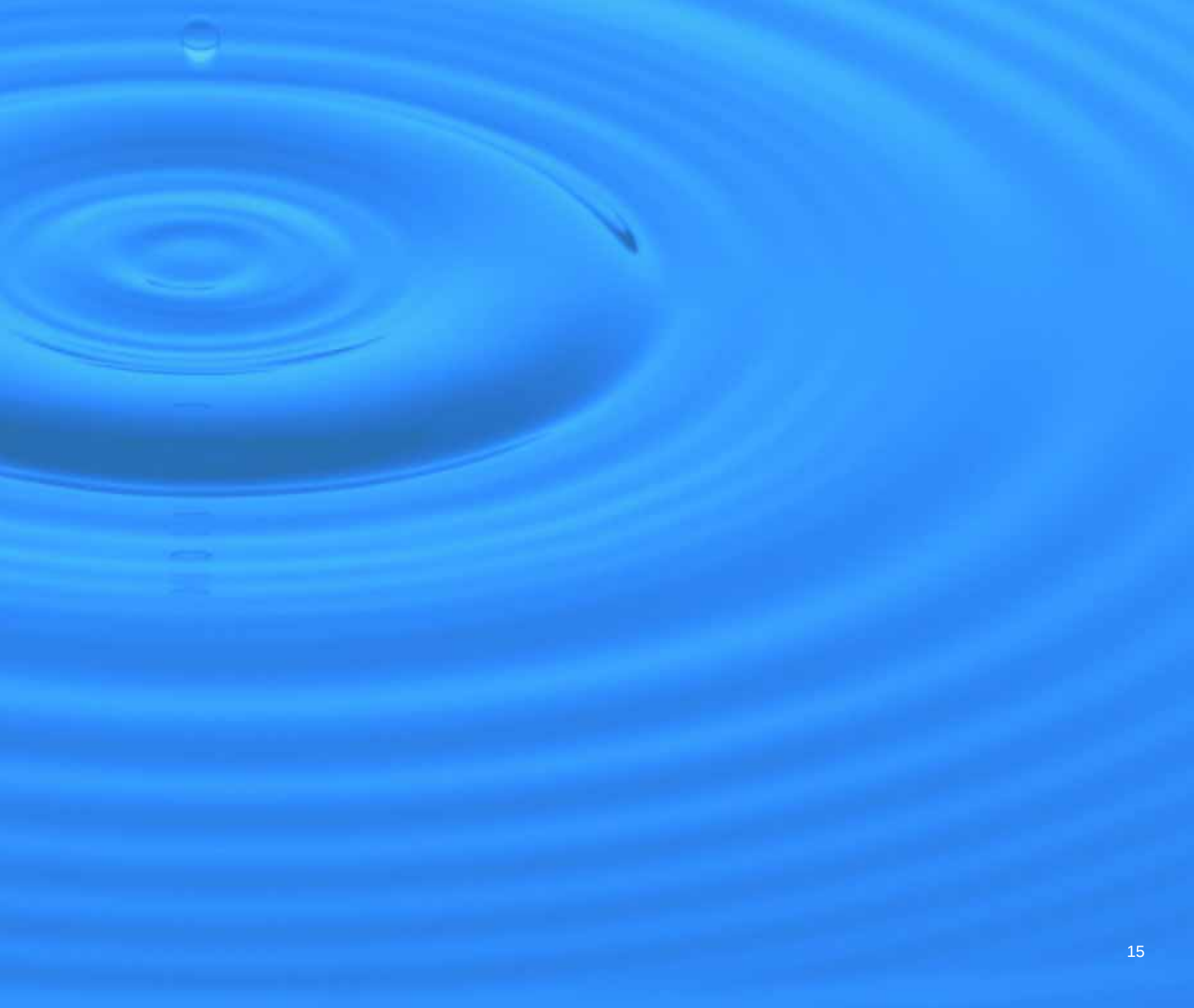
## Composition of Borrowings 30 June 2004



|                           |     |
|---------------------------|-----|
| Domestic Benchmark Bonds  | 52% |
| Euro Medium Term Notes    | 22% |
| Global Exchangeable Bonds | 22% |
| Other Domestic Borrowings | 4%  |

For many years, TCorp has been able to supplement its pivotal position as the major issuer of semi-sovereign debt in the domestic Australian market, with a steady stream of cost effective funding from offshore markets. The strength of NSW's AAA rating has underpinned strong demand for TCorp paper from a range of investors. This demand and a favourable interest rate environment enabled TCorp to fulfil its large borrowing task in the most cost effective manner. In this way, TCorp has been able to provide the cheapest cost of funds possible to our borrowing clients, while enhancing the profitability of TCorp's activities. It is again a credit to TCorp's team of professional staff, and testimony to the strength of our relationships with investors, dealer groups and other domestic and offshore intermediaries, all of whom have a key role to play in ensuring TCorp's continuing success.

TCorp generates added value for clients by profitably managing the debt portfolios and investible funds of nearly 120 Government agencies.



# Managing debt and asset portfolios



1 **Chris Rawlings** Public Trustee NSW  
**Peter Whitehead** Public Trustee NSW



2 **Justin De Lorenzo** Country Energy  
**Rory Bridle** TCorp



3 **Peter Morgan** 452 Capital Pty Limited  
**Tracy Abercromby** TCorp

With many of TCorp's clients having large debt or investment portfolios, one of TCorp's major roles is managing those portfolios, under policies and benchmarks agreed with the clients.

## Debt management

TCorp manages the debt portfolios of 14 individual clients against tailored benchmarks, with total portfolio volume of \$15.5 billion at 30 June 2004.

During the year, TCorp generated savings for all clients against benchmark, with an average outperformance of 0.14%.

TCorp's style in managing client portfolios is relatively low risk, with the aim of generating steady gains for clients and enabling clients to achieve or better their annual budgeted debt interest costs. In the early part of the year, TCorp pre-positioned client portfolios for interest rate rises, which generated much of the savings for the year when rates subsequently moved higher. In addition to such 'strategic' positioning, TCorp's portfolio managers also carried out 'tactical' management aimed at accumulating relatively small gains from day-to-day positioning.

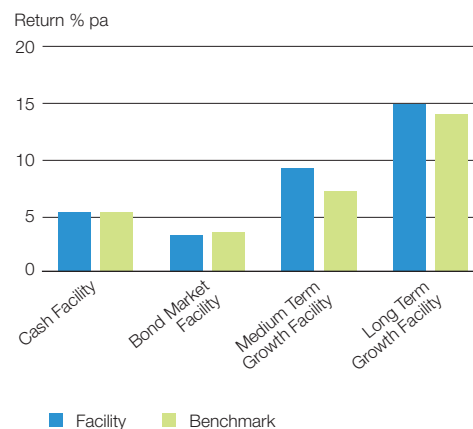
Over the year, TCorp reviewed its debt management approach, with the following objectives:

- improved performance for client portfolios;
- a closer alignment between achieving savings for clients on a market-value basis, and generating lower debt interest costs; and
- a methodology consistent with the changes in accounting standards that will result from Australia's adoption in 2005 of International Accounting Standards.

TCorp developed and finalised the new approach, with some clients transitioning to this approach towards the end of the year. Most other clients are expected to adopt the new approach in the first six months of the new year.

## Hour-Glass Investment Facilities

Performance Compared to Benchmark  
30 June 2004



## Asset management

TCorp's asset management business continued its very strong growth of recent years, with more than \$7.6 billion of funds managed in discrete cash and fixed interest portfolios for 11 clients. The business has grown from \$2.2 billion over the past three years. A major factor in this growth is the increased volume in portfolios managed on behalf of NSW Treasury, namely:

- Treasury Managed Fund (the Government's self-insurance pool), whose bond investments totalled \$2.5 billion at year end, with a further \$1.9 billion of mainly equity investments in the Hour-Glass Investment Facilities;
- General Government Liability Management Fund (established during the year) with a bond portfolio totalling \$2.9 billion at year end and substantial further growth expected; and
- Health Super-Growth Fund (established during the year with annual income dedicated to health capital spending), with a volume of \$420 million and expected to remain at that level.



