



OUR PEOPLE | OUR CUSTOMERS | OUR STATE

# Treasury Cluster WOG Legal Panel Presentation

WOG Legal Panel – 16 September 2021







# Acknowledgement of Country

NSW Treasury acknowledges that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

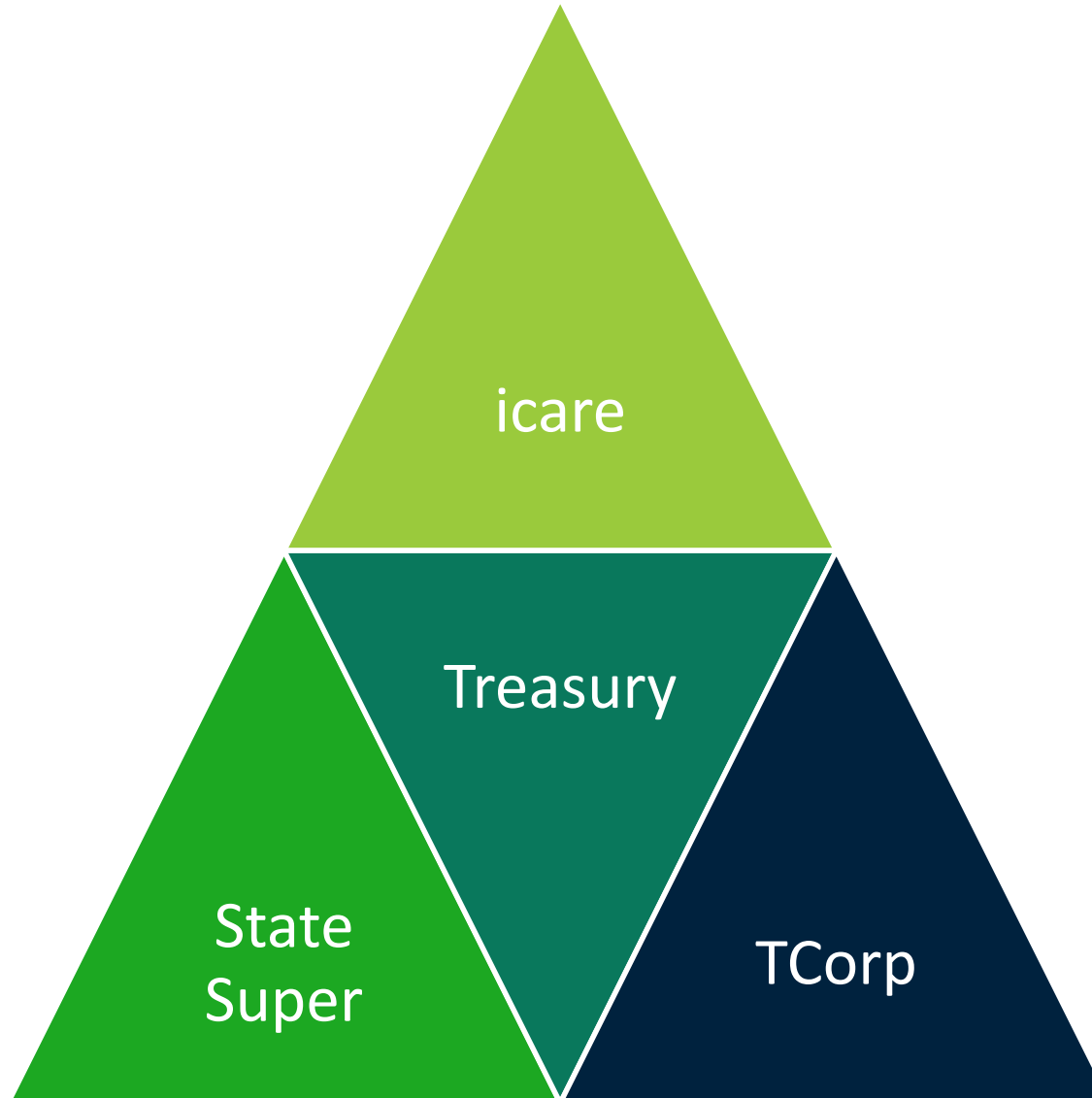
We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork: 'Regeneration' by Josie Rose 2020



1. Treasury Cluster
2. Treasury
3. State Super
4. icare
5. TCorp
6. Questions

# Treasury Cluster





Treasury

## OUR VISION

To be world-class amongst Treasuries globally, stewarding innovative, strategic policy reform underpinned by strong economic and financial management.

## OUR PURPOSE

Providing central agency leadership so the people of NSW have access to services and infrastructure that deliver outcomes based social and economic benefits.

	OUTCOME 1 A strong, resilient and diverse economy	OUTCOME 2 A sustainable fiscal environment enabling delivery of outcomes	OUTCOME 3 Stewardship of the public sector performance and financial system
OUTCOME INDICATORS	Growth in real GSP per capita Jobs created in NSW since April 2019	Maintaining the triple-A credit rating Annual expense growth below long-term revenue growth Reducing the long-term fiscal gap Fully funding the State's unfunded defined benefit superannuation liabilities by June 2030	Provision of effective tools and frameworks (including technology) to enable sector to strengthen their performance and financial management, and promote efficient, effective and economical use of government resource No material adverse findings in Audit Office reports to Parliament A voice of the customer survey of the support provided by Treasury and the effectiveness of Treasury performance and financial management stewardship
OUR PROGRAMS TO DELIVER OUR OUTCOMES	<div>Building a Strong and Productive Economy</div> <div>Delivering the Global NSW Strategy</div> <div>Growing the NSW Visitor Economy</div>	<div>Commercial and Commissioning</div> <div>Sector Procurement Services, Analytics and Systems</div> <div>Fiscal Planning and Management</div> <div>Evidence Informed Investment and Policy</div> <div>Sector Support and Resource Allocation</div> <div>Financial Reporting and Systems Management</div>	<div>Performance and Financial Systems Stewardship</div> <div>Digitally Focussed Treasury</div> <div>Highly Capable, Collaborative and Diverse Team</div>



