



APPENDICES



AUSTRALIA'S FEDERALISM AND FISCAL SYSTEM

Federalism

The Commonwealth of Australia ('Australian Government' or the 'Commonwealth') was formed as a federal union on 1 January 1901, when the six British colonies of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania were united as states in a federation. In addition to the six states, Australia has two territories — Northern Territory and the Australian Capital Territory — the latter hosting the nation's capital of Canberra.

Powers

Australian Government

The Australian Parliament has power to legislate on specific matters of national interest, such as defence, external affairs, overseas and interstate trade and commerce, currency and banking. The Australian Government also has primary responsibility for overall economic management in Australia. For example, they have responsibility for monetary policy, national budget policy, fiscal policy, exchange rates and external policy.

State Government

The state parliaments retain powers over all matters other than those granted to the Australian Government under the Constitution.

State powers include control over education, public health, police and justice, transport, roads and railways, industry, mining and agriculture, public works, ports, forestry, electricity, gas, and water supply and irrigation.



TAX SHARING ARRANGEMENTS

Australian Government

Since World War II, the Australian Government has acted as the sole income taxing authority, and annual general revenue grants have been paid by the Australian Government to the states.

The Australian Government also has exclusive constitutional power to impose excise duty, customs duty, and goods and services tax (GST). The states receive all revenue raised by the GST under the Australian Government's Horizontal Fiscal Equalisation Scheme. The scheme has the objective of equalising each state and territory governments' fiscal capacity to provide public services and infrastructure to the same standard.

State Government

The states impose payroll taxes, stamp duties and land taxes. Local governments impose taxes based on the rateable value of real property.

The states have the right to change any tax rates associated with their areas of taxation, for which they are responsible.



QUEENSLAND STATE GOVERNMENT GUARANTEE

The Treasurer of Queensland, on behalf of the State Government, guarantees:

- QTC's obligations under the debt securities issued by QTC, and
- QTC's payment obligations to counterparties under derivative transactions governed by ISDA agreements.

In respect to all domestic securities issued by QTC, section 32 of the *Queensland Treasury Corporation Act 1988* provides a statutory guarantee of QTC's obligations to stockholders:

Section 32 The due repayment of principal on inscribed stock issued in accordance with this Act and, where payable, the due payment of interest relating to the inscribed stock are guaranteed by the Treasurer, on behalf of the Government.

Section 33 of the *Queensland Treasury Corporation Act* empowers the Treasurer to guarantee due payment of moneys and due performance of obligations in accordance with financial arrangements or other arrangements entered into by QTC. Such discretionary guarantees have been granted by the Treasurer and continue to operate in support of QTC's offshore debt facilities.

All payments by the State Government under these guarantees are appropriated under section 34 of the *Queensland Treasury Corporation Act*, meaning they can be paid from the State's Consolidated Fund without any further legislative approval.

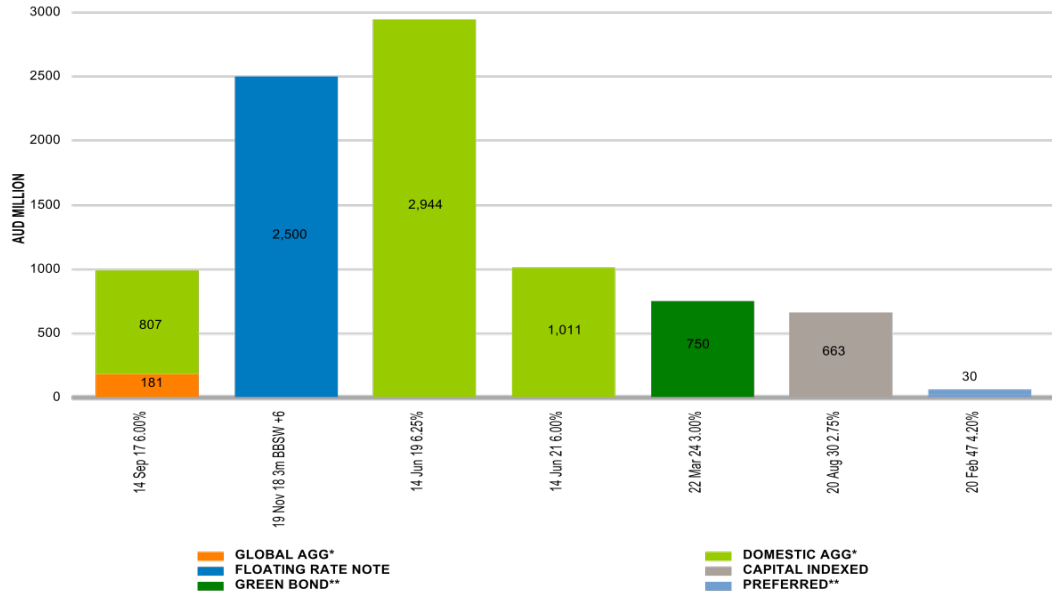
Any profits made by QTC accrue to the benefit of the Consolidated Fund of the State of Queensland and any losses of QTC are also the responsibility of the Consolidated Fund.



