

INVESTOR BOOKLET



QUEENSLAND
TREASURY
CORPORATION



Queensland Treasury Corporation (QTC) is the Queensland Government's central financing authority and corporate treasury services provider, with responsibility for:

- sourcing and managing the debt funding to finance Queensland's infrastructure requirements in the most cost-effective manner, and
- providing financial and risk management advice and services to the Queensland Government and Queensland's public sector bodies (our clients).

In its funding role, QTC borrows funds in the domestic and international financial markets by issuing a variety of debt instruments.

QTC is the largest Australian semi-government issuer of Australian dollar denominated bonds.

All data and charts in this book are as dated. Unless indicated otherwise, Queensland charts refer to financial years (1 July - 30 June) rather than calendar years. All charts have been created in Thomson Reuters Datastream.

Forecasts and projections:

- Queensland Government economic forecasts refer to 2017-18 and 2018-19
- Queensland Government economic projections refer to 2019-20 and 2020-21
- Queensland Government fiscal projections refer to 2018-19 to 2020-21
- Australian Government fiscal and economic estimates refer to 2017-18 to 2018-19
- Australian Government fiscal and economic projections refer to 2019-20 and 2020-21

EDITION AS AT 30 JUNE 2017



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AUSTRALIA



Australia

OVERVIEW

Australia is a stable, democratic society with a skilled workforce and a diversified, competitive economy. With a population of more than 24 million, Australia is the only nation to govern an entire continent and is the sixth largest country in the world by land area. Australia's multicultural society includes its indigenous peoples and migrants from some 200 countries worldwide. Its workforce is relatively large and highly trained, with many senior managers and technical staff possessing international experience. Three quarters of Australia's workforce has university, trade or diploma qualifications.

Government

Australia has six states (Queensland, New South Wales, Victoria, Tasmania, South Australia and Western Australia) and two territories (the Northern Territory and the Australian Capital Territory). The capital of Australia is Canberra, which is located in the Australian Capital Territory.

Australia has three levels of government: federal, state and local. The federal and state systems of government derive from the British Westminster system, although many features of Australia's Constitution are based on the United States' Constitution.

Under Australia's Constitution, the legislative power of the Commonwealth of Australia is vested in the Parliament of the Commonwealth, which consists of the Queen, the Senate, and the House of Representatives.



Australia – Quick facts

Land area	7.69 million km ²
Population (December 2016)	24.4 million
Language	English
Currency	Australian dollar (AUD)
Gross Domestic Product (year ended March 2017)	AUD1,685 billion (USD1,268 billion)
Flight time: Brisbane to Perth	5 hours
Fight time: Brisbane to Hong Kong	8 hours 45 minutes
Fight time: Brisbane to Tokyo	9 hours 30 minutes
Fight time: Brisbane to London	Approximately 22 hours
Fight time: Brisbane to New York (via Los Angeles)	Approximately 22 hours
Workforce* (May 2017)	12.2 million
Headline inflation rate (year ended March 2017)	2.1%
Overseas visitors (12 months to April 2017)	8.5 million

* Total number of people employed.

Data source: Australian Department of Foreign Affairs and Trade, Australian Bureau of Statistics, and Bloomberg.

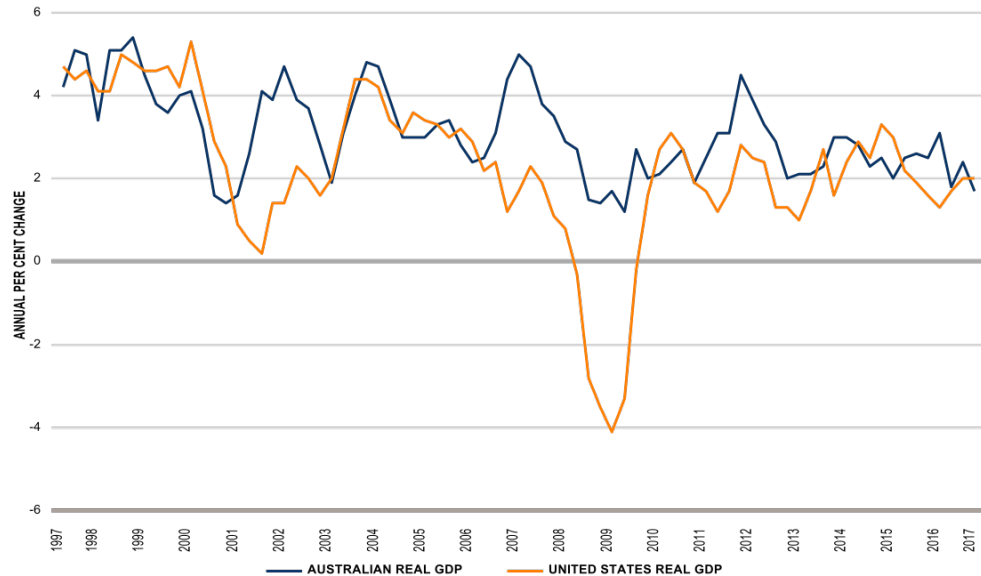


The Australian economy has consistently outperformed the US economy since 2000.