# Five Core Legal & Governance Services Areas

## 1. Leadership and Strategic Policy Advice

- Thought leadership on legal innovation, technology and disruption
- Provide strategic legal advice having regard to Treasury goals
- Be a strong Treasury advocate in the General Counsel Group forum and the NSW government generally
- Provide a “legal lens” to Treasury and WOG policy initiatives

## 4. BAU Legal Support

- Contract review, advice, negotiations, and Procurement support
- Statutory interpretation, review and update of Treasury legislation
- General legal advice to Treasury, the Treasurer’s office and the Office of the Secretary
- Review of cabinet submissions with legislative or other legal issues

## 2. Commercial Transactions Support

- Legal support for major commercial transactions
- Oversight of provision of instructions to contractors, CSO and law firms
- Participation in working groups and steering committee meetings
- Support development of Enabling Legislation

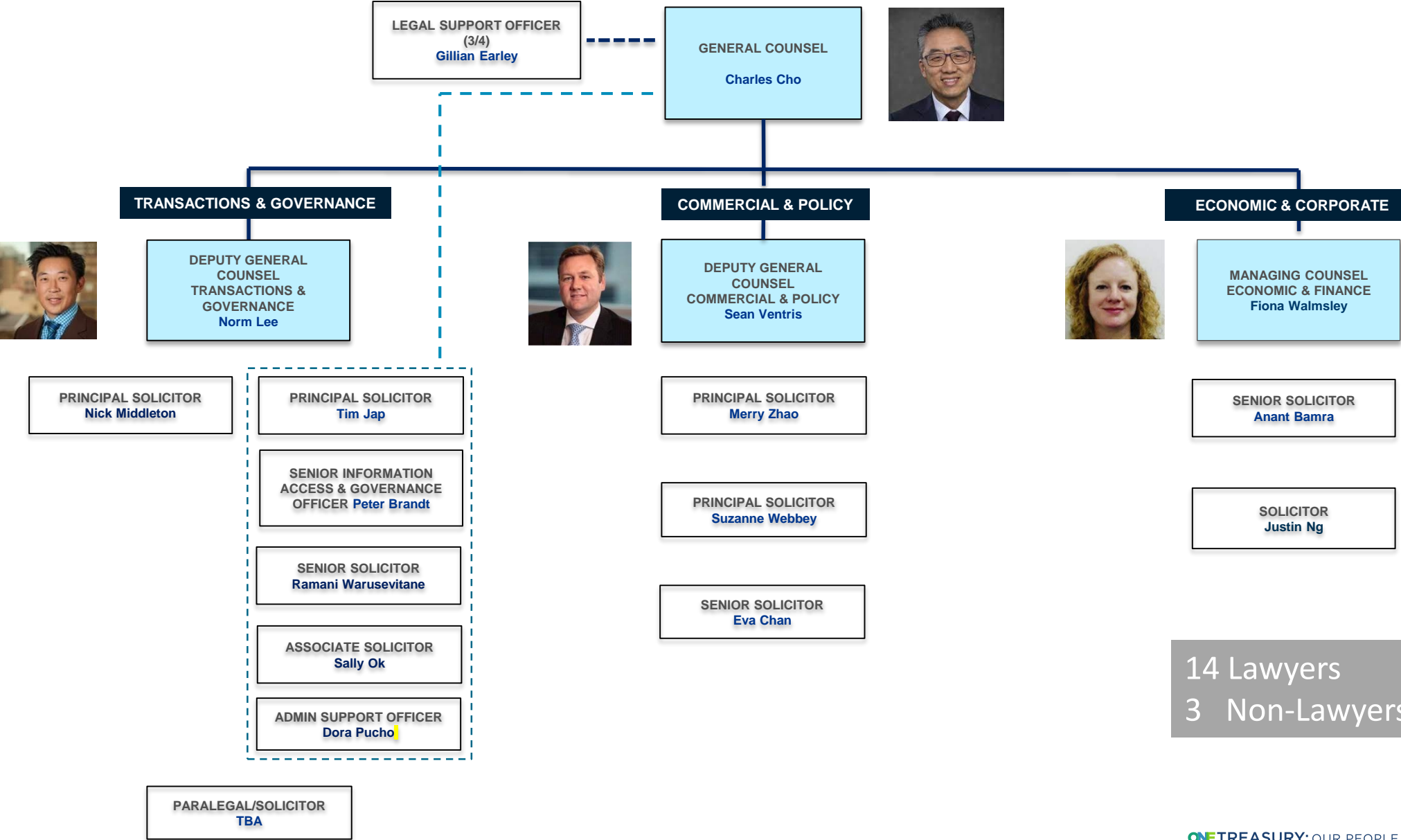
## 5. Disputes and Risk Management

- Contract disputes, HR disputes and litigation management and support
- Working with Director of Risk to develop policies/procedures to identify and manage legal risk affecting Treasury
- Development of precedent legal documents and legal risk training
- Contribute to TiPP development and legal risk training

## 3. Information Access & Governance

- Provide advice, co-ordinate response to and make decisions on SO52s and GIPAs
- Manage Public Interest Disclosures
- Manage Privacy and Health information related matters
- Manage Treasury’s obligations arising under the ICAC Act
- Lead Treasury's engagement with key oversight bodies including the Information and Privacy Commission, the NSW Ombudsman and ICAC

