

Building Queensland's
future together:
Harnessing new growth
in financial services





Foreword

Queensland's financial services sector is a catalyst of economic growth, acting as an enabler of investment and employment throughout the state and nation. As sustainability moves increasingly to the forefront of economic change, Queensland's financial services sector's role in catalysing the sustainable economy is critical. Investment in the future of sustainable finance in Queensland will enable and accelerate the growth of our green economy.

We established the Queensland Finance Council in 2022. The Council's purpose is to provide a single voice for the sector, growing the sector and the high quality service it provides to businesses and households, improving skilled talent retention, promoting financial literacy across the state and co-ordinating and engaging with others to support the sector. The Council's role includes identifying opportunities to better enable growth in Queensland. Sustainable finance is one of these opportunities.

Queensland's economy is poised for sustainability-focused growth. Our inherent advantages of a significant natural capital base, large and productive agricultural sector and clean and green brand, will drive the economic development of existing and new technologies, industries and jobs.

Queensland's Financial Services sector plays a critical role as a catalyst of this sustainable economic growth. We will enable growth through financing renewable energy projects, identifying mitigation strategies, mobilising investment in new technologies, facilitating the trading of carbon credits, issuing green bonds, and supporting the circular economy. Delivering on this vision will require further work and actions to be undertaken.

We are excited to share the Queensland Finance Council's strategic foresight report on the future of the Queensland finance sector. This report highlights the importance of the sector, key factors influencing its growth, the unique growth opportunity presented by the sustainable finance sector, and the critical role that we will need to play as we look to establish Queensland as a globally recognised sustainable investment market in the Asia Pacific.



Kylie Rampa
Chair
Queensland Finance Council



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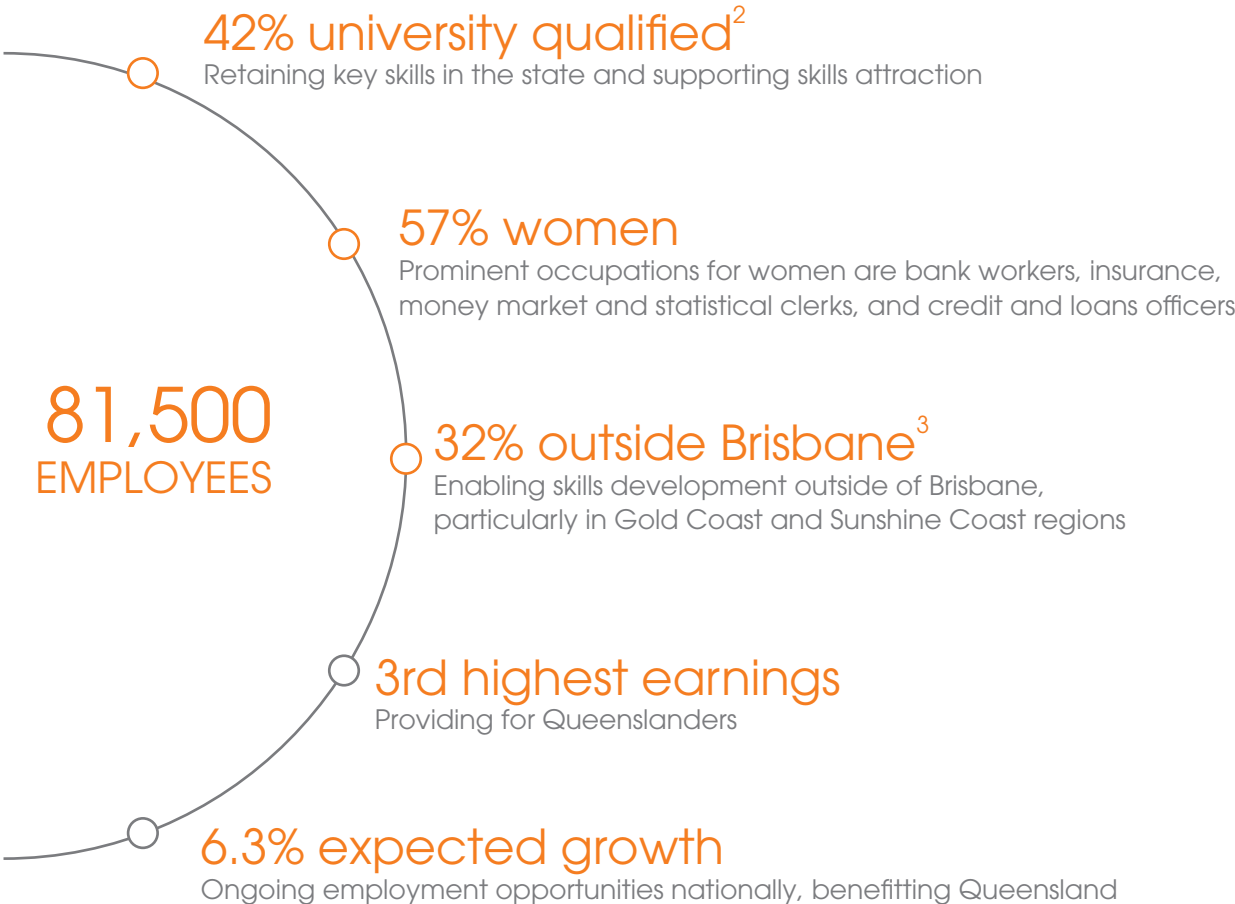


