

Funding and Markets Committee Terms of Reference

PREPARED BY QUEENSLAND TREASURY CORPORATION

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| Title: | Funding and Markets Committee Terms of Reference |
| Owner: | Committee Chair/General Counsel |
| Audience: | All QTC |
| Brief description: | The Terms of Reference for the Funding and Markets Committee (a sub-committee of the Board) sets out the responsibilities, composition and meeting requirements of the Committee |
| Date first approved: | December 2011 |
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QUEENSLAND
TREASURY
CORPORATION

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1 Background

Pursuant to clause 2 of the Instrument of Delegation dated 22 January 2009, the Queensland Treasury Corporation Capital Markets Board (“Board”) approved the establishment of the Funding and Markets Committee (“Committee”) on 14 December 2011.

This document sets out the terms of reference for the Committee including provisions about:

- the role of the Committee
- its responsibilities
- its membership, and
- its relations with QTC, the Board, the other Board committees, the internal audit function and the external auditor.

2 Purpose

The Committee is established to assist the Board in considering the performance and risk management of QTC’s funding and markets activities.

3 Authority

The Board authorises the Committee, within the scope of its responsibilities, to:

- examine any matter in relation to its objectives as it sees fit or as requested by the Board
- engage external resources if necessary to obtain independent advice in relation to Committee matters, and
- have access to all levels of management and seek information from any employee of QTC (and all employees must co-operate with any request made by the Committee) in order to carry out the Committee's responsibilities.

4 Responsibilities

The core responsibilities of the Committee are to assist the Board by making recommendations to the Board about the policy to enhance the performance and management of risk in the following funding and markets areas:

- funding accessibility (including liquidity), and
- pool performance

to support QTC's risk appetite with a focus on effectiveness and performance.

4.1 Funding

Review and assess:

- QTC's performance and ability in accessing suitable funding markets to meet the State's borrowing requirements and maintain liquidity.
- the adequacy of, and make recommendations on, QTC's Financial Markets Risk Policies where they relate to funding accessibility (including liquidity), pool performance and market counterparty credit.
- whether the risk appetite in the funding and markets area is appropriate and whether QTC's policies are consistent with the Board's approved risk appetite while still achieving appropriate performance, and

The Committee's role does not include review of compliance with policies (which is a matter for the Accounts and Audit Committee).

5 Membership of the Committee

The Committee shall have at least three members. The members shall be members of the Board as determined by the Board from time to time.

6 Chairperson of the Committee

The chairperson of the Committee shall be a member of the Committee as determined by the Board from time to time.

7 Committee Secretary

A secretary will be appointed to facilitate the Committee's meetings and reporting duties. The secretary will be responsible for the preparation and circulation of the meeting agenda and accurately minuting all decisions of the Committee, in consultation with its chairperson. The secretary will also be responsible for the timely tabling of all correspondence, reports and other information relevant to the Committee's activities and operations.

8 Ethical Practices

Members of the Committee will, at all times in the discharge of their duties and responsibilities, exercise honesty, objectivity, independence and probity and not engage knowingly in acts or activities that have the potential to bring discredit to QTC.

Members also must refrain from entering into any activity that may prejudice their ability to carry out their duties and responsibilities objectively and must at all times act in a proper and prudent manner in the use of information acquired in the course of their duties. Members must not use QTC's information for any personal gain for themselves or their immediate families or in any manner that would be contrary to law or detrimental to the welfare and goodwill of QTC.

Further, members must not publicly comment on matters relative to activities of the Committee other than as authorised by QTC.

9 Committee Meetings

9.1 Number of Meetings

Meetings of the Committee shall be held approximately four times a year. In addition, the Committee chairperson may call such meetings as and when necessary to address any matters referred to the Committee or in respect of matters the Committee wishes to pursue.

At the discretion of the Chairman, decisions may be made without a Committee meeting being held if a quorum of the Committee members entitled to vote on the decision sign either in person or through the use of technology, a document containing a statement that they are in favour of or opposed to, as the case maybe, the decision set out in the document. The decision for or against is made when a majority of a quorum of the Committee members sign either in person or through the use of technology for or against that decision.

Separate counterpart copies of a document may be used for signing by Committee members provided the wording of the decision and statement is identical in each copy.

9.2 Quorum

A majority of members must be present to provide a quorum.

A member may be present at a meeting in person or by technology such as telephone or videoconference.

9.3 Agenda

Three working days prior to the secretary will circulate to members an agenda detailing the matters to be discussed and any relevant documentation.

9.4 Collective Decisions

Decisions of the Committee shall be regarded as its collective decision or advice unless there is a material dissension, in which case a minority view will be recorded in the minutes of the meeting and placed before the Board.

9.5 Minutes

Minutes of meetings must be prepared and distributed to Committee members as soon as possible after the conclusion of the meeting and, subject to any agreed amendments, shall be confirmed as an accurate record of the meeting at the next subsequent meeting of the Committee.

9.6 Other Attendees

The Committee chairperson may request QTC officers, internal or external auditors or other external parties to attend a meeting of the Committee.

10 Reporting

The Committee reports to the Board.

Copies of the confirmed minutes of a meeting of the Committee shall be provided to the Board at the next convenient Board meeting.

The Committee shall prepare prompt and timely reports to the Board outlining relevant matters that have been considered by it, as well as the Committee's opinions and recommendations thereon.

As soon as practicable after the end of each financial year, the Committee shall provide to the Board, a report about the Committee's operations for the year. The report will summarise the performance and achievements of the Committee for the financial year.

A summary of the role and achievements of the Committee shall be included in QTC's annual report.

11 Evaluation of Committee Actions

Annually, the Committee chairperson shall facilitate the assessment of the performance of the Committee and take appropriate action in respect of areas where there is a perceived need for enhancement of its role, operational processes or membership.

12 Relationship with Other Committees

To the extent that there is any overlap in the responsibilities of the Committee and the other committees of the Board, those committees shall, directly or through the Board or management, endeavour to ensure that the overlap is dealt with in an appropriate manner and shall refer any issues that relate more appropriately to another committee to that other committee.

Each committee shall consult, where necessary, with the other committees to ensure that the committees' plans are consistent with each other and with the QTC corporate plan.

13 Relationship with Internal and External Audit

The Committee has no power of direction over internal or external audit or the manner in which the internal or external audit is planned and undertaken.

14 Cooperation with Committee

Each QTC employee must provide full, frank and meaningful advice on any issue raised by the Committee within a reasonable time of receiving such a request and shall cooperate fully with the activities of the Committee in all other respects. The annual report of the Committee will include a statement as to the extent of cooperation provided to the Committee during the year.

15 Review

The Committee shall review these Terms of Reference annually and recommend to the Board that the revised or continuing Terms of Reference be adopted.