# OGC Team Structure – August 2021





# Transactions & Governance Overview

*Supporting and advising on a wide range of information access, privacy, regulatory, parliamentary, governance, commercial transactional matters*



# Transactions & Governance Overview

*Supporting and advising on a wide range of information access, privacy, regulatory, parliamentary, governance, commercial transactional matters*

## CHALLENGES

### HIGH PROFILE COMPLEXITY

Asset recycling projects are high in value, profile, and complexity

Require innovation and careful management of numerous risks

### DEMAND SURGE

Parliamentary standing orders, disputes and other requirements surge at historic levels

Driver of stress and prompting efficiency and productivity gains

### REGULATORY

Timeliness in meeting requirements from integrity agencies and regulators

Supporting best practice process and probity

### ADAPTING LEGAL SERVICE MODEL

Understanding and adapting our approach to client service to suit stakeholder requirements

## OPPORTUNITIES

### BUILDING RESOURCES

Building team capability through recruitment and development that is right for these times

### OPERATIONAL EXCELLENCE

Development of the processes and systems platform, and partnering with specialist legal and technology providers

### FUTURE SPECTIVE

Rethinking what we do and how we do it and understanding implications for our legal service platform (human and system)

### TRUSTED PARTNERSHIP

Building on strong client relationships to unleash a renewed sharing of purpose and outcomes, including with support of panel firm expertise

# Commercial & Policy Overview

## Key Work

- Specialist legal advice to facilitate private sector involvement in major capital projects and related services, including advice on structuring, financing and procuring major infrastructure projects across NSW Government
- Effective support for post Covid recovery through the NSW Procurement Reform Program
- Major project contract reviews and advising on commercial transactions and strategic projects across NSW
- Assisting with minimising/ managing post transaction risks
- Assisting with financial and reporting requirements for specific-purpose entities that are created to facilitate asset transactions
- Statutory interpretation, review and update of Treasury specific legislation, directions and circulars including the Government Sector Finance Act
- Legislative reform and stewardship of public sector financial performance
- Advising on social impact investment bonds, bringing together capital and expertise from the public, private and not-for-profit sectors to achieve a social objective.

# Commercial & Policy Overview

## Challenges

- Increased legal requests for complex and/or high profile work with short Business Unit/Treasurer deadlines
- COVID 19 international hotel quarantine and international student accommodation urgent negotiations with multiple stakeholders
- Ongoing financial legislative reforms delayed by Covid priorities
- Stewardship of public sector financial performance beyond the covid response requiring stakeholder engagement with the Auditor General and cluster CFOs to update and implement directions, policies and circulars

## Opportunities

- Expansion of the Legal Knowledge Database established by OGC to broader legal issues and precedents
- Leveraging the Legal Knowledge database as a shared resource with Treasury through the JADE platform
- Adopting a whole of government approach to tender precedents being developed by NSW Procurement for use across NSW Government agencies



## Economic & Corporate Overview

### Key Work

#### ➤ Budget:

- Assisting with annual production of the Appropriations Bills
- Providing legal advice on variations to appropriations via either the relevant annual Appropriations Act or the *Government Sector Finance Act 2018*. Developing appropriation briefing templates for use when implementing variations throughout the year
- Providing legal advice on the exercise of the power to make payments out of the Consolidated Fund for exigencies of Government (during pandemics, natural disasters)

#### ➤ Corporate Services:

- Supporting the Banking & Financial Services teams with implementation and variation of the State banking contracts, including statutory interpretation and contractual matters
- Assisting Treasury's corporate functions with BAU work including the Human Resources team and the Information Technology team

#### ➤ Economic, Strategy and Productivity and Small Business Commission:

- Advising on Treasury's and SBCs statutory functions across State-wide economic policy and tax matters, including development of associated legislation and regulation
- Responding to ad-hoc/urgent legal requests in relation to COVID-19 responses to support the NSW economy

## Economic & Corporate Overview

### Challenges

- COVID-19 environment – from the perspective of both
  - (a) urgency in work deadlines and resulting stress to team and colleagues and
  - (b) virtual working environment creating barriers with clients
- Small team, capacity constraints resulting
- Mixed breadth of experience in tower – both in-house and practising experience is varied
- Lack of reflection time on winnings/learnings

### Opportunities

- Wide array of client needs across tower/OGC fosters a breadth of experience and knowledge
- Re-structure of primary support model allows a complete tower focus on new clients – opportunity to develop new processes/systems for clients
- Review/adoption of more advanced systems to improve process/performance



**STATE SUPER**  
SAS Trustee Corporation

- SAS Trustee Corporation (STC) is a statutory body representing the Crown and incorporated under the *Superannuation Administration Act 1996 (NSW)* (SA Act).
- As trustee of four NSW superannuation schemes within the public sector, State Super oversees the:
  - State Authorities Superannuation Scheme (SASS)
  - State Superannuation Scheme (SSS)
  - Police Superannuation Scheme (PSS), and the
  - State Authorities Non-contributory Superannuation Scheme (SANCS).
- The State Super Pooled Fund, which comprises the assets of all four schemes, had net assets of approximately \$43 billion as at 30 June 2021.
- With 93,271 members as at 30 June 2021, a large portion of the membership has reached or is approaching retirement age. The State Super schemes are closed to new members.