The Finance Sector: Helping power the Queensland economy

Finance is a major driver of Queensland's economy, and is the seventh largest sector in the state.

Each finance worker contributes over \$300,000 in value-add to the economy, more than double the average of other sectors. Employment in the sector has grown by 38% in five years, far exceeding growth in New South Wales (17%) and Victoria (28%).

Directly generated
\$21 billion
in Queensland economic activity¹





Strong foundations for building future growth

Queensland's robust and diverse economy needs a strong finance sector. It allows businesses and Queenslanders to save, invest, and build wealth.

Queensland has the necessary characteristics to attract and grow the finance sector.

Strong population growth

Providing access to customers and has potential to support the availability of skilled talent. Queensland's population has grown by 8.2% over the past five years, much faster than New South Wales (4.0%) and Victoria (5.2%).

Current business conditions

Supporting investment and business expansion appetite. Queensland ranked higher on the NAB Business Conditions Index (20) than New South Wales (16) and Victoria (12).

Payroll taxes

Reducing the ongoing cost of operating in Queensland by comparison to key competitors, and incentivising the attraction of business operations to Queensland. Queensland's payroll tax rate compares favourably to New South Wales and Victoria across most annual taxable wage brackets.

Housing affordability

Supporting the attraction of workers to Queensland, the mean dwelling price in Queensland is \$738,800, substantially below New South Wales (\$1,130,500) and Victoria (\$894,400).

