



Queensland's Commitment to Positive Environmental, Social and Governance (ESG) Outcomes

February 2021

Contributing to a sustainable and competitive economy



The Queensland Government is a steward of the state's abundant natural, human and capital resources for future generations. It acknowledges the increasing expectations of the global community to demonstrate its approach to considering Environmental, Social and Governance (ESG) risk factors and sustainability issues in its decision making.

The State of Queensland is proud of its achievements in managing ESG risk factors and is committed to continuing to deliver further progress in this area. The government is also focused on identifying new ESG opportunities, to deliver more sustainable outcomes for the people of Queensland and welcomes the opportunity to further engage with its investors and stakeholders on Queensland's ESG credentials and opportunities.

Queensland is well-positioned to mitigate risks and capture opportunities presented by emerging trends—including climate change and decarbonisation, digitalisation, globalisation and trade, and demographic shifts.

The Queensland Government is proactive in managing ESG risk factors

Queensland received an ESG rating by MSCI Inc of AA, as of July 2020,¹ which reflects the many strengths from which it can build on. The Queensland Government has also made many proactive policy commitments to secure a future of sustainable, inclusive growth.

The Queensland Government recognises that just as ESG factors are linked to the Queensland economy, its individual elements are themselves interlinked. For example, Queensland's strength in financial governance provides the resources to support investment in its social and environmental factors.

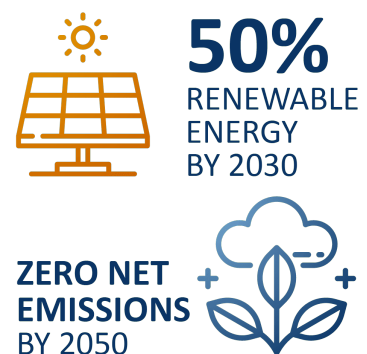
The sections below provide key insights that underpin Queensland's ESG credentials.

Environment

Queensland has an abundance of natural resources that provide a secure energy supply, minerals for processing, expansive tracts of agricultural land and secure water supplies. Queensland's natural resources also support its modern, successful agribusiness, manufacturing and tourism sectors.

Queensland has a strong track record in sustainably leveraging its natural capital to develop new industries, such as the development of the liquefied natural gas export supply chain and creation of a bio-futures industry, which was accelerated by the government's introduction of a Biofuel Mandate in 2016.

The economy has a history of metallurgical coal mining for use in steel production, and coal has also supported the development of an aluminium smelting sector among other industrial activities that have benefitted from a low cost, secure energy supply. While traditionally this energy was generated from thermal coal, Queensland is transitioning to renewable energy sources, with some of Australia's most suitable locations for large scale solar, wind and pumped-hydro generation.



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The Queensland Government is committed to playing its part in the global efforts to address climate change and support Australia's participation in the Paris Agreement. It has also independently signed the international Under2 Memorandum of Understanding, as part of a coalition of sub-national governments committed to reducing emissions towards net zero by 2050.

The Government has two key climate change strategies. The *Queensland Climate Transition Strategy*, which outlines how Queensland will transition to a zero net emissions future that supports jobs, industries, communities and the environment and the *Queensland Climate Adaptation Strategy*, which outlines how Queensland will prepare for current and future impacts of a changing climate that reduces risk and increases resilience. A number of initiatives are linked to these overarching strategies.

Renewable energy is vital to Queensland achieving its emissions targets. The *Powering Queensland Plan* is linked to the Transition Strategy – an integrated energy strategy designed to deliver a long term, secure energy supply, and transition to a cleaner energy sector with stable energy prices. This integrated plan will assist in delivering on the government's commitment for 50% of its energy to be renewable by 2030 and zero net emissions by 2050.

In 2020, the Government announced it is investing \$145 million to unlock three Renewable Energy Zones to support renewable investment across the State. The Government also announced the creation of a \$500 million Renewable Energy Fund to directly invest in publicly owned renewable energy projects and supporting infrastructure.

Queensland's Hydrogen Industry Strategy leverages the State's economic strengths to establish itself as a producer and exporter of 'green' hydrogen. Queensland shipped its first delivery of 'green' hydrogen to Japan in 2019. Additional opportunities are also being identified for value-adding industries and regional employment opportunities, driven by global demand for new-economy minerals and based on its abundant minerals endowment and re-processed tailings.

As custodians of one of the world's largest living organism – the Great Barrier Reef – the government also has initiatives in place to protect marine and island ecosystems, reduce agricultural runoff and improve water quality.

