

TASMANIAN PUBLIC FINANCE CORPORATION
2024-25 DEBT INVESTOR UPDATE



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TASMANIA

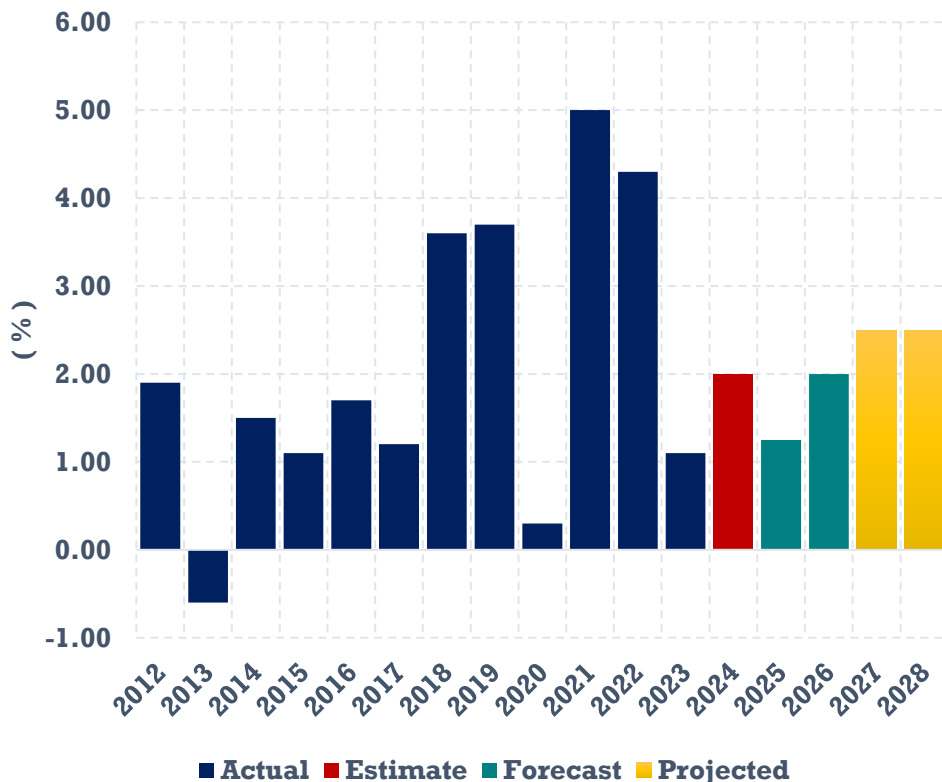
- Credit rating of AA+ (S&P) and Aa2 (Moody's)
- Gross State Product: \$38.6 billion
- Gross State Product growth: 1.1%
- GDP per capita: \$70,838
- Population: 575,000
- Population Growth: 0.41%
- Unemployment rate is currently: 4.2%
- Key industries:
 - Healthcare & Social Assistance
 - Agriculture, Forestry & Fishing
 - Ownership of Dwellings
 - Public Administration and Safety
 - Construction
- Tasmania achieved 100% renewable energy target in November 2020, targeting 200% of current needs by 2040.
- Tasmania accounts for 13% of Australia's renewable energy generation.

1. ECONOMIC OUTLOOK

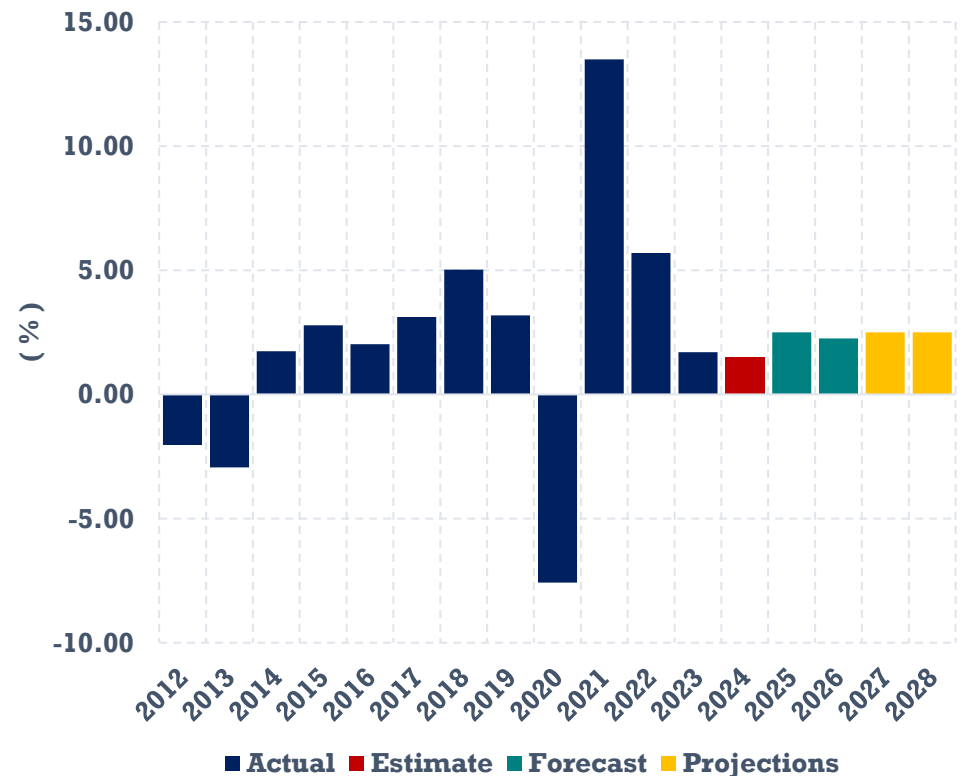
STATE GROWTH AND DEMAND

- State economy continued to grow, although moderating from higher levels as inflation, interest rates and lowered consumer and business sentiment weighed.

Tasmanian Gross State Product Growth



Tasmanian State Final Demand

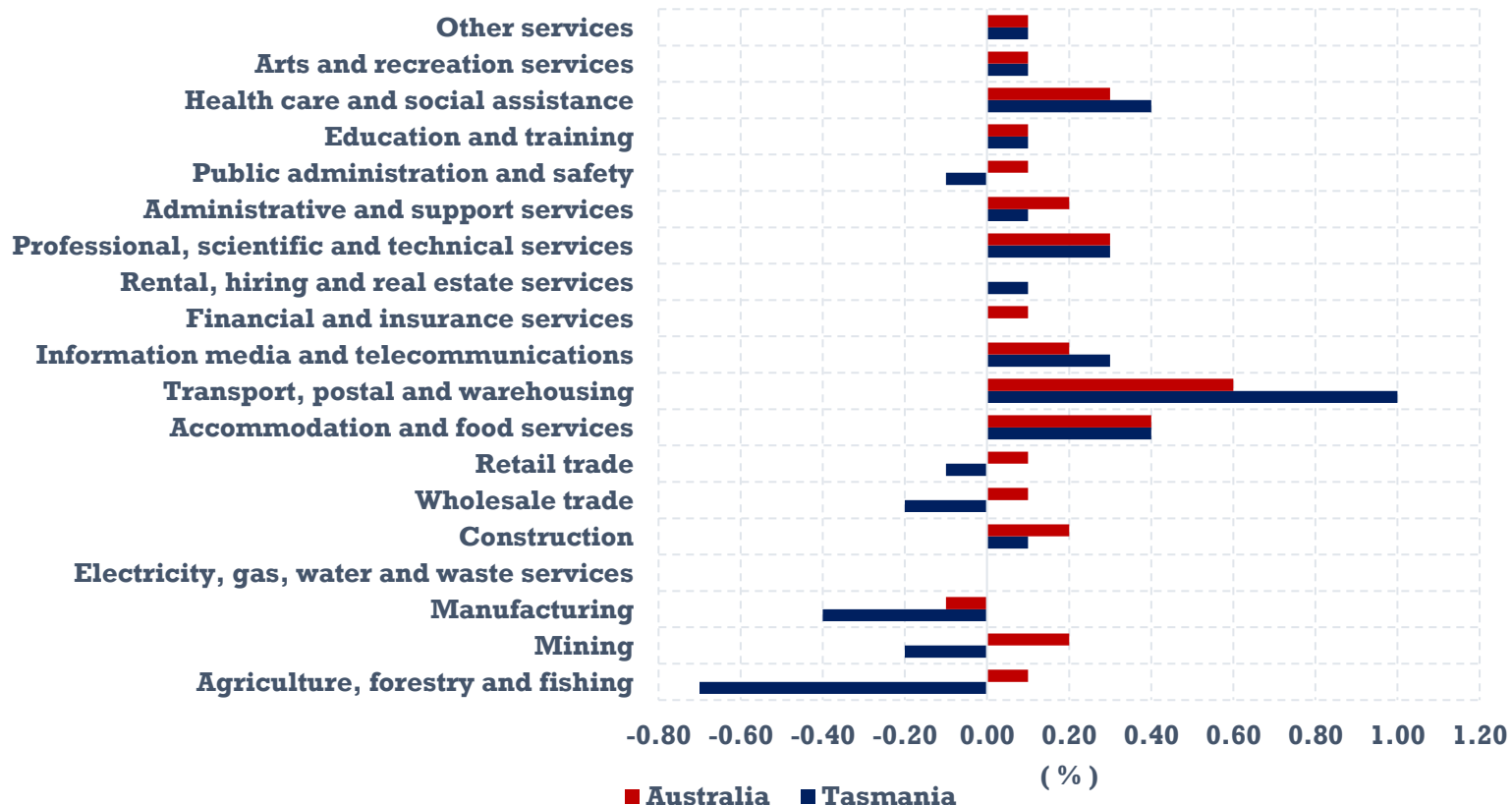


Source: ABS Australian National Accounts: State Accounts,
State budget papers estimates and forecasts - Treasury

INDUSTRY CONTRIBUTION

- High levels of domestic visitors and a partial rebound in international visitors boosted tourism spending and growth in related sectors.
- Agriculture, forestry, and fishing weighing on growth, though levels remain high after two years of strong expansion.