Australia's economic standing

GROWTH

Australia's economic growth compared to the United States



As at 31 March 2017, quarterly data.

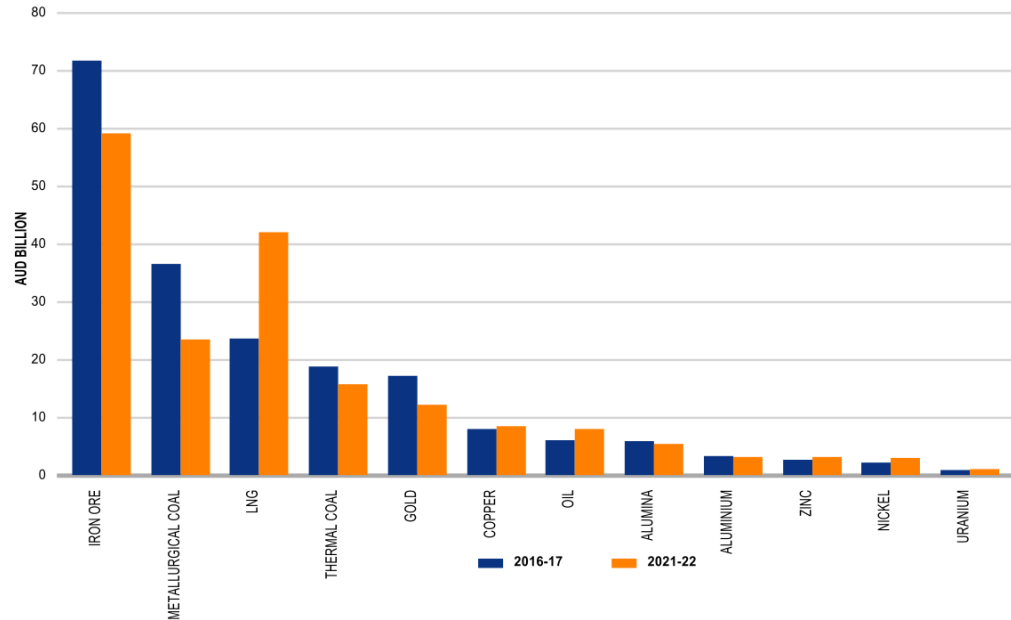
Data source: Bloomberg



EXPORTS

Value of Australia's resources exports

Iron ore and coal are Australia's largest resource exports by value. However, over the next five years significant growth in liquefied natural gas (LNG) exports is expected.



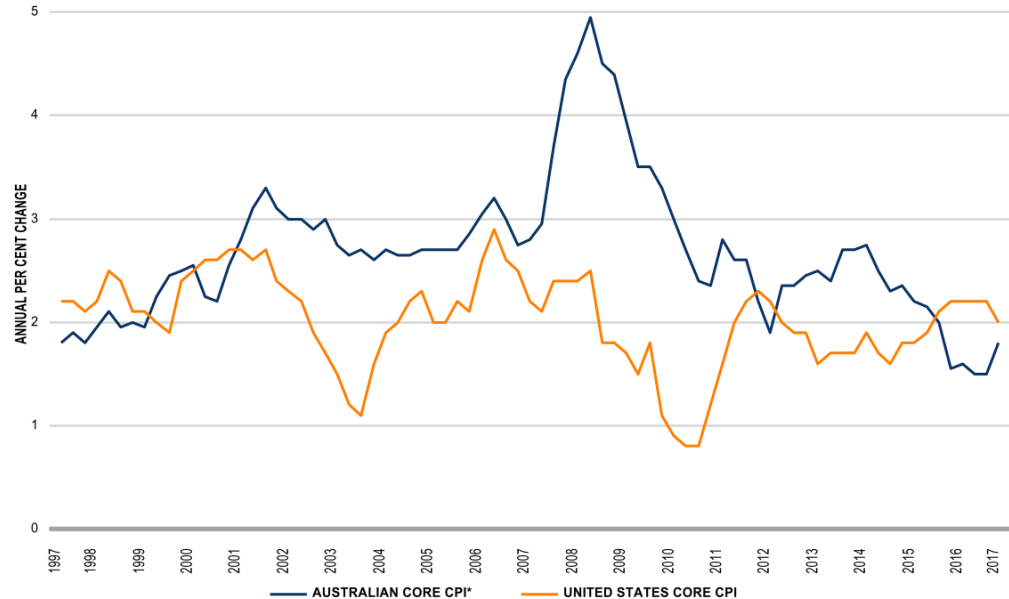
Data source: Department of Industry, Innovation and Science, Resources and Energy Quarterly Report, March 2017 (data released annually as at December).



INFLATION

Australia's core Consumer Price Index* (CPI) compared to the United States

Australia's annual core inflation rate was 1.8 per cent in the March quarter 2017 and is expected to remain toward the bottom of, or slightly below, the Reserve Bank of Australia's 2-3 per cent target band until 2019.



As at 31 March 2017

*Australian core CPI is the average of the RBA's two statistical measures of underlying inflation.

Data source: Bloomberg



QUEENSLAND



Queensland is nearly five times the size of Japan, seven times the size of Great Britain, and two and a half times the size of Texas.

