

Moody's announces completion of a periodic review for a group of Higher Education issuers

Announcement of Periodic Review | 5 min read

23 Nov 2022 [Moody's Investors Service](#)

Related Entities



New York, November 23, 2022 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings -and other ratings that are associated with the same analytical units for the rated entity(entities) listed below.

The review was conducted through a portfolio review discussion held on 16 November 2022 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. A possible outcome from periodic reviews is a referral of a rating to a rating committee.

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This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement.

Key Rating Considerations

The principal methodologies used for this review were Higher Education Methodology published in August 2021 and Government-Related Issuers Methodology published in February 2020. Please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

Key rating considerations on a forward-looking basis may include but are not limited to the following summarized below.

Higher Education Methodology

Size and Market Profile: Metrics may include but are not limited to scope of operations as measured by operating revenue or usage volume (such as annual ridership or traffic volume) and service area population, network, project or facility size, physical limitations on types of services which can be provided and ease of expansion; strategic positioning exhibited by pricing power, competitive profile including proximity to competing facilities and

sustainability of such competitiveness, monopoly position, essentiality of an asset to users, ability to generate demand based on strength and size of service area; capital investment funding and flexibility, diversity as measured by ratio of single largest revenue source to

operating revenue; charter renewal risk, ownership and affiliation; service area wealth, economic diversity, income, size and growth rate as measured by data provided by the US Bureau of the Census, Bureau of Labor Statistics and commercial data vendors (where applicable).

Operating Performance and Risk: Metrics may include but are not limited to annual revenue, 3 year average operating margin, 5 year compound growth rate of operating revenue, stability and predictability of revenues, diversity of revenue from various payors/contributors/ operations; size and trend of operating cash flow margin or EBITDA; service area trend and utilization data, fixed costs as a portion of operating expenditures; measures of historic and expected usage measured by standard deviations of year over year; length of time in operation of asset; historic demand and revenue trends, demonstrated ability and willingness to raise rates and/or economic regulation; complexity of relevant technology; availability of cash flow to fund capital needs, operating performance relative to industry norms; quality of operator & experience with the asset type; strength and commitment of sponsor & likelihood of operational and financial support; protections in the concession and regulatory framework; restrictions on business activities, use of debt and revenue distributions.

Financial Position, Policy and Ownership: Metrics may include but are not limited to amount of cash & investments; days cash on hand; ratio of total cash and investments to operating expenses; debt service coverage; level of self-support; budget flexibility, operating cash flow margin, liquidity to demand debt, liquidity reserves or contractual arrangements. Assessments may include but are not limited to an Issuer's desired capital structure / credit profile, and its adherence to its commitments and our views on the ability of the company to achieve its targets, an assessment of the likelihood and potential negative impact of M&A or other types of balance-sheet-transforming events, and the likelihood of uncontracted financial support being provided by owners; and the protective terms of debt documentation including but limited to restrictions on business activities, use of debt and revenue distributions; and control and liquidity afforded to creditors.

Debt Affordability: Metrics may include but are not limited to size and scope of multi-year CIP (capital improvement plan) relative to condition of assets that will rely on debt for funding; ratio of total cash and investments to debt and/or interest payments; ratio of debt to operating revenue; debt service coverage and ratios; ratio of debt to cash flow and to operating revenue; interest coverage metrics and concession life coverage ratios; debt and debt equivalents.

Government-Related Issuers Methodology

Assigning a Baseline Credit Assessment (BCA): The majority of Government-Related Issuers (GRIs) begin with an assessment of the GRI's standalone strength (i.e. BCA) - its ability to service and repay outstanding debt without recourse to extraordinary support from the supporting government - using the published sector-specific methodology that is most suitable for the predominant activities of the GRI. Our assessment of standalone strength includes any day-to-day support received from the government that can be clearly distinguished from extraordinary support. Support mechanisms, such as an obligation of the government to ensure the GRI's solvency and liquidity, are reflected in the BCA when they are legally or contractually documented.

Government uplift: The GRI's ratings include any uplift due to systemic support and typically focus on three structural factors and three factors explaining the level of the government's willingness to provide support. Structural factors address the legal and quasi-legal aspects of the government's relationship with the GRI and include: (1) guarantees, (2) ownership level and (3) barriers to support. The factors underlying willingness consider the softer connections between the two entities and include (4) the likelihood of government intervention, (5) political linkages and (6) economic importance. Support is determined

using a joint default analysis framework which considers an estimate of the likelihood of extraordinary support, an assessment of the credit quality of the supporting government, and default correlation between the two entities.

GRI without a BCA: In limited instances, it is not possible or meaningful to assign a BCA. The GRI is so inextricably linked to the government that a meaningful standalone BCA cannot be derived. In such cases, a top-down analytical approach is used that chiefly considers the ability and willingness of the government to provide timely support, instead of the usual bottom-up approach of starting with the BCA and then considering uplift towards the government's rating.

This announcement applies only to Rated Entities with EU rated, UK rated, EU endorsed and UK endorsed ratings. Rated Entities, with Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced herein to the extent necessary, if they are part of the same analytical unit.

Please see the Issuer page on <https://ratings.moodys.com> for each of the ratings covered, most updated credit rating action, rating history, and Credit Rating action Press Release including the rating rationale and factors that could lead to a rating upgrade or downgrade.

List of Issuers/Rated Entities

- Australian Catholic University Limited
- Edith Cowan University
- Macquarie University
- Monash University
- Nanyang Technological University
- National University of Singapore
- Singapore Management University
- University of Sydney
- University of Tasmania
- University of Technology Sydney
- University of the Sunshine Coast
- Western Sydney University

This publication does not announce a credit rating action.

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