AUD NON-BENCHMARK BONDS

QTC AUD non-benchmark bonds, outstandings by maturity

QTC has several non-benchmark AUD bonds that were issued under its domestic AUD bond program. To supplement its 13 liquid AUD benchmark bond lines, QTC monitors the market to issue other instruments using this program, taking into account investor demand and client funding requirements. Through market intermediaries, QTC will consider switching its Australian Government Guaranteed AUD bonds (AAA/Aaa) into equivalent AUD benchmark bonds (AA+/Aa1).



As at 30 June 2017

* AGG – Australian Government Guaranteed. Global lines are transferable into domestic lines.

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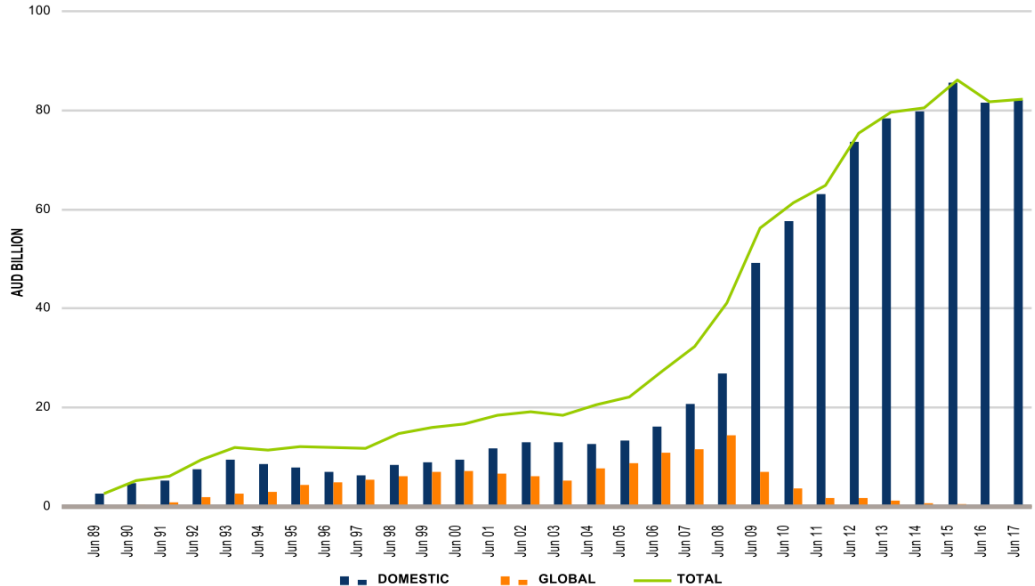
Note: The 20 Aug 30 Capital Index Bond outstandings do not include indexation of \$212.1 million.



QTC AUD BOND OUTSTANDINGS OVER TIME

QTC's AUD bond outstandings have traditionally increased over time adding to the depth and liquidity of individual lines.

Global bond outstandings have continued to decline since domestic bonds became eligible for exemption from Australian interest withholding tax in December 2008.