1 Kylie Willment TCorp  
Martin Conlon Schroder Investment  
Management (Australia) Limited  
Tim Hyett TCorp



2 Frank Brus TCorp  
George Lara Sydney Ports Corporation  
3 Tim Hyett TCorp  
Suzanne Long TCorp  
Ben Bruck Macquarie Funds Management

TCorp outperformed benchmarks on virtually all measures for client portfolios during 2003/04. In some cases, the benchmark agreed with the client is a standard market index and in other cases clients have selected a book-value measure to reflect the core objectives of the fund.

This year saw TCorp undertake extensive research into off-the-shelf asset management software systems. In March 2004, TCorp entered into a contract with the Danish company SimCorp to acquire its Dimension System. Dimension, when fully implemented in December 2004, will give TCorp a new highly-automated software system that caters for seamless asset management transaction processing from pre-trade compliance checking, through deal entry, settlement, ongoing credit and compliance monitoring, valuation and transaction recording.

## Investment Facilities

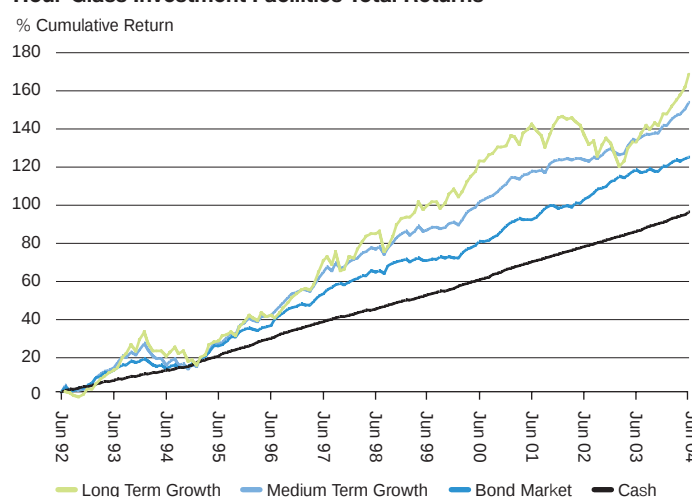
TCorp uses its knowledge of financial markets and risk management, combined with its role as an aggregator of investible funds on behalf of nearly 120 government agencies, to provide a manager-of-managers function through its Investment Facilities activities.

TCorp's prime objective in this area is to provide low-cost (through scale economies) investment products to a range of government clients, generating competitive returns with a risk profile appropriate for government funds. For this service, TCorp adopts an outsourcing model, selecting sector-specialist fund managers, and using the services of an external custodian and asset consultant.

TCorp's Investment Facilities business grew strongly over the year, with funds in excess of \$5.3 billion at year end.

The main areas of growth have been the equity market sectors and related facilities.

## Hour-Glass Investment Facilities Total Returns



The Cash and Bond Market Facilities, as indexed products, performed in line with expectations, generating index returns before the deduction of modest fees.

The Medium Term and Long Term Growth Facilities generated excellent performance in outright returns and outperformance of benchmarks. Strong performance by the appointed Australian Shares managers saw these products generate returns consistent with top quartile performance.

TCorp also experienced growth in specific equity-sector investments for a small number of very large client investors. One such product targets investment in a range of smaller or 'emerging' Australian Shares managers, and the performance of this product was excellent, generating returns well in excess of those in the general market.

Our financial markets expertise is particularly sought in the growing field of partnerships with the private sector in the provision of infrastructure.

# Advising on client needs



1 **Brett Skinner** Roads and Traffic Authority  
**Kevin Pugh** TCorp



2 **Kerry Schott** NSW Treasury  
**Ian Neale** NSW Treasury  
**Simon Wilson** TCorp

Drawing on its accumulated expertise and the capabilities of its professional staff, TCorp advises the Government and its agencies in broad areas such as corporate finance, treasury management and financial markets operations.

## Corporate Finance

While most funding requirements are best met through TCorp finance, value for money may be obtained in some circumstances through externally funded arrangements. Such arrangements have traditionally been leases (including cross-border leases) and other structured transactions. More recently, focus has shifted to privately financed infrastructure projects.

TCorp, through its Corporate Finance unit, acts as an adviser to NSW Treasury on a range of externally financed transactions, and from time to time is contracted as an adviser by public sector agencies. TCorp:

- maintains contact with private sector participants and acts as an interface for the State;
- participates in the assessment of private sector funding opportunities and the comparison with the Government funded option;
- participates in tender processes;
- advises on the financial assessment of private sector bids and on identifying and managing associated financial and other risks;
- is actively involved in the financial close of transactions; and
- is often responsible for the ongoing management of transactions.

Private sector domestic leasing activity has diminished significantly in recent years as a result of various factors including changes in taxation legislation, the low domestic interest rate environment and other market factors. In the past two years, external

leasing arrangements for motor vehicles and information and communication technology (ICT) equipment expired and, following a review of financing and management options, were replaced by internal funding.

In the case of motor vehicles, TCorp was instrumental in developing and establishing an internal leasing arrangement where StateFleet (a business unit of the Department of Commerce) acts as lessor in an operating lease facility available to budget sector agencies. Under the arrangement, TCorp funds StateFleet. With ICT equipment, the review (undertaken by NSW Treasury with assistance from TCorp) recommended extending the holding period for most assets and determined that the most cost effective method of funding was outright purchase through capital funds.

As has occurred in other jurisdictions, notably the UK, private financing of infrastructure has become more prevalent. The NSW White Paper, 'Working with Government – Guidelines for Privately Financed Projects', was released in November 2001. TCorp has actively participated in four projects that have since reached financial close:

- Sydney's Cross City Tunnel toll road (December 2002);
- the Western Sydney Orbital toll road (February 2003);
- the New Schools project (March 2003); and
- the Lane Cove Tunnel toll road (December 2003).

TCorp is assisting with the next two projects that have been announced:

- the Newcastle Mater Hospital redevelopment; and
- the Long Bay Hospitals project.

TCorp is also assisting Treasury with policy development in this area.

# Advising on client needs

continued



1 Rory Bridle TCorp  
Peter Lucas Department of Infrastructure,  
Planning and Natural Resources



2 Rowan Element TCorp  
Lynn Herisson RailCorp  
Kevin Pugh TCorp

Other significant advisory assignments included:

- advice to agencies on cross-border lease proposals;
- assistance to the Department of Housing with existing financing arrangements;
- advice to the Roads and Traffic Authority regarding existing toll road financings;
- coordination of advice to RailCorp about the impact of its restructuring on existing cross-border lease transactions; and
- assistance to a State-owned electricity generating corporation in the analysis of fuel tenders and coal transport options.

The Corporate Finance unit assisted a range of clients with advice on more than 15 transactions with a total value in excess of \$6 billion.

## Financial risk management

As part of its responsibilities to clients under treasury management mandates, TCorp frequently provides advice on portfolio-related matters. Portfolio advisory projects included:

- review of clients' treasury management policies including those on interest rate risk management (particularly taking into account Australia's adoption of International Accounting Standards, specifically AASB 139, from 2005), permitted instruments, portfolio structure and constraints, and credit risk management;
- advice on benchmarking of liability and asset portfolios; and
- advice on and execution of debt portfolio restructures.

Additionally, TCorp is the mandated treasury adviser for several clients who do not use TCorp as discretionary manager. Under these mandates TCorp advises on management of debt portfolios, commodity risk and foreign currency risk.

## Advice on the economy and markets

TCorp's treasury management area includes a small team of professional economists who, in addition to their internal analytical and advisory responsibilities, provide regular briefings to portfolio management clients on the economy, financial conditions including the outlook for official monetary policy and interest rates, and market developments generally. During the year, presentations were provided not only to senior management of our clients, but also to agency boards and board audit committees. Also, a weekly brief is emailed to clients.