Queensland

OVERVIEW

Queensland is Australia's second largest state by land area, covering more than 22 per cent of the continent. The economy is the third largest in Australia, after New South Wales and Victoria.

Queensland's natural wonder, the Great Barrier Reef, extends over some 2,000km, covering more than a quarter of the state's 7,400km of coastline. With a population of 4.79 million, more than 20 per cent of Australians live in Queensland. Around three million Queenslanders live in the state's south-east corner.

Queensland – Quick facts

Land area	1.73 million km ²
Queensland population (as at December 2016)	4.79 million
Brisbane population* (preliminary estimate as at 30 June 2016)	2.35 million
Language	English
Currency	Australian dollar (AUD)
Gross State Product (year ending 30 June 2016)	AUD316 billion (USD230 billion)
Gross State Product, annual growth rate (long-run trend)	4.3%
Flight time: Brisbane to Sydney	1.5 hours
Workforce** (May 2017)	2.38 million
Inflation rate (year ending 31 March 2017)	1.8%
Overseas tourism visitor nights (year ending March 2017)	34.7 million

* Greater capital city statistical area ABS 3101.0.

** Total number of people employed.

Data source: Tourism Research Australia, ABS, RBA, Queensland State Accounts.

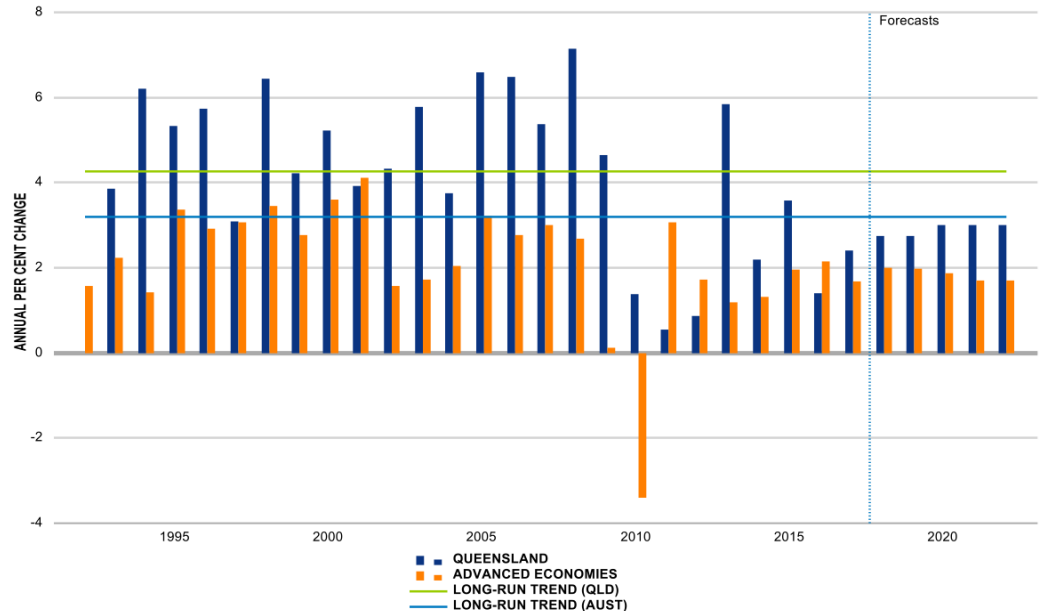


Queensland's economic standing

GROWTH

Queensland's economic growth compared to advanced economies¹

Queensland's rate of economic growth has consistently outperformed the average of other advanced economies since the early '90s, a trend that is forecast to continue.



¹ Advanced economy data are in calendar year terms, while Queensland data is financial year terms. Advanced economy data is constant prices. QLD data is Chain volume measure (CVM), 2014-15 reference year.

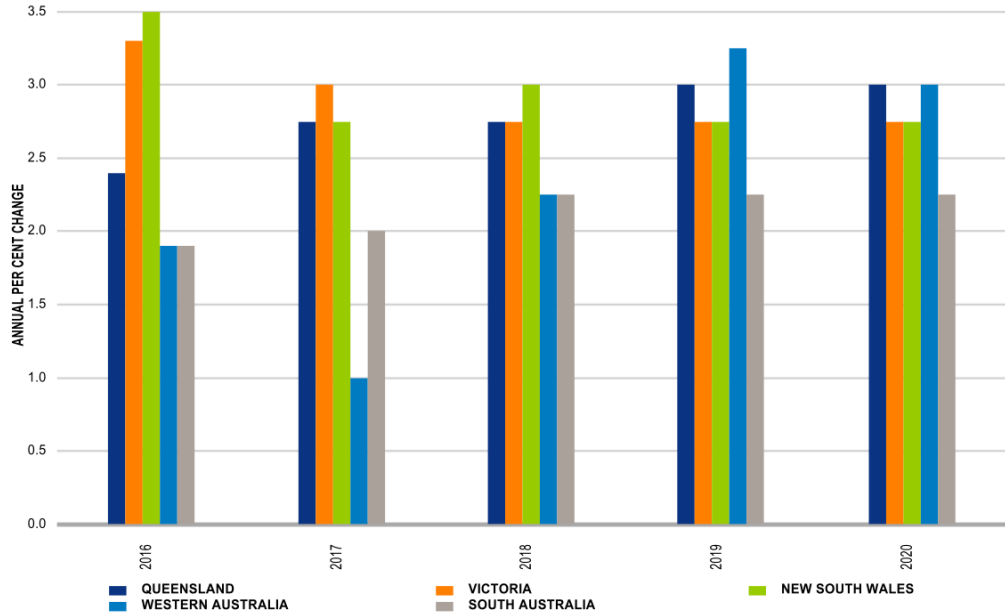
Data sources: IMF, Queensland State Accounts, Queensland Treasury

Note: 2016-17 is an estimate as at June. 2017-18 onwards are forecasts / projections.



