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CREDIT OPINION
4 September 2023

Update

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RATINGS

University of Tasmania

Domicile	Australia
Long Term Rating	Aa2
Type	LT Issuer Rating - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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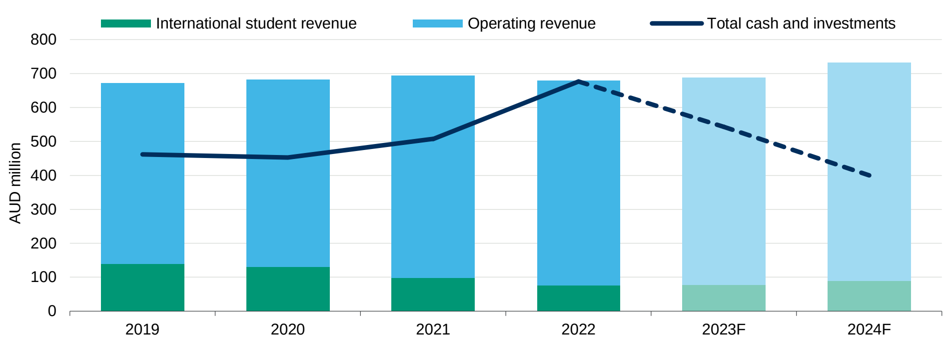
University of Tasmania (Australia)

Update to credit analysis

Summary

University of Tasmania's ('UTAS') credit profile reflects the supportive institutional framework for Australian universities from the Government of Australia ('Commonwealth', Aaa stable) and its close operational ties with the state of Tasmania ('the state', Aa2 stable). UTAS is partly constrained by weak demographics and small catchment in Tasmania, which increases reliance on interstate and international students[1], as well as lower EBIDA margins than similarly rated domestic peers reflecting the university's higher cost base and multi campus operating model[2]. While cost inflation pressures will continue to challenge EBIDA margins in 2023, we expect operating cash flows to recover in 2024 and 2025 supported by a pick up in international student enrollments and domestic revenue CPI indexation[3]. The rating also incorporates execution risks for UTAS' planned relocation of the Sandy Bay campus, albeit this is partly mitigated by strong cash and investments.

Exhibit 1
Stable Commonwealth funding helps guard against potential volatility from international student revenue



Sources: University of Tasmania, Moody's Investors Service

Credit strengths

» Strong institutional framework and funding support

» Distinctive research capabilities and operating ties with the state and Commonwealth

Credit challenges

» Cost inflation pressures and weak Tasmanian demographics will weigh on EBIDA margins

» Total adjusted debt burden will rise over time as UTAS undertakes a large capital spending program, although risk management processes are well established

Rating outlook

The rating outlook is stable, reflecting the strong institutional framework and high levels of oversight by the state of Tasmania and Commonwealth governments, as well as our expectation that over the next 12-18 months, the university's credit metrics will remain at levels appropriate for its standalone credit profile consistent with its a1 BCA.

Factors that could lead to an upgrade

Material increases in UTAS' holdings of total cash and investments that bolster its liquidity profile, and a sustained improvement in the university's EBIDA margins, which could stem from effective cost controls and robust revenue growth as it ramps up the delivery of its five-year strategic plan, would likely place upward pressure on the ratings.

Factors that could lead to a downgrade

A significant deterioration in financial performance, reflected in: sustained lower EBIDA margins; materially higher levels of total adjusted debt[4] beyond our projections, which could arise from delays, cost overruns or risk management practices proving less effective than assumed in delivering the Northern and Southern campus transformation plans; and/or a deterioration in UTAS' internal liquidity levels would likely place downward pressure on the ratings.

We could downgrade the ratings if we believe there is a reduced likelihood of extraordinary financial support from the Commonwealth or if the creditworthiness of the Australian sovereign weakens.

Key indicators

Exhibit 2
University of Tasmania
Year ended 31 December

	2019	2020	2021	2022	2023F	2024F
Operating Revenue (AUD'000) [1]	672,364	681,572	693,991	678,533	687,834	732,267
EBIDA Margin (%)	6.63	10.55	12.30	6.46	3.43	6.35
Total Cash and Investments (AUD'000)	461,508	452,469	507,162	676,521	542,934	400,132
Total Cash and Investments to Operating Expenses (x)	0.68	0.68	0.76	0.97	0.74	0.53
Total Cash and Investments to Total Adjusted Debt (x)	1.37	1.76	1.89	1.26	1.02	0.75
Annual Debt Service Coverage (x)	7.17	12.41	7.65	3.82	1.63	3.21

[1] Operating revenue is net of scholarship expenses and is adjusted to smooth investment returns. 2023F-24F denotes Moody's forecasts and not the view of the Issuer.
Source: University of Tasmania, Moody's Financial Metrics and Moody's estimates

Detailed credit considerations

University of Tasmania's ratings combine: (1) a baseline credit assessment ('BCA') of a1, and (2) a high likelihood of extraordinary support from the Commonwealth in the event of acute liquidity stress.