## Treasury management education

In recent years TCorp, on its own initiative, has provided financial risk management education for finance managers and officers of public sector clients. This has taken the form of two day seminars provided by a combination of external and TCorp professionals.

TCorp has developed the concept further over the past 12 months, with concentrated half day workshops designed for our clients' directors, as well as chief executive officers and chief financial officers. Four such workshops were conducted during the year, with excellent feedback from those who attended.

# Economic overview

## Overview

The economy of New South Wales represents around one third of Australia's gross domestic product (GDP) and one third of the national population. Consequently, the State's profile is reflective of the nation as a whole.

New South Wales enjoys a mature and diverse economic structure. Construction, finance, telecommunications, high-value manufacturing, business services, transport, film production and biotechnology are well established and expanding. With agricultural and mining sectors proportionately smaller than those in other States, the New South Wales economy is correspondingly less exposed to commodity cycles.

Household income in New South Wales is above average because a higher proportion of the return on Australian capital investment accrues to this State's residents.

Sydney is one of the leading financial centres in the Asia-Pacific region and a centre for regional headquarters. This reflects New South Wales' diversified and increasingly service-oriented economy.

The State's financial health is underscored by its AAA credit rating from two leading international rating agencies, Moody's Investors Service and Standard & Poor's.

NSW state economic output growth accelerated in 2003/04 as domestic demand was boosted by strong consumer and business spending. This reflected continued low interest rates, appreciating asset prices, falling unemployment, strong growth in real wages, and the boost to real incomes from Australia's rising terms of trade.

Dwelling construction made little contribution to growth because of the slowdown in the housing sector. Net exports were constrained by strong import growth, the Australian dollar's appreciation and only partial recovery from the drought. Crop production rose considerably compared with drought-affected 2002/03, but conditions remained mixed and output did not reach previous peaks.

NSW state final demand is estimated to have increased 4.5% over the year, supported by robust private consumption, resilient dwelling investment in the first half of the year and a pick-up in non-residential construction.

The Australian Bureau of Agricultural and Resource Economics (ABARE) reported that New South Wales winter crop production is estimated to have increased by 141% to 8 million tonnes, but this is still well short of the 10 to 11 million tonnes produced in the three years preceding the 2002/03 drought. The Australian Bureau of Statistics (ABS) estimates that increased gross national agricultural production should add 0.6 percentage points to GDP growth between 2002/03 and 2003/04. In New South Wales, given the rural sector's less complete recovery and its smaller share in the total economy, the contribution to 2003/04 output growth will be more modest.

Dwelling construction continued to expand in the first half of 2003/04 but appeared to be easing back gradually in the second half. The cyclical upswing was prolonged by speculative investor activity encouraged by low interest rates and favourable federal tax

arrangements. This pushed up established house prices and reduced affordability, particularly for first home buyers.

Business investment remained firm, responding to improved profits, high levels of capacity utilisation, improving world economic prospects, low financing costs and flat or declining prices for imported equipment. NSW business investment was also supported by Privately Financed Project (PFP) infrastructure outlays which are estimated to have quadrupled to nearly \$1 billion in 2003/04.

The labour market made solid gains, with NSW employment rising by 1.4% and the unemployment rate declining from 6% to 5.6%. Through the year to the March quarter 2004, employment growth was strongest in the transport and storage, accommodation and restaurants, property and business services, retail trade and education sectors. Employment was weakest in the wholesale trade, manufacturing, communications, and general government sectors.

## Outlook for 2004/05

NSW Gross State Product (GSP) is expected to moderate to 3.25% in 2004/05 as robust world growth lifts exports but not sufficiently to offset a decline in dwelling construction and slower growth in other components of domestic demand. NSW state final demand is forecast to increase by 3% compared with 4.5% in 2003/04.

Higher interest rates, less buoyant asset prices, weaker housing construction activity and slower employment growth will restrain household consumption growth although reduced income taxes and higher social benefit payments will act as partially offsetting factors.

Dwelling investment eased from a peak annual growth rate of 49% in December 2002 to 4% in December 2003, and turned negative in March 2004. This sector is expected to continue gradually declining throughout 2004/05 but the downturn is expected to be modest, given continuing firm underlying demand and relatively few signs of significant excess supply.

In line with ABARE forecasts, it is assumed that NSW winter crop production will increase by about 17% in 2004/05, contrasting with a 13% decline for the rest of Australia. Growth in NSW real farm production should therefore be stronger than the national average. However, falls in rural commodity prices may sharply reduce the net value of farm production in 2004/05, following large gains in 2003/04. NSW mineral producers, particularly coal miners, should enjoy stronger returns reflecting large price increases in forward contracts negotiated during 2003/04.

NSW employment growth is expected to slow from 1.4% in 2003/04 to 1.25% (near the long-term average) in 2004/05, reflecting the cyclical shift from employment-intensive sectors such as dwelling construction to more capital-intensive sectors such as mining. However, with the rate of increase in the working age population continuing to ease, employment growth should be sufficient to keep the NSW unemployment rate steady.

New South Wales' longer-term economic performance will largely reflect global and regional economic circumstances. The medium-term outlook is for NSW GSP to grow by 3.25% per year.

# Compliance and risk management

## Legal and regulatory compliance

TCorp is regulated by several items of NSW legislation, including its own Act, the Treasury Corporation Act 1983, as well as the Public Finance and Audit Act 1983, the Annual Reports (Statutory Bodies) Act 1984 and the Public Authorities (Financial Arrangements) Act 1987.

TCorp is ultimately accountable to the New South Wales Parliament, through the NSW Treasurer.

TCorp is not generally regulated by the Australian Prudential Regulation Authority (APRA) or the Australian Securities and Investments Commission, which govern most Australian financial markets operators. However, TCorp voluntarily adopts appropriate controls which impose conventional market constraints.

TCorp's activities are reviewed and monitored by a number of external entities including:

- Treasurer of New South Wales — is a member of Parliament and the Government shareholder representative;
- NSW Treasury — maintains a shareholder monitoring role through quarterly and annual reporting requirements common to all Government agencies; and
- Auditor-General — reports to Parliament and provides an independent audit of TCorp's financial statements and expresses an opinion on those statements in line with the requirements of the Public Finance and Audit Act 1983.

TCorp has continued its commitment to governance matters by working with the Board and an external professional accounting firm to further develop our internal governance awareness in line with recent industry pronouncements.

## Use of capital

TCorp does not hold subscribed share capital in the conventional commercial sense. In consultation with our shareholder, the NSW Government, TCorp has retained, from past profits, an amount of \$30 million.

TCorp operates under self-imposed capital requirements based on the prudential statements of APRA. It is within these TCorp-specific capital constraints that we manage market, credit and operational risks to ensure that the level of capital is sufficient to cover the financial risks incurred in our daily business.

## Risk management compliance

Risk management compliance initiatives have been developed further this year to entrench risk management into each of the operational areas of the organisation. This year's commitment to continuous improvement in compliance has featured risk management awareness and legal compliance training throughout TCorp.

Compliance monitoring to Board policies and management of client mandate constraints is undertaken by departments that are appropriately segregated from the operating business units and information is summarised daily and reported monthly to the Board.

## Market risk

TCorp uses a system of assessing the capital requirements arising from market risk based on a Value at Risk (VaR) historical simulation methodology. The potential for loss of earnings or value of TCorp's assets and liabilities arising from changes in interest rates, exchange rates or from fluctuations in the prices of bonds, equities, commodities or any other financial instruments entered into by TCorp is measured and reported daily to management to ensure it is within limits approved by the Board.

A summary of these risk calculations is tabled at monthly Board meetings.

## Credit risk

TCorp, in the conduct of its business, will invest in financial assets issued by parties external to the whole of the New South Wales Government grouping. The return achieved on these financial assets must be balanced against protection of the financial assets from loss in value caused by credit downgrades or counterparty default.