Queensland is forecast to be one of the strongest growing states in Australia over the next few years.

Queensland's economic growth compared to other states¹



¹ Growth is in real terms

Data sources: Various state budgets and mid-year reviews



DIVERSE ECONOMY

Australian states' economic output by sector¹

Similar to Australia, Queensland has a diverse economy with no single sector making up more than 12 per cent of output.

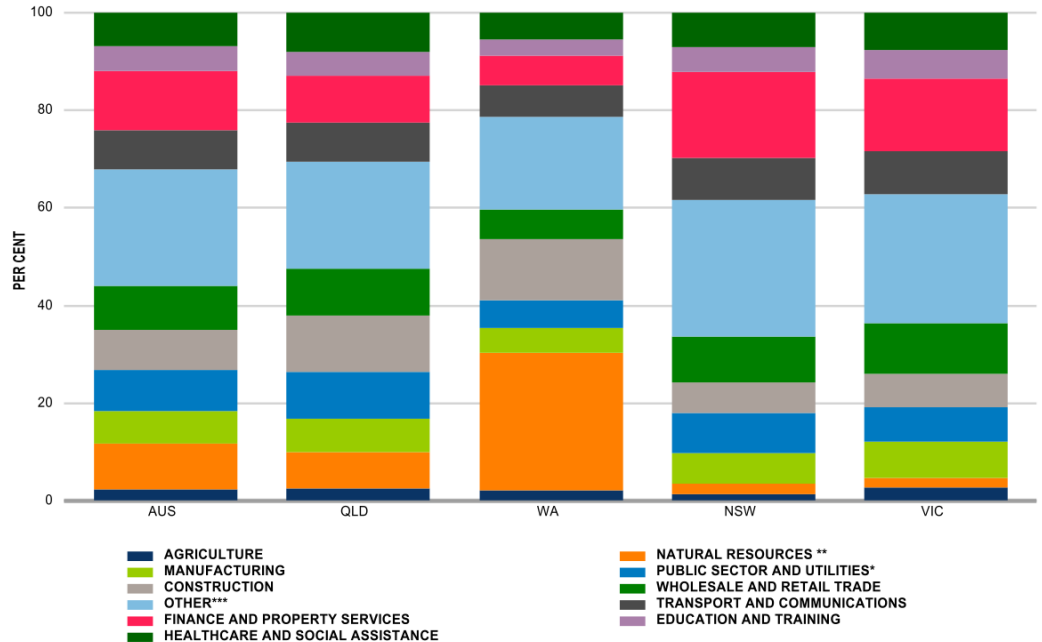
¹2015-16, Gross Value Added, chain volume measure (CVM), 2014-15 reference year.

* Public sector and utilities includes: public administration and safety; and electricity, gas, water, waste services.

**Natural resources includes the extraction of naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas.

***Other includes: dwellings; professional, scientific and technical services; accommodation and food services; other services; administrative and support services; arts and recreation.

Data source: ABS





Following an unprecedented resources investment boom, the Queensland economy continues its transition to more broad-based growth.

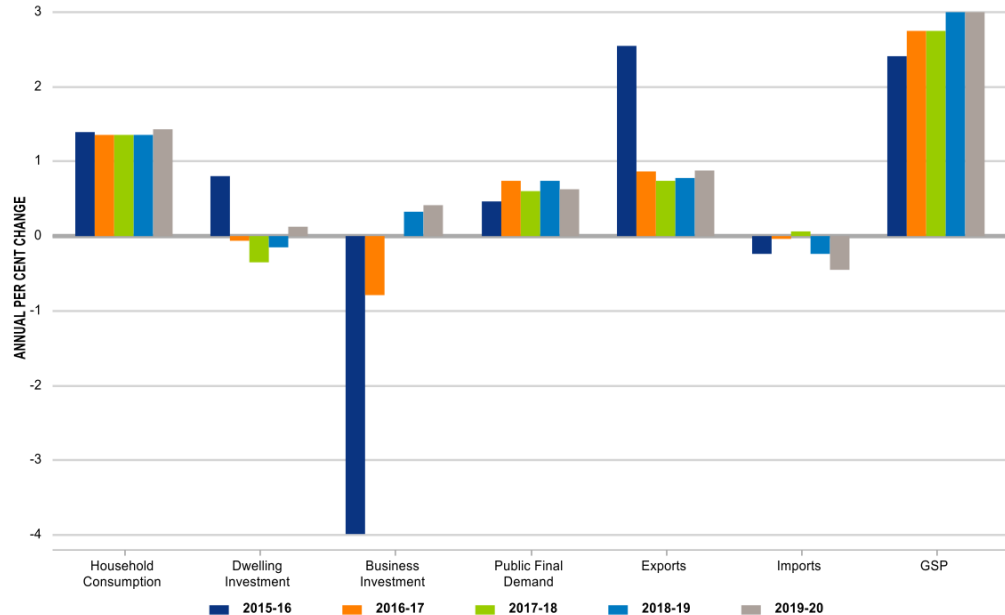
With LNG exports plateauing, an anticipated recovery in business investment and a solid contribution from public sector capital spending should support stronger domestic activity over the period ahead.

