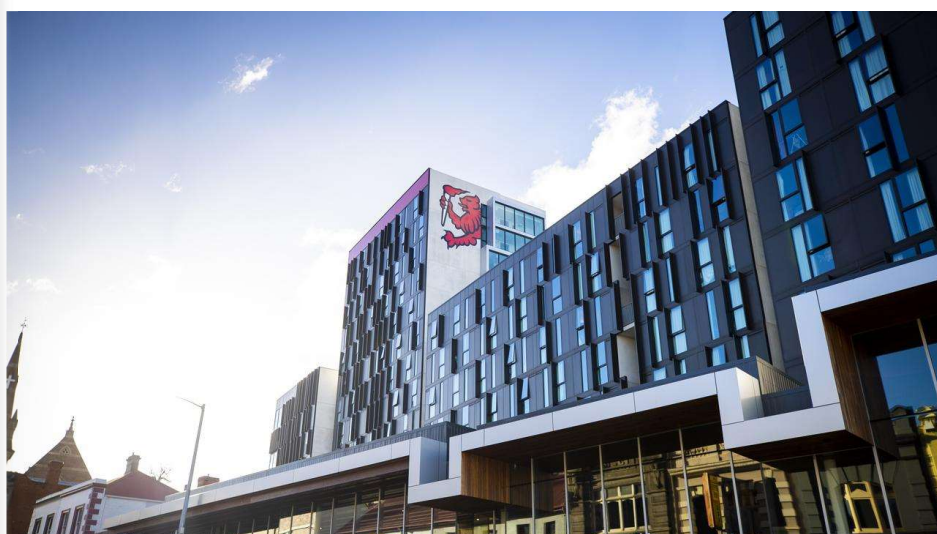


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University of Tasmania has \$350m green bond boost



University of Tasmania chief operating officer David Clerk, says the strong investor support for the university's first green bond issue was 'a massive sign of confidence in the university and our sustainability agenda'. Above, a UTas building in the Hobart CBD. Picture: Richard Jupe

By **GLENDA KORPORAAL**

SENIOR WRITER

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In another significant step forward for the green bond market in Australia, the University of Tasmania has raised a larger than expected \$350m, the largest deal of its kind ever by an Australian university.

The green financing deal, in the form of a ten year and a 20-year bond, which was supported by a strong interest from Asian investors, saw the university increase its fund-raising goal from an initial \$200 million.

University of Tasmania chief operating officer David Clerk, said the strong investor support for the university's first green bond issue was "a massive sign of confidence in the university and our sustainability agenda."

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“We had a target of \$200m in this first tranche of green bonds, with plans for a second tranche to raise a further \$150m,” he said.

“By midafternoon, we had raised the full \$350m.”

“As a university committed to doing all we can to tackle climate change, it is important we partner with investors who share our sustainability values,” he said.

The funds will be used to fund the development of the university’s new campus in Hobart.

The Commonwealth Bank’s managing director of sustainable finance, Mr Charles Davis, said the university’s bond represented another evolution of the green financing market in Australia as the green credentials were tied to reducing the upfront carbon content embedded in the construction process.

He said many green financing deals focused on reducing the amount of carbon used in the operational side of a building.

But he said agreeing to work to reduce the carbon content of the construction by 20 per cent was a new feature.

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“We have not yet seen a green bond in the Australian market with an eligibility criteria focused on embodied carbon rather than operational performance,” he said.

“We are continuing to see more innovation in the broader sustainability and ESG financing market,” he said.

The Commonwealth Bank was the joint lead manager on the deal along with the National Australia Bank.

This is the fifth time CBA has been involved in a major sustainability linked financing deal in Australia in recent times, following green bond issues done last year for Wesfarmers, Woolworths, the Australian Prime Property Fund Commercial and Optus.

The deal was the first green bond issued by an Australian university since 2019 and the largest green bond issue ever for any university.

Des Fennell, CBA’s global head of debt syndicate, said climate change and ESG issues were now “firmly on the agenda of all participants” in the Australian fund raising market on the side of both issuers and investors.

He said the success of the deal was also significant given the volatility in the market in the wake of the Russian invasion of Ukraine.

He said the “green element of the deal” was a strong feature in the demand for the bonds.

“There were a number of investors whose interest was primarily driven by the green aspect of the transaction.”

Mr Fennell would not discuss the CBA’s pipeline for green deals but he said that sustainability was a “key topic in the market over the last year.”

“We have a significant evolution of the market in terms of both issuers and investors all moving towards (looking for green financing deals),” he said.