The university's ratings are bolstered by its strong standalone credit profile (reflected in the a1 BCA) which is underpinned by strong financial resources and liquidity metrics, as well as a moderate (albeit rising) total adjusted debt burden.

Baseline credit assesment

Strong institutional framework and funding support

UTAS benefits from a strong institutional framework for higher education in Australia, including secure funding levels and strong oversight. Both the Commonwealth and state governments play important roles in the governance of Australia's public universities, which are established under state legislation and remain statutory authorities of the states.

UTAS has a strong regulatory and funding framework with the Commonwealth and state government. The Commonwealth government provides the bulk of university funding in Australia through secure and predictable transfers[5], as well as research and other grants. The university has also received capital grants from the Commonwealth to fund its large capital spending program. The Commonwealth government also monitors the financial performance of universities, focusing on operating results, liquidity and capital management.

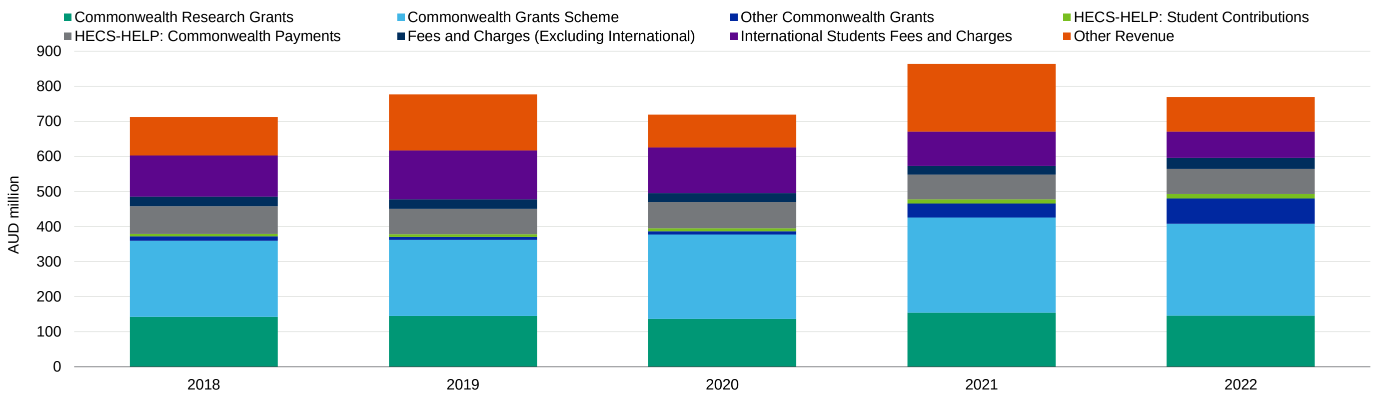
The government of the state of Tasmania provides funding support to the university through research and capital grants, and nominates two of the 13 members in the university's Council[6], each of whom must not be a student or member of the academic staff or professional staff and of whom at least one must be a graduate of the University in accordance with the University of Tasmania Act 1992[7].

State oversight of UTAS also includes the Tasmanian Auditor-General conducting the annual statutory audit of the university's financial statements and the need to obtain written approval from the Tasmanian State Government Treasurer to exercise its power to borrow money.

In 2022, around 77% of UTAS' revenue was derived from financial assistance from the Commonwealth and state governments (see Exhibit 3) and we expect this will remain above 70% for the foreseeable future.

Exhibit 3

Commonwealth funding (including Higher Education Contribution Scheme(HECS)[8] revenues) remain a significant portion of UTAS' total revenue base



Unadjusted revenue. Other revenue include investment income.
Sources: University of Tasmania, Moody's Investors Service

The Commonwealth increased funding for new domestic student places and new short course places for Australian universities as part of its Job-ready Graduates Package[9], which also established the Higher Education Continuity Guarantee (HECG)[10] that fully funds Commonwealth Supported Places (CSPs) until end of 2023 regardless of whether or not 100% enrolment is attained[11].