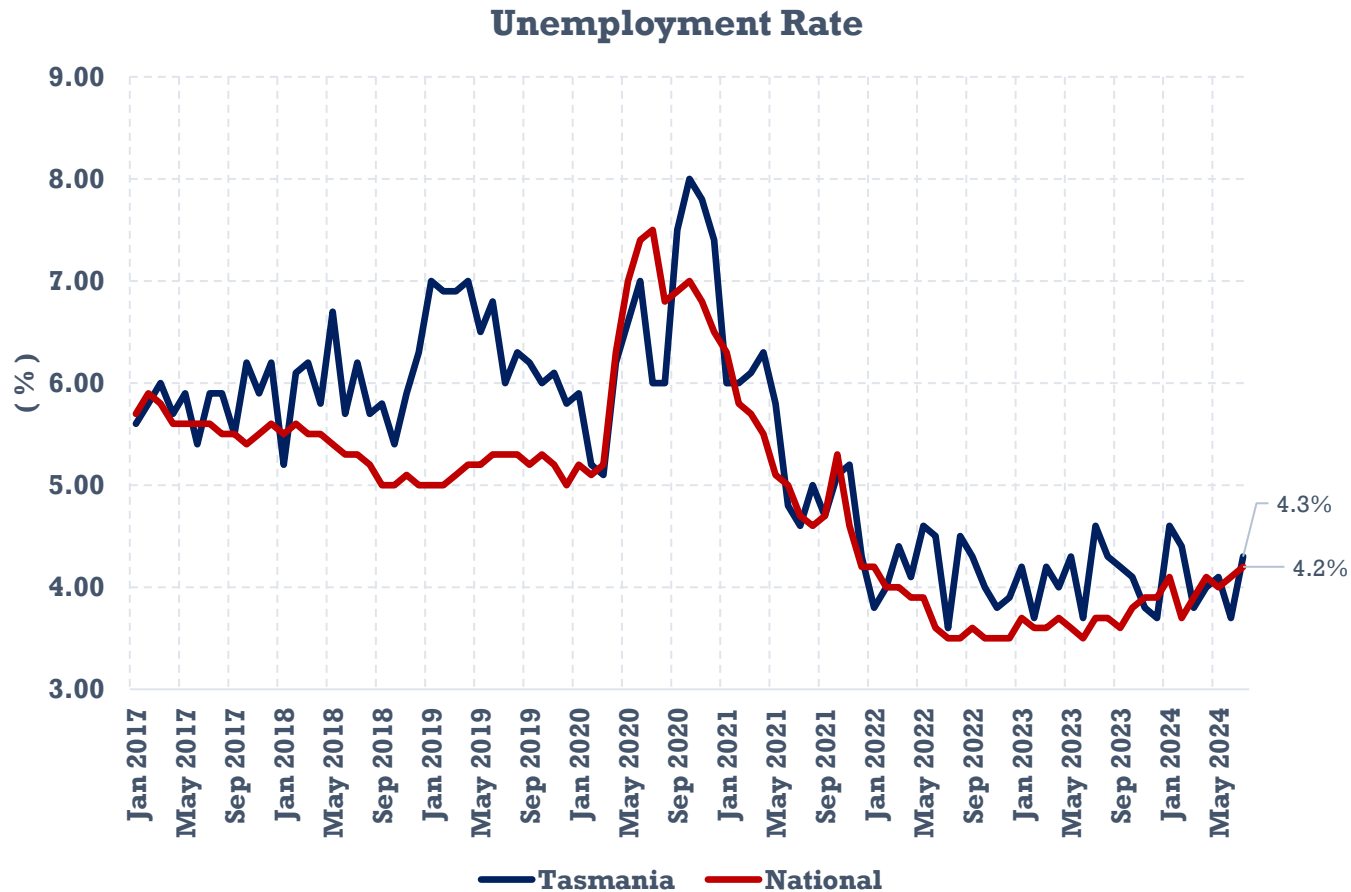
Tasmania contribution to GSP growth by Industry vs Australia



Source: Australian Bureau of Statistics, Australian National Accounts: State Accounts 2022-23 financial year

LABOUR MARKET

- Unemployment rate inching up, but still at a low level.

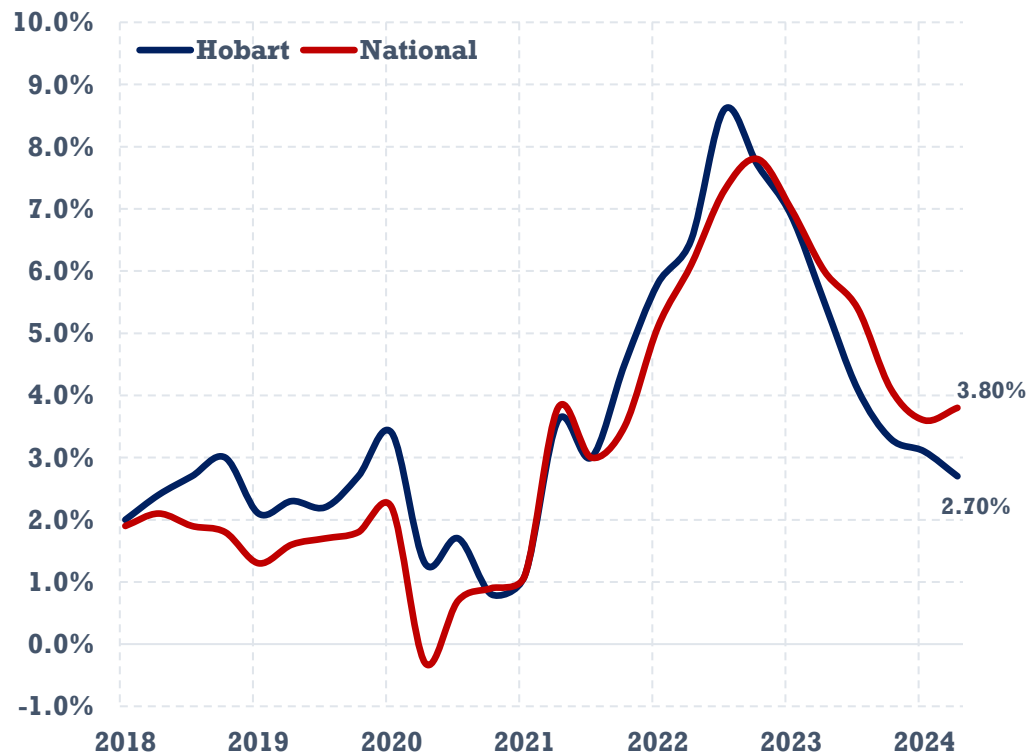


Source: ABS labour force data

INFLATION

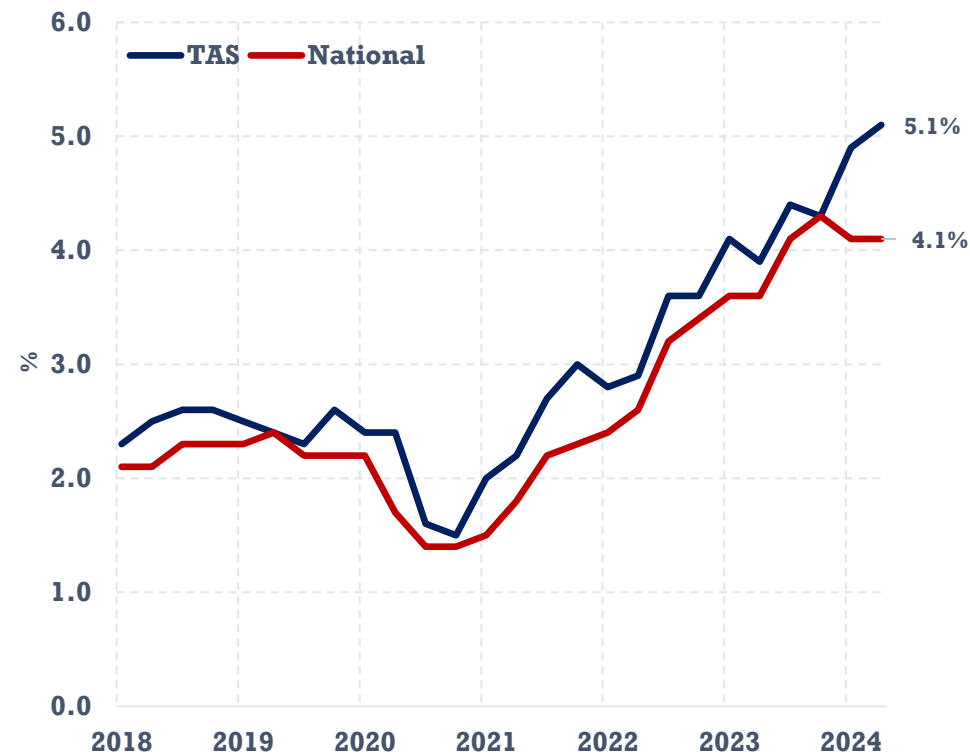
- Hobart inflation easing, driven by a slowdown in housing contributions.
- Real wage growth rising.

YoY Growth in CPI



Source: Consumer Price Index, Australia, ABS.