DEVELOPING NEW INDUSTRIES LIKE:



LIQUEFIED
NATURAL GAS



BIO-FUTURES



PRODUCTION
AND EXPORT
OF 'GREEN'
HYDROGEN

Achieving a sustainable supply of water for our cities, agriculture, and industry

Following the 'Millennium Drought' stretching from 1996 through to 2010, which was the worst drought period on record, Queensland invested \$6 billion into ensuring future water security through a program of initiatives in recycling, desalination, and large-scale interconnection of the pipeline networks across South-East Queensland. Underpinning the investment was a major program of industry reform that consolidated the region's bulk water businesses and unlocked future sector productivity growth. Following this, and more than a decade of strong population and industrial growth, South East Queensland's water security (serving 80% of the state's population) is rated as medium-high, demonstrating the strength of the network.



Queensland communities remain strong in the face of natural disasters, having historically been exposed to extreme weather events. Its strong social fabric and political governance allows for economic and financial resilience following such events.

Making Queensland Australia's most disaster resilient state

The Queensland Government has made a commitment to make Queensland the most disaster resilient state in Australia. The Queensland Reconstruction Authority is responsible for implementing the *Queensland Strategy for Disaster Resilience*. The strategy aligns with international best practice—the Sendai Framework for Disaster Risk Reduction—and provides an overarching framework to empower Queenslanders to factor in measures and activities as they anticipate, respond and adapt to changing circumstances. Alongside the strategy is a network of state and federal funding arrangements designed to both mitigate the impact of natural disasters and incentivise appropriate investments in adaptation.

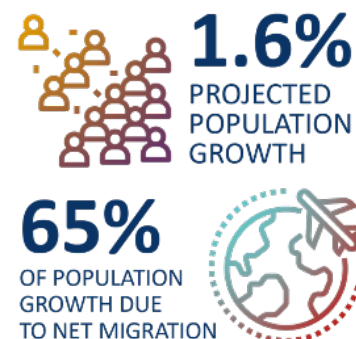
Social

Queensland has significant social expenditure responsibilities, including health and education, social welfare and public order and safety. It has an educated, healthy, balanced and skilled workforce, underpinned by the government's ongoing investment in education and health services.

Before the COVID-19 crisis, the Queensland economy was forecast to grow by 2½% in 2019-20, before strengthening to 2¾% in 2020-21. As Queensland came together to 'flatten the curve', the Queensland Government was quick to act. Overall the Queensland Government has committed more than AUD7 billion in COVID-19 support initiatives for impacted businesses, workers, households, communities and the health sector, with an additional AUD4 billion commitment over the medium-term. The Queensland Government was only able to provide this support because of the sound economic position it was in ahead of the pandemic.

Queensland's population was just over 5 million people as at the end of June 2020, or around 20% of the Australian population. Queensland has twice as many people under the age of 25 than over the age of 65 and our population has a central projection to grow at 1.6% per annum for the next 20 years.

Migration is a material driver of our population growth. It is the idyllic lifestyle, geographic advantage and economic diversity that attracts both talent and investment to Queensland. Net migration to Queensland contributed around 65% of total population growth experienced in the 12 months to end of June 2020 and is predicted to be the largest contributor to population growth outside of the capital city and the Greater Brisbane area in the period to 2041.



Queensland is a leader in human rights

Queensland has legislated human rights, workplace rights, anti-discrimination and equality protections which are supported by the newly established Queensland Human Rights Commission (under the *Anti-Discrimination Act 1991* and *Human Rights Act 2019*). The Queensland Industrial Relations Commission and the Queensland Civil and Administrative Tribunal bodies preside on and resolve matters relating to discrimination, sexual harassment, vilification and victimisation by handing down independent, impartial and legally binding decisions. Queensland also has extensive consumer protection and advocacy legislation supported by The Office of Fair Trading. Businesses that operate in Queensland are, where applicable, subject to the *Modern Slavery Act 2018* (Cth).

Queensland's labour market is skilled and continually investing in new skills. In May 2019, 59% of the Queensland population aged 15 to 74 years held a non-school qualification either through higher education or Technical and Further Education (TAFE). 9.4% of Queensland persons aged 15 to 74 years were enrolled in higher education and/or TAFE. Of those enrolled in higher education and/or TAFE, 46% were aged 25 to 74 years. Queenslanders are continually upgrading their skills to compete in its dynamic labour market.

The Queensland Government supports Queenslanders of all ages to access appropriate and relevant modes of learning. In 2020, funding was provided to support:

- Universal access to kindergarten for all children in the year prior to formal school commencing.
- Free access to vocational education for eligible year twelve school graduates in 160 high priority qualifications. This initiative was extended to all Queenslanders under 25 across 165 qualification areas including key sectors like health, education, engineering and hospitality.
- The Skilling Queenslanders for Work initiative for up to 10,000 disadvantaged Queenslanders.