We expect that the Commonwealth will remain a key supporter of the university sector, given the sector's importance to the national and regional economies and government policy goals. Recent examples of this support include:

» The extension of work rights for international student graduates studying at Australian Universities for an additional two years above residency and working visa rights (came into effect from 1 July 2023). Structured to target key areas of skill shortages in health, teaching, engineering and agriculture, we expect the extended work rights will deliver significant revenue support for the Australian higher education sector

» AUD486 million in funding additional 20,000 CSPs equally split between 2023 and 2024, targeted towards students from under-represented backgrounds in areas of national priority, skills needs and workforce shortages such as nursing, teaching, engineering and technology. The university was allocated 180 CSPs, however these will be temporary and its funding will be terminated in 2028

» The extension of the HECG into 2024 and 2025 in accordance with the Australian Universities Accord Interim Report[12]

» Financial commitment for UTAS' Northern Transformation Program ('NTP') a partnership between UTAS, TasTAFE[13] and three levels of government[14]. The Commonwealth contributed AUD150 million in funding and the Tasmanian state government AUD75 million; the university funded the balance of AUD138 million

Distinctive research capabilities and operating ties with the state and Commonwealth

The sole university located on the island state of Tasmania, UTAS has a unique public policy role that includes close research and operating ties with both the Commonwealth and state governments. The sole higher education provider in Tasmania, UTAS has a distinct identity that enables deep and long-term partnerships; for example, extensive state agricultural and marine research is conducted through UTAS.

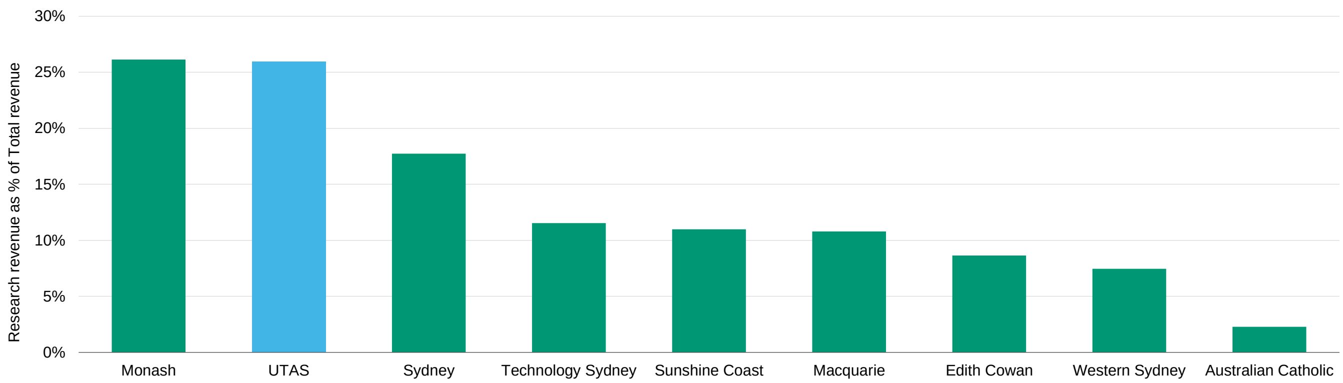
The largest employer in Tasmania outside of the state government, the university benefits from its role as a key tool to develop and implement state policy[15], conduct reviews and research on proposals for reform of the law referred by the Attorney General (under the Tasmanian Law Reform Institute Renewal Agreement, 2019) as well as various partnerships including management of fisheries and biohazards. UTAS is the sole source of state trained nurses, doctors and teachers.

UTAS' core strengths in research (recognised on a national and global scale) are particularly evident in health, marine and maritime and support strong research revenues for the university relative to its domestic peers.

Exhibit 4

UTAS links with the state and Commonwealth provide strong research revenue as a percentage of total revenue relative to its domestic peers

Fiscal year 2022



Includes Australian Federal and state research financial assistance as well as private research contracts and consultancy.
Sources: Universities' fiscal 2022 financial statements, Moody's Investors Service

The state's unique geographical location as Australia's gateway to Antarctica and the Great Southern Ocean combines with the university's Australian Maritime College (AMC) and Institute for Marine and Antarctic Studies (IMAS) to consolidate a distinctive level of integration with government and government agencies, such as the Australian Antarctic Division (AAD) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO)[16].

This includes the Antarctic Gateway Partnership[17] ('the Partnership'), a Commonwealth-funded initiative. The Partnership aims to reinforce recognition of Tasmania as a global leader in Antarctic and Southern Ocean science and as a gateway for Antarctic research, education, innovation and logistics.

Cost inflation pressures and weak Tasmanian demographics (that structurally increase reliance on interstate and international students) will weigh on EBIDA margins

Tasmania's relatively small domestic catchment has traditionally increased UTAS' reliance on interstate and international student and underscores the importance of revenue diversity for the university. At the same time, current cost inflation pressures and its position as the sole higher education provider in the state hinders UTAS' EBIDA margins as it is required to deliver a broad course offering for students across a multi-campus operating model which spans regional Tasmania.

Consistent with its 2019-2024 Strategic Plan, UTAS' student recruitment strategies have been refined to target the interstate and Tasmanian markets with distinctive offerings, whereas the international student strategy centres on market diversification.