# Who We Are Today

- **State Super Purpose** – To pay member benefits as they fall due and provide a positive member experience
- **State Super Mission** – Provide high quality superannuation services to members to maximise their superannuation and to support the NSW Government in meeting its funding objective
- Four public sector schemes (closed to new members):



SSS (pension)

Commenced 1919  
Closed 1985



SASS (lump sum)

Commenced 1988  
Closed 1992



PSS (pension)

Commenced 1907  
Closed 1988



SANCS (lump sum)

Commenced 1988  
Closed 1992

# Our Member Beliefs

State Super (SAS Trustee Corporation) promise to:

- Act in members' best interests
- Act with fairness, integrity and openness
- Make it easy for members to understand their unique scheme
- Help members maximise their State Super benefits
- Be a trusted guardian of members' funds



# State Super (cont'd)



- State Super has five main legal areas:
  1. Superannuation and financial services law
  2. Funds management
  3. Regulatory-federal and state
  4. Corporate & commercial

# State Super (cont'd)

- The team



General Counsel &  
Company Secretary  
Allan Parapuram

Assistant Company  
Secretary  
Leanne Lock

Senior Lawyer  
Mark Bendall

Senior Lawyer  
Kate Langton

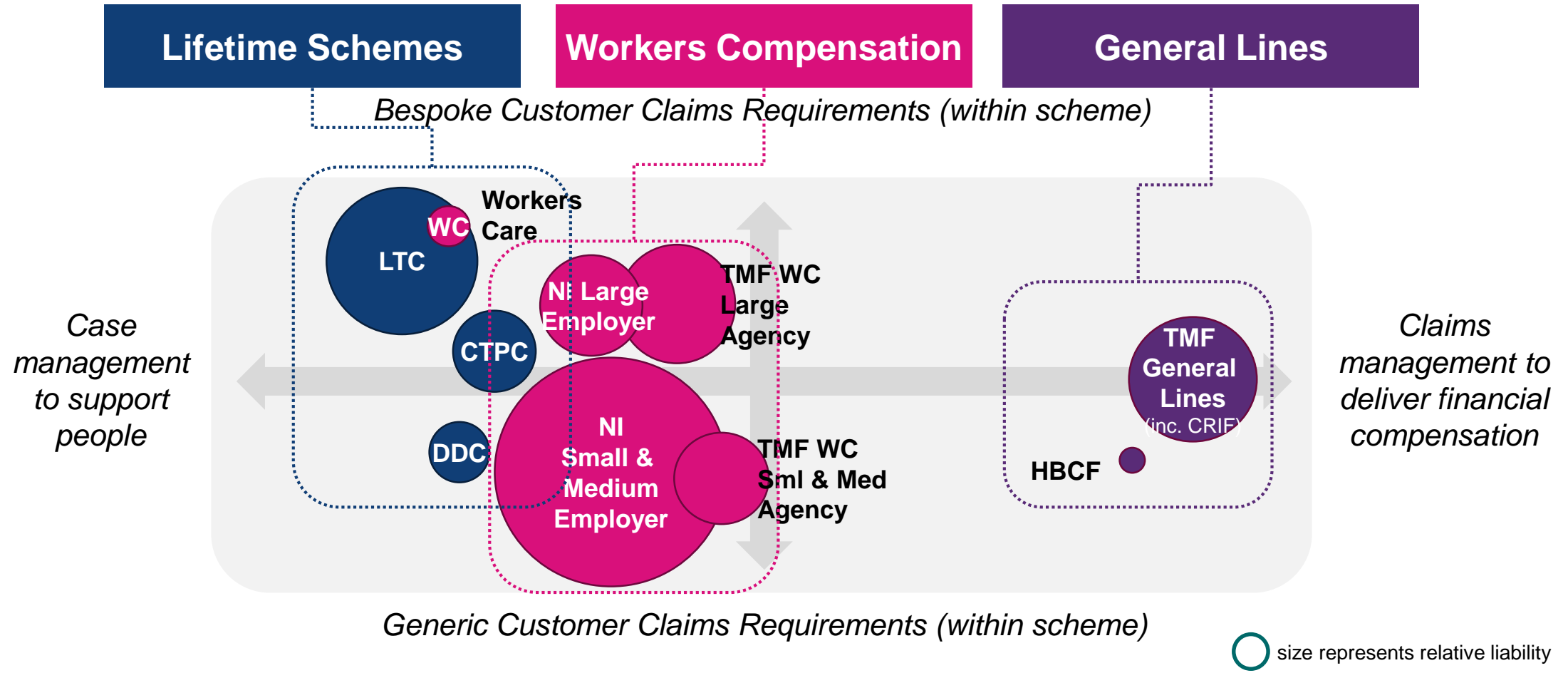
Lawyer  
Lachlan Doyle



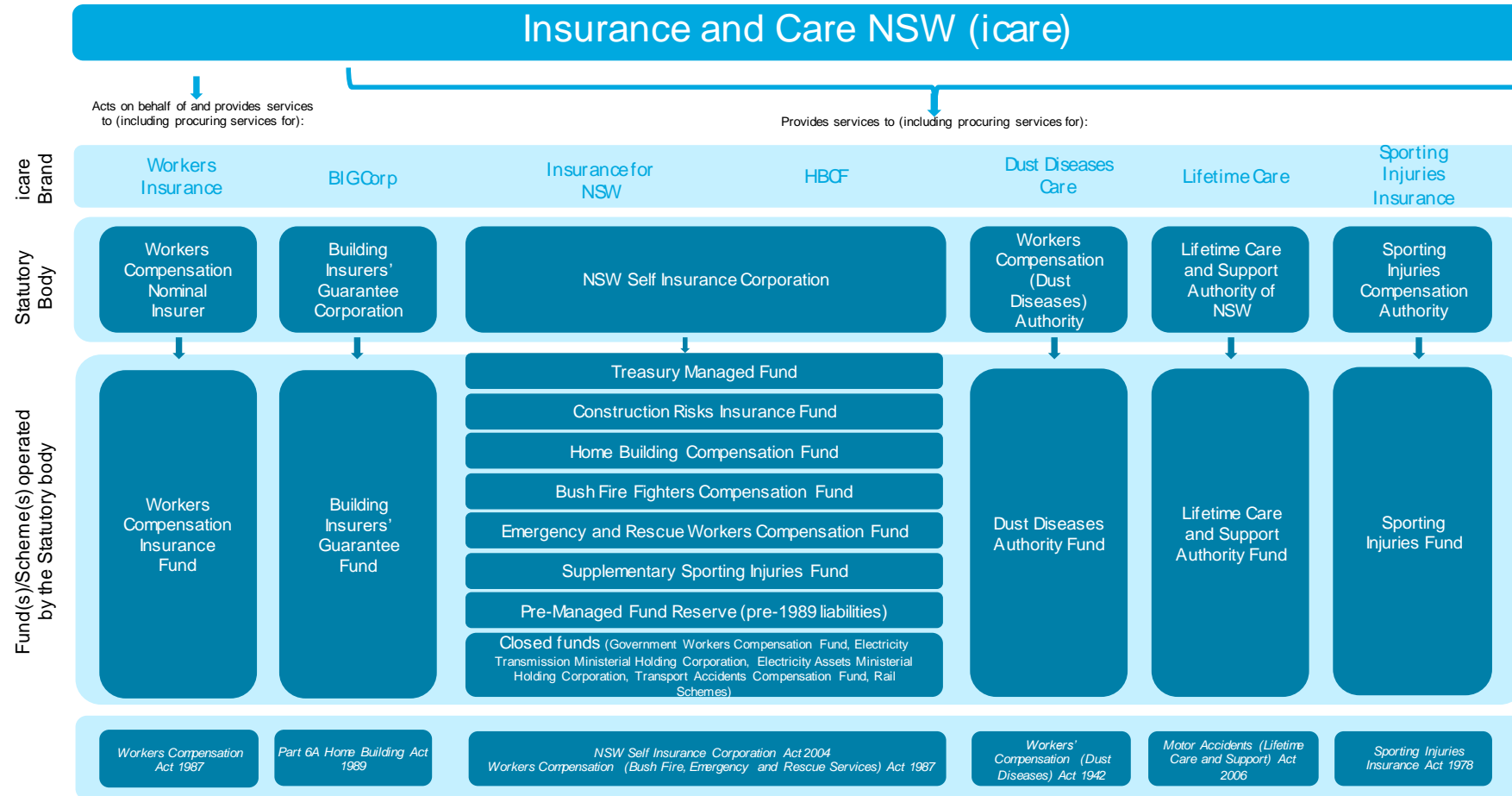
icare



icare has a portfolio of schemes. Our schemes have varied customer needs and administer different types of services