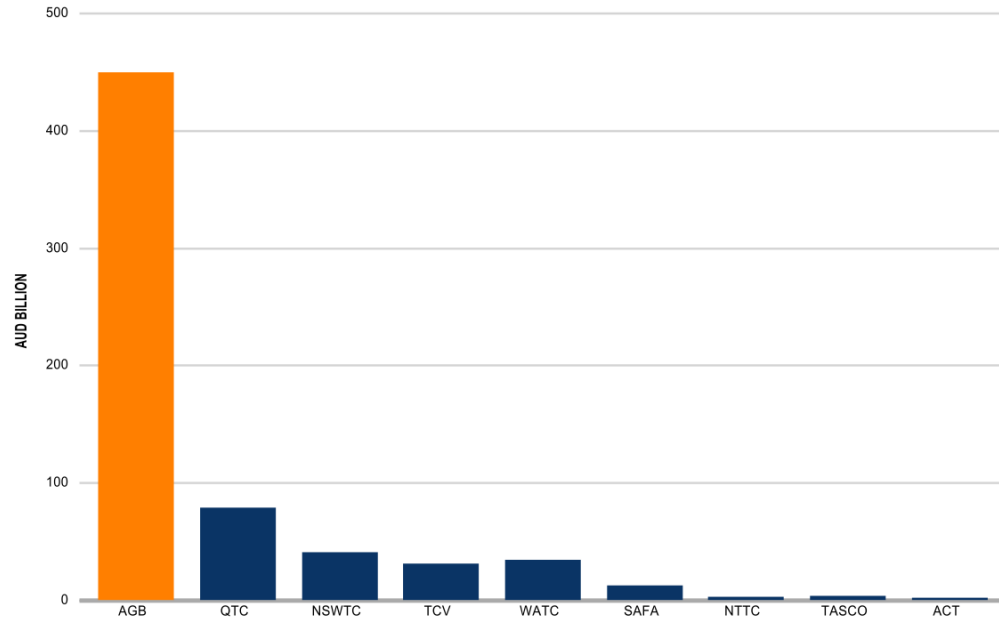
As at 30 June 2017



AUSTRALIAN FIXED INCOME MARKET

AUD bond outstandings* of Australian Government issuers (face value)

In the Australian market, QTC bond outstandings are second only to those of the Australian Government (Australian Government Bonds—AGB).



As at 30 June 2017

* Includes AGG Bonds

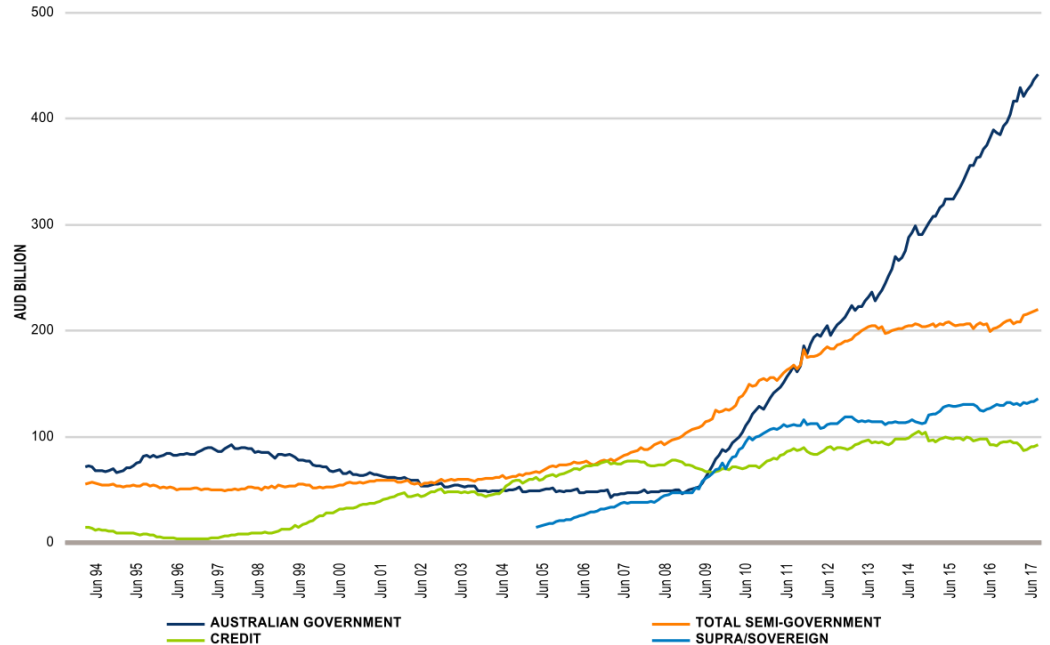
Data source: Bloomberg Composite Bond Index



AUD DENOMINATED BONDS ON ISSUE

AUD denominated bonds on issue

It is widely expected that under current fiscal estimates, the volume of semi-government benchmark bonds on issue will continue to increase.