¹ Chain volume measure (CVM), 2014-15 reference year.

Data source: Queensland State Accounts, Queensland Treasury.

Note: 2016-17 is an estimate. 2017-18 onwards are forecasts / projections.

Contributions to growth in Queensland's Gross State Product¹



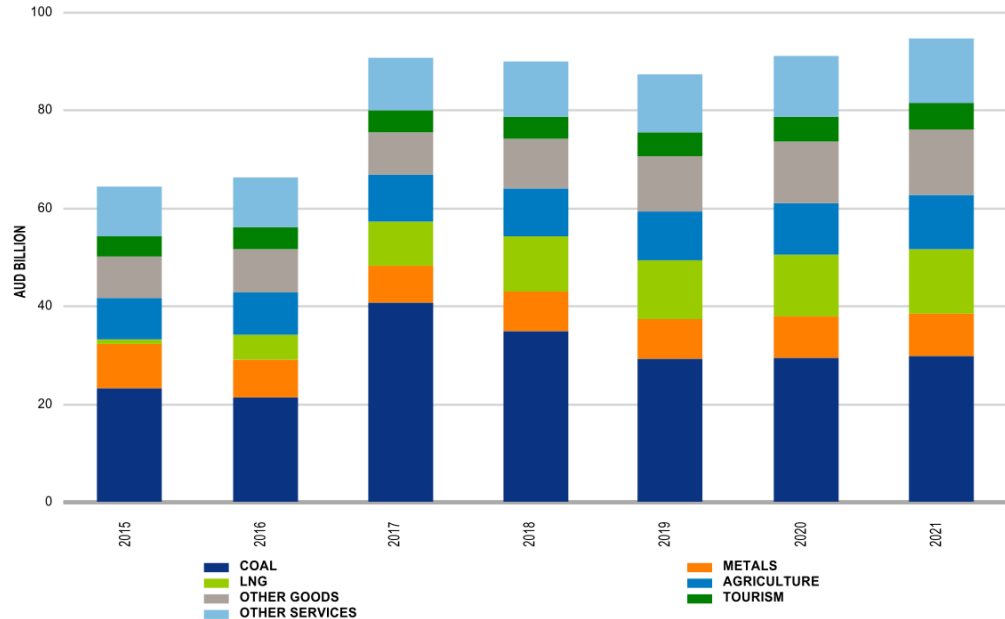


Economic drivers

EXPORTS

Queensland's total exports¹

A spike in coal prices is set to drive an increase in coal exports in 2016-17 and 2017-18. LNG exports have increased significantly over the past few years as production has ramped up, however, are expected to plateau from 2018-19 as production reaches capacity.



¹ Nominal terms (\$ billions)

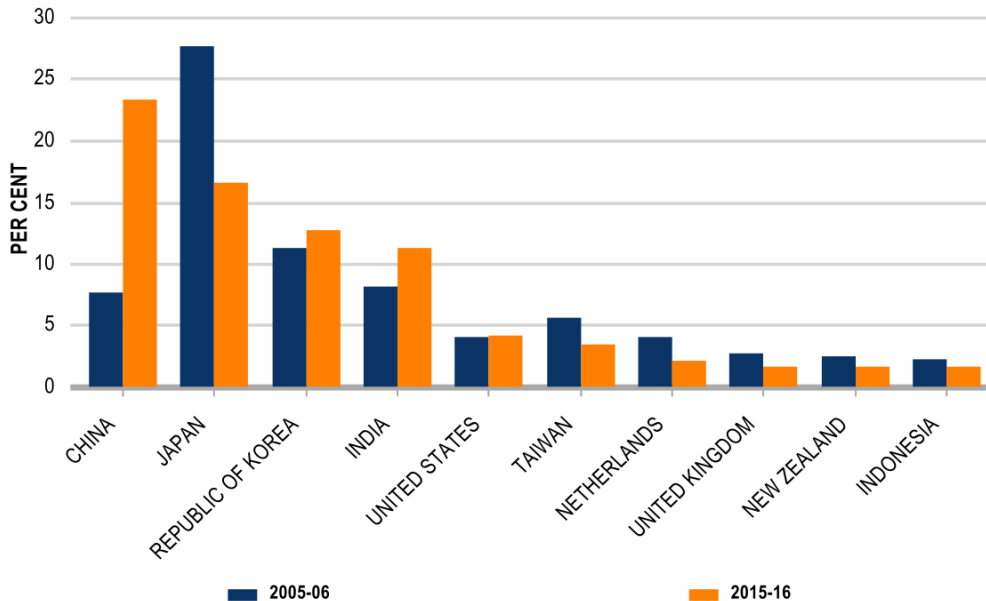
Data sources: ABS unpublished trade data, Queensland Treasury

Note: 2016-17 is an estimate. 2017-18 onwards are forecasts / projections.