GLENDA KORPORAAL, SENIOR WRITER

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Chrissy 8 MONTHS AGO

"The funds will be used to fund the development of the university's new campus in Hobart."

Well, that should solve all the world's climate change problems! We really have been turned into a nation of green suckers.

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IainC of The Ponds 8 MONTHS AGO

Other developing countries, which are trying to move away from energy insecurity rather than rush headlong into it, beg and plead for 550 million tonnes of Australian coal a year. I think "black bonds" could be a winner.

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Roberta 8 MONTHS AGO *(Edited)*

Now that the even the Reserve Bank of Australia has signed up to the international Network for Greening the Financial System we will see more of this pretense to be stopping emissions when they keep rising and rising globally. The University should be watching inflation. The University of Tasmania will be congratulating itself for being situated in a state that happens to have hydro.

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Nick 8 MONTHS AGO *(Edited)*

How are the interest payments on this bond going to be met? According to its most recent 2020 Annual Report, UTas has non-current interest bearing liabilities of \$125M, with interest payments of ~\$5.8M pa. This bond will increase the leverage of UTas 2.8x, without any obvious increase in the income required to service the debt (as it will be sunk in capital -building-costs). How is a public institution that relies for 68% of its revenue on the Federal and State governments allowed to get away with such risky financial exposure?

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Charles 8 MONTHS AGO

They get away with it because the decision making processes are not subject to accountability like any other significant organisation. No board of directors. No chairman. No shareholders (or equivalent thereof). Effectively what ever the Vice-Ch 'says' happens, no matter how irresponsible and no matter how much it might be against community sentiment. VC should try listening to the community. Perhaps the VC might question why the Hobart papers are full of complaints and dissatisfaction with his pie-in-the-sky real estate ambitions which will bring the institution down (and the city with it)

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Nick 8 MONTHS AGO

I have just learned that the interest rate coupon on these bonds is effectively 4.45%. This seems way over the odds in the current (admittedly tightening) interest rate environment where governments themselves can borrow at effectively a zero interest rate. No wonder the issue was way oversubscribed! Again, why is this institution dramatically increasing its

leverage at above market interest rates when there are alternative and less risky ways to finance building costs? This makes no sense and deserves some Commonwealth oversight. Where are the Senate questions going to come from?

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Brett 8 MONTHS AGO

If the Uni is so concerned about climate change why are they building a new campus in Launceston on a flood plain? Moving from a higher almost semi rural setting to be closer to the city centre.

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garry 8 MONTHS AGO

The University of Tasmania (aka south Asia) is raising funds through green bonds, why do they need taxpayer support?

UTAS is no longer an institution of higher learning it is a property developer using taxpayers money to develop their portfolio.

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Charles 8 MONTHS AGO *(Edited)*

The site has been very effectively barricaded and has a risk of flood I in 200 yrs. Not exactly a high risk site. Even in the severe floods of 2016 the site was dry as a chip. No need to panic.

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Tony 8 MONTHS AGO

Charles, I would be worried about the floods of 2023, 2024 and 2025. #Lismore 2022. Climate change is aptly named.

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Quarklan 8 MONTHS AGO *(Edited)*

Universities should have more sense. As for the public buying 'green bonds', there's nothing that can be done about the public until they wake up to the fact they've been conned. "Green credentials ... tied to reducing the upfront carbon content"? Only CARBON is green. Recent higher CO2 levels are what's greening Earth (NASA, CSIRO). With 5x modern levels, CO2 is what made Antarctica's polar forests (all gone). And, no, ICE is not NICE.

Send the wild-eyed lot packing with their climate fibs. They have an agenda, and it's not yours (I think). Keep CO2 levels up. It's the stuff of life.

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jennifer 8 MONTHS AGO

Hear! Hear!

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Rafe Champion 8 MONTHS AGO

Let's see how long it takes for the real price of woke ESG virtue-signalling to emerge from the smoke and mirrors of DR hype

EMERGE FROM THE SHORE AND MILITARY OF THE TYPE.

Report  Like  5 Reply 

Andre Pascal 8 MONTHS AGO

Asian investors might back the planned move to the city, but staff and students, past and present, sure don't. How you dress up abandoning a site with adjoining bushland and a lot of green space fro inner city concrete and asphalt as 'sustainable' escapes me.

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Charles 8 MONTHS AGO

The move to the city will ruin Hobart's character and appeal. Terrible terrible decision not only for sustainability reasons but also for about a dozen other reasons too.

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