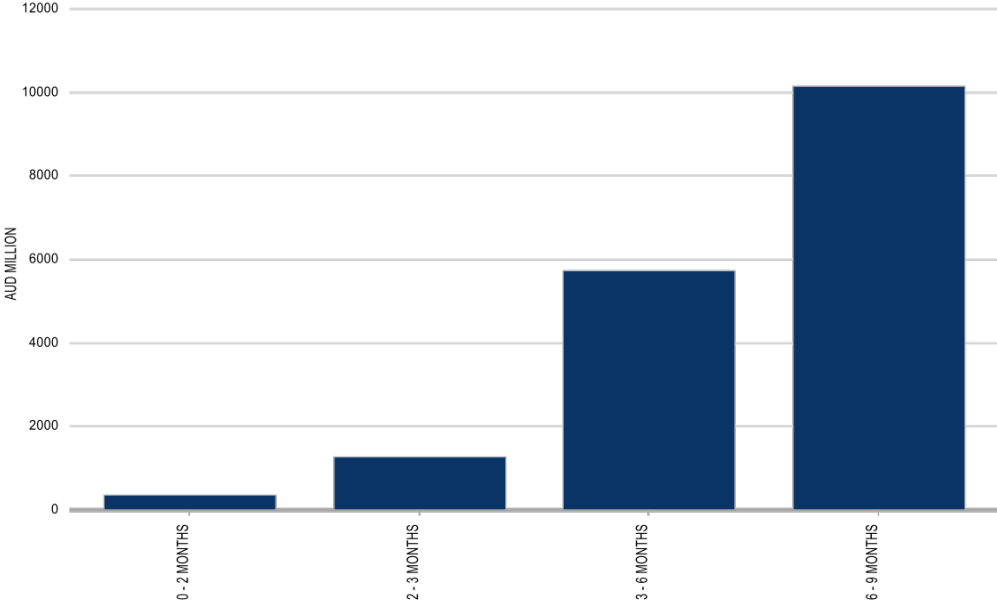
Data source: Bloomberg Composite Bond Index

Note: The change to Bloomberg Composite Index has resulted in changes to the credit and supra/sovereign data.



COMMERCIAL PAPER AND T-NOTE PROGRAMS

Commercial Paper and Treasury Note programs, tenor of issuance



As at 30 June 2017



QUEENSLAND'S DOMESTIC PEERS' CREDIT RATINGS

Australian state or territory	Rating agency	
	STANDARD & POOR'S	MOODY'S
Australian Capital Territory	AAA/Negative/A-1+	Rating withdrawn 20 August 2005 (from Aaa)
New South Wales	AAA/Negative/A-1+	Aaa/Stable/P-1
Northern Territory	Not rated by S&P	Aa2/Stable/--
Queensland	AA+/Stable/A-1+	Aa1/Stable/P-1
South Australia	AA/Positive/A-1+	Aa1/Stable/P-1
Tasmania	AA+/Stable/A-1+	Aa2/Stable/P-1
Victoria	AAA/Negative/A-1+	Aaa/Stable/P-1
Western Australia	AA+/Negative/A-1+	Aa2/Stable/P-1

As at 30 June 2017

According to information provided
by Standard & Poor's and Moody's.



QUEENSLAND'S INTERNATIONAL PEERS' CREDIT RATINGS

Entity	Comparable jurisdiction/area governed	Credit rating (Assigned by Standard & Poor's)
Queensland	Federal State of Australia	AA+/Stable
Alberta	Province of Canada	A+/Stable
Basel-City	Canton of Switzerland	AA+/Stable
British Columbia	Province of Canada	AAA/Stable
Burgenland	State of Austria	AA/Stable
Saxony-Anhalt	State of Germany	AA+/Stable
Styria	State of Austria	AA/Negative
Vaud	Canton of Switzerland	AAA/Stable

As at 30 June 2017

According to information provided
by Standard & Poor's.



QUEENSLAND'S COAL INDUSTRY

Queensland is Australia's largest coal exporter. In 2015-16 Queensland was responsible for more than 90 per cent of Australia's hard coking coal exports and more than a quarter of its thermal coal exports.

Queensland coal export volumes (mt)	2014-15	2015-16	Change (%)
Hard coking	114.4	111.9	-2.2
Semisoft/PCI	48.7	50.9	4.5
Thermal	56.0	57.3	2.4
Total	219.1	220.1	0.5

Queensland coal export values (nominal, AUDm)	2014-15	2015-16	Change (%)
Hard coking	14,026	12,441	-11.3
Semisoft/PCI	5,097	4,853	-4.8
Thermal	4,250	4,051	-4.7
Total	23,373	21,346	-8.7

Source: ABS unpublished trade data and QLD Treasury.

Note: Data accurate as at December 2016



Royalty assumptions and revenue risks:

Coal royalty assumptions	2017-18	2017-18	2018-19	2019-20
	Budget	Projection	Projection	Projection
Tonnages – crown export ¹ coal (Mt)	207	216	225	229
Exchange rate USD per AUD ²	0.75	0.75	0.75	0.75
Year average coal prices³				
Hard coking (USD)	131	116	115	115
Semisoft (USD)	112	97	91	90
Thermal (USD)	78	70	68	67
Year average oil prices				
Brent (USD per barrel)	55	57	59	61

¹ Excludes coal produced for domestic consumption and coal where royalties are not paid to the Government, i.e. private royalties. 2017-18 estimate for domestic coal volume is approximately 24.9 Mt and private coal is 9.5 Mt.