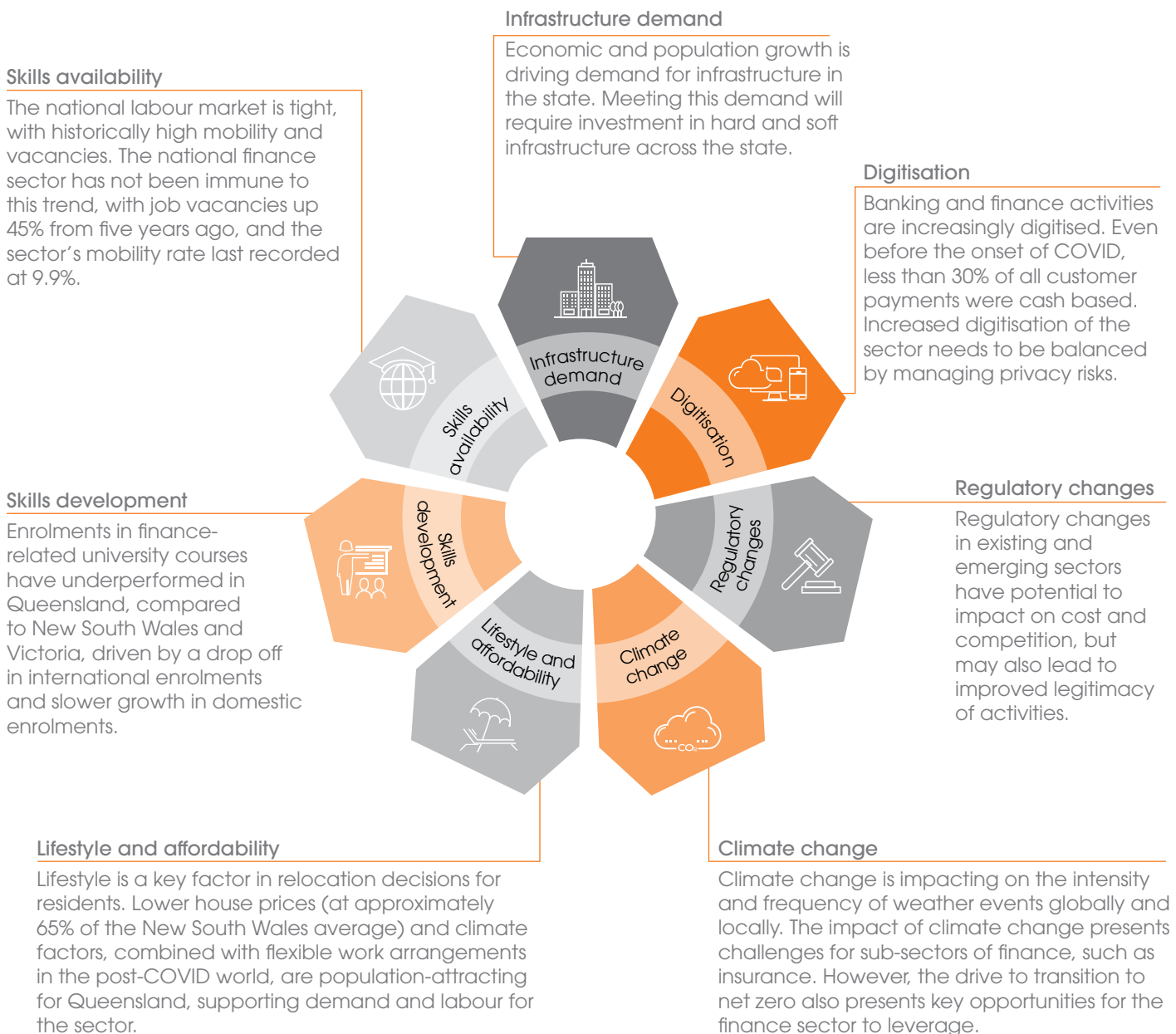
Commercial rents

Supporting affordability of operations in Queensland, compared to key competitors. Brisbane has a lower commercial rental cost per sqm (\$645) than Sydney (\$1,254) and Melbourne (\$699).



Queensland's finance sector is responding to global and local opportunities

Core to supporting the local sector reach its potential is identifying, monitoring and responding to emerging and ongoing global and local factors. These factors have the potential to impact on the ability of Queensland to be attractive to investors, shape future opportunities, and, when unmitigated, pose headwinds to growth.





Our global sustainability challenge requires innovative financing and services

Sustainable finance is the key to unlocking benefits

Sustainable finance is critical to the risk mitigation side of achieving sustainability. New products and markets can lower energy bills, create jobs, and enhance regional economies.

Investment will contribute to new markets and products, including through the growing green bond market and carbon credits. Global green bond issuance increased from US\$2.3 billion in 2012 to US\$512 billion in 2021, accounting for 93.1% of green finance.

The Queensland Treasury Corporation is currently the largest Australian semi-government issuer of Climate Bonds Standard Certified Green Bonds, with \$6.98 billion on issue.

In 2021 Australian conglomerate Wesfarmers issued the first sustainability-linked bonds, performance based instruments, in the local market, raising \$1 billion.

Tackling climate change is a challenge for all sectors of the economy. As countries advance a raft of new sustainability requirements, they will require increased investment, underpinned by new methods of financing and new financial services. Green bonds, reef credits, biodiversity credits and carbon credit units may be some of the new products in our financial future and Queensland can get ahead of the game in these emerging markets.

Opportunities and drivers in Queensland

Queensland is dedicated to advancing sustainability and has already made substantial investments in the sector to drive progress.