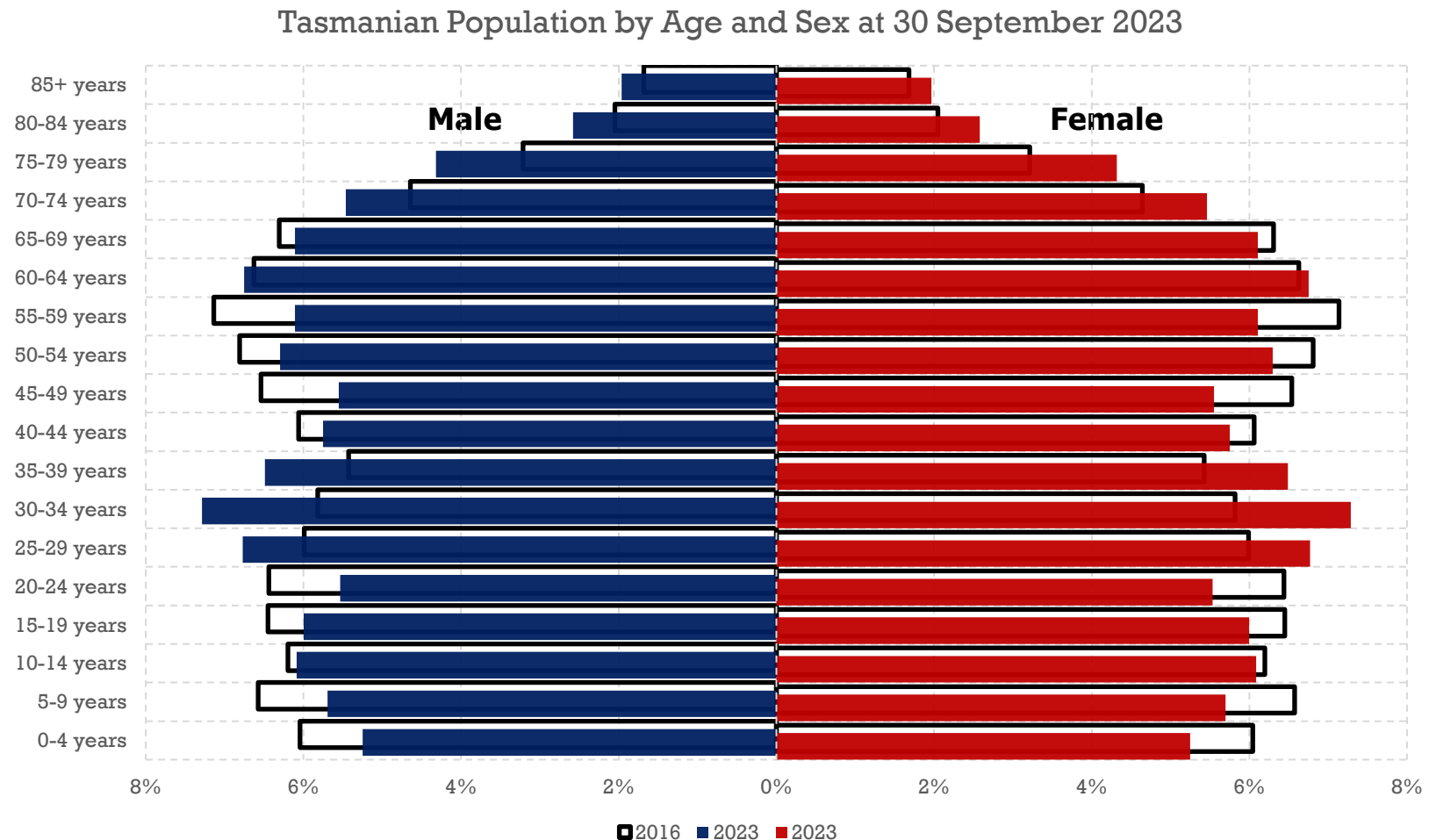
Quarterly Wage Price Index Growth



Source: Wage Price Index, Australia, ABS.

POPULATION

- Progress in the growth of the 25-35 year age group since 2016.



Source: National, state and territory population, and Data Explore, ABS.

2. FISCAL OUTLOOK

2024-25 STATE BUDGET

'Delivering the 2030 Strong Plan for Tasmania's Future.'

The 2024-25 Budget is focused on delivering stability, certainty and confidence in the economy through the Government's 2030 Strong Plan for Tasmania's Future including:

- Delivery of all the 2024 election commitments;
- Fully responding to the recommendations from the Commission of Inquiry into the Tasmanian Government's response to Child Sexual Abuse in Institutional Settings; and
- Record investment in cost-of-living relief and in the delivery of essential services (including health, education, housing and transport).

<https://www.treasury.tas.gov.au/Documents/2024-25-Budget-Speech.pdf>

FISCAL STRATEGY

The Fiscal Strategy focusses on a 10-year timeframe from the 2023-24 Budget and utilises 11 Strategic Targets (and associated Strategic Actions).

The Strategic Targets and Actions are organised into groups:

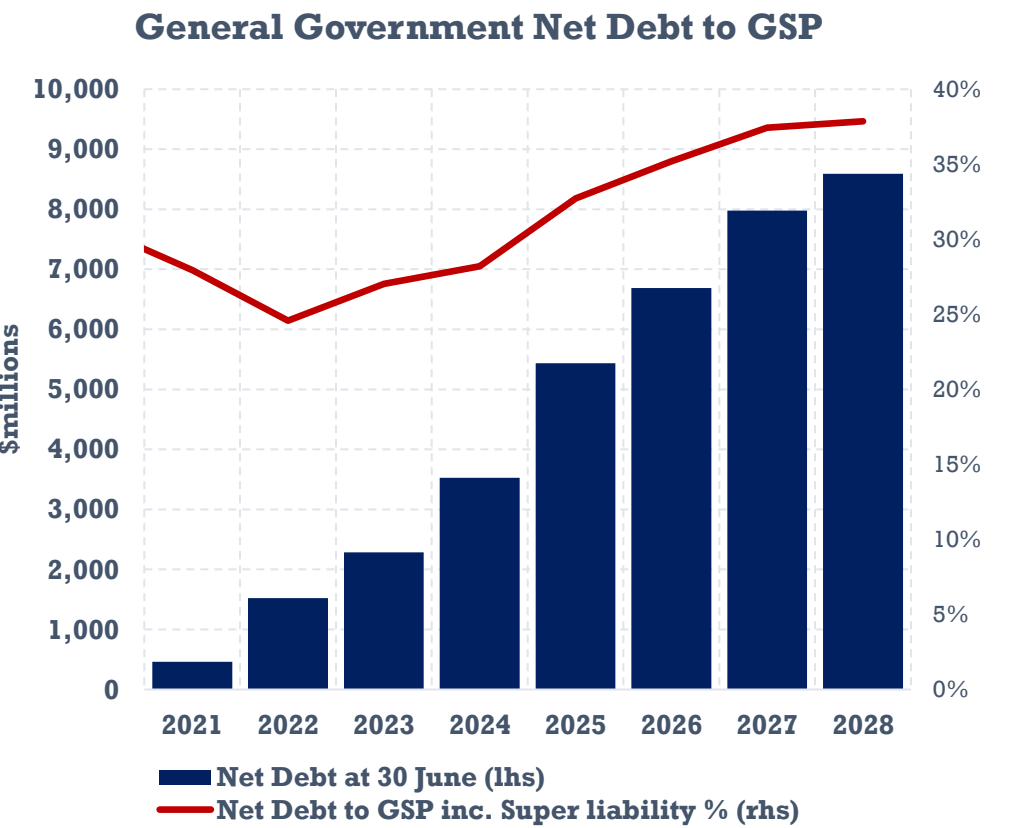
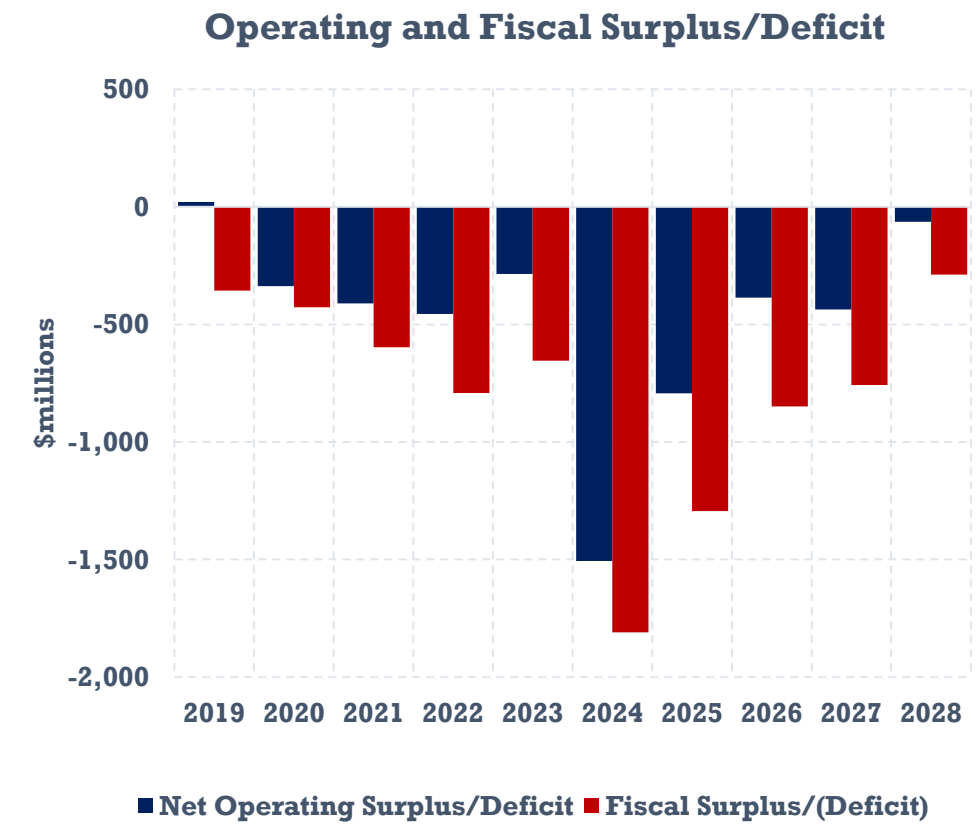
- Whole-of-Government Financial Position;
- Level of Government Debt;
- Financial Sustainability;
- Sustainable Infrastructure Development; and
- Public Sector Productivity and Service Delivery.

FISCAL STRATEGY

	2023-24	2024-25	2032-33
Whole-of-Government Financial Position	Preliminary	Budget	Target
1. States Current Credit Rating	AA+/Aa2	AA+/Aa2	AA+/Aa2
Level of Government Debt			
2. Gross Debt per capita (\$)	16,267	19,452	< 20,000
3. Net Debt to Gross State Product (%)	8.9	13.3	< 10
4. Cost of Debt (inc. superannuation) to Cash Receipts (%)	5.4	6.7	< 6
Financial Sustainability			
5. Fiscal Balance			
General Government Sector (\$m)	-873	-1,066	Balanced over rolling four-year average
Total State Sector (\$m)	-1,479	-1,985	
6. Own-Source revenue as percentage of Total Expenditure (%)	30.4	32	>37
7. Impact of Government Business on the Financial Position (\$m)	-13.4	-94.8	Positive Impact
Sustainable Infrastructure Development			
8. Annual infrastructure investment no less than depreciation	Yes	Yes	Investment > depreciation
9. Proportion of infrastructure projects that have a +ve NPV and/or +ve Benefit Cost Ratio per the Infrastructure Australia Assessment Framework (%)	na	na	100
Public Sector Productivity and Service Delivery			
10. Government FTEs per capita	5,315	5,613	No increase compared to 30/06/2022
11. Public sector efficiency, productivity and financial transparency improvements	na	Various actions	Review undertaken in 2032-33

BUDGET AND FORWARD ESTIMATE AGGREGATES

- Operating balance improving.
- Net debt increasing from a low base.