Capital required to adequately cover credit risk arising from financial assets and transactions is calculated daily, broadly in accordance with APRA guidelines. Credit exposures are also monitored daily against Board-approved policy.

Capital usage and credit risk exposures are summarised and reported each month to the Board.

## Operational risk

Operational risk can arise from events such as settlement errors, system failures and procedure breakdown. TCorp, in accordance with Board policy, reviews all possible risks of this nature, assesses the mitigating factors and controls, and evaluates the residual risks. TCorp uses the KnowRisk Management System in identifying, measuring and recording risks and associated controls. High residual risks are managed by improving procedures and process flows, ensuring appropriate segregation of duties, insurance cover, and business continuity plans. TCorp allocates capital to cover operational risk. The quantification of capital requirements for operational risk remains a focus in the international financial arena, via Basel II, and TCorp is monitoring developments.

# Corporate governance

## Board of Directors

The Board of TCorp is committed to the highest standards of performance, accountability, ethical behaviour and best practice in corporate governance.

The Board is constituted by the Treasury Corporation Act 1983. The Board is to direct management in achieving the TCorp mission statement and to fulfil the annual agreement between the Board and the NSW Treasurer as set out in the 'Statement of Business Intent'. In so doing, the Board's primary responsibilities and corporate governance functions include:

- providing strategic direction and reviewing corporate strategy;
- identifying the principal risks of TCorp's business and monitoring the risk management processes through rigorous inquiry;
- approving an appropriate policy regime which seeks to control those risks within a risk spectrum acceptable to the NSW Government;
- regularly measuring financial performance against the Board-approved annual budget;
- monitoring the conduct and the performance of TCorp and of its senior management; and
- overseeing management's succession plans.

The Board consists of:

- two ex-officio members from NSW Treasury;
- the Chief Executive; and
- five non-executive directors appointed by the Governor for a specified term on the recommendation of the Treasurer.

The Chairman of the Board is Secretary of NSW Treasury and the other member of NSW Treasury holds the position of Deputy Chairman.

The Board regularly monitors the operational and financial performance of TCorp against budget and other key performance measures. The Board also reviews and receives reports and advice on areas of operations and financial risk. Appropriate risk management strategies are developed to minimise all identified risks of the business.

TCorp has two Board committees which assist in decision-making, oversight and control and which also allow the Board time to focus on strategy, planning and performance enhancement.

## Audit Committee

The Audit Committee acts as an advisory body to the Board on issues relating to internal and external audit, financial reporting and other accountabilities. The objectives of the Audit Committee are determined by the Board and codified in a charter. The Audit Committee's primary responsibilities are to:

- provide an avenue for communication between auditors — both internal and external — management, and the directors of TCorp;
- report to the Board on whether the frameworks used by management for risk management, legal and regulatory compliance and internal controls are adequate and suitable for the needs of the business;
- report to the Board on whether the annual financial statements to be presented to the external auditors have been prepared with care, to ensure that all relevant information is disclosed and that the appropriate accounting policies have been applied; and
- report to the Board on the implications of any significant changes in accounting policies.

The Audit Committee meets regularly. Both the internal and external auditors, and other Board members, have standing invitations to attend these meetings and to discuss issues with management.

## Human Resources Committee

The Human Resources Committee advises the Board on issues relating to TCorp's human resources policies. The objectives of the Committee are codified in a charter and are to:

- assure the Board that effective plans are in place to improve the return on TCorp's investment in human resources; and
- advise the Board on specific human resources issues.

## Ethical standards

All TCorp staff members sign the TCorp Code of Conduct which is based on the Australian Financial Markets Association (AFMA) Code of Conduct, with specific TCorp additions. The Code sets out what is expected of staff 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 a respect for the privacy of clients and others.

# Corporate governance

continued

## Pecuniary interests

The Treasury Corporation Act 1983 requires a director who has a pecuniary interest in a matter being considered or to be considered by the Board to declare the nature of the interest. These declared interests are maintained in a publicly available register. The director is required, unless the NSW Treasurer determines otherwise, not to attend at the Board, or take part in decisions in matters relating to declared pecuniary interests.

## Remuneration of Board members

Non-executive Board members' remuneration is determined by the NSW Treasurer. The number of Board members whose remuneration from TCorp or any related party falls within the following bands is:

|                     | 2003/04 | 2002/03 |
|---------------------|---------|---------|
| \$50,000 – \$59,999 | –       | 4       |
| \$60,000 – \$69,999 | 5       | –       |

Total remuneration paid, or payable, or otherwise made available, to directors of TCorp during the year was \$0.3203 million (2002/03: \$0.2336 million).

## Remuneration of executive officers

Executive officers are those officers who are members of the Executive Management Group involved in the strategic direction, general management or control of business at a corporation or divisional level.

The number of executive officers whose remuneration from TCorp or related parties falls within the following bands is:

|                       | 2003/04 | 2002/03 |
|-----------------------|---------|---------|
| \$130,000 – \$139,999 | –       | 1       |
| \$140,000 – \$149,999 | 1       | –       |
| \$170,000 – \$179,999 | –       | 1       |
| \$180,000 – \$189,999 | 2       | 1       |
| \$210,000 – \$219,999 | –       | 1       |
| \$230,000 – \$239,999 | 1       | –       |
| \$330,000 – \$339,999 | –       | 1       |
| \$340,000 – \$349,999 | 1       | –       |
| \$420,000 – \$429,999 | 1       | 1       |

Total remuneration received or due and receivable from TCorp by executive officers during the year was \$1.520 million (2002/03: \$1.476 million).

Executive officers' remuneration includes salary, superannuation and fringe benefits. It excludes any at-risk performance payments for which executive officers may be eligible.

## Attendance at Board and committee meetings

1 July 2003 – 30 June 2004

| Board members                                 | Board held | Board attended | Audit Committee held | Audit Committee attended | HR Committee held | HR Committee attended |
|-----------------------------------------------|------------|----------------|----------------------|--------------------------|-------------------|-----------------------|
| John Pierce Chairman                          | 13         | 11             |                      |                          |                   |                       |
| Robert Carling <sup>(1)</sup> Deputy Chairman | 13         | 12             |                      |                          | 5                 | 5                     |
| Cristina Cifuentes <sup>(2)</sup>             | 13         | 10             | 5                    | 4                        |                   |                       |
| Michael Cole <sup>(1)</sup>                   | 13         | 12             |                      |                          | 5                 | 5                     |
| Meredith Hellicar <sup>(1) (3)</sup>          | 13         | 12             |                      |                          | 2                 | 2                     |
| Bruce Hogan <sup>(2)</sup>                    | 13         | 12             | 5                    | 5                        |                   |                       |
| Wayne Jarman <sup>(4)</sup>                   | 13         | 13             | 5                    | 5                        | 5                 | 5                     |
| Hon Andrew Rogers <sup>(2)</sup>              | 13         | 12             | 5                    | 4                        |                   |                       |

(1) Member of Human Resources (HR) Committee.

(2) Member of Audit Committee.

(3) Joined HR Committee in November 2003.

(4) Observer at both Audit Committee and HR Committee meetings.