Renewable energy

Queensland is powered by 25% renewable electricity¹

Electric vehicles

Less than 1% of cars registered in Queensland are electric³

Investment in energy

\$11 billion investment in large-scale renewable energy projects since 2015²

Investment in abatement

\$50 million promised investment in carbon reduction and abatement projects

Abatement

14.1 million tonnes of CO₂ emissions avoided yearly from renewable energy projects

Ecotourism

Over 5 million visitors to national parks spending over \$2.64 billion⁴



Queensland can compete and win in new sustainability finance markets

Why Queensland?

- Natural capital base
- Existing carbon farming activities
- Large and productive agricultural sector
- Active green bond market
- Existing specialised sustainable finance expertise
- Aligned brand

Our Vision

Establishing Queensland as a globally recognised sustainable investment hub in the Asia Pacific

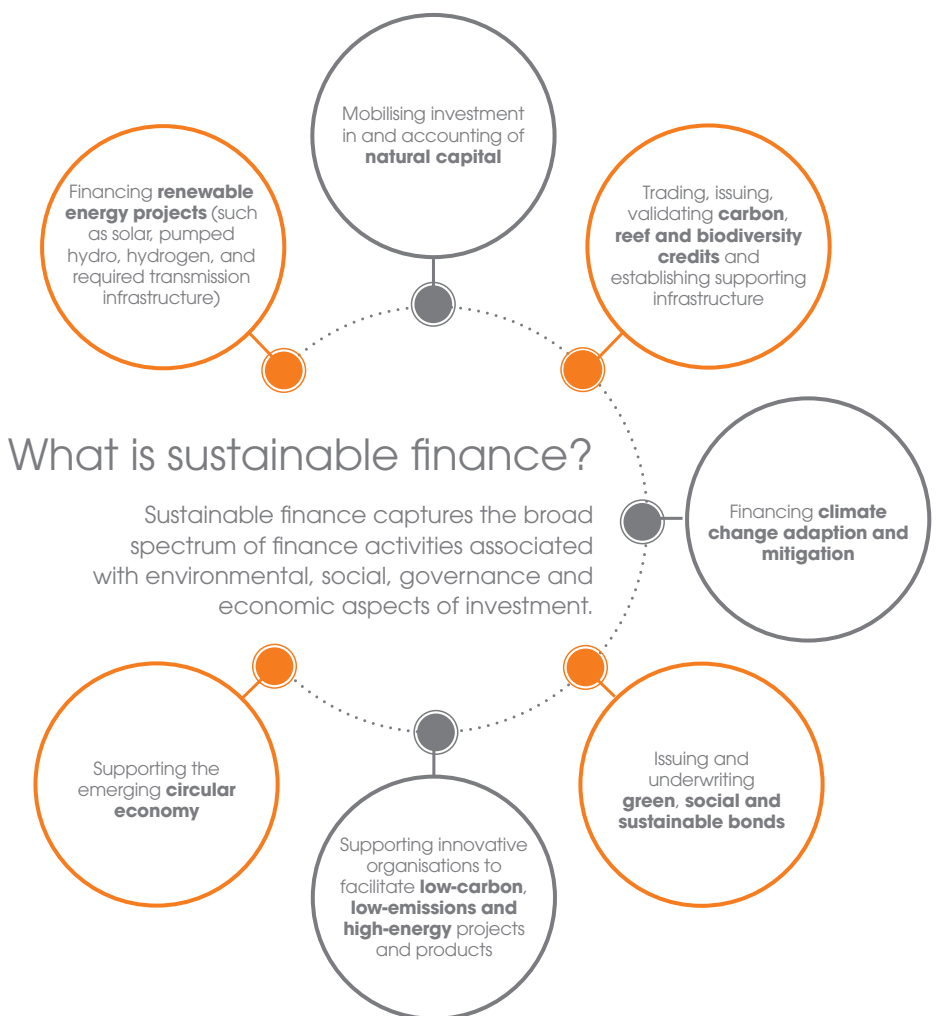


The sustainable finance sector is a compelling opportunity for the Queensland finance sector

Queensland faces a unique opportunity to develop into a national and globally recognised sustainable finance hub. Sustainable finance is an emerging sector experiencing strong growth, leveraging the increasing shift towards ESG considerations and will benefit from Queensland’s existing capabilities.