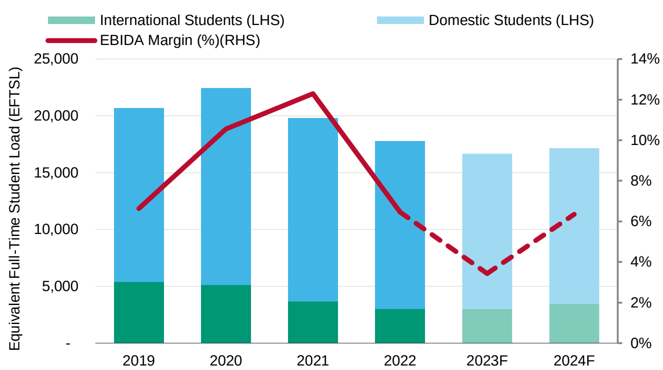
Our central scenario assumes UTAS' international student enrollments in 2023 will remain at similar levels than 2022, below our original expectations and lagging UTAS mainland peers reflecting intense competition. This follows weaker than previously expected international students enrollments for 2022, which together with a weaker AUD/USD exchange rate caused Factor 1 from our Higher Education Methodology to fall to 'A' from 'Aa'. Although international enrollments will recover in 2024, and progressively thereafter, we do not expect it will return to pre-pandemic levels over the next five years.

UTAS continues to manage various initiatives to diversify its international student mix by country of origin and faculty, including through active marketing to target South and Southeast Asia (particularly India, Nepal, Malaysia and Vietnam), as well as targeted use of pricing and scholarship strategies[18].

We expect domestic student enrollments (within Tasmania and interstate enrollments) to continue to exhibit weakness in 2023 as the broader Australia economy remains characterized by tight labor markets[19] and cost of living pressures resulting in students lowering their study load to take advantage of easier employment opportunities. Our analysis indicates domestic enrollments will recover in 2024 and 2025 as the broader economy slows, unemployment levels start to increase to more normalised levels[20] and cost of living pressures moderate.

Exhibit 5

Overall student enrollments will remain below pre-pandemic levels, while cost inflation pressure will dampen operating performance

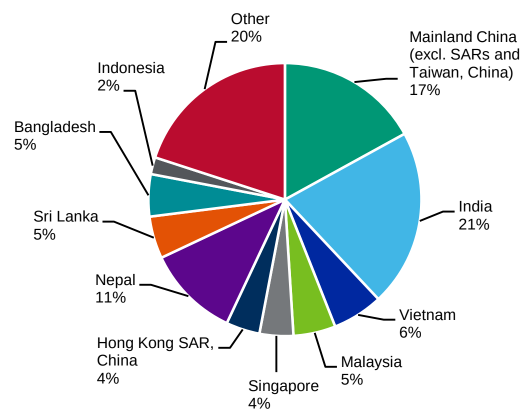


Sources: University of Tasmania, Moody's Investors Service

Exhibit 6

UTAS has achieved a more diversified student mix, but we expect exposure to China will increase as international students return

Breakdown of international students by EFTSL as at 31 December 2022



Sources: University of Tasmania, Moody's Investors Service

Despite these enrollment headwinds and pressures on revenue growth, we expect UTAS will maintain a disciplined approach towards spending initiatives, amid underlying cost and wage inflation pressures that will narrow EBIDA margins in 2023. Recognizing the need to streamline costs, the university is taking several actions to simplify processes and structures, including the rationalization of senior management positions that aim to deliver AUD5 million in savings from 2024.

Our central scenario assumes EBIDA margins will decline to 3.4% in 2023 from 6.5% in the previous year as higher wages from the new enterprise bargain agreement commence[21] and high inflation persists (see Exhibit 5). Inflation for the twelve months to July 2023 reached 4.9%[22]; by comparison, the university's finalized enterprise bargain agreement includes wage indexation of 13.5% over four years[23].

Over the next 2-3 years, we expect the university's EBIDA margins will recover close to the high-mid single digit levels, consistent with 'Baa/A' for scorecard Factor 3 under our Higher Education Methodology. In particular, we see this will be supported by a recovery in domestic student enrollments, CSPs funding indexation and the progressive return of international students to counterbalance underlying cost pressures and wage inflation.

Total adjusted debt burden will rise over time as UTAS undertakes a large capital spending program, although execution risk management processes are well established

The AUD550 million Southern Campus Transformation (SCT) program will be staged over roughly ten years to 2030/2031 and funded from a blend of investments and reserves, surplus operating cashflows and AUD350 million in a dual tranche green bond[24] issued in March 2022.