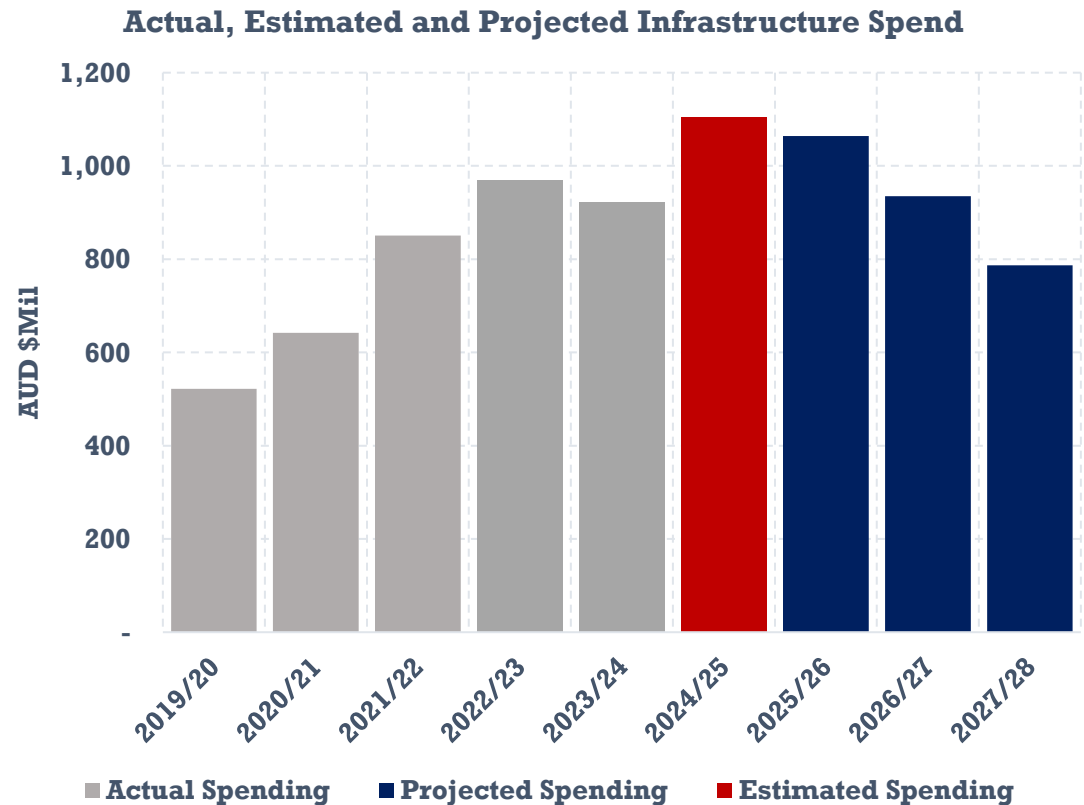
Source: Treasury Budget Papers

COMMITTED INFRASTRUCTRE SPEND

- \$5.1 billion for community infrastructure over the budget and forward estimates.

HIGHLIGHTS

- \$1.9 billion for public roads and bridges.
- \$650 million for hospitals and health.
- \$356 million for tourism, recreation and culture.
- \$312 million for information communication technology to support service delivery.
- \$356 million for school, education and skills.
- \$283 million for law and order.
- \$21 million for other infrastructure.

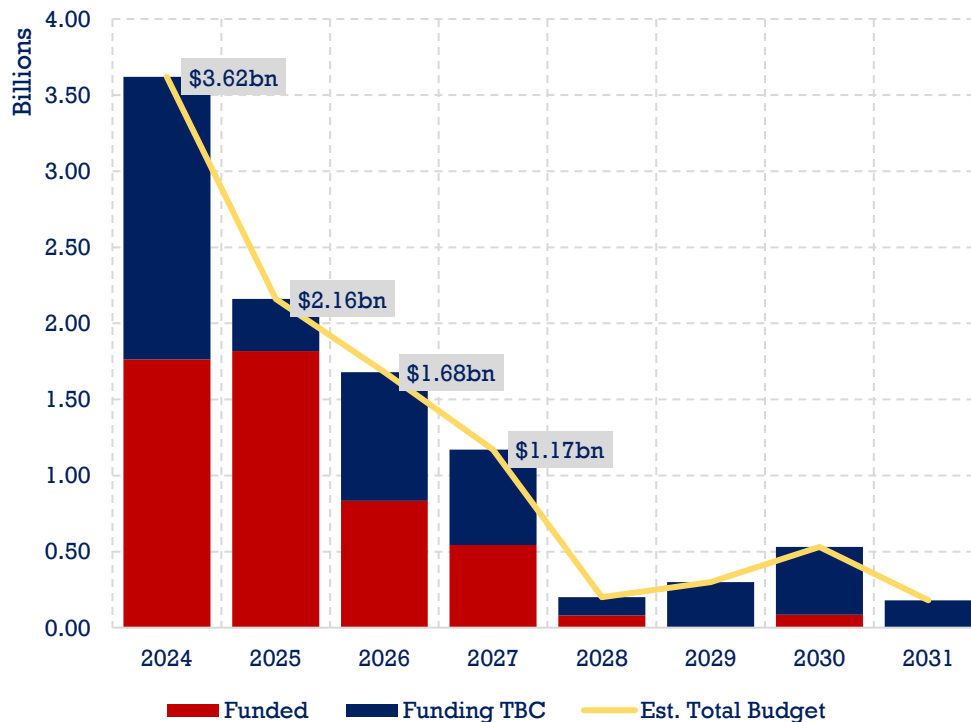


Source: State budget papers estimates and forecasts - Treasury

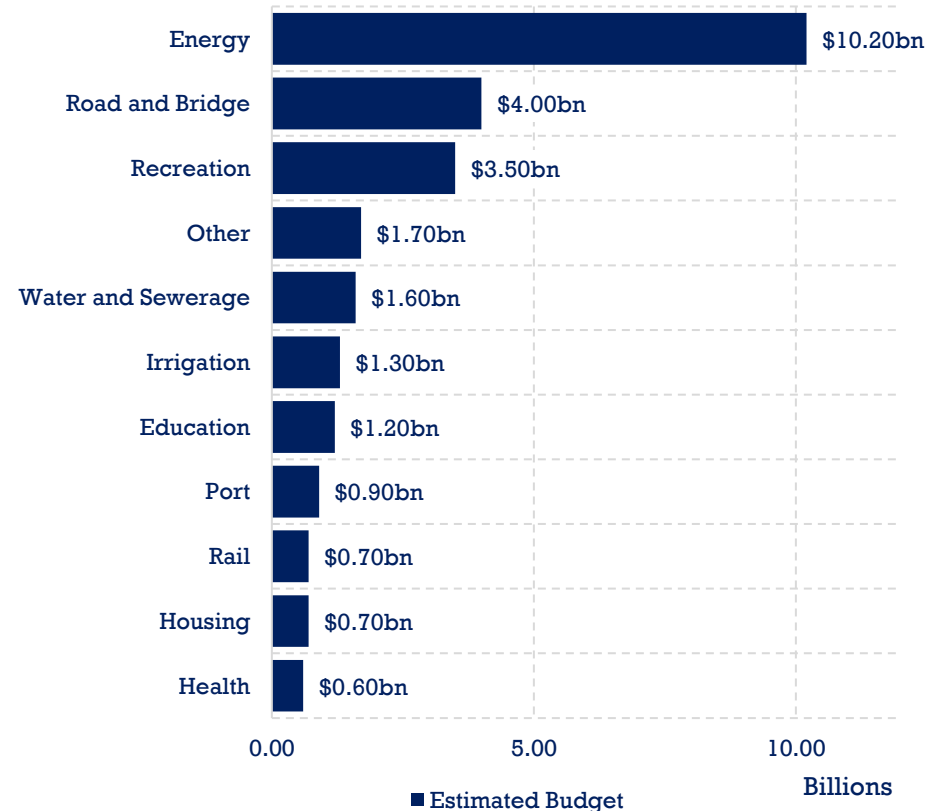
INFRASTRUCTURE PIPELINE

- Large combined public & private infrastructure pipeline.
- Estimated \$26.10 billion of spending across 385 projects.

Estimated project budget by estimated construction start year
(only projects with submitted start year)



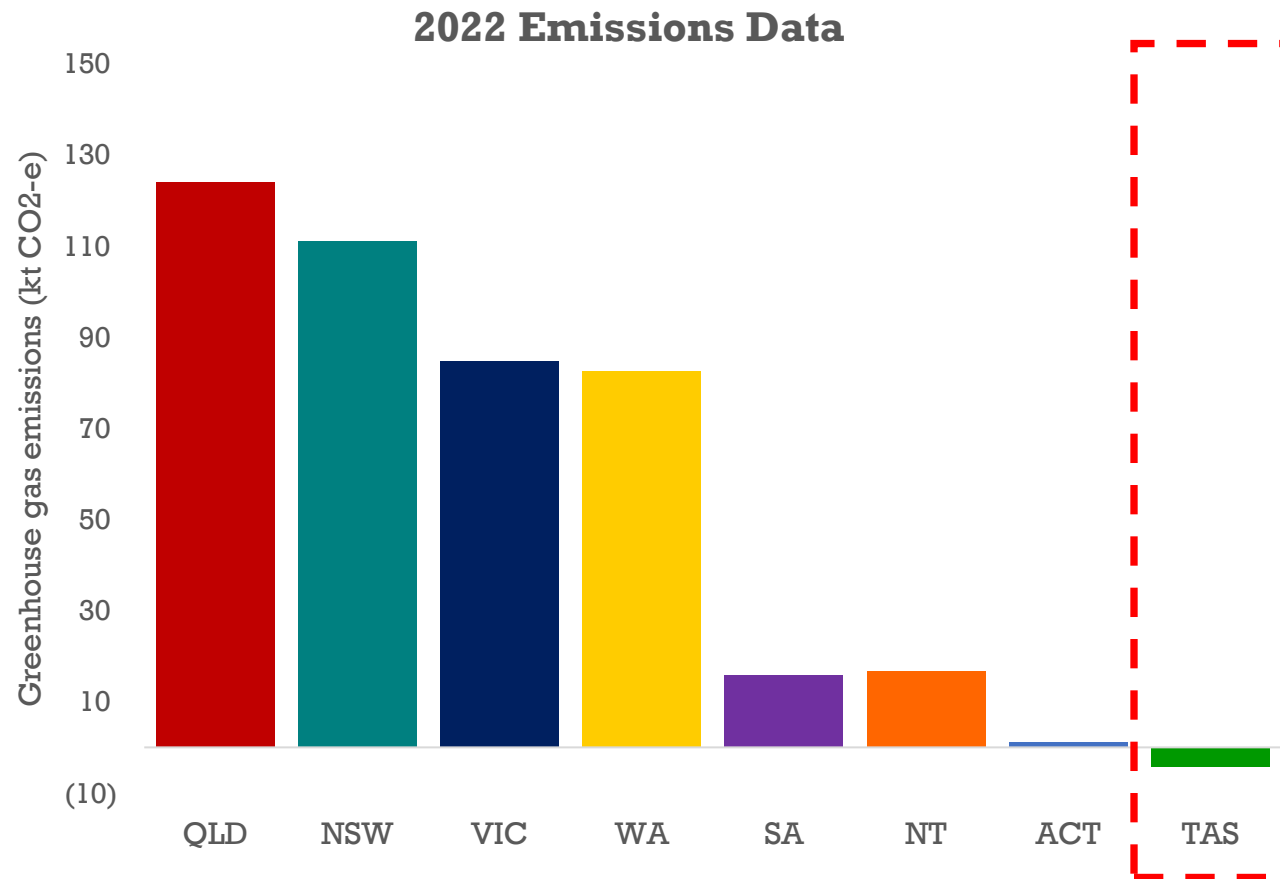
Estimated project budget by infrastructure type