Asia remains Queensland's most important export market, accounting for more than three-quarters of Queensland's exports in 2015-16.

Queensland's goods exports by country¹



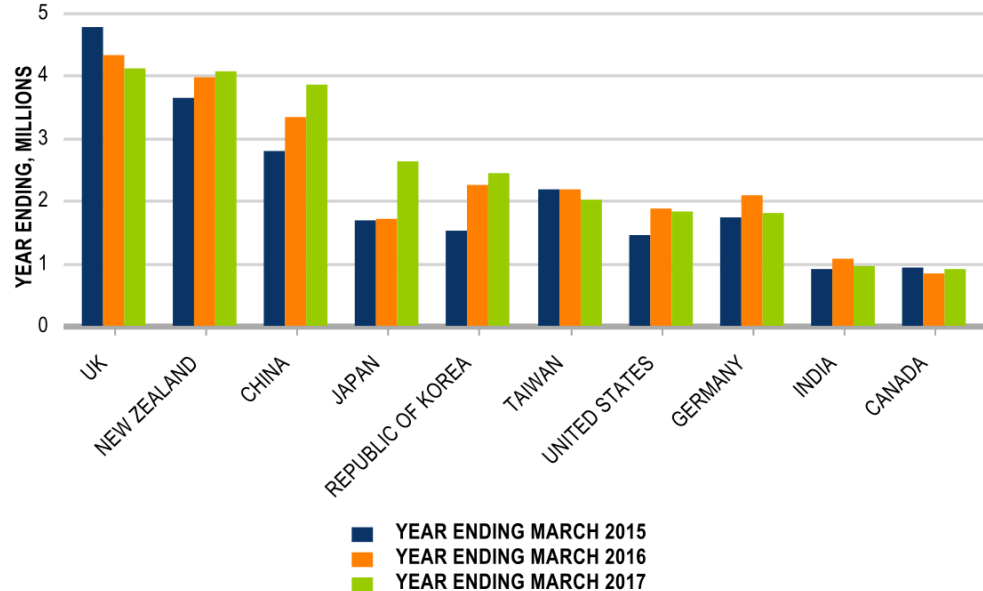
¹ Share of total goods exports, per cent.

Data sources: ABS unpublished trade data, Queensland Treasury



Queensland's international tourist nights by country of origin

Strong growth in overseas visitor nights over the past two years has been driven by increases in the number of visitors from a range of countries including China and India. This trend has been supported by rising levels of disposable income and a falling Australian dollar and should continue into the future as the Asian middle class continues to grow.



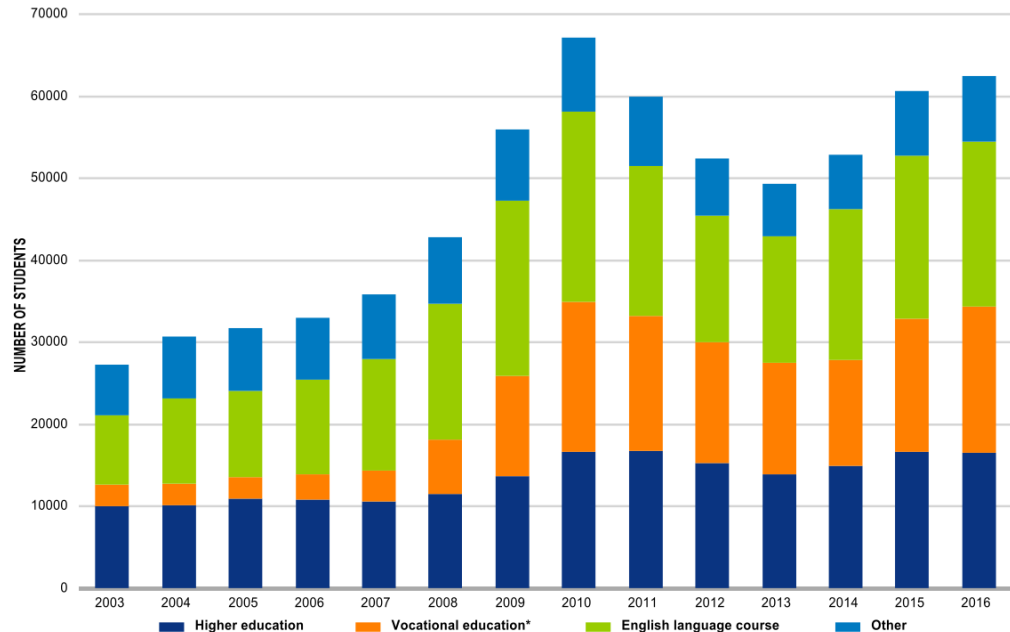
Data sources: Tourism Research Australia



EDUCATION

Queensland's services exports (education): overseas student commencements

Strong increases in overseas vocational education and English language course student commencements have driven education exports in Queensland in recent years.



As at 30 June 2016

*Vocational education is tertiary education and training that provides accredited training in job ready and technical skills.