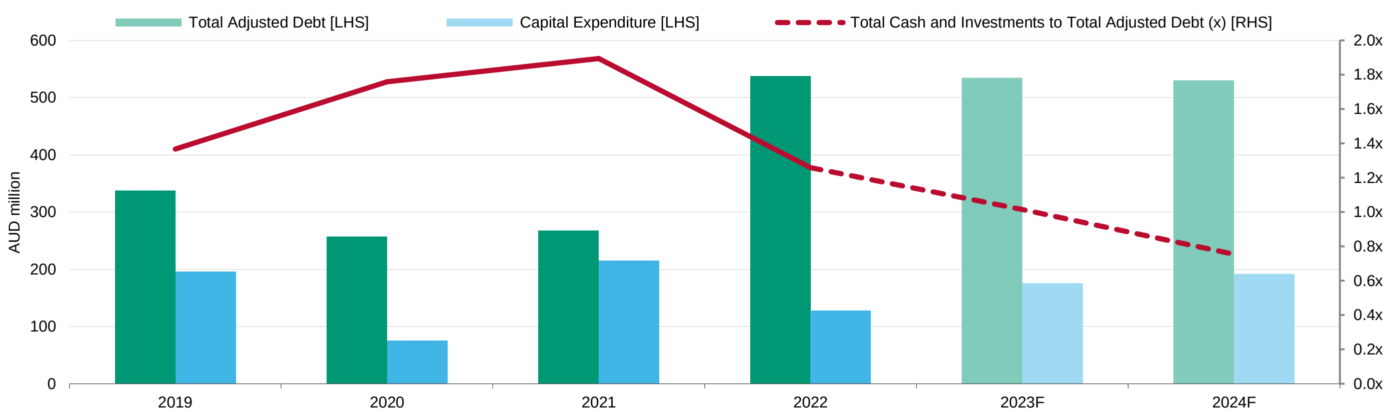
Our central scenario assumes current total adjusted debt will remain stable over the next 2 years (see Exhibit 7), albeit this likely to rise over the next 3-4 years as the university makes progress on the SCT projects. We expect this will be reflected through a modest increase in UTAS' stock of debt borrowings or a partial shift to a capital-lite strategy via a potential sale and leaseback of some SCT properties with long term rental leases.

Over time, the monetisation of surplus non-core assets within the broader SCT plan remains a part mitigant for a higher debt burden.

We expect UTAS' debt service coverage ratio will stabilize between 3.0x and 4.0x EBIDA over the next two years, a level consistent with our 'Leverage and Coverage' scorecard sub-factor 5.2 outcome of “Aa” under our Higher Education Methodology.

Exhibit 7

Strong government funding support underpinned Northern Campus Program and enables capacity to fund the Southern Campus Transformation



Source: University of Tasmania, Moody's Investors Service

As UTAS progresses to the completion of the NTP (in 2024) and the SCT plan, the university remains exposed to extensive governance, procurement and execution risks given potential overruns that may arise from project delays, higher delivery costs or changes to scope, especially in an environment of high inflation and supply chain issues.

Despite already having acquired the properties to undertake the proposed relocation of Sandy Bay into the Hobart CBD, UTAS is exposed to execution risks in managing the progressive development of the southern campus over the period to 2030.

In fact, in late December last year, the Hobart City Council voted to request the university to pause all activities pertaining to its proposed campus relocation until a new consultation was done as the community had concerns regarding the campus relocation and Sandy Bay redevelopment strategy. Meanwhile, UTAS has began with the Forestry building being redeveloped[25] in Hobart CBD, which is aimed to be open by 2025. We view UTAS phased approach towards the SCT plan provides the time and flexibility to manage project risk.

UTAS has maintained a solid record of delivering projects on time and on budget[26] but given current inflationary pressures and supply side constrains, we view cost overruns are highly likely. Its success in delivering projects in recent years largely reflects clearly established frameworks to manage the various complexities of project monitoring and delivery[27], whilst preserving underlying educational offerings to students. We also take a degree of comfort that since 2011, UTAS has been active in the Tasmanian construction market with an average annual capital spend above AUD70 million.

It is important to note that UTAS has AUD2.7 million net liability for unfunded superannuation liabilities, which is also included in Moody's total adjusted debt calculations[28].

UTAS' total adjusted debt metrics are weakened by reliance on interstate and international students that increase the need for student housing solutions

Student housing represents a challenge to the university as it seeks to attract students from outside of Tasmania. In 2017, UTAS granted a 30-year license to Spark Living to receive net rentals and manage 10 of the University's 14 student accommodation properties (approximately 1,647 beds) in exchange for an upfront payment of AUD130 million. The transaction also included the recently completed construction of a new 422 bed facility in Hobart ('the asset') by Spark Living on Melville Street, who now receive net rentals in exchange for an upfront payment of AUD71 million.

UTAS does not provide any rental guarantee to the licensee, however under the agreement, it continues to manage the allocation of students to accommodation, student services and pastoral care. The licensee is responsible for maintaining the asset and UTAS is able to absorb excess demand through its Midcity and Fountainside hotels, which were acquired and converted by UTAS to meet increasing demand pending completion of the additional student accommodation constructed by Spark Living.