3 . SUSTAINABILITY

TASMANIA'S EMISSIONS SNAPSHOT

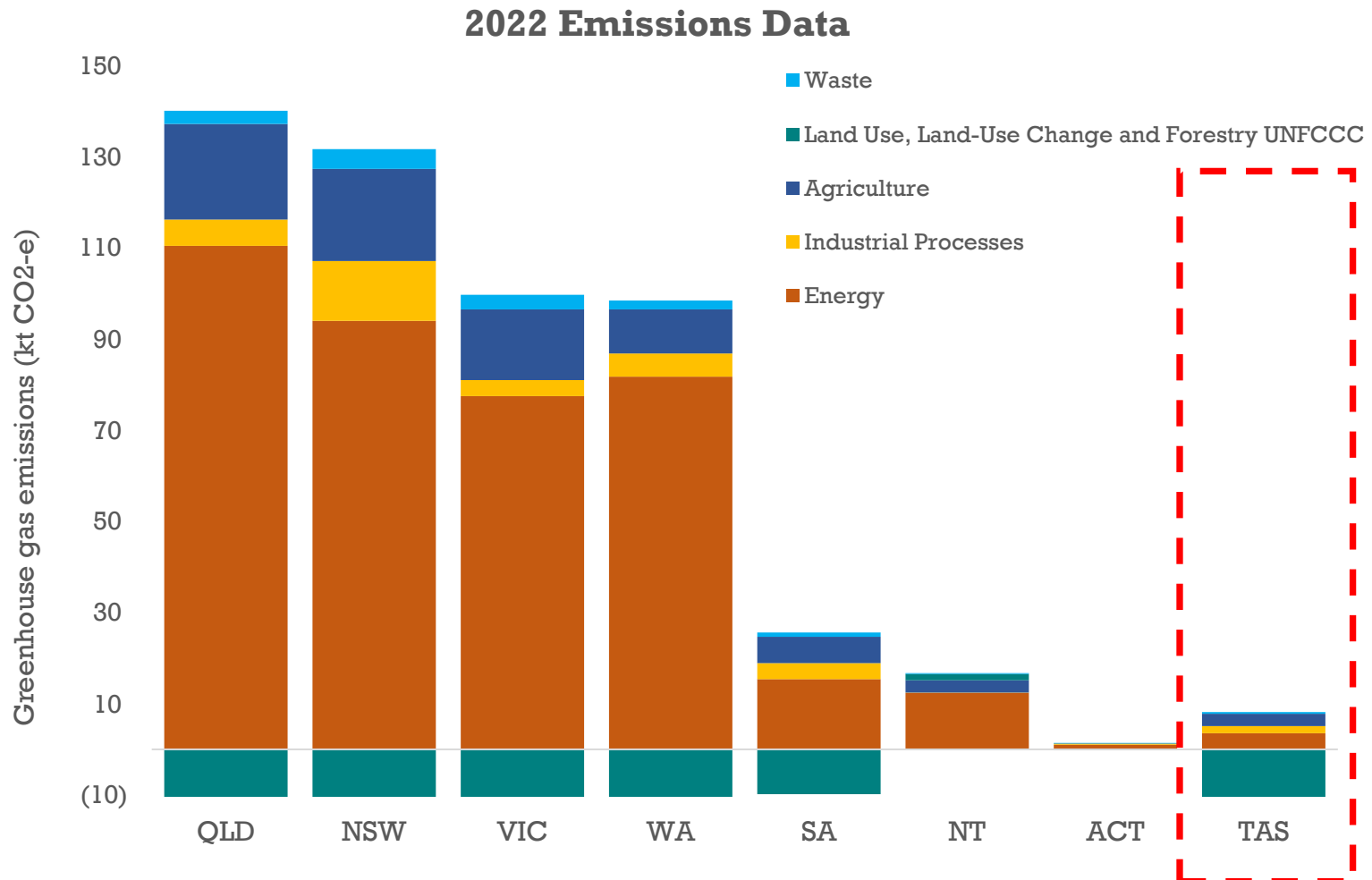
- First and only Australian jurisdiction to achieve net zero emissions in 2015, and has done so every year since.
- In 2022, Tasmania's net emissions were negative 4.3 megatonnes of carbon dioxide equivalent (Mt CO₂e), down 0.6 megaton YoY and 123% lower than 1990.



Source: <https://greenhouseaccounts.climatechange.gov.au>

TASMANIA'S EMISSIONS BREAKDOWN

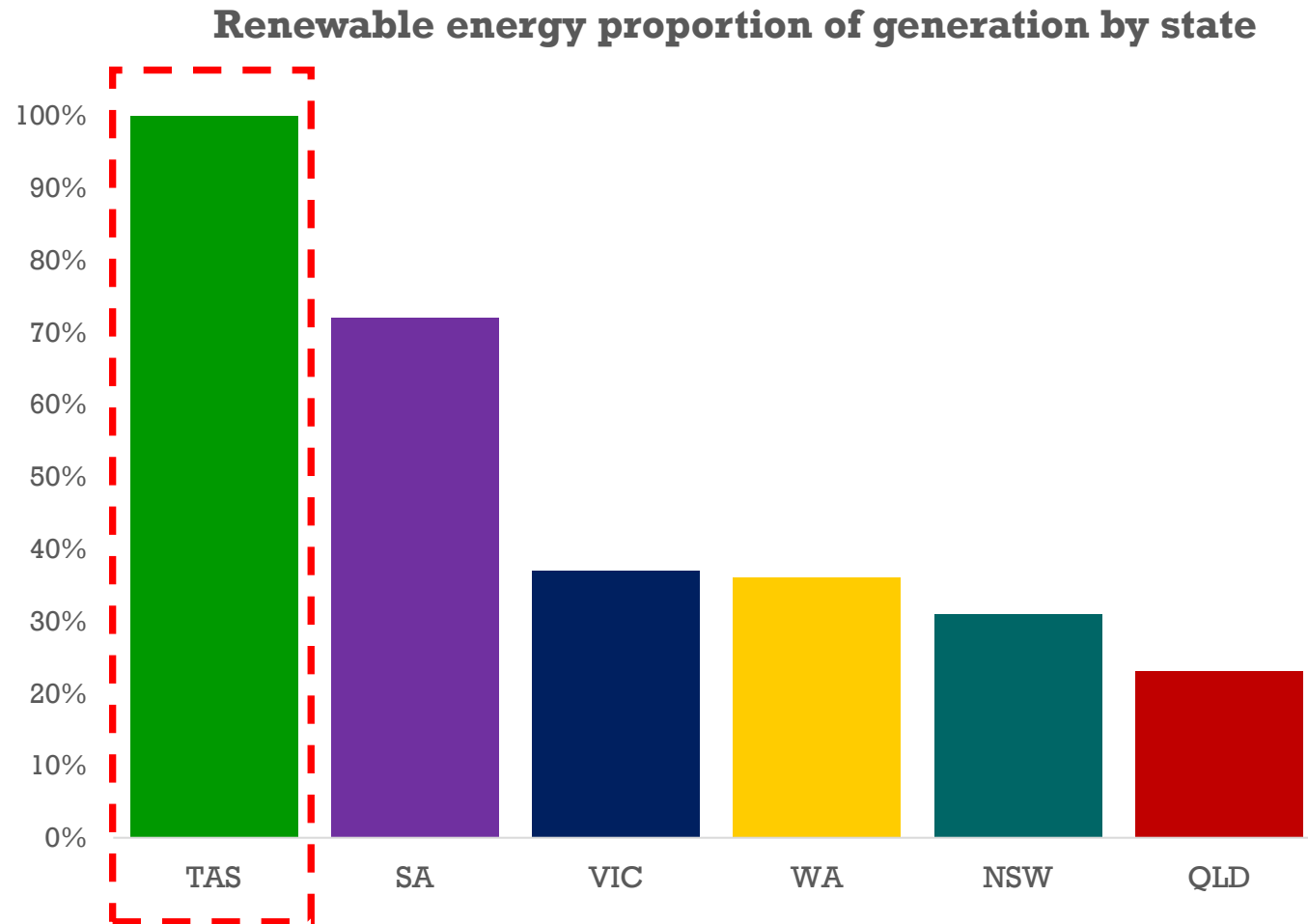
- Negative emissions driven by renewable energy profile and by Land use, land use change and forestry.



Source: <https://greenhouseaccounts.climatechange.gov.au>

RENEWABLE ENERGY PROPORTION

- Tasmania's energy profile stands out compared to other states and jurisdictions, having completed its renewable energy transition.