Queenslanders have universal access to quality health care, sanitation systems and safe drinking water. The Queensland Government has a ten-year vision *My health, Queensland's future: Advancing health 2026* which is targeting measurable outcomes to be achieved by 2026, such as:

- reducing childhood obesity by 10%
- reducing the rate of suicide deaths by 50%
- increasing the life expectancy of Indigenous males by 4.8 years and females by 5.1 years.



59%
OF PEOPLE OVER 15
HAVE HIGHER EDUCATION
OR VOCATIONAL
TRAINING QUALIFICATIONS

The Queensland Government actively seeks to ensure equitable outcomes and opportunities for First Nations peoples, through strengthening partnerships. The Queensland Indigenous Procurement Policy aims to increase Indigenous participation in employment and business activities. It also continues to negotiate with traditional land owners for Indigenous Land Use Agreements to support Indigenous economic development.

Governance

Queensland's history of stable political and financial governance underpins much of the success and resilience that the State currently enjoys. Queensland's sound collective governance will continue to support it to mitigate risks and secure opportunities across the medium to long term.

Institutionally, Queensland is a representative democracy, like all Australian states and the Australian Government. Freedom House rates Australia 97/100 across both political rights and civil liberties, placing us as one of the freest countries in the world. Australia also excels across a range of objective indices including: the ease of enforcing contracts, government effectiveness, regulatory quality, press freedom, and rule of law (The World Bank). The Queensland Government enacted the *Right to Information Act 2009* to strengthen the community's right to access government-held information and hold it to account.



In tandem with Queensland's institutional stability, the State's financial management is a recognised strength:

Queensland has a prudent approach of long-term planning and transparency, and exceptional debt and liquidity management through Queensland Treasury Corporation.

S&P Global, December 2020.

Ongoing budget sustainability is central for delivering on the government's economic plan, addressing key priority target areas and achieving public sector reform. As Queensland recovers from COVID-19, the Queensland Government is focussed on building a stronger and more resilient economy, through sustained improvements in competitiveness and productivity.

The Queensland economy is well diversified, supporting economic recovery from COVID-19

The Queensland economy supplies a diverse range of exports to a wide range of international markets. A diversified export base supports a strong financial management position:



Advanced manufacturing: Queensland's manufacturers collectively contributed more than \$22 billion to the Queensland economy and supported around 165,000 jobs in 2019-20.



Coal and minerals: More than \$39 billion of exports in the year ending November 2020. The majority of Queensland's coal exports is metallurgical coal, a key ingredient to steel production.



Agribusiness: The sector exported over \$9.0 billion in rural goods in the year ended November 2020. This is achieved through Queensland's vast 144 million hectares of land dedicated to agriculture.



Tourism: In 2018–19 (latest available), tourism contributed \$12.7 billion directly to the Queensland economy, accounting for 3.7% of Queensland's gross state product (GSP). In the year ending September quarter 2020, Queensland had 19.8 million overnight domestic and international visitors aged 15 years and over.

These exports are produced across the state and have traditionally served a diverse range of export markets in Asia and beyond. The Queensland Government Statistician website holds a wealth of information on the Queensland economy.²

The Queensland *Financial Accountability Act 2009* enshrines fiscal accountability in legislation. The Act requires the Treasurer of Queensland to prepare and table in the Legislative Assembly a charter of fiscal responsibility giving details of the fiscal principles that support the government's fiscal objectives. There is also a requirement for the Treasurer to report regularly to the Legislative Assembly on fiscal outcomes.

²For more information: <https://www.qgso.qld.gov.au/>

Queensland's response to the COVID-19 pandemic

Like other jurisdictions in Australia and around the world, COVID-19 is having a significant impact on Queensland's economy and state finances.



The Queensland Government has adopted a series of measures to restrict the spread of the virus and support the Queensland economy. The Australian Government has closed Australia's borders to all non-citizens and non-residents, and also announced a range of support measures.

Queensland was Australia's first jurisdiction to declare a public-health emergency in January, ahead of COVID-19 being declared a pandemic by the World Health Organisation on March 11, 2020. Since then it has committed significant funding to protect Queenslanders' health, jobs and businesses. The majority of this support is detailed in the *Queensland Economic Recovery Strategy: Unite and Recover for Queensland Jobs*, including measures to protect Queenslanders' health, jobs, and businesses.

Queensland handed down its 2020-21 State Budget on 1 December 2020, reporting the impacts of COVID-19 on the 2019-20 financial year and providing revised forecasts to 2023-24.