At the conclusion of the arrangement the asset will revert to the University's control, at an agreed condition, at which time the University will assume asset risk and rental revenue. The service concession asset will be revalued under the same policy as revaluations of property, plant and equipment. The transaction is accounted for under AASB 1059 'Service Concession Arrangements – Grantor'.

While the future revenue from student accommodation has effectively been monetized without occupancy guarantee, our analysis recognizes approximately AUD174 million - the AASB 1059 assessed 'Grant of Right to Operate' liability in the balance sheet - in its total adjusted debt calculations as at fiscal 2022 reflecting the strength of the UTAS affiliation with the underlying assets. This amount relates to funds received upfront in relation to the license to Spark Living. As at 31 December 2022, the remaining term of this arrangement was 25 years with the income recognized over the arrangement term.

Additionally, Under Moody's Higher Education Methodology, August 2021, these operating lease liabilities (as calculated under AASB 16) are included as debt in our calculation of total adjusted debt.

Extraordinary support considerations

We take into account a high likelihood of extraordinary support from the Government of Australia, which reflects our assessment of the risks posed to the Commonwealth's financial reputation if the university were to experience acute liquidity stress. We also factor in a very high default dependence level to reflect the relatively large proportion of revenue derived from Commonwealth grants.

ESG considerations

University of Tasmania's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 8
ESG Credit Impact Score

CIS-2
Neutral-to-Low

NEGATIVE IMPACT
POSITIVE IMPACT

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

Source: Moody's Investors Service

The University of Tasmania's neutral to low ESG Credit Impact Score (**CIS-2**), reflects moderately negative exposure to social risk, mitigated by neutral to low risks from environmental risks and governance.

Exhibit 9
ESG Issuer Profile Scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-2	**S-3**	**G-2**
Neutral-to-Low	Moderately Negative	Neutral-to-Low

Source: Moody's Investors Service

Environmental

University of Tasmania's neutral-to-low (**E-2** issuer profile score) reflects environmental sustainability being one of the six core outcome measures embedded in UTAS' Strategic Plan 2019-2024, which includes actions and research on responsible use of agricultural resources and sustainable management of ecosystems, reducing carbon emissions and preserving oceans, promoting sustainable fisheries and aquaculture, as well as reducing waste and pollution. The state's unique geographical location as Australia's gateway to Antarctica and the Great Southern Ocean combines with the university's Australian Maritime College (AMC) and Institute for Marine and Antarctic Studies (IMAS) to consolidate a distinctive level of integration with government and government agencies, such as the Australian Antarctic Division (AAD) and the Commonwealth Scientific and Industrial Research Organisation. Consistent with its' focus on researching physical climate risk and environmental sustainability, the University's investment funds have fully divested all fossil fuels and have a clear mandate to invest in climate friendly industries of the future. UTAS' issuance of a green bond further reflects their emphasis on environmental sustainability.

Social

We assess UTAS' exposure to social risks as moderately negative (**S-3** issuer profile score), taking a high degree of comfort from how it identifies and actively manages these risks at the highest levels. Demographic and societal trends present the greatest exposure within the higher education sector and non-profit sectors. The state of Tasmania's relatively small domestic catchment has traditionally increased UTAS' reliance on interstate and international students. Consistent with the Strategic Plan, UTAS has focused student recruitment strategies with distinctive offerings which centres on market diversification and online offerings (UTAS has the 4th largest online offering in Australia). Partly offsetting this, UTAS benefits from its role as a key tool to develop and implement state policy, conducting reviews and research proposals for law reform (on behalf of the Attorney General) as well as various partnerships including management of fisheries and biohazards.

Governance

We assess the university's exposure to governance risks as neutral to low (**G-2** issuer profile score). UTAS' governance is considered strong, reflecting the strong institutional framework for the higher education sector in Australia. The Commonwealth and state governments play important roles in legislating and monitoring governance of the sector. UTAS' standards of governance are considered high and are aligned with the general standards of governance for all Australian public universities. Data transparency is very high, with all material legislation, University statutes and policies published on its website, along with capital plans and accounts. UTAS is exposed to extensive governance, procurement and execution risks as it progresses on its Northern and Southern campus transformation plans. In mitigation of these risks, UTAS has established a good record in delivering projects on time and on budget which are underpinned by robust governance and risk management processes with oversight at the highest levels of the university, including projects being managed by dedicated steering committees chaired by the Vice-Chancellor.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Profile

Founded in 1890, UTAS is the sole provider of higher education located in the state of Tasmania and was established in its current form under the University of Tasmania Act 1992 following integration with the Tasmanian State Institute of Technology in Launceston which became the Newnham Campus. In 1995, a new campus at Burnie on the North-West Coast was opened, which later became known as the Cradle Coast Campus.