Source: Clean Energy Council

4. TASCORP FUNDING OVERVIEW

TASCORP OVERVIEW

- ▶ The Central Financing Authority for the State of Tasmania.
- ▶ A Corporation established under the Tasmanian Public Finance Corporation Act 1985.
- ▶ Governed by an independent Board of Directors.
- ▶ Owned 100% by the Government of Tasmania.
- ▶ Debt issued by TASCORP is guaranteed by the State of Tasmania under Section 15 of the Act.

Credit rating of TASCORP and Tasmania

	Long Term	Short Term	Outlook
Standard and Poor's	AA+	A-1+	Stable
Moody's Investor Service	Aa2	P-1	Stable

Moody's Ratings ESG considerations

ESG Credit Impact Score

CIS-2



Environmental

E-2



Social

S-2



Governance

G-2



TASCORP PROGRAMMES

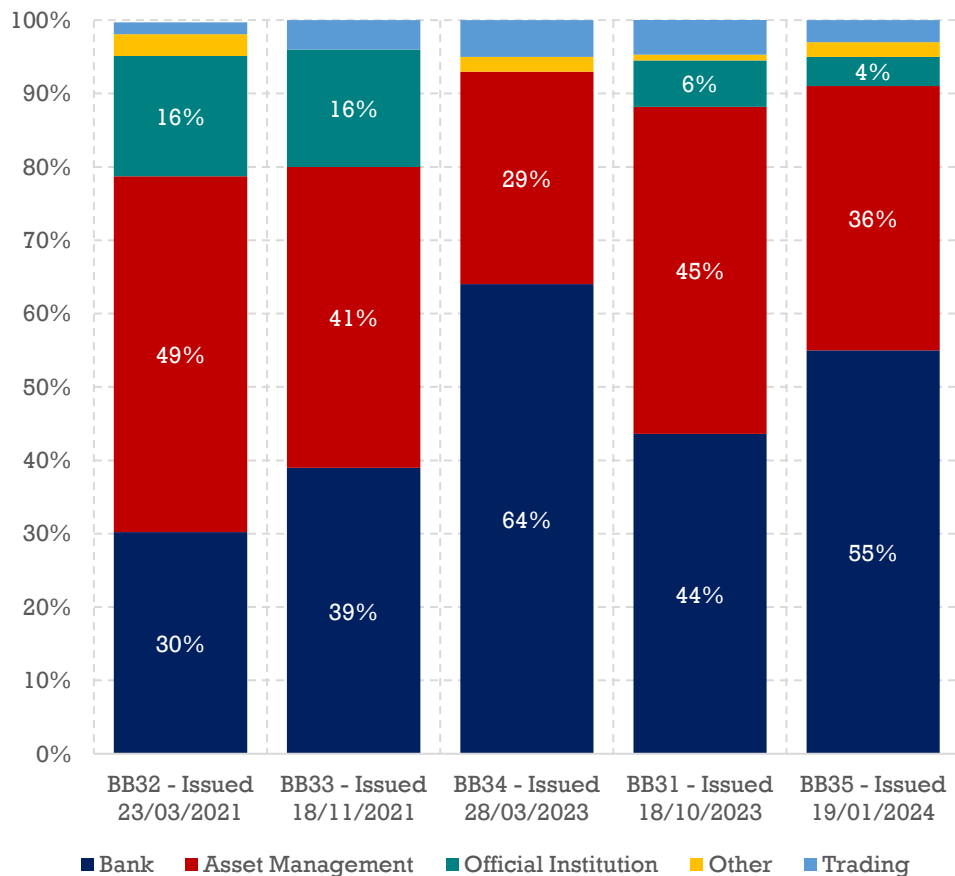
As at 11 October 2024

Domestic Bond Programme	Domestic Short Term Note Programme	Euro Commercial Paper Programme
8 dealer panel members	4 dealer panel members	3 dealer panel members
8 benchmark maturities (2026 to 2035)	AUD\$2.5 billion programme	USD\$2.5 billion multicurrency
1 Floating rate maturity (2029)		
3 non-benchmark maturities (2036-2046)		

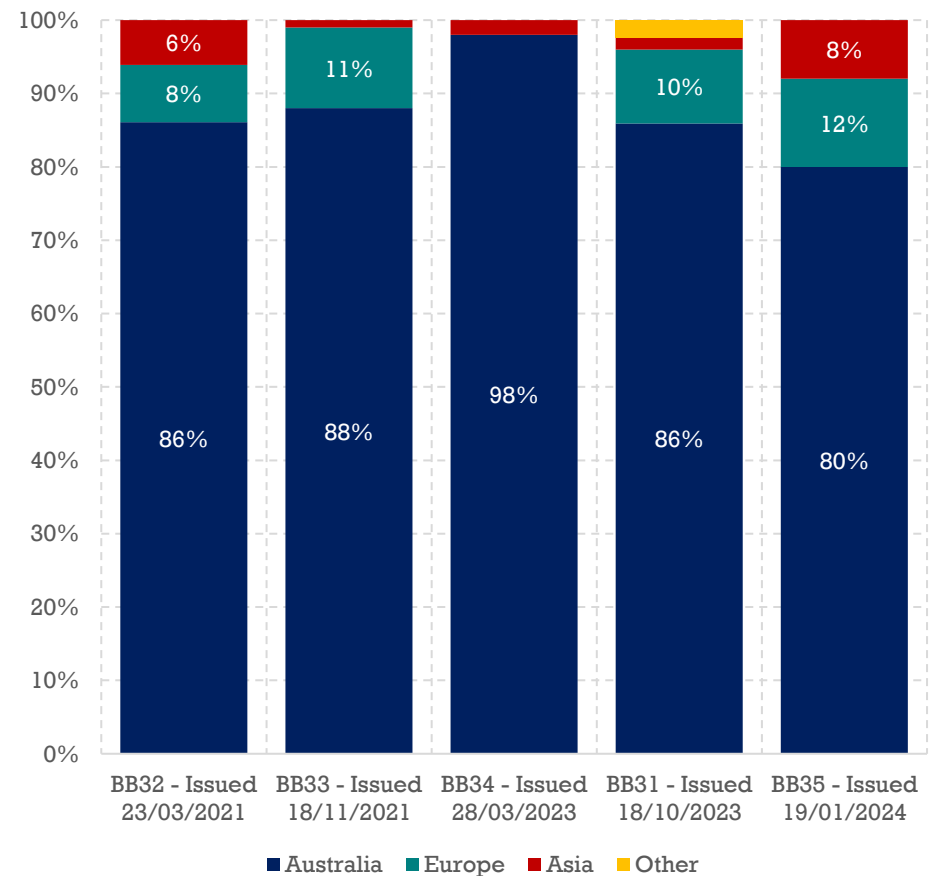
INVESTOR DIVERSITY

- There is diversity in the investor class across fixed-rate transactions, with the majority of investors being domestic.

Investor Type by Syndication



Investor by Region

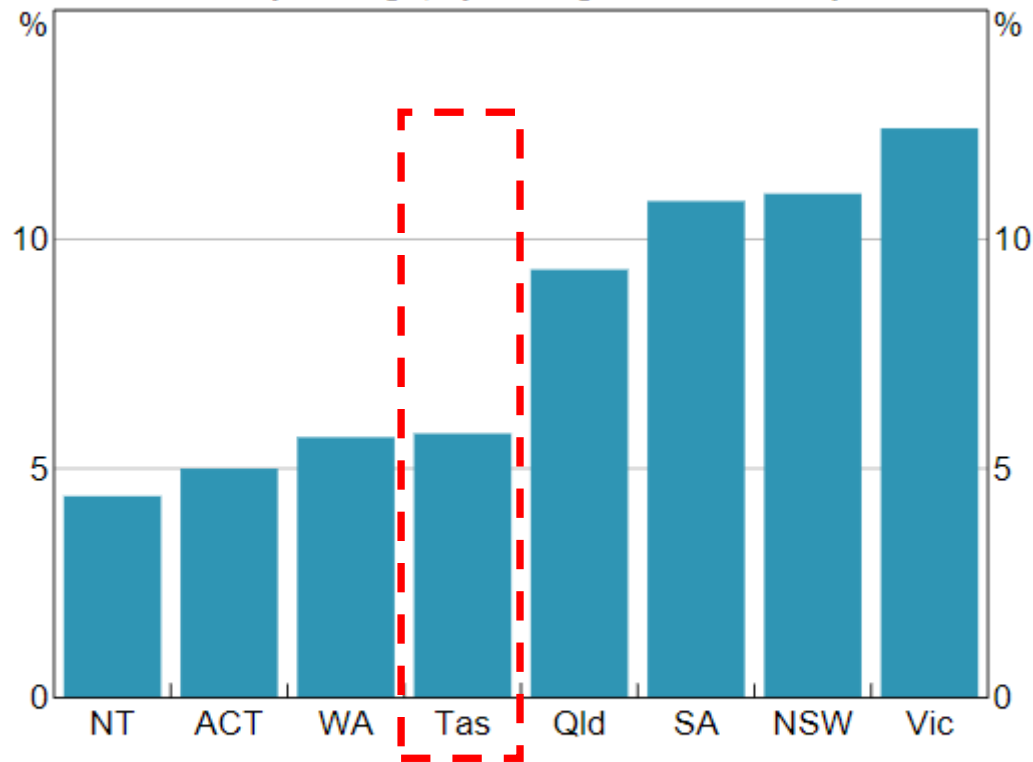


LIQUIDITY

- The highest turnover among the smaller Semi-government issuers, as reported by the RBA.

Semi-government Bond Turnover Ratios*

Monthly average, by issuing state or territory**



* Amount bought or sold as a share of outstanding, excludes transactions involving the issuer.