² Year average.

³ Price for highest quality coking and thermal coal. Lower quality coal can be sold below this price with indicative average prices for 2017-18 as follows: Hard coking US\$126 and thermal US\$72.



KEY FISCAL RATIOS

General Government	2016-17 Revised	2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
Gross debt (% of revenue)	60	60	65	67	70
Gross debt (% of GSP)	10	9	10	10	10
Interest expense (% of revenue)	3	3	3	3	3
Capital program/infrastructure expense (% of total expense)	8	9	12	12	11
Fiscal balance (% of revenue)	2	-4	-7	-5	-4

Total State	2016-17 Revised	2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
Gross debt (% of revenue)	114	114	118	119	121
Gross debt (% of GSP)	21	20	20	19	19
Interest expense (% of revenue)	6	6	6	5	5
Capital program/infrastructure expense (% of total expense)	11	13	15	15	14
Fiscal balance (% of revenue)	2	-4	-7	-5	-4

As at 13 June 2017

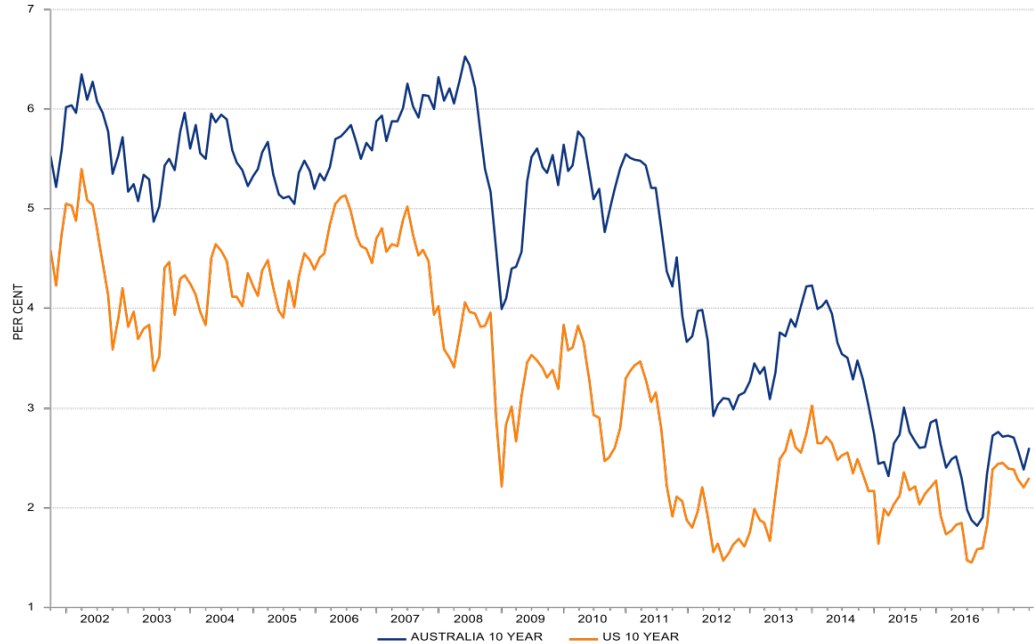


INTEREST RATES

Australia's term interest rates compared to the United States

Australian interest rates have consistently been higher than those in the US as a result of Australia's relative economic outperformance.

The interest rate has narrowed in recent times however, given divergent monetary policy cycles.



Data source: Generic 10 year bond yields sourced from Bloomberg.