# Entities Overview



icare has an overall purpose and vision, each of which is underpinned by specific plans / targets for each scheme. To support those plans, icare is focussing on the following key drivers of performance.

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1.

**Simplify our processes and interactions** to deliver better outcomes for customers



2.

**Make our information accessible and available** to improve understanding and decision making for our ecosystem



3.

**Elevate performance of service providers** to drive improved outcomes for customers



4.

**Focus the corporate centre** to better enable the schemes



5.

**Foster an open, constructive and accountable culture**



In light of the McDougall review, icare has a renewed focus on culture and has recently updated its values.

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### Ownership

We are accountable for the outcomes we deliver today and in the long term



### Together

We are at our best when we work together, support one another and celebrate each other's achievements



### Driven

We have the courage to set challenging goals, see them through and make a difference



### Curious

We are inquisitive and open to ideas, learning from successes and failures to drive constant improvement



### Passionate

We are passionate about putting ourselves in the shoes of those we serve

# Legal areas

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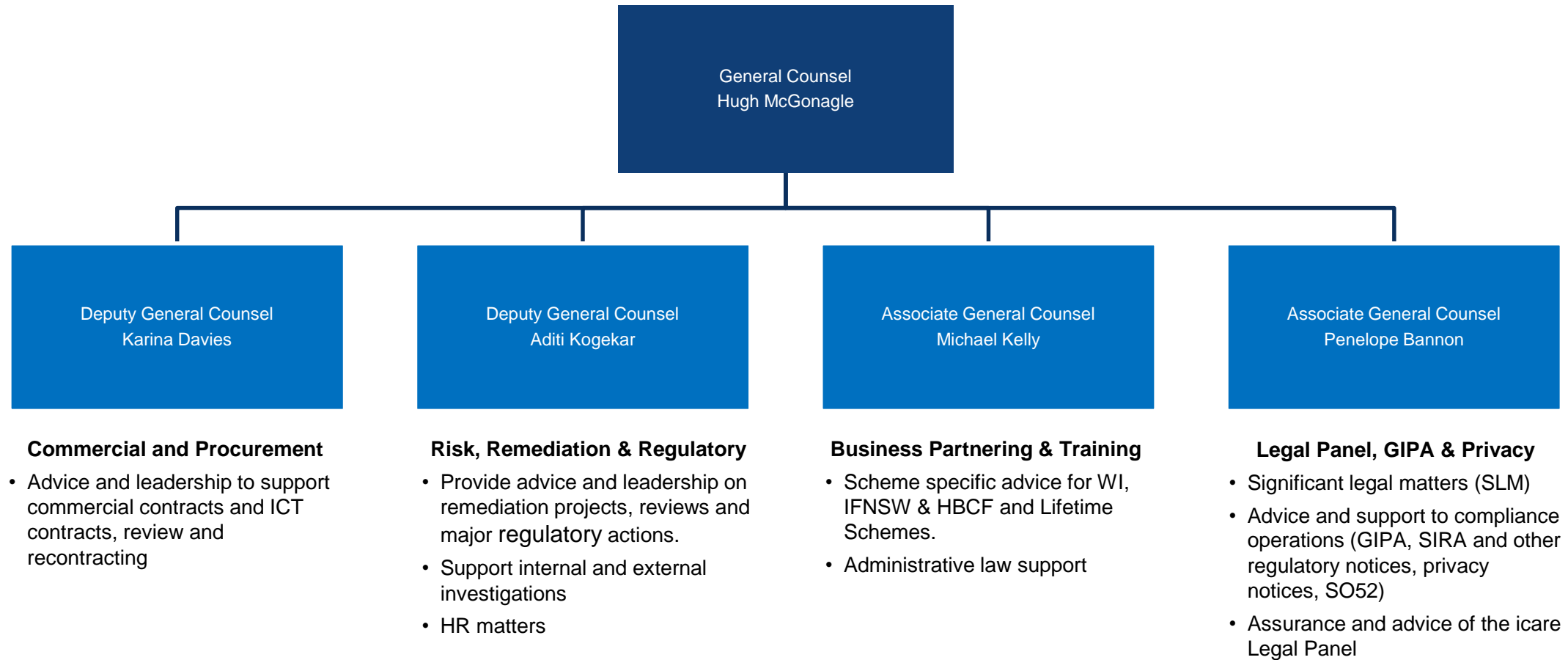
Key areas that icare may seek external legal support on are:

- Commercial and procurement
- Complex human resources matters
- Reviews and investigations
- Statutory interpretation (as well as law that applies to government sector generally, icare's various schemes are subject to ten separate acts that apply primarily to icare)
- Privacy, GIPA and Standing Order 52

Claims work is not covered by the whole of government panel. icare has a separate legal panel for such work.

# Legal Team

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# About TCorp

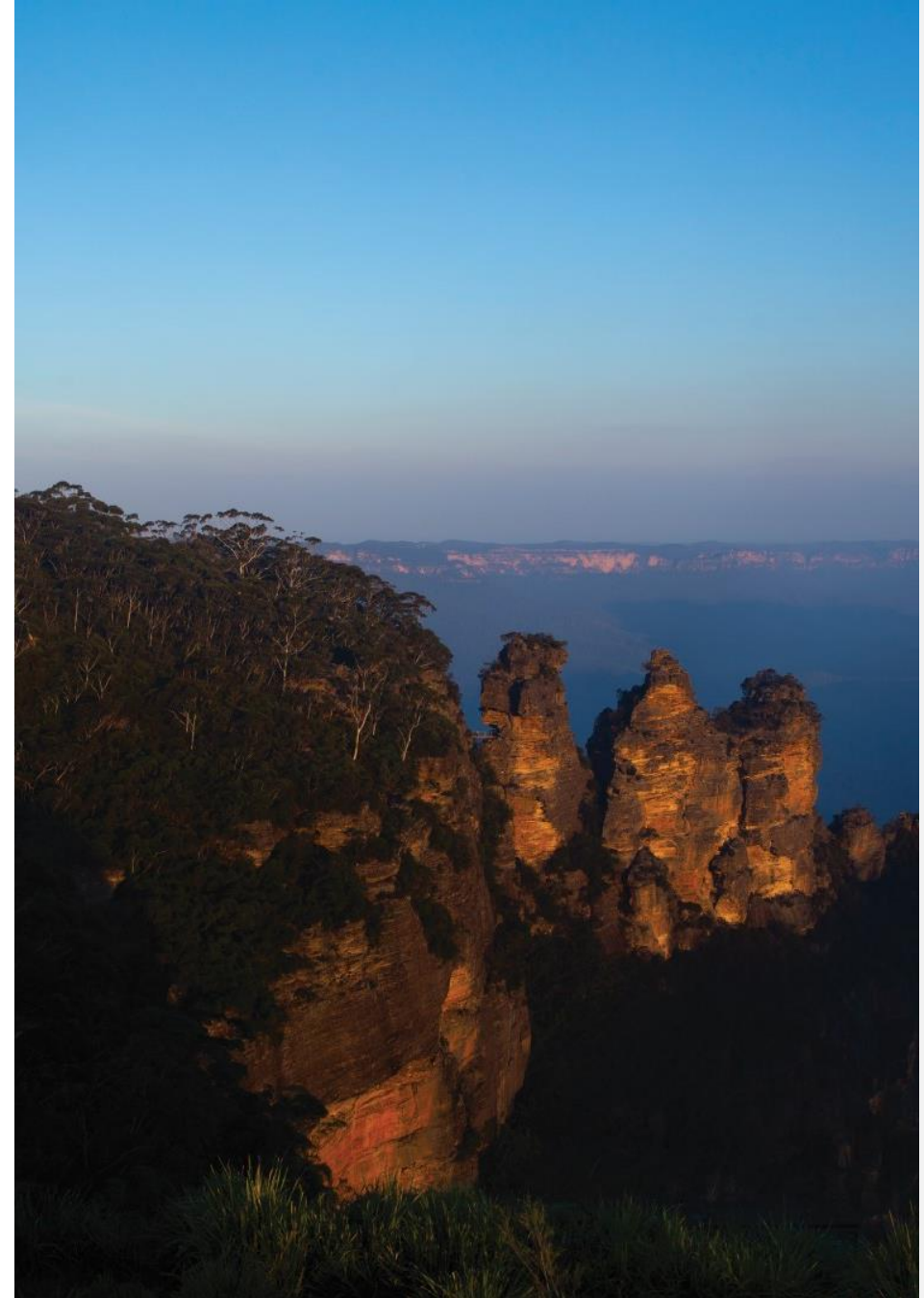
## General Overview

Clare Mifsud  
16 September 2021

# A unique organisation


**We work in partnership across the NSW Government to achieve significant financial impact over the long term to create a stronger NSW**

- A statutory corporation constituted under the *Treasury Corporation Act* (1983) with principal object to provide financial services for or for the benefit of NSW Government sector
- TCorp provides best-in-class investment management, financial management, solutions and advice to the NSW public sector.
- With **\$113bn of assets** under management, TCorp is a **top 5** Australian asset manager and is the central borrowing authority of the state of NSW, with a balance sheet of **\$128bn** as at 31 August 2021.