The sector is strongly aligned with sustainability objectives to reduce emissions, increase investment in renewable energy sources and storage, and support the emergence of decarbonising industries.

Pursuing this opportunity would enable Queensland to invest in an emerging growth sector at its nascence, and could facilitate further investment throughout the state and nation.



Proven strengths, new capabilities

A sustainable finance hub

Significant global, national and local investment in renewable energy assets, the growing demand for ESG-linked financial investments and strengthening of ESG reporting will lead to increased demand for specialist sustainable finance skills. Developing Queensland as a sustainable finance hub, home to a range of finance skills, could position Queensland as the sustainable finance hub of Australia.

Positioning Queensland as the hub for sustainable finance has potential to drive real economic outcomes.

The Sustainability Catalyst

The sustainable finance sector is an emerging sector expected to record rapid growth in the coming decades. This presents a significant opportunity for growth in Queensland.

The need for green and sustainable finance is significant. Approximately US\$2.8 trillion of investment in energy is estimated to take place globally in 2023 alone, of which US\$1.7 trillion is expected to be invested in clean technologies.

Australia presents an attractive location for renewable energy investment, ranking 7th globally on the Renewable Energy Country Attractiveness Index. Planned investment for greening Queensland's energy sector is significant, and could support Queensland's emergence as a sustainability hub.

The finance sector has a crucial enabling role to play in facilitating the capital investment required to achieve net zero. A local sustainable finance sector has potential to make investment in Queensland faster, easier and more attractive to investors and sustainable businesses. Queensland may also capture market share from financing renewable energy investments, social and sustainable projects elsewhere in Australia, and Asia.

Size of the Green finance market



Global

US\$541 billion

Infrastructure financed by green bonds



Queensland

\$7 billion

Sustainable financing demand will continue to grow



Australia ranks **7th** globally on the Renewable Energy Country Attractiveness Index.



\$62 billion in planned investment in greening Queensland's energy sector over the coming decade.



Australia's storage capacity is set to increase by a **factor of 30** by 2050.



Australia's grid-scale wind and solar to increase **9-fold** by 2050.

Afterword

We are pleased to release this report outlining our shared vision for the sector and its critical role in enabling the future of Queensland's sustainable economy. Further work will be undertaken to make it a reality.

Queensland's financial services sector is strong and growing. As Queensland continues to invest in building a sustainable future, the finance sector needs to provide access to investment and sustainable finance. This will grow the finance sector and presents an opportunity for Queensland to play a leading role as a globally recognised sustainable investment market in the Asia Pacific.

Delivering on this vision will require further work and actions to be undertaken. We have not sufficiently explored the steps required, however a number of areas need to be considered, these may include:

- Partnering with governments and regulators to shape policy development and regulation
- Establishing regional forums to help build Queensland's profile and act as a convening mechanism for existing expertise
- Deepening relationships between the financial services sector and industry to anticipate and align demand and supply
- Engaging with universities to explore options for developing and improving access to skilled workers
- Creating sustainability innovation hubs to enable the development of technology, expertise and investment in future technologies.

We look forward to the further development of this exciting opportunity for Queensland.

Thank you to our Council members





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The finance sector has been defined as the Financial and Insurance services ANZSIC sector.

1 Economic activity = \$21.8 billion in nominal GVA in 2021-22, \$21.3 billion in real terms. Seventh largest sector as defined by Industry Value Added activity (excluding ownership of dwellings).

2 University qualified includes qualifications at the Bachelor Degree, Graduate Diploma and Graduate Certificate or Postgraduate Degree Level.

3 Brisbane refers to Greater Brisbane, which includes the SA4 regions of Brisbane – East, Brisbane – North, Brisbane – South, Brisbane – West, Brisbane Inner City, Ipswich, Logan – Beaudesert, Moreton Bay – North, and Moreton Bay – South.

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1 As at 5 May 2023

2 Renewable energy projects include those operating, committed or under construction since 2015

3 0.4% as at 31 January 2023

4 As at 2018

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