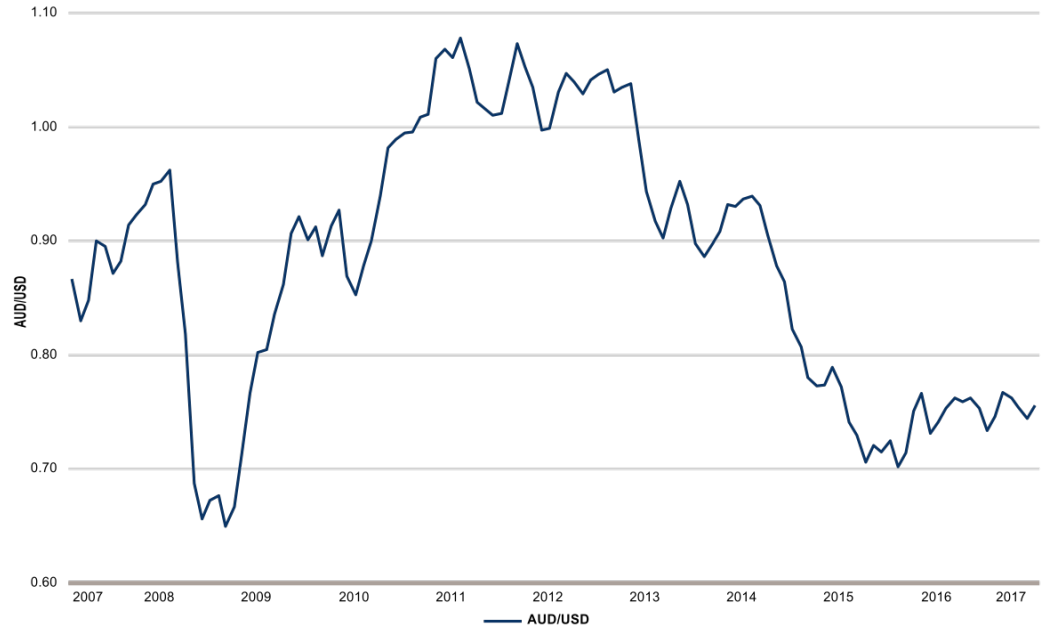


EXCHANGE RATES

AUD/USD spot exchange rate

The Australian dollar has fallen against the US dollar over the past few years, but has stabilised more recently.

Across the globe, the Australian dollar is the fifth most traded currency with the AUD/USD being the fourth most traded currency pair.



As at 30 June 2017

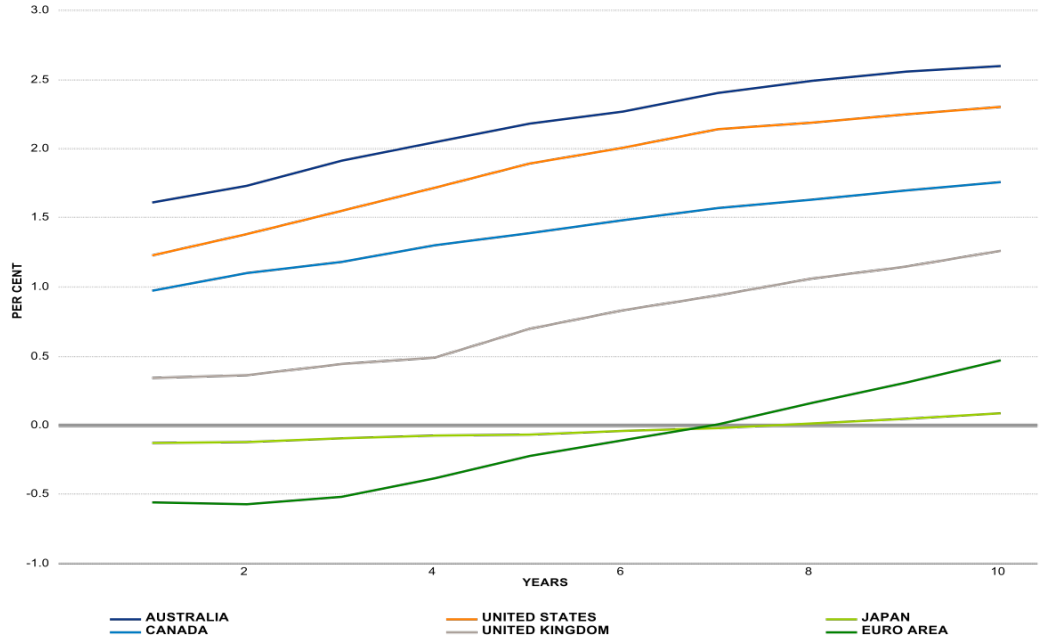
Data source: Bloomberg



YIELD CURVES

Australia's yield curve compared to international peers

Australian Government bonds currently yield more than those issued by governments in other major developed economies reflecting Australia's relative economic outperformance.