# Concise consolidated financial statements

Statement of financial performance **26** Statement of financial position **28** Statement of cash flows **30**  
Notes to and forming part of the concise financial statements **32** Directors' declaration **34** Independent audit report **35**

# Concise consolidated statement of financial performance for the year ended 30 June 2004

|                                                                                                           | <b>2004</b>   | <b>2003</b>   |
|-----------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                           | <b>\$m</b>    | <b>\$m</b>    |
| Interest revenue                                                                                          | 864.7         | 2,340.8       |
| Less: Interest expense                                                                                    | (815.8)       | (2,301.3)     |
| Net margin from ordinary activities                                                                       | 48.9          | 39.5          |
| Other revenue from ordinary activities                                                                    | 17.0          | 13.5          |
|                                                                                                           | <b>65.9</b>   | <b>53.0</b>   |
| Less: Operating expenses from ordinary activities                                                         |               |               |
| Staff costs                                                                                               | (10.8)        | (9.6)         |
| Financial services costs                                                                                  | (1.1)         | (1.5)         |
| Promotion costs                                                                                           | (0.5)         | (0.5)         |
| Computer costs                                                                                            | (2.5)         | (3.0)         |
| Premises and administration costs                                                                         | (3.7)         | (3.8)         |
| Transaction costs                                                                                         | (2.1)         | (1.9)         |
|                                                                                                           | <b>(20.7)</b> | <b>(20.3)</b> |
| Profit from ordinary activities before income tax equivalent expense                                      | 45.2          | 32.7          |
| Less: Income tax equivalent expense                                                                       | (11.8)        | (8.5)         |
| Net profit and total changes in equity other than those resulting from transactions with owners as owners | <b>33.4</b>   | <b>24.2</b>   |

This concise report has been derived from the full financial report for the year ended 30 June 2004.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of New South Wales Treasury Corporation (TCorp) and its controlled entity as the full financial report.

The full financial report will be sent on request free of charge. Requests can be made on TCorp's website at [www.tcorp.nsw.gov.au](http://www.tcorp.nsw.gov.au) or by telephone on 02 9325 9325.

The accompanying discussion and analysis, and notes form part of these concise financial statements.

## Discussion and analysis of the concise consolidated statement of financial performance

TCorp achieved a profit from ordinary activities after income tax equivalent expense of \$33.4 million, a 38% increase from the last financial year. This outstanding performance was largely due to TCorp's ability to capitalise on favourable funding conditions that existed in the marketplace when completing this financial year's \$5.2 billion funding programme. With the confluence of relatively large interest rate differentials between A\$ bonds and those of other major currencies (particularly the US\$ and the Japanese Yen) and a strongly appreciating A\$ during most of the financial year, TCorp registered its most successful year in offshore funding in nearly a decade.

The significantly lower interest revenue and interest expense figures resulted from the mark to market effect of an increased yield curve on both borrowing and lending activities. In addition, sound results in balance sheet risk management and the write back of a provision added further value to TCorp's overall results. The net impact was a \$9.4 million (or 24%) increase in the net margin from ordinary activities.

TCorp continued to earn healthy fee income from the management of both debt and asset portfolios on behalf of New South Wales public sector clients. This is evident in the other revenue income category, which increased from \$13.5 million to \$17.0 million (or 26%) from the prior financial year. Whilst total debt management funds has been relatively stable over recent years, TCorp has seen strong growth in its asset management role, and this continued in the last financial year, with total funds under management increasing from \$10.7 billion to \$12.9 billion.

During the financial year, TCorp committed to the acquisition of a new asset management system to further enhance all aspects of the asset management business TCorp provides to its government client base. This made some impact on the timing of budgeted IT expenditure; however, the total operating expenses remained in line with the levels from the previous financial year. There was however, some variability within expense categories.

Given the low risk nature of its loan assets and high credit quality of securities held, TCorp requires only \$30 million in equity. With its substantial balance sheet of \$27.6 billion in total assets, traditional financial ratios of return on equity and return on assets carry little meaning. More importance is placed on TCorp's performances as manager of debt and asset portfolios. In these areas, TCorp again returned a solid performance, with all managed debt and asset portfolios outperforming their benchmarks. The TCorp Hour-Glass Investment Facilities also delivered strong returns to the Government agency investor base.

New South Wales' strong fiscal position is borne out by Standard & Poor's and Moody's Investors Service continuing to rate the State AAA domestically. This year, both agencies maintained New South Wales foreign rating at AAA, the highest level achievable. These excellent ratings very much underpin TCorp's capability for fund raisings both domestically and in offshore markets.

# Concise consolidated statement of financial position as at 30 June 2004

|                                             | 2004<br>\$m     | 2003<br>\$m     |
|---------------------------------------------|-----------------|-----------------|
| <b>ASSETS</b>                               |                 |                 |
| Cash and liquid assets                      | 864.1           | 1,007.0         |
| Due from financial institutions             | 119.1           | 120.3           |
| Securities held                             | 3,588.7         | 3,358.0         |
| Derivative financial instruments receivable | 85.0            | 101.5           |
| Loans to clients                            | 22,966.4        | 22,659.1        |
| Other assets                                | 21.7            | 13.0            |
| Plant and equipment                         | 3.2             | 3.4             |
|                                             | <b>27,648.2</b> | <b>27,262.3</b> |
| <b>LIABILITIES</b>                          |                 |                 |
| Due to financial institutions               | 59.2            | 170.6           |
| Due to government clients                   | 1,425.9         | 614.8           |
| Borrowings                                  | 25,813.9        | 25,969.9        |
| Derivative financial instruments payable    | 269.6           | 430.1           |
| Provision for income tax equivalent expense | 3.0             | 2.2             |
| Other liabilities and provisions            | 46.5            | 44.6            |
|                                             | <b>27,618.1</b> | <b>27,232.2</b> |
| <b>NET ASSETS</b>                           | <b>30.1</b>     | <b>30.1</b>     |
| Represented by:                             |                 |                 |
| <b>EQUITY</b>                               |                 |                 |
| Retained profits                            | <b>30.1</b>     | <b>30.1</b>     |

The accompanying discussion and analysis, and notes form part of these concise financial statements.

## Discussion and analysis of the concise consolidated statement of financial position

The principal asset of loans to clients of \$22,966.4 million was some 83% of total assets. Loans to New South Wales public sector clients increased from last financial year by \$307.3 million or 1.4%. Loans to New South Wales public sector clients comprised loans to:

|                                       | 2004<br>\$m     | 2003<br>\$m     |
|---------------------------------------|-----------------|-----------------|
| Crown Entity (NSW General Government) | 8,866.1         | 8,748.5         |
| Electricity entities                  | 8,568.5         | 8,712.1         |
| Transport entities                    | 1,872.9         | 1,602.2         |
| Water entities                        | 2,794.7         | 2,638.2         |
| Other entities                        | 864.2           | 958.1           |
|                                       | <b>22,966.4</b> | <b>22,659.1</b> |

Securities, cash and liquid assets and amounts due from financial institutions are held for liquidity management purposes and in total, increased by \$86.6 million to \$4,571.9 million at 30 June 2004. This level of liquidity was necessary to manage both the intra year maturity of the April 2004 Benchmark bonds as well as for managing the ongoing maturity of offshore term note issuances.

Borrowings, the principal liability, comprised:

|                           | 2004<br>\$m     | 2003<br>\$m     |
|---------------------------|-----------------|-----------------|
| Domestic Benchmark bonds  | 13,501.0        | 16,218.7        |
| Global exchangeable bonds | 5,703.8         | 3,580.9         |
|                           | <b>19,204.8</b> | <b>19,799.6</b> |
| Euro medium term notes    | 5,656.9         | 4,277.6         |
| Other borrowings          | 952.2           | 1,892.7         |
|                           | <b>25,813.9</b> | <b>25,969.9</b> |

The volume of borrowings is a function of the requirement on TCorp to fund loans to New South Wales public sector clients. The Benchmark bond programme continues to be a cornerstone of TCorp's funding strategy. During the financial year, the 1/4/2004 bond reached maturity with replacement funding coming from further issuances in existing maturities, as well as the introduction of the 1/8/2014 Benchmark bond, that was launched in August 2003.

TCorp was able to capitalise on excellent opportunities for funding that existed in offshore markets during the financial year. The relatively large interest rate differential between A\$ bonds and those of other major currencies (particularly the US\$ and the Japanese Yen) and a strongly appreciating A\$ for much of the financial year, helped fuel demand from offshore investors for A\$ denominated bonds. By year end, the results showed offshore demand for global exchangeable bonds experiencing their strongest growth since inception of this product.