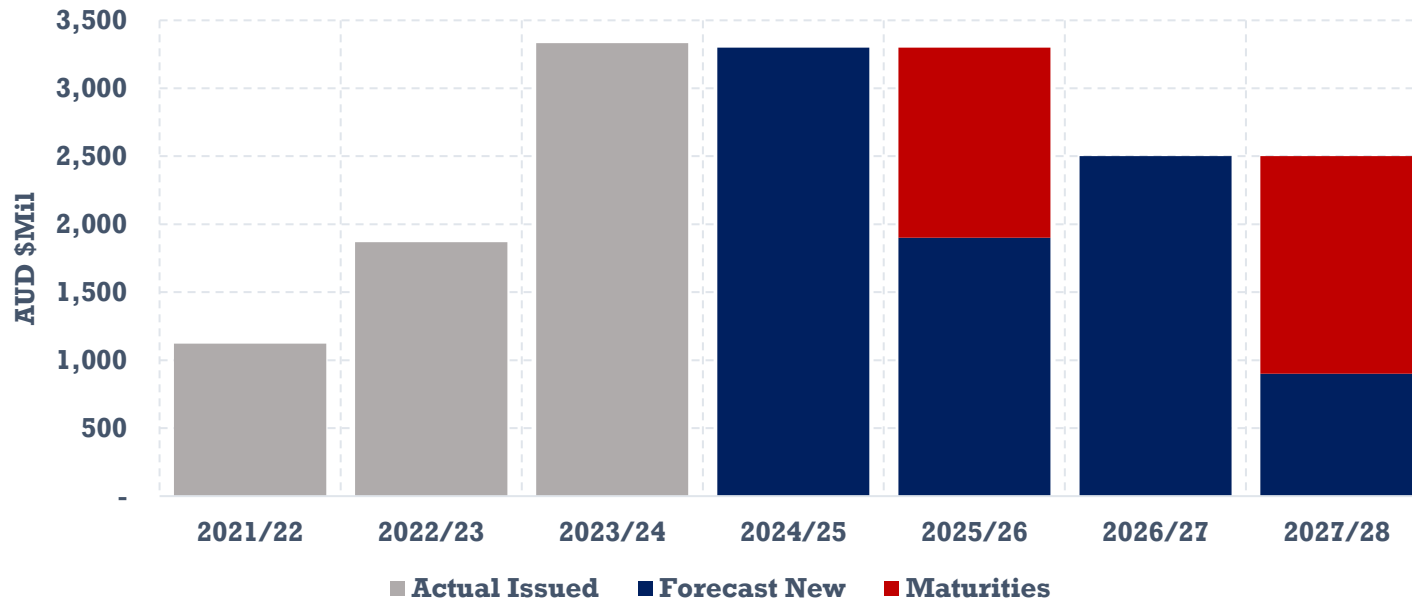
** For data starting post-November 2021.

Sources: ASX Information Services; RBA; State and territory treasury corporations.

FUNDING REQUIREMENT

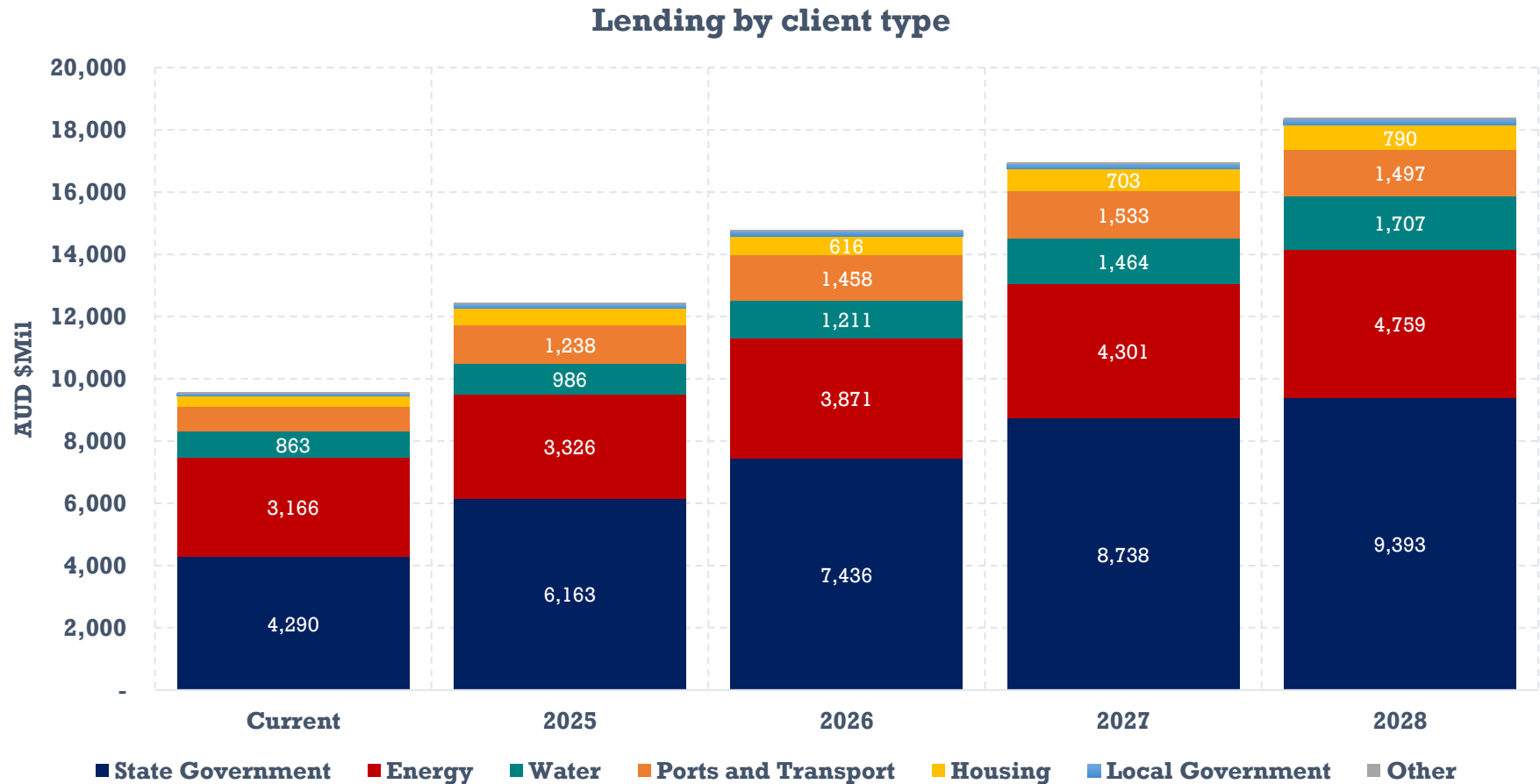
	2024-25 \$A billion	2025-26 \$A billion	2026-27 \$A billion	2027-28 \$A billion
New client loans	3.3	1.9	2.5	0.9
Term maturities	0.0	1.4	0.0	1.6
Total requirement	3.3	3.3	2.5	2.5

Actual and Forecast Borrowing Requirements



LENDING ACTIVITIES

- Balance sheet expansion being led by State Government borrowings.
- Lending across all sectors driven by infrastructure funding.

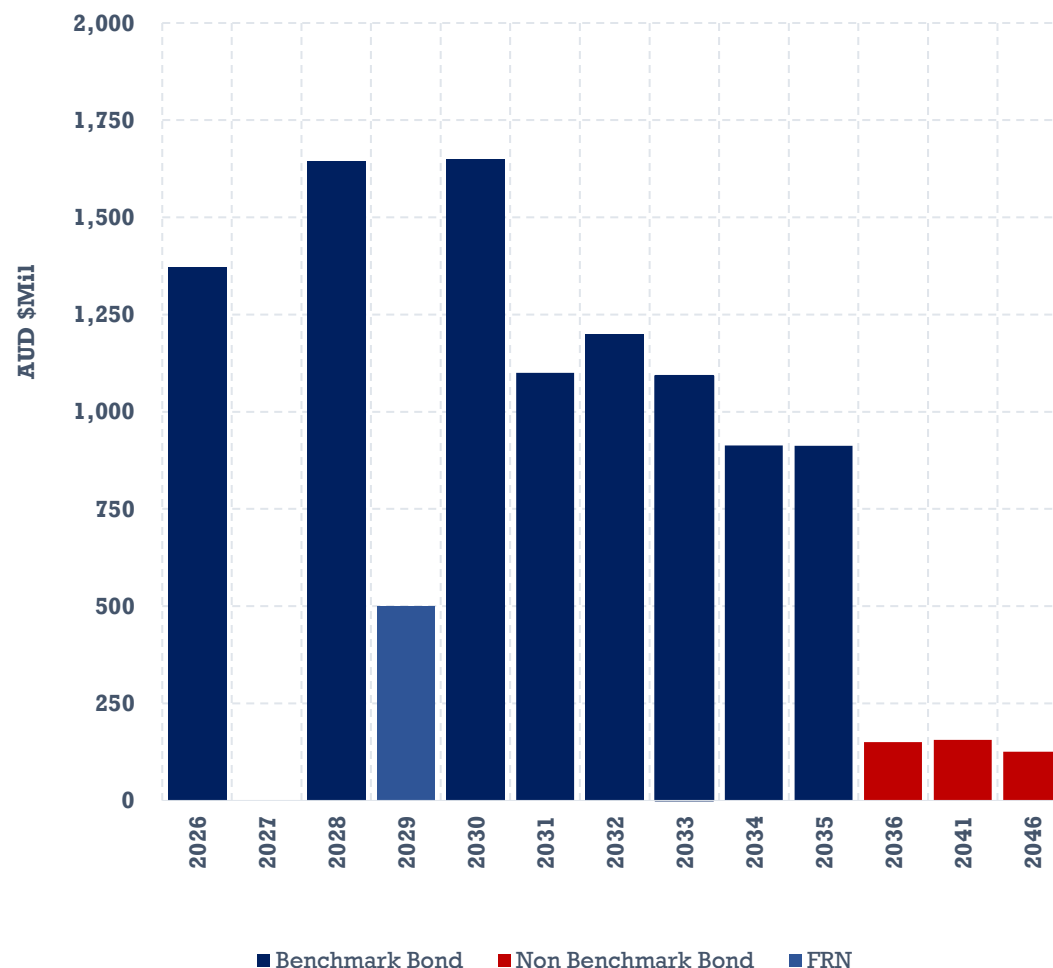


2024-25 FUNDING STRATEGY

TASCORP's 2024-25 funding strategy considers:

- ▶ Issuance of TASCORP's benchmark bonds as its primary source of funding;
- ▶ Building outstandings in existing benchmark bond lines;
- ▶ Issuance of new benchmark bond lines:
 - ▶ Extending TASCORP's benchmark bond curve;
- ▶ Issuance of other term debt instruments to complement its benchmark bond issuance. This may include:
 - ▶ Floating rate notes; and
 - ▶ Bond maturities out to 30 years.
- ▶ Issuance will be undertaken via
 - ▶ Syndication;
 - ▶ Tender; and,
 - ▶ Reverse enquiry.
- ▶ In addition to the term funding programme, short-term borrowing will be maintained through TASCORP's Domestic Short-Term Note and Euro Commercial Paper programmes.