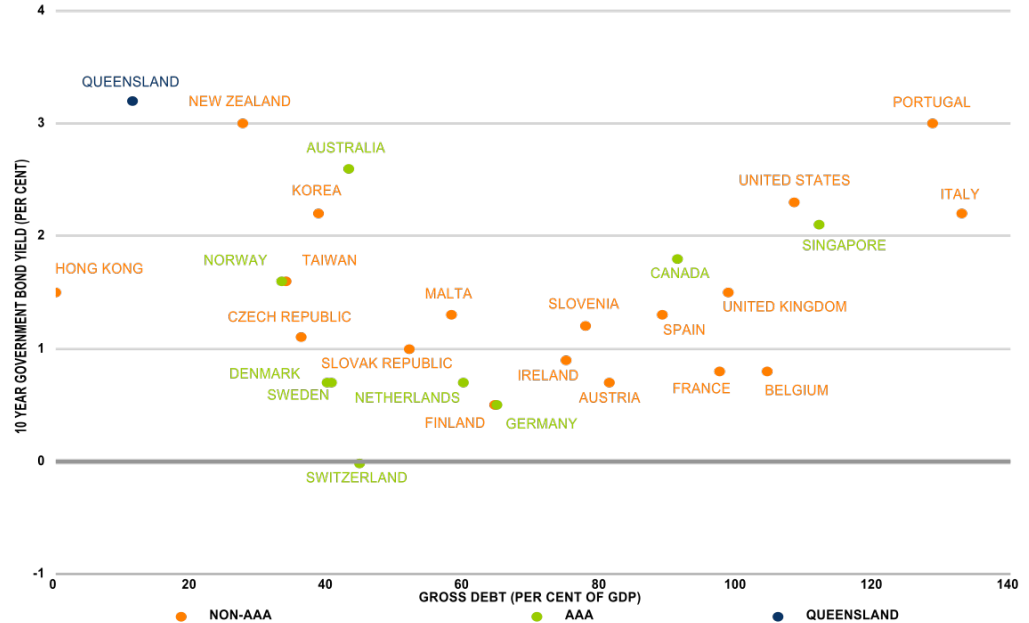
Note: Where generic bond yield information is not available for specific maturities, yields at these points along the curve have been interpolated.
Data source: Bloomberg 30 June 2017.



PEER COMPARISON

Bond yields and gross debt levels for advanced economies

Among advanced economies, Australia stands out due to its strong credit rating, low debt levels and high yield.



Data sources: Bloomberg, Queensland Treasury

Note: Excludes Japan and Greece (high debt levels reduce comparability), as well as Luxembourg, Israel and Iceland (lack of available ten-year bond yield data).



FUNDING FACILITIES

QTC has a diverse range of funding facilities in a variety of markets and currencies.

The majority of QTC's funding is sourced through long-term debt facilities, with QTC's AUD benchmark bonds being the principal source of funding.

Overview as at 30 June 2017		Size \$M	Maturities available			Currencies
Short-term	Domestic T-Note	Unlimited	7-365 days			AUD
	Euro CP	USD10,000	1-364 days			Multi-currency
	US CP	USD10,000	1-270 days			USD
Long-term	AUD Bond	Unlimited	13 benchmark lines: 2017-2028, 2033			AUD
			3 AGG* lines: 2017-2021			AUD
			1 QTC Green Bond: 2024			AUD
			1 floating rate note: 2018	1 capital indexed bond: 2030	1 preferred line: 2047	AUD
	Global AUD Bond	AUD20,000	AGG* line: 2017 (transferable to domestic bonds)			AUD
	Euro MTN	USD10,000	Any maturity subject to market regulations			Multi-currency
	US MTN	USD10,000	9 months-30 years			Multi-currency

As at 30 June 2017

*AGG – Australian Government Guaranteed



AUD Benchmark Bond Distribution Group*

QTC's Fixed Income Distribution Group of 12 banks is committed to providing investors with two way pricing in the secondary market, as well as supporting primary issuance activity.

ANZ Banking Group Limited	Deutsche Bank	RBC Capital Markets
Bank of America Merrill Lynch	JP Morgan	TD Securities
Citi	National Australia Bank Limited	UBS Investment Bank
Commonwealth Bank of Australia	Nomura International plc	Westpac Banking Corporation

As at 30 June 2017

* Actual dealer entities may vary depending on the facility and location of the dealer.



MEDIUM-TERM NOTE (MTN) PROGRAMS

- Queensland State Government guaranteed
- Australian interest withholding tax exempt
- Multi-currency
- Euro and US programs
- Structured to meet investor requirements (currency, coupon, maturity etc.)
- Reverse enquiry placement through MTN Distribution Group
- Reverse enquiry placement through non-Distribution Group members ('Dealer for a Day')

MTN Distribution Group*

Euro MTN		US MTN	
ANZ Banking Group Limited	National Australia Bank Limited	ANZ Securities	JP Morgan Securities LLC
BofA Merrill Lynch	Nomura International	BofA Merrill Lynch	NAB Securities, LLC
Citi	RBC Capital Markets	Citi	RBC Capital Markets
Commonwealth Bank of Australia	TD Securities	Commonwealth Bank of Australia	TD Securities
Deutsche Bank	UBS Investment Bank	Daiwa Capital Markets	UBS Investment Bank
JP Morgan Securities plc	Westpac Banking Corporation	Deutsche Bank Securities	

As at 30 June 2017

* Actual dealer entities may vary depending on the facility and location of the dealer.