The volumes on issue of both domestic benchmark and global exchangeable Benchmark bonds are:

| Maturity        | Coupon<br>% pa | 2004<br>Face Value<br>\$m | 2004<br>Market Value<br>\$m | 2003<br>Face Value<br>\$m | 2003<br>Market Value<br>\$m |
|-----------------|----------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| 1 April 2004    | 7.0            | N/A                       | N/A                         | 3,742.3                   | 3,877.4                     |
| 1 May 2006      | 6.5            | 4,905.2                   | 5,038.6                     | 3,794.9                   | 4,022.5                     |
| 1 March 2008    | 8.0            | 4,823.3                   | 5,299.7                     | 3,997.1                   | 4,621.7                     |
| 1 December 2010 | 7.0            | 3,974.4                   | 4,211.3                     | 3,879.6                   | 4,348.0                     |
| 1 May 2012      | 6.0            | 3,028.2                   | 3,047.8                     | 2,747.9                   | 2,930.0                     |
| 1 August 2014   | 5.5            | 1,645.7                   | 1,607.4                     | N/A                       | N/A                         |
|                 |                | <b>18,376.8</b>           | <b>19,204.8</b>             | <b>18,161.8</b>           | <b>19,799.6</b>             |

# Concise consolidated statement of cash flows for the year ended 30 June 2004

|                                                                   | 2004<br>\$m      | 2003<br>\$m    |
|-------------------------------------------------------------------|------------------|----------------|
| <b>Cash (outflows) inflows from operating activities</b>          |                  |                |
| Interest received                                                 | 1,704.3          | 1,633.1        |
| Interest and other costs of finance paid                          | (1,626.8)        | (1,519.4)      |
| Fees and commission received                                      | 36.9             | 23.2           |
| Payment of income tax equivalent expense                          | (10.9)           | (8.1)          |
| (Payment)/receipt of Goods and Services Tax                       | (9.5)            | 6.6            |
| Payment of administration and issue expenses                      | (15.9)           | (20.0)         |
| Net cash (used in) provided by operating activities               | <b>78.1</b>      | <b>115.4</b>   |
| <b>Cash (outflows) inflows from investing activities</b>          |                  |                |
| Loans to clients repaid                                           | 4,229.0          | 4,401.5        |
| Loans to clients made                                             | (5,369.6)        | (4,108.8)      |
| Net cash to securities held                                       | (232.3)          | (693.4)        |
| Net cash (used in) provided by investing activities               | <b>(1,372.9)</b> | <b>(400.7)</b> |
| <b>Cash (outflows) inflows from financing activities</b>          |                  |                |
| Proceeds from issuance of borrowings                              | 22,019.7         | 16,543.4       |
| Repayment of borrowings                                           | (21,273.1)       | (13,370.4)     |
| Net cash (used in) from issuance of short term instruments        | 479.6            | (2,091.1)      |
| Dividends paid                                                    | (24.2)           | (17.6)         |
| Net cash (used in) provided by financing activities               | <b>1,202.0</b>   | <b>1,064.3</b> |
| <b>Net (decrease) increase in cash held</b>                       | <b>(92.8)</b>    | <b>779.0</b>   |
| Cash and cash equivalents at the beginning of the financial year  | 897.7            | 118.7          |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>804.9</b>     | <b>897.7</b>   |

The accompanying discussion and analysis, and notes form part of these concise financial statements.

## Discussion and analysis of the concise consolidated statement of cash flows

The Statement of Cash Flows showed a decrease in cash as defined by Accounting Standards.

Net cash provided by operating activities was \$78.1 million. Net cash used in investing activities was \$1,372.9 million and was the result of proportionally less net loan repayment by New South Wales public sector clients of their loans.

Net cash provided by financing activities was \$1,202.0 million and arose from the repayment of various borrowings by TCorp to the capital markets being less than the proceeds from new borrowings, in both the domestic and offshore markets.

It should be noted that TCorp does not use this Statement of Cash Flows in the internal management of its liquidity positions.

# Notes to and forming part of the concise financial statements for the year ended 30 June 2004

This concise financial report relates to the consolidated entity of TCorp and its controlled entity at the end of, or during, the year ended 30 June 2004.

There is no statutory requirement for TCorp to prepare a concise financial report and it does not need to comply with Accounting Standard AASB 1039 Concise Financial Reports. However, this concise financial report has been prepared on a basis that it complies with AASB 1039.

## 1 Segment information

TCorp operates solely within the capital markets, banking and finance industry segment to provide financial services to the New South Wales public sector. Given the nature of its core functions and the legislative intent, TCorp operates within Australia, although it does raise a proportion of its funding from offshore.

## 2 Dividends

TCorp is a Statutory Corporation established under the Treasury Corporation Act 1983. Prior financial year earnings have been retained in lieu of subscribed capital. Any current financial year earnings not required to maintain the New South Wales Government agreed appropriate level of equity are declared as dividends to New South Wales Treasury.

|                                                         | 2004<br>\$m | 2003<br>\$m |
|---------------------------------------------------------|-------------|-------------|
| Dividends proposed and payable:                         |             |             |
| 1 August 2004                                           | 16.7        | —           |
| 1 December 2004                                         | 16.7        | —           |
| Dividends proposed in previous financial year and paid: |             |             |
| 1 August 2003                                           | —           | 12.1        |
| 1 December 2003                                         | —           | 12.1        |
|                                                         | <b>33.4</b> | <b>24.2</b> |

## 3 Contingent liabilities and commitments

- a TCorp has on loan to the fixed interest market, under its stock lending facility, TCorp bonds with a total market value of \$251.673 million (2003: \$261.294 million).

These bonds are not recorded in TCorp's financial statements. In the extremely unlikely event of default by the borrowers of these bonds, TCorp would obtain ownership of security pledges and cash deposits which had a market value at 30 June 2004 of \$231.2 million (2003: \$137.2 million) to offset the increased liability. The remaining amount has been lent within TCorp's credit policy, and would constitute a receivable in those circumstances.

- b During the financial year, TCorp provided a short term liquidity facility to approved client authorities. This facility is offered on a revolving basis. At the year end, the total facilities were \$3,477.0 million (2003: \$1,389.0 million) and undrawn commitments were \$2,679.4 million (2003: \$1,334.2 million).
- c TCorp has issued unconditional payment undertakings on behalf of some New South Wales public sector clients participating in the national wholesale electricity market, to pay to the system administrators on demand in writing, any amount up to an aggregate maximum agreed with individual participants.

TCorp 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.

Amounts paid under these undertakings are recoverable from the New South Wales public sector client participants. This financial accommodation is Government guaranteed.

At the year end, the agreed aggregate amounts totalled \$538.800 million (2003: \$629.482 million).

#### 4 Transition to International Financial Reporting Standards

New South Wales Treasury Corporation has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). TCorp has allocated internal resources and engaged expert consultants to determine the key areas that will be impacted by IFRS. NSW Treasury is assisting agencies in managing this transition and will mandate options to ensure consistency at whole of government level.

As substantially all of TCorp's assets and liabilities constitute financial instruments, the main new standards that are relevant at this point in time are:

AASB 121 The Effects of Changes in Foreign Exchange Rates

AASB 130 Disclosures in the Financial Statements of Banks and Similar Financial Institutions

AASB 132 Financial Instruments: Disclosure and Presentation

AASB 139 Financial Instruments: Recognition and Measurement.

Under TCorp's existing accounting policy all financial assets, financial liabilities and derivatives are recognised in the Statement of Financial Position and valued on a market value basis. Resultant profits and losses are included in the Statement of Financial Performance as they arise. This is largely consistent with the requirements of the new standard AASB 139. This standard also includes new rules for the adoption of hedge accounting, the potential impact of which will be considered during the course of the implementation. TCorp currently accounts for foreign currency hedge transactions on a basis consistent with the underlying foreign physical asset or liability.

Set out below are the key areas identified where accounting policies may change and impact the financial report:

- measurement of fair value of financial assets and financial liabilities at bid and offer prices rather than mid points; and
- full recognition of financial assets and financial liabilities at trade date rather than settlement date.