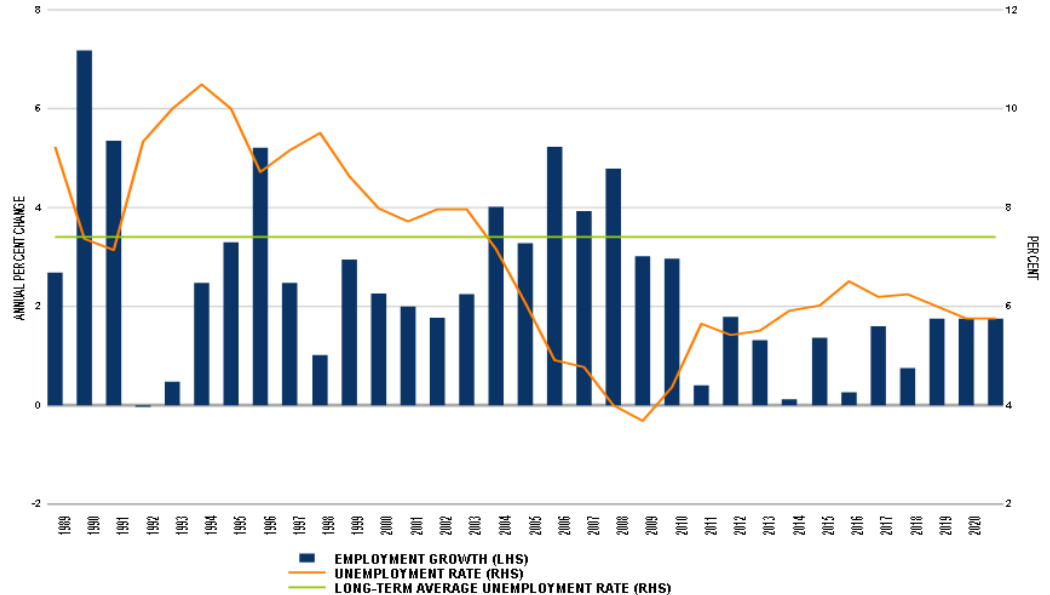
Data source: Austrade.



LABOUR MARKET

Queensland's labour market

With a moderation in key labour intensive sectors in coming years, employment growth is likely to remain modest, as is the case nationally. After a period of stabilisation, Queensland's unemployment rate is expected to fall to 6 per cent by June quarter 2019, consistent with stronger state final demand and employment growth by this time.



Data sources: ABS, Queensland Treasury

Notes: Employment growth over the year to June quarter and the unemployment rate is for the June quarter in each year.



DEMOGRAPHICS

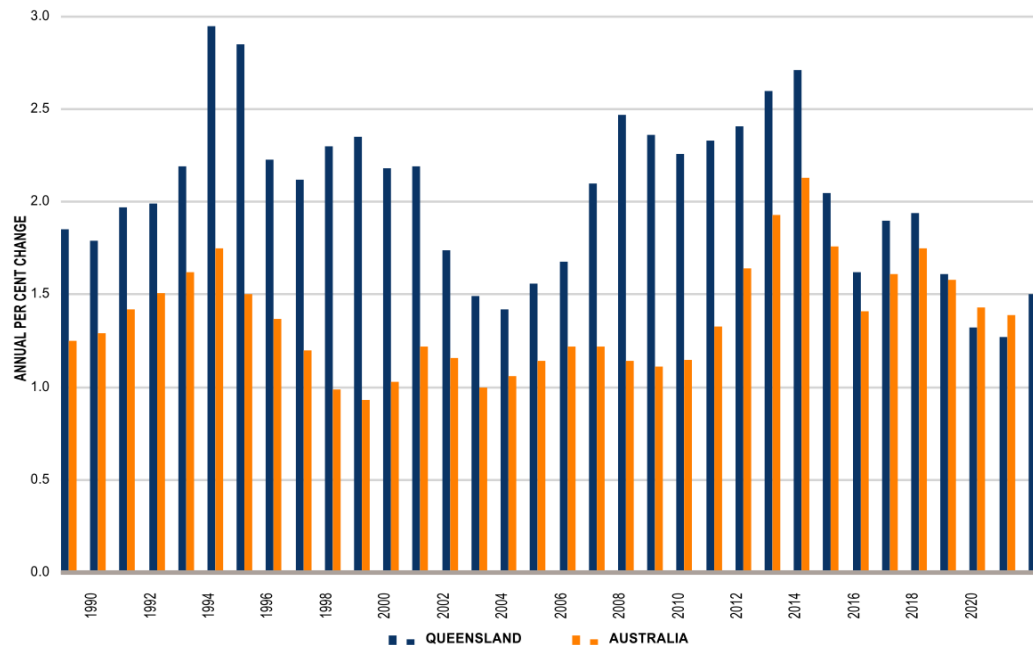
Queensland's population growth compared to Australia's¹

After slowing to 1.3 per cent in 2015-16 as the resources investment boom subsided, Queensland's population growth is forecast to average around 1½ per cent per annum over the forward estimates, broadly in line with that forecast nationally. Greater housing affordability in Brisbane is likely to lead to further strengthening in net interstate migration over the forward estimates.

