



POLICY LEADERS



QUEENSLAND
FUTURES
INSTITUTE

SUMMARY REPORT

Queensland Policy Leaders Series Economic Outlook for Queensland

Wednesday 5 September 2018

07.30 am - 9.00 am

Moderator

Dr Doug McTaggart, Non-Executive Director, Suncorp Group

Panellists

Susan Buckley, Managing Director, Global Liquid Strategies, QIC

Patrick Farrell, Head of Investments, Suncorp Group

Peter Munckton, Chief Economist, Bank of Queensland

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Breakfast Summary

The predominant theme from the 2018 Queensland Futures Institute *Economic Outlook for Queensland Breakfast* focused on the strengths and challenges of Queensland's economy moving forward, thereby inviting three leaders from the following organisations: QIC, Suncorp Group, and Bank of Queensland.

The discussion specifically highlighted the diversity of Queensland as one of its significant advantages for creating economic growth. However, the discussion also emphasized the challenges that may arise due to changes in the global economy and the need for building resilience throughout the State that will maintain a sustainable economic growth.

Lastly, the discussion allowed the audience to explore further into the topic of how these opportunities could be captured and how challenges could be overcome, raising a number of critical issues as detailed in the graph below.

Key comments by panellists

Susan Buckley, Managing Director, Global Liquid Strategies, QIC

Statistics of Queensland look very positive.

- Growth in Queensland:
 - A healthy position in the cycle with 3.5 % growth in Queensland economy
 - Non-residential construction and public consumption, driven by education and health sector: 5.5%
 - Increasing diversity in various sectors, including health, education and tourism.
 - 11,500 new jobs – which is an iconic development for Queensland tourism.
 - 1.4 million new passengers with the new airport and the cruise creates significant attraction as well.
 - Great potential to attract Asian tourists
 - Great funding opportunities
 - Companies are moving from HQ to various types of offices in various cities, which represents an opportunity for Queensland, too.
 - Another opportunity is that we are friends with both the United States of America and China. However, we need to be cautious, as we are walking on a fine line, and if we had to choose a side, it might not be good for us.
- Population growth:
 - More of the Queensland population is living outside cities. With the diversity in Queensland, we have opportunities in health, tourism etc.
 - Superannuation, industry farms are clearly winners, rather than bank farms. Structural changes in banking sector.
- Debt:
 - It is not rational to borrow the money if you are building infrastructure and not have debt – good and bad debt. Investment needs borrowing. Super well-funded superannuation.



Patrick Farrell, Head of Investments, Suncorp Group

Key things that will stand out in the next 10 years:

- Diversification of economy
 - Balanced between mining, tourism, industrial etc.
 - Dollar is doing well, much more investment coming from mining.
 - Once one industry doesn't do well, the other will
 - Better transport opportunities, e.g. Maroochydore airport.
- Population growth:
 - Will continue in the next 10 years
 - House price is significantly attracting migration from other states – 60 % of houses in Noosa are sold to NSW residents
 - Growing nationalism movement across the globe: it may pose a risk. It is a much longer term.
- Energy security
 - Unclear policies
 - By 2030 50% will be retrieved from renewables
 - Sunshine and wind make Queensland very strong for renewables, especially in rural areas; you can build the infrastructure accordingly.
 - You will build power station where you need it and thus you can spread the investment where needed.
- Agriculture:
 - Drought is having an impact
 - Building resilience through saving rain as well as preparation for cyclones is important.
- Debt:
 - Queensland is different from New South Wales and Victoria, Queensland has still a lot of assets to sell.
 - Private debt is growing and banks are taking a step back – too much risk.
- Global economy:
 - Growth in China is only a problem if they cannot handle it. It is a multi-year solution; it is not an overnight aspect.
 - Focus on quality rather than quantity is crucial.
 - When you look at the breakdown of China, similar to the United States of America: it is very consumer led. China will continue to be a big part of the Australia's economy and Australia will remain attractive.

Peter Munckton, Chief Economist, Bank of Queensland

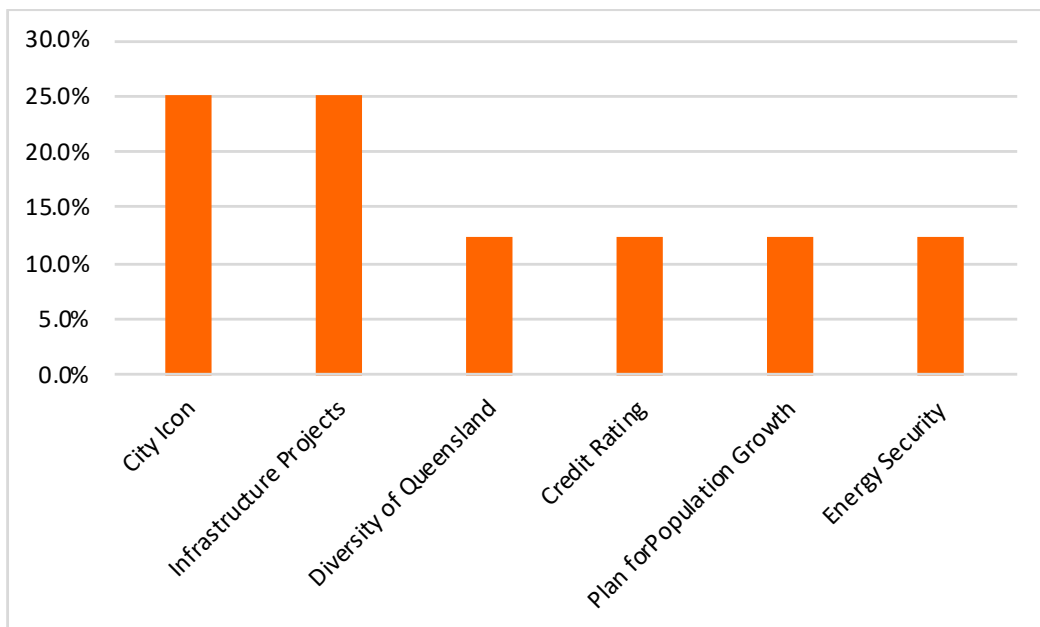
- Export orientation of most industries
 - What happens when there is a shift in supply chain overseas, particularly in China?
- Diversification of economy
 - Health is bigger part of Queensland economy. However, the Queensland economy is volatile than usual.
 - Infrastructure poses an opportunity: Sunshine and Gold Coast: 30-40 % of the population are in the South of Queensland. Thus, communication and connection infrastructure is an opportunity. Moreover, the airport in Toowoomba is excellent.



- Head offices will be in Queensland – it is cheaper.
- Build resilience
- Growth of population
 - In the last 40-50 years Queensland's population has grown – is there a plan for the next 50 years? How will people live? Where will they go to school? Do we have a visionary map of Queensland for this purpose?
 - Population growth will remain and house market and immigrants come younger, the age of the population will be younger than it was 50 years ago. It is a question of good planning and preparation.
 - Opportunity for innovation.
- Debt:
 - Queensland has moved from AAA to AA – not a bad sign yet, it is a post GFC and mining boom result.

Summary of Breakfast Comments

- Brisbane needs an impressive city icon that reflects its growing place on the World map and represents Queensland in general.
- Build better public transport infrastructure to/from Sunshine Coast to Brisbane
- Population growth is happening – are we planning for it?
- Infrastructure projects
- Our diversified economy is a strength.



The Queensland Futures Institute acknowledges the support of the UQ Business School's Samira Nazar for her summary of the Breakfast.



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