The application of IFRS will also lead to some presentational changes in TCorp's financial statements for the year ended 30 June 2006 and beyond, including changes to accounting classifications and descriptions and the disclosures provided in the notes to the accounts.

A project is in place to manage the transition to IFRS under the oversight of the Board Audit Committee. The requirements of AASB 139 and AASB 132 may, subject to any relevant Treasury directives, be applied prospectively from 1 July 2005 with comparative information not required for prior periods. Therefore the main focus of the project over the next twelve months will be:

- finalise changes to TCorp's accounting policies and/or disclosures;
- monitor and action any subsequent changes to the IFRS or Treasury policies; and
- implement the necessary systems, reporting and procedures changes to record financial instrument transactions in accordance with the new requirements with effect from 1 July 2005.

#### END OF AUDITED CONCISE FINANCIAL REPORT

## Directors' declaration

The directors declare that in their opinion, the concise consolidated financial statements of New South Wales Treasury Corporation comply with Accounting Standard AASB 1039 Concise Financial Reports.

The financial statements and specific disclosures included in these concise financial statements have been derived from the full financial report for the year ended 30 June 2004.

This declaration is made in accordance with a resolution of the directors.



**R G Carling**  
Director



**W A Jarman**  
Director

Sydney, 13 August 2004

# Independent audit report to Members of the New South Wales Parliament



GPO BOX 12  
SYDNEY NSW 2001

## Audit Opinion

In my opinion, the concise financial report of the New South Wales Treasury Corporation for the year ended 30 June 2004 complies with Accounting Standard AASB 1039 "Concise Financial Reports".

The opinion should be read in conjunction with the rest of this report.

## The Board's Role

The Board of New South Wales Treasury Corporation is responsible for the concise financial report.

## The Auditor's Role and the Audit Scope

As required by the *Public Finance and Audit Act* 1983 (the Act) I carried out an Independent audit to enable me to express an opinion on the concise financial report. My audit provides *reasonable* assurance to Members of the New South Wales Parliament that the concise financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards, and I:

- tested that the information in the concise financial report is consistent with the full financial report, and
- examined a sample of the evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report.

An audit does *not* guarantee that every amount and disclosure in the concise financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the concise financial report or indicate that Board members had failed in their reporting obligations.

I have also performed an independent audit of the full financial report of the New South Wales Treasury Corporation for the year ended 30 June 2004. My audit report on the full financial report was signed on 13 August 2004 and was not subject to any qualification.

My opinion does *not* provide assurance:

- about the future viability of New South Wales Treasury Corporation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

## Audit Independence

The Audit Office complies with all professional independence requirements. The *Public Finance and Audit Act* 1983 further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

A handwritten signature in black ink, appearing to read 'R J Sendt'.

**R J Sendt**  
Auditor-General

Sydney  
13 August 2004

# Investment Facilities fund managers and TCorp dealer panels at 30 June 2004

## Investment Facilities fund managers

452 Capital Pty Limited  
AMP Capital Investors Limited  
BIAM Australia Pty Limited  
Concord Capital Limited  
GMO Australia Limited  
Macquarie Investment Management Limited  
Maple-Brown Abbott Limited  
Perennial Value Management Limited  
Perpetual Investment Management Limited  
Portfolio Partners Limited  
Schroder Investment Management Australia Limited  
State Street Global Advisors, Australia, Limited  
UBS Asset Management (Australia) Ltd  
Wallara Asset Management Pty Limited  
Wellington Management Company LLP

## Custodian

BNP Paribas Fund Services Australasia Pty Ltd trading as BNP  
Paribas Securities Services

## TCorp dealer panels

### Domestic fixed income dealers

ABN AMRO Bank NV  
Citigroup Global Markets Australia  
Commonwealth Bank of Australia  
Credit Suisse First Boston, Sydney  
Deutsche Capital Markets  
Macquarie Bank Limited  
National Australia Bank Limited  
Royal Bank of Canada Capital Markets  
The Toronto-Dominion Bank Australia  
UBS AG, Australia  
Westpac Banking Corporation

### Global exchangeable bond dealers and distributors

ABN AMRO Bank NV  
ABN AMRO Incorporated  
Citigroup Global Markets Limited  
Commonwealth Bank of Australia  
Credit Suisse First Boston (Europe) Limited  
Deutsche Bank AG, London  
Macquarie Bank Limited  
National Australia Bank Limited  
Royal Bank of Canada Europe Limited  
The Toronto-Dominion Bank  
UBS Limited  
Westpac Banking Corporation

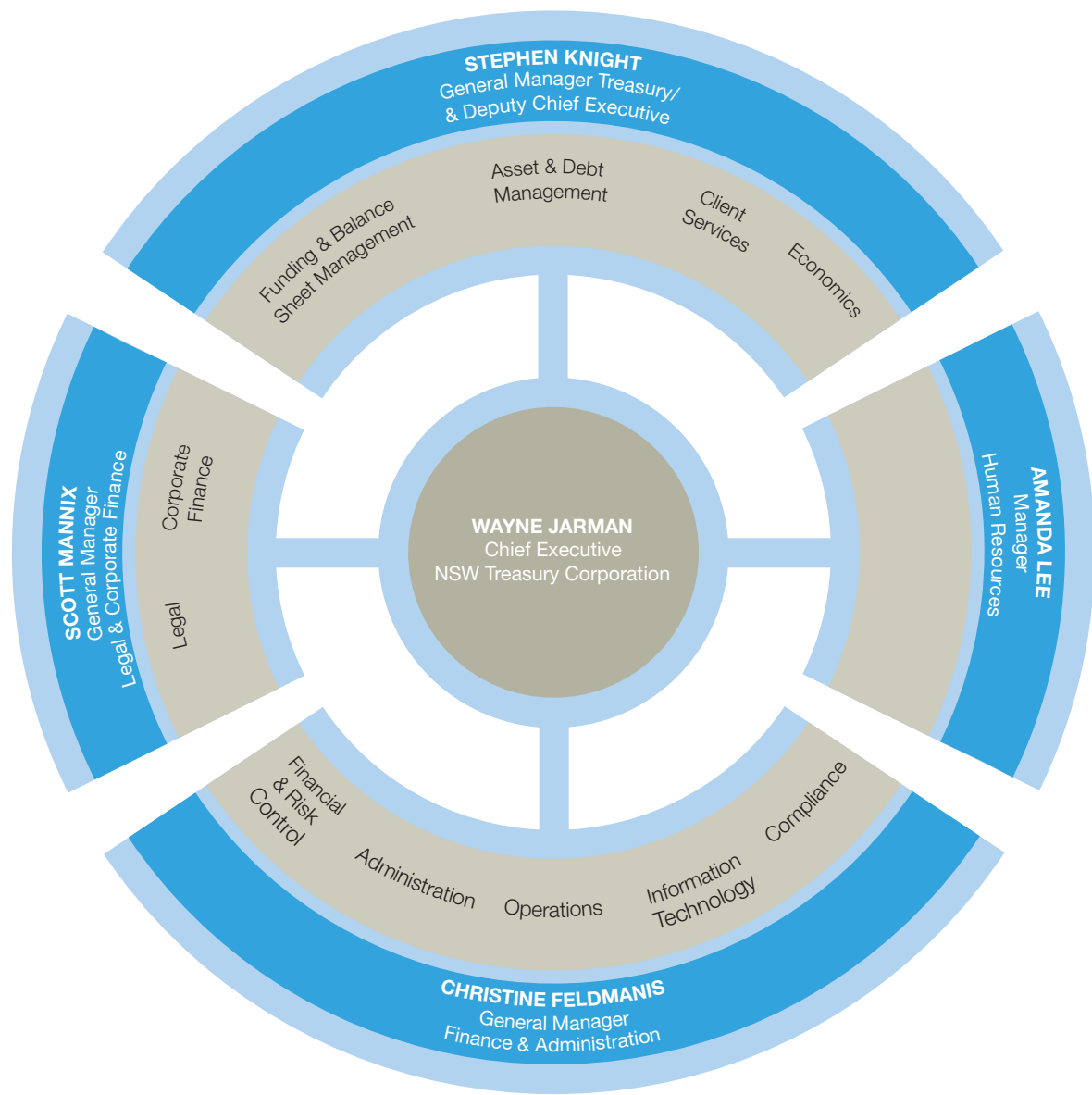
## Euro medium term note dealers and distributors