TREASURY NOTE (T-NOTE) AND COMMERCIAL PAPER (CP) PROGRAMS

- Queensland State Government Guaranteed
- Australian, Euro and US programs
- AUD and multi-currency
- Reverse enquiry placement through dealer panels
- T-Note, Euro and US CP programs are Australian interest withholding tax exempt

T-Note and CP Dealer Panels*

Domestic T-Note	Euro CP	US CP
ANZ Banking Group Limited	Barclays	BofA Merrill Lynch
Commonwealth Bank of Australia	BofA Merrill Lynch	Citi
Deutsche Bank	Citi	UBS Securities
National Australia Bank Limited	UBS Investment Bank	
Westpac Banking Corporation		

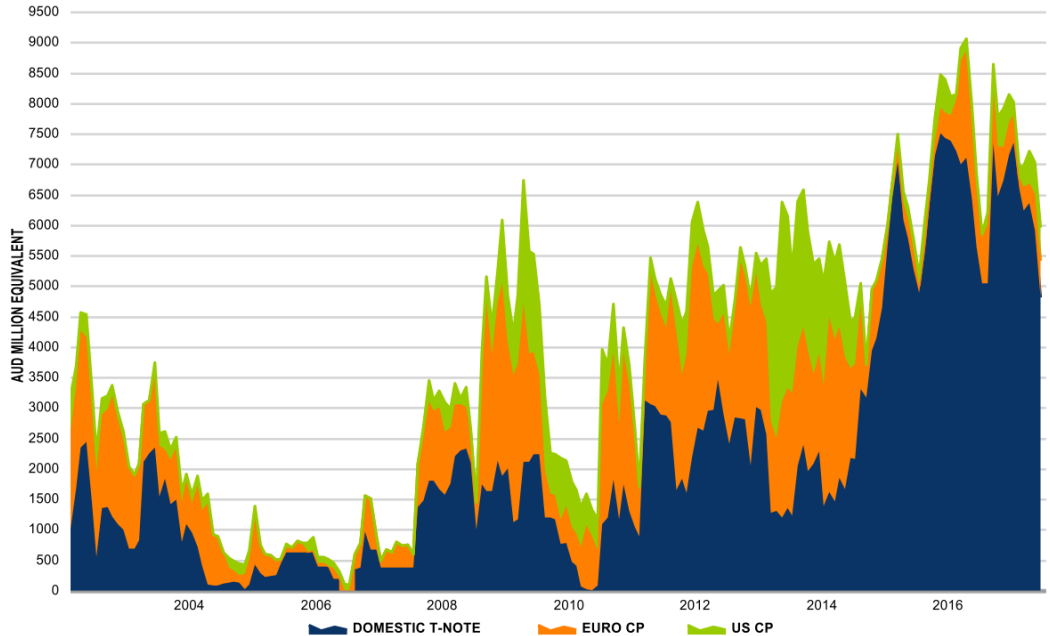
As at 30 June 2017

** Actual dealer entities may vary depending on the facility and location of the dealer.*



QTC's Treasury Note and Commercial Paper programs allow for continued access to short-term funding.

QTC Treasury Note and Commercial Paper, outstandings over time



As at 30 June 2017



GLOSSARY

ABS	Australian Bureau of Statistics	ISDA	International Swaps and Derivatives Association	QTC	Queensland Treasury Corporation
ACT	Australian Capital Territory	IWT	Interest withholding tax	RBA	Reserve Bank of Australia
AGG	Australian Government Guarantee	LNG	Liquefied natural gas	RHS	Right hand side
APRA	Australian Prudential Regulation Authority	MYEFO	Mid-Year Economic and Fiscal Outlook	SA	South Australia
AUD	Australian dollar	MYFER	Mid-Year Fiscal and Economic Review	SAFA	South Australian Financing Authority
CGS	Commonwealth Government Securities	MTN	Medium-term note	SGG	State Government Guarantee (Queensland)
CP	Commercial paper	(mv)	Market value	T-Note	Treasury note
CIB	Capital indexed bond	NSW	New South Wales	TAS	Tasmania
CPI	Consumer price index	NSWTC	New South Wales Treasury Corporation	TASCORP	Tasmanian Public Finance Corporation
DTC	The Depository Trust Company	NT	Northern Territory	TCV	Treasury Corporation of Victoria
(fv)	Face value	NTTC	Northern Territory Treasury Corporation	US	United States of America
FRN	Floating rate note	QIC	Queensland Investment Corporation	VIC	Victoria
GDP	Gross Domestic Product	QLD	Queensland	WA	Western Australia
				WATC	Western Australia Treasury Corporation