The university is world renowned for its research at the Institute for Marine and Antarctic Studies (IMAS) in Hobart, and the Australian Maritime College (AMC) in Launceston. UTAS' key areas of distinction are in marine and freshwater biology (ranked fourth globally) as well as fisheries and oceanography (ranked seventh globally), which are underpinned by Tasmania's geographic proximity to the Great Southern Ocean and the Antarctic. This positions UTAS as a global polar research hub.

UTAS' 2019-2024 Strategic Plan is centred on six key outcomes[29] that are structured to make an impact for and from Tasmania. The Strategic Plan noted more than half the university's students were not 'school leavers' and had to balance study alongside work and other commitments. Concomitantly, UTAS and state government recognized the state's decentralised population and the need to deepen collaboration with schools as well as enhance the university's regional access, improve pathways and tailor offerings (e.g., short-courses and associate degrees).

During the pandemic, it became apparent that the Strategic Plan addressed many of the challenges faced as a result of COVID, with the university well-placed to accelerate the rollout of the strategy, including making UTAS a more differentiated offering that is easier to navigate, supported by a simpler organization.

UTAS Sydney campus includes the Rozelle campus, offering nursing, paramedic and health management education, all in partnership with local hospitals and health service providers. It occupies space, owned by Sydney Local Health District, in part of Callan Park. In 2017, UTAS established the Australian Maritime College (AMC) Sydney Study Centre at the Australian National Maritime Museum, in Darling Harbour, Sydney.

Rating methodology and scorecard factors

In the case of the UTAS, the scorecard matrix generates an estimated BCA of a1, which equals the BCA of a1 assigned by the rating committee.

The principal methodologies used in these ratings were Higher Education Methodology published in August 2021 and Government-Related Issuers Methodology published in February 2020. Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

The Scorecard-Indicated Outcome, which generate estimated BCAs from a set of qualitative and quantitative credit metrics, are tools used by the rating committee in assessing Higher Education standalone credit quality. The credit metrics captured by these tools provide a good statistical gauge of standalone credit strength, and, in general, higher ratings can be expected among issuers with the highest scorecard-estimated BCAs. Nevertheless, the scorecard-estimated BCAs do not substitute for the rating committee's judgments regarding individual BCAs, nor is the scorecard a matrix for automatically assigning or changing these assessments.

Exhibit 10

University of Tasmania

As of December 2022 and Moody's Forward View

		2022		2023 F	
Scorecard Factors and Sub-factors		**Value**	**Score**	**Value**	**Score**
Factor 1:	**Scale (15%)**				
	Adjusted Operating Revenue (USD Million)	471	A	468	A
Factor 2:	**Market Profile (20%)**				
	Brand and Strategic Positioning	A	A	A	A
	Operating Environment	Aa	Aa	Aa	Aa
Factor 3:	**Operating Performance (10%)**				
	EBIDA Margin	6%	Baa	3%	Baa
Factor 4:	**Financial Resources and Liquidity (25%)**				
	Total Cash and Investments (USD Million)	460	Aa	369	Aa
	Total Cash and Investments to Operating Expenses	1.0	Aa	0.7	A
Factor 5:	**Leverage and coverage (20%)**				
	Total Cash and Investments to Total Adjusted Debt	1.3	Aa	1.0	Aa
	Annual Debt Service Coverage	3.8	Aa	1.6	A
Factor 6:	**Financial Policy and Strategy (10%)**				
	Financial Policy and Strategy	A	A	A	A
	Scorecard-Indicated Outcome		a1		a1
	Assigned BCA		a1		a1

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt (issued or proposed) after the close of the fiscal year.
For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.
Sources: Moody's Investors Service, University of Tasmania

Ratings

Exhibit 11

Category	Moody's Rating
UNIVERSITY OF TASMANIA	
Outlook	Stable
Baseline Credit Assessment	a1
Issuer Rating	Aa2
Senior Unsecured -Dom Curr	Aa2

Source: Moody's Investors Service

Endnotes

1 Approximately 46% of UTAS' equivalent full time students are from Tasmania, 37% from interstate and remaining 17% are international students.

2 As the sole university's in the state, UTAS is required to have a broad course offering and different campus options for students. Its campuses are located in Hobart, Launceston and the Cradle Coast, and it has a small presence in Sydney.

3 Benefiting from 7.8% inflation indexation in 2024.

4 Total Adjusted Debt under Moody's Higher Education Methodology August 2021 includes operating lease liability and net unfunded superannuation liabilities within total adjusted debt.

5 Operating grant funding from the Commonwealth is received on a monthly basis through the year, ahead of need.

6 The governing body of the University.

7 The Act also establishes that before making an appointment to the Council, the Minister of Education and the Council must give public notification of the vacancy, consult with each other about any intended appointment and asses the balance of skills and experience, regional representation and an appropriate gender balance.