Citigroup Global Markets Limited  
Daiwa Securities SMBC Europe Limited  
Goldman Sachs International  
The Hong Kong & Shanghai Banking Corporation Limited  
Merrill Lynch International  
Mizuho International plc  
National Australia Bank Limited  
Nomura International plc  
Royal Bank of Canada Europe Limited  
The Toronto-Dominion Bank  
Tokyo-Mitsubishi International plc  
UBS Limited

## Euro commercial paper dealers and distributors

ABN AMRO Incorporated  
BA Asia Limited  
Barclays Bank plc  
Citibank International plc  
Commonwealth Bank of Australia  
Credit Suisse First Boston (Europe) Limited  
Deutsche Bank AG  
The Hong Kong & Shanghai Banking Corporation Limited  
Goldman Sachs International  
Lehman Brothers International (Europe)  
Macquarie Asia Limited  
Macquarie Bank Limited  
National Australia Bank Limited  
UBS Limited  
Westpac Banking Corporation

# Organisational chart



# Our people



**Tracy Abercromby**  
Manager Investment Facilities



**Julianne Adrian**  
Manager Operations  
(on maternity leave)



**John Angeli**  
Principal Portfolio Manager – Debt



**Oliver Bedford**  
General Manager Client Services



**Shamim Begum**  
Reporting and Tax Analyst



**Lisa Bennett**  
Personal Assistant/Secretary  
Finance & Administration



**Denis Beresford**  
Technical Support and  
Internet Administration



**Robert Blayney**  
Client Services Manager



**Rory Bridle**  
Client Services Manager



**Frank Brus**  
Senior Client Services Manager



**Katherine Burke**  
Manager Administration



**Judy Burrigde**  
Personal Assistant  
to the Chief Executive



**Sally Chan**  
Settlements Officer



**Prescilla Dennis**  
Portfolio Administrator



**Rowan Element**  
Analyst Corporate Finance



**Morris Farah**  
Assistant Financial Controller



**Christine Feldmanis**  
General Manager Finance &  
Administration



**Victor Goh**  
Manager Business Systems  
Development



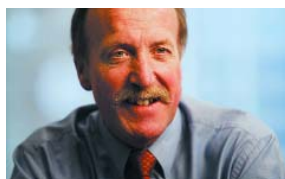
**Hiromi Gray**  
Acting Operations Manager



**Robert Gilfoyle**  
Project Accountant



**Lillian Hamilton**  
Receptionist/Administrator



**Mark Heath**  
Manager IT



**Kylie Holze**  
Settlements Officer



**Derek Hu**  
Portfolio Administrator



**Tim Hyett**  
Principal Investment Facilities Manager



**Wayne Jarman**  
Chief Executive



**Fiona Karpinsky**  
Portfolio Administrator



**Nadia Kemp**  
Settlements Officer



**Stephen Knight**  
General Manager Treasury &  
Deputy Chief Executive



**Tamatha Koh**  
Portfolio Manager – Assets



**Lawrence Lam**  
Senior Business Analyst



**Amanda Lee**  
Manager Human Resources



**Ian Lee**  
Portfolio Administrator



**Ernie Leseberg**  
Analyst Programmer



**Suzanne Long**  
Manager Investment Facilities



Scott Mannix  
General Manager Legal &  
Corporate Finance



Ariel Miranda  
Settlements Officer



Sally Mitchell  
Financial Controller



Nicole Moore  
Compliance Administrator



Tony Morris  
Senior Economist



Annette Mullen  
Principal Portfolio Manager – Assets



Christine Nguyen  
Accounts Administrator



Ivan Nobilo  
Liquidity Manager



Hannah Parker  
Personal Assistant/Secretary Treasury



Mario Petalio  
Manager Technical Support



Savithri Prabhu  
Accounts Administrator  
(on maternity leave)



Jo-Anne Priestley  
Legal Counsel



Kevin Pugh  
Senior Manager Corporate Finance



Grace Raynor  
Systems Administrator



Susan Reddel  
Senior Analyst Corporate Finance



Nick Rutherford  
Portfolio Manager – Debt



David Scilly  
Dealer – Repo



Roger Sewell  
Principal Balance Sheet Manager



Alexandra Smith  
Client Reporting Co-ordinator/  
Personal Assistant Client Services



Trevor Smith  
Business Systems Analyst



Mark Swan  
Senior Financial Analyst



Ming Tak Lo  
Senior Support Analyst



Steven Thompson  
Settlements Officer



Robert Thomson  
Technical Support Analyst



Suzanne Tweed  
Personal Assistant/Secretary Treasury



Fiona Trigona  
Manager Funding



Ersin Ucar  
Analyst Programmer



Joanne Warne  
Economist



Kylie Willment  
Senior Analyst Investment Facilities



Simon Wilson  
Senior Manager Corporate Finance



Mark Wyllie  
Risk Analyst



Robin van Eck  
Business Risk Analyst



Lorna Virata  
Portfolio Administrator



Ida Yee  
Portfolio Administrator



Shelly Zvezdakoska  
Remuneration Officer

Absent: Lyndell de Almere, Administration Officer

# Contact details

## Contact details

Postal address

Level 22

Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Telephone 61 2 9325 9325

Facsimile 61 2 9325 9333

Email [generalq@tcorp.nsw.gov.au](mailto:generalq@tcorp.nsw.gov.au)

Website [www.tcorp.nsw.gov.au](http://www.tcorp.nsw.gov.au)

## Dealing desk

Telephone

Bonds 61 2 9247 5211

Money market 61 2 9247 5633

Authority deposits 61 2 9247 5488

Stock lending 61 2 9247 5501

Facsimile 61 2 9325 9344

## Operations – settlements

Telephone 61 2 9325 9202

61 2 9325 9208

Facsimile 61 2 9325 9355

## Registry services

TCorp inscribed stock registries are operated by Computershare Investor Services Pty Limited, represented in all Australian capital cities.

Level 3

60 Carrington Street

Sydney NSW 2000

Telephone 61 2 8216 5704

Email [nswtcorp@computershare.com.au](mailto:nswtcorp@computershare.com.au)

The reporting requirements of the Annual Reports (Statutory Bodies) Act 1984, and related regulations are dealt with in the separate document, the Twenty-second Annual Report of New South Wales Treasury Corporation, tabled in the New South Wales Parliament.

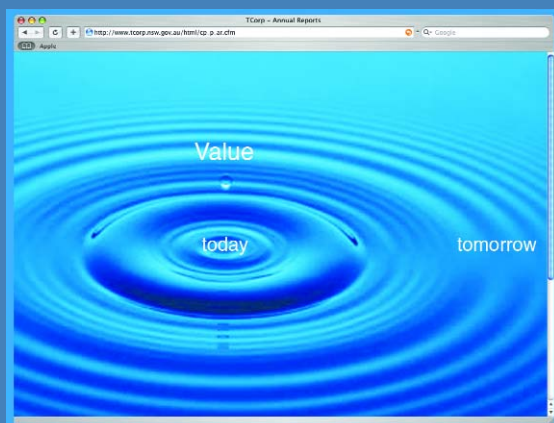




Level 22  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

Telephone 61 2 9325 9325  
Facsimile 61 2 9325 9333

Email [generalq@tcorp.nsw.gov.au](mailto:generalq@tcorp.nsw.gov.au)  
Website [www.tcorp.nsw.gov.au](http://www.tcorp.nsw.gov.au)



Visit our website to access this annual report  
in convenient HTML, along with other useful  
company information. [www.tcorp.nsw.gov.au](http://www.tcorp.nsw.gov.au)