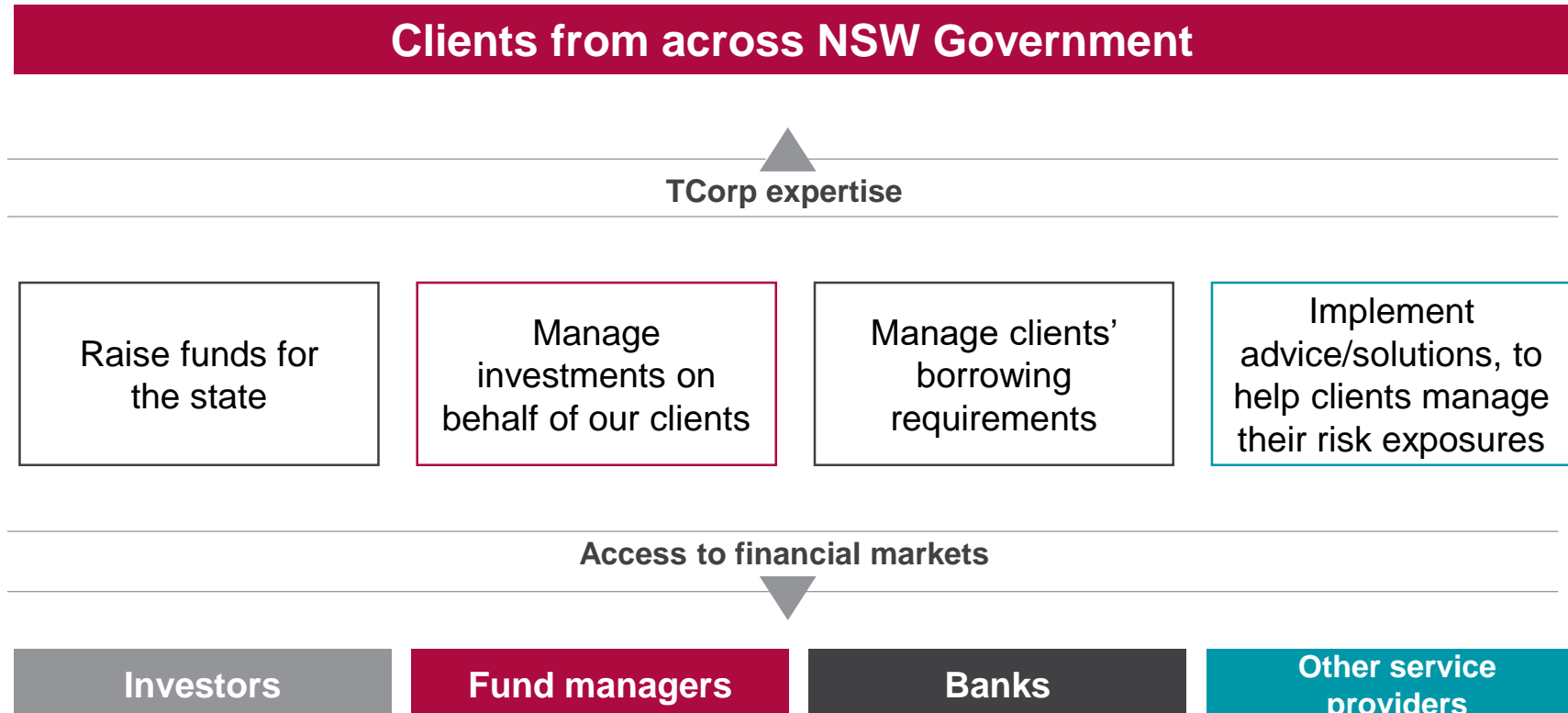


# History

<b>1983</b> <i>Treasury Corporation Act 1983</i> establishes TCorp as a central borrowing authority for the state to issue its own bonds and attract investors to NSW.	<b>Mid 1980s</b> TCorp develops different types of bonds to attract offshore investors to NSW.	<b>1988</b> TCorp launches TCorpIM Funds, facilitating investment on behalf of NSW entities and departments.	<b>1996</b> Debt management and advisory activities grow significantly in response to the NSW Government's establishment of state-owned corporations in the utilities sector.	<b>2009</b> TCorp's prudent approach to risk management results in it navigating the global financial crisis without credit losses. It generates a record dividend for NSW and significant interest savings for clients.
				
<b>2015</b> Funds amalgamation results in funds under management growing to \$72bn, with the State Super Defined Benefit and Insurance and Care NSW (icare) investments combining with TCorp.	<b>2016-17</b> TCorp retires a significant amount of state debt as a result of the NSW Government's electricity asset transactions.	<b>2018</b> TCorp launches the inaugural green bond under the NSW Sustainability Bond Programme raising \$1.8bn, the largest of its type ever issued in Australia. Funds management volumes increase to over \$100bn, placing TCorp in the top 5 asset managers in Australia and within the top 100 globally.	<b>2019-20</b> TCorp issues largest sustainability bond to date in Australia, raising \$1.8bn during catastrophic bushfires. Record \$27.8bn funds raised in debt markets to support the state through bushfires and the COVID-19 pandemic.	<b>2020-21</b> Six years after funds amalgamation, TCorp delivers \$37.7bn in cumulative investment returns for the state. Raises \$29.6bn to support NSW's economic recovery from COVID-related impacts and lockdowns. Issues \$1.3bn November 2030 Green Bond, bringing total bonds under the NSW Sustainability Bond Programme to \$5.2bn over the past 3 years



# We connect the public and private sectors



# We offer solutions and advice to the NSW Government

- We advise clients on investments, risk management and execution
- Our solutions, delivered through our two businesses – Investment Management and Financial Markets, include:
  - Investment advice
  - Treasury management
  - Risk management
  - Policy and governance
  - Trade execution
- Our clients benefit from economies of scale and lower fees than those offered by private sector organisations.