TASCORP Term Maturities
as at 11 October 2024



SUMMARY

Summary of key points:

Tasmania:

- Growth and labour consolidating after strong post-covid rebounds.
- Operating performance improving over forward estimates.
- Net debt increasing due to infrastructure spend.
- Sustainability:
 - Net zero emissions since 2015
 - Net negative emissions in 2020

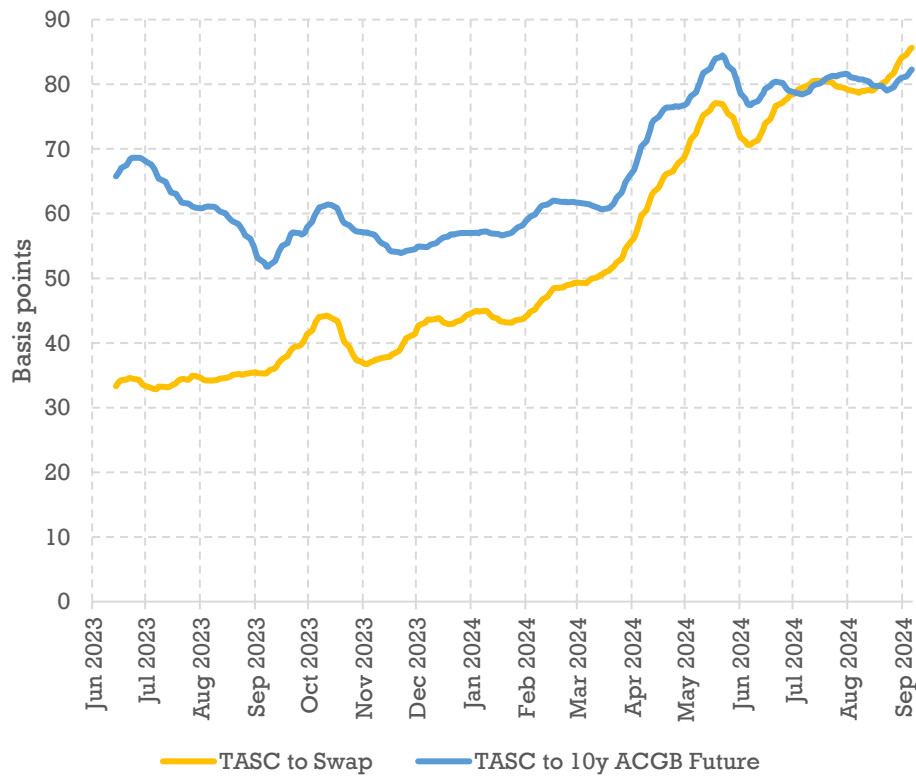
TASCORP:

- The Central Financing Authority for the State of Tasmania
- Credit rating (identical to the State of Tasmania)
 - S&P Global: AA+/Stable
 - Moody's: Aa2/Stable
- Eight AUD benchmark bond lines on issue
- Indicative term debt borrowing programme of AUD\$3.3bn for 2024-25

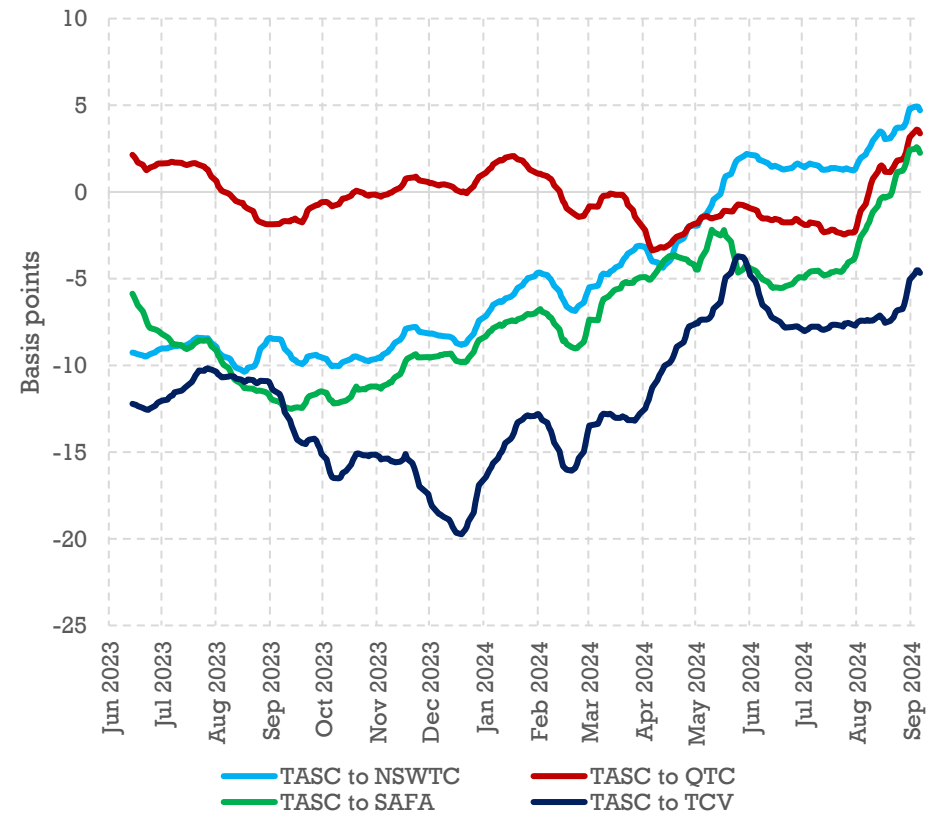
5. APPENDIX

TASCORP YIELDS

TASCORP spread to ACGB and Swap -
Generic 10 year



TASCORP spread to other Semi issuers -
Generic 10 year



REVENUE SOURCES

The states' sources of revenue

- Australian states and territories (states) impose taxes, duties and charges in areas distinct from those where the Australian Government has authority. Examples of state taxes include payroll taxes, royalties, stamp duties and land taxes.
- The Australian Government provides explicit and predictable financial support to all states in the form of:

General purpose payments – ‘untied’ grants which are funded by the Goods and Services Tax (GST) revenue and are used for both recurrent and capital purposes.

Payments for specific purposes – ‘tied’ grants to fund specific projects or programs in order to support service delivery and facilitate reforms.

The Australian Government's Disaster Recovery Funding Arrangements, which provide partial (up to 75 per cent) reimbursement for eligible costs incurred as a result of natural disasters, are also classified as a payment for specific purposes.

GST DISTRIBUTION

- States and territories (states) receive all revenue collected by the Australian Government via the Goods and Services Tax (GST).
- It is allocated using the principles of **horizontal fiscal equalisation**, which is designed to equalise the states' fiscal capacity to provide public services to a similar standard.
- Under this system, some states with below average revenue raising capacity or above average spending requirements receive a larger share of GST (and vice versa).
- The independent Commonwealth Grants Commission recommends the annual allocation across the states.

	GST relativities	GST shares	GST distribution
	2024–25	2024–25	2024–25
		%	\$m
New South Wales	0.867	27.1	24,224
Victoria	0.965	24.8	22,227
Queensland	0.952	19.5	17,460
Western Australia	0.750	8.1	7,257
South Australia	1.403	9.7	8,671
Tasmania	1.828	3.9	3,476
Australian Capital Territory	1.204	2.1	1,889
Northern Territory	5.067	4.8	4,257
Total	1	100	89,462

Source: Commonwealth Grants Commission

BUDGET ESTIMATES AND FORECASTS

	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Budget	Preliminary	Budget	Forward Estimate		
	\$M	\$M	\$M	\$M	\$M	\$M
General Government Sector						
Revenue	8,422	8,591	8,952	9,094	9,189	9,449
Expenses	8,720	10,097	9,745	9,480	9,626	9,512
Net Operating Surplus/(Deficit)	(297.5)	(1,505.9)	(792.8)	(386.7)	(436.7)	31
Fiscal Surplus/(Deficit)	(988.8)	(1,809.3)	(1,293.3)	(849.3)	(757.8)	(287.9)
Net Debt at 30 June	3,497	3,528	5,435	6,689	7,979	5,591
Infrastructure Spend	1,235	921	1,104	1,064	935	787

Source: 2024-25 Tasmanian State Budget Papers

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual		Forecasts		Projections	
Gross State Product (real, % change)	1.10	2.00	1.25	2.00	2.50	2.50
State Final Demand (real, % change)	1.70	1.50	2.50	2.25	2.50	2.50
Employment (year-average, % change)	2.50	-0.40	-0.25	1.00	1.25	1.25
Labour Force Participation Rate (year-average, % level)	62.20	61.50	60.75	61.00	61.00	61.00
Unemployment Rate (year-average, % level)	4.00	4.10	4.25	4.50	4.50	4.50
Consumer Price Index - Hobart (year-average, % change)	7.10	3.30	2.75	3.00	2.50	2.50
Population (year-average, % change)	0.60	0.40	0.40	0.50	0.70	0.70

Source: 2024-25 State Budget Papers Actual- ABS; Estimates and forecasts - Treasury

USEFUL 2024-25 BUDGET AND GOVERNMENT WEBSITES

https://www.treasury.tas.gov.au/budget-and-financial-management/2024-25-tasmanian-budget	Contains the 2024-25 Budget Paper documents and related information including the Budget Booklet and Government Media Releases.
http://www.treasury.tas.gov.au/	Contains the 2024-25 Budget Papers and Budget Paper archives.
http://www.tas.gov.au/	Provides links to the websites of Tasmanian public sector entities.
https://recfit.tas.gov.au/home	Renewables, Climate and Future Industries Tasmania. Renewable Energy Action Plan found here.
https://www.sustainability.tas.gov.au/	Information on the Tasmanian Government's development of a sustainability strategy for Tasmania.
https://recfit.tas.gov.au/_data/assets/pdf_file/0006/440592/Tasmanian Greenhouse Gas Emissions Report 2023.pdf	Tasmanian Greenhouse Gas Emissions Report.
https://www.treasury.tas.gov.au/Documents/2024-25-Gender-Budget-Statement.pdf	Gender Budget Statement.

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www.tascorp.com.au

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Slide 2: Aerial of forest outside Currie King Island – Jasper Da Seymour

Slide 35: Mountain biking, Maria Island National Park - Flow Mountain Bike

Slide 36: Flinders Island farmland – Adam Gibson

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