8 A HECS-HELP loan is a non-interest bearing loan from the Commonwealth, available to domestic students are enrolled in Commonwealth supported places (CSP) and is used to pay the student contribution amount for the degree.

9 On 19 October 2020, the Australian Parliament passed legislation for the Job-ready Graduates Package of reforms to higher education which includes increased university funding to AUD20 billion by 2024 from AUD18 billion in 2020.

10 The Higher Education Continuity Guarantee was introduced in 2020 as part of the Job-ready Graduates Package reform and aimed at providing fundingcertainty for universities from 2021 to 2023 to guarantee their CSP funding regardless of how many domestic students they enroll.

11 UTAS' domestic undergraduate enrollments are currently below the CSP cap and, as such, its' revenue profile would be impacted upon the removal of the 100% guarantee.

12 The Australian Universities Accord is a review of Australia's higher education system, led by the Minister for Education with advice from a panel of eminent Australians that is expected to be released in December 2023.

13 TasTAFE is the largest public provider of vocational education and training in Tasmania. Owned by Tasmania, it is governed by an independent Statutory Board consisting of up to seven members appointed by the Minister for Education and Training.

14 To assist with the projects, the City of Launceston and the Burnie City Council both made strategic land allocations and investment in associated public infrastructure.

15 During the pandemic, 30 full-time equivalent (FTE) staff were seconded from UTAS to the state to develop and build Tasmania's COVID processes with the university developing the Premier's Economic and Social Recovery Advisory Council (PESRAC) that was implemented by the state. More broadly, Commonwealth and state support was robust through the coronavirus disruption and included guaranteed domestic undergraduate funding, support in securing international online capacities (into China, A1 stable), as well as additional targeted increases in research funding.

16 In April 2021, the Centre for Antarctic and Southern Ocean Technology was established with the signing of a Memorandum of Understanding between the UTAS, the AAD and CSIRO. This formalizes the already high levels of cooperation between the AAD, CSIRO and UTAS, and fulfils an important priority in the Australian Antarctic Strategy and 20 Year Action Plan, to advance Australia's interests in Antarctica.

17 Key objectives of the Partnership include: a) Developing an innovative, next-generation, polar autonomous underwater vehicle to acquire high resolution data under sea ice and ice shelves; b) Providing a near real-time sea ice charting service to vessels operating in the East Antarctic and conducting research to support sea ice forecasting; c) Advancing our understanding of how the oceans melt Antarctic ice shelves, and quantifying present and future Antarctic Ice Sheet mass loss and its contribution to sea-level rise; d) Building our understanding of environmental controls on marine life, ranging from pelagic microbes to benthic communities using various sampling platforms, lab-based microbial culture experiments, habitat and life history assessments of mesopelagic, and regional process studies; and e) Assessing the contribution of the Antarctic Ice Sheet to sea level since the Last Glacial Maximum (~20,000 years ago) via geophysical observations and modelling.

18 This is also reflected in higher agent costs.

19 Australia's low unemployment rate (3.7% seasonally adjusted July 2023) traditionally infers work is easier to find for students and study loads tends to decline.

20 Moody's forecasts Australia's annual average unemployment rate will rise to 4.0% and 4.1% in 2023 and 2024, respectively, from 3.7% in 2022.

21 Wages and salaries represent roughly 60% of UTAS' cost structure.

22 ABS Monthly CPI Indicator, seasonally adjusted.

23 4.6% in July 2022, 3.0% in July 2023, 2.5% in July 2024 and 3.4% in June 2025.

24 The green bond requires the reduction in upfront carbon emissions of eligible builds to be at least 20% less than standard practice buildings under the Green Star Buildings guidelines; the issuance was split into a AUD280 million, 10-year tranche with a 3.97% coupon and a AUD70 million, 20-year tranche with a 4.45% coupon.

25 The Forestry building restoration was approved by Hobart City Council earlier in 2022.

26 UTAS has established extensive governance protocols which include bespoke measures to assist with the risk management and oversight of the NTP and SCT.

27 Risk of delays and overruns for UTAS's capital plans are managed by a dedicated project team assigned to each build.

28 Total Adjusted Debt under Moody's Higher Education Methodology includes operating lease liability, net unfunded superannuation liabilities and guaranteed debt obligations within total adjusted debt. Compared to international peers, Australia provides some of the strongest support for unfunded superannuation liabilities where the unfunded liability is fully covered by the Commonwealth (78%) and the rest by the states (22%), consequently removing universities' funding obligations for legacy unfunded superannuation liabilities.

29 Educational Attainment, Health, Economic Performance, Social Inclusion, Cultural Participation and Environmental Sustainability.

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