**We have a proven and lengthy track record in meeting client expectations**

# Our business units

## Investment Management

Our scale and market presence provide access to a broader range of opportunities at lower costs compared with the private sector. We assist the government to use its capital more effectively by creating financial capacity.

To achieve this, our activities include:

- Tailored investment solutions to meet specific risk
- and return objectives
- A range of multi-manager funds ranging from cash through to higher growth-oriented options
- In-house asset management including cash and
- fixed income, and real assets.

## Financial Markets

TCorp manages the state's funding programme and balance sheet and lends to NSW public authorities and businesses. Clients who borrow from Tcorp reduce their costs of debt because of our Aaa credit rating (by Moody's Investor Service), scale and market presence.

Our range of solutions includes:

- Bond issuance
- Loans
- Debt portfolio management
- Term deposits
- Short-term cash management facilities
- Financial risk solutions, including financial risk management (for example, foreign exchange, interest rate and commodities hedging).

# We work with the NSW Government 'family'



## Health

- Ministry of Health
- Health Infrastructure
- Local Health Districts



## NSW Treasury

- Crown Finance Entity
- State Super Defined Benefit Scheme
- icare
- Parliamentary Contributory Superannuation Fund



## Transport

- Sydney Metro
- Transport for NSW
- Port Authority of NSW
- Group Rail



## Customer Service

- Long Service Corporation
- State Insurance Regulatory Authority
- Service NSW
- Digital NSW



## Stronger Communities

- Department of Communities and Justice
- NSW Trustee & Guardian
- Fire & Rescue
- Venues NSW
- The Law Society of NSW



## Premier & Cabinet

- Sydney Opera House
- Art Gallery of NSW
- State Library of NSW
- Greater Sydney Commission
- Infrastructure NSW



## Planning, Industry & Environment

- Water NSW
- Sydney Water
- Hunter Water
- Essential Energy
- Energy, Environment & Science
- Housing & Property
- Rookwood Cemeteries
- Local Councils



## Education

- Department of Education
- School Infrastructure NSW
- TAFE
- Universities



## Regional NSW

- Forestry Corporation

# Legal Team – current structure

The Legal Team is comprised of:

- General Counsel – Clare Mifsud
- Senior Counsel (**investments**) – Kate Pancino
- Senior Counsel (**investments**) – James Leung
- Senior Counsel (**Financial markets**) – Volau Jorgensen
- Senior Counsel (**Financial markets and derivatives**) – Layla Etri
- Legal Consultant (Corporate) – Catherine Officer

## **Investments**

- Increasing focus on investments in real assets, property and infrastructure. New mandates for investments in private markets with establishment of RAPM team.
- In-house asset management limited to Cash & Fixed Income Desk and Real Assets (property/infra)
- Manager of managers model across the equities investment spectrum using IMAs and Side Letters

## **Financial markets**

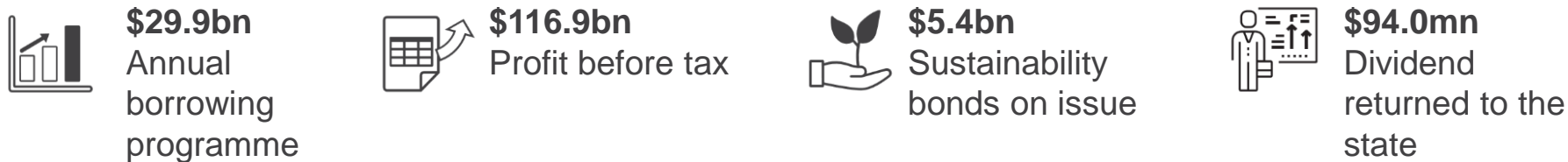
- Debt programmes – AMTN/ EMTN/ GMTN
- Derivatives – FX/ IRS/ synthetic transactions – risk management tools
- Sustainability bonds and green issuance – joint initiatives with Treasury/ DPIE
- Risk Management solutions – health, transport and energy
- Regulatory reforms – EMIR/ Initial margin/ MiFiD

## **Corporate**

- Blackrock Aladdin – cash and fixed income
- Trading solutions/ IT infrastructure

# 2021 Year in review

Providing a resilient foundation for the state with a focus on the long term



**Generating cumulative positive returns**  
Returns since funds amalgamation 1 July 2015





# TCorp has embedded sustainability (ESG) across its business

## **TCorp launched Australia's first ever Sustainability Bond Programme (SBP) in 2018**

- Proceeds raised finance projects and assets that support NSW's environmental and social policies and priorities
- We have \$5.4bn in sustainability bonds on issue. Our latest issue was a 10-year green bond in Dec 20 (\$1.3bn, 1.25%)
- Public assets that back the SBP include clean transport (Sydney Metro) and sustainable water and wastewater infrastructure (Sydney Water)
- The SBP promotes both positive ESG outcomes for NSW and diversifies its funding sources.

## **Our Investment Stewardship is critical to achieving sustainable investment outcomes**

- We have integrated ESG issues into our investment decision making process and framework
- We exercise our ownership rights and engage with corporates to protect value and guide ESG risk management
- Collaboration is a key pillar of our investment stewardship framework. We are a working member of:
  - Australian Sustainable Financial Initiative (ASFI)
  - Investor Group on Climate Change (IGCC)
  - NSW Treasury Sustainable Finance Working Group.