¹ Australia's population growth forecasts/projections, which are as at 31 December for a given year, are not directly comparable to Queensland's forecasts/projections which are in year-average terms.

Data sources: ABS, Queensland Treasury, Australian Treasury

Note: 2016-17 is an estimate. 2017-18 onwards are forecasts / projections.



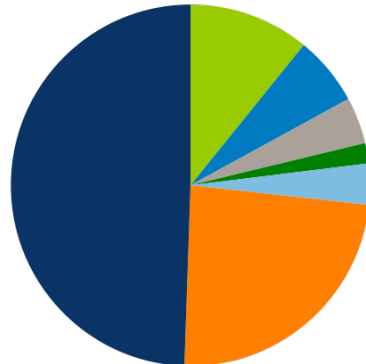


Queensland's fiscal position

REVENUES

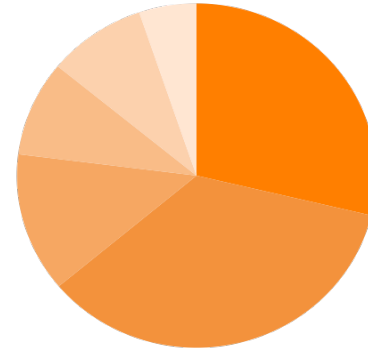
Total grants* of around AUD27 billion (including those from the Australian Government) are expected to account for approximately 50 per cent of Queensland's total government revenue in 2017-18.

Queensland budgeted revenues¹ 2017-18: AUD56 billion



- SALES OF GOODS AND SERVICES (10.9%)
- ROYALTIES AND LAND RENTS (6.2%)
- INTEREST INCOME (4.2%)
- OTHER REVENUE (1.8%)
- DIVIDEND AND TAX EQUIVALENT REVENUE (3.7%)
- TAXATION REVENUE** (23.8%)
- GRANTS* (49.5%)

Queensland budgeted taxation revenues¹ 2017-18: AUD13 billion



- PAYROLL TAX (28.7%)
- DUTIES (35.2%)
- MOTOR VEHICLE REGISTRATION (13.1%)
- LAND TAX (9%)
- GAMBLING TAXES AND LEVIES (8.9%)
- OTHER TAXES (5.2%)

¹ May not add to 100 per cent due to rounding.

* Grants from the Australian Government are almost evenly split between general and specific purpose payments. General purpose payments include GST revenue grants and associated payments, are 'untied' and used for both recurrent and capital purposes. Specific purpose payments are used to meet Australian Government and shared policy objectives.

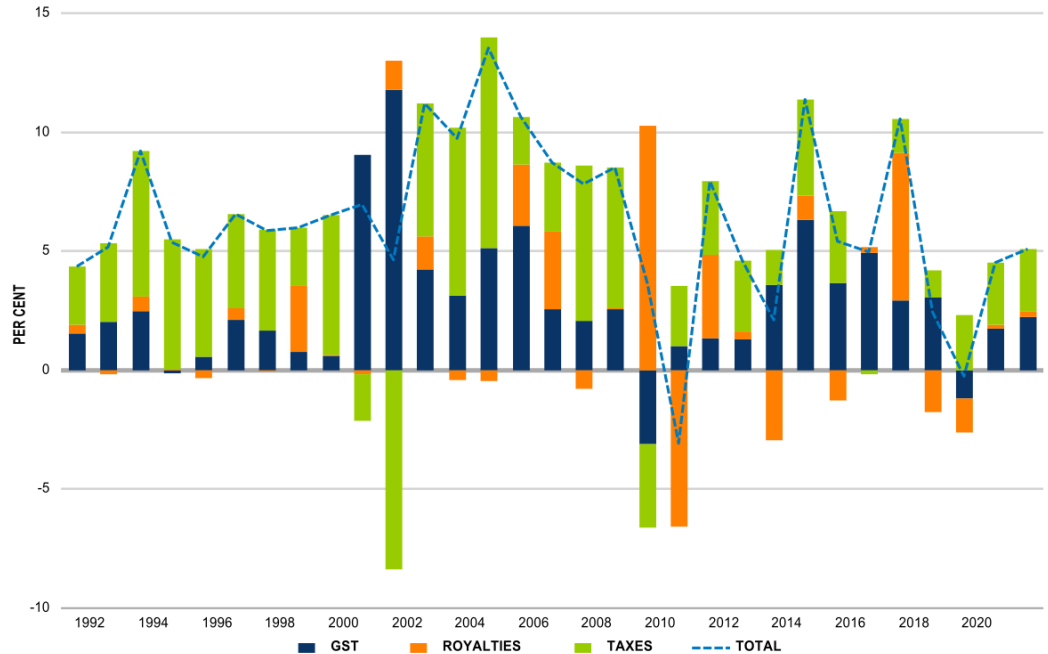
** This comprises the taxes and levies listed in the budgeted taxation revenues chart.

Data source: Queensland Government 2017-18 Budget



The key revenue sources of GST, royalties and taxes are expected to grow at rates more consistent with long-run average rates over the coming years, as opposed to the rapid pace of growth observed for most of the 2000s.

Contribution of key items to revenue growth



Note: Financial year from 1 July to 30 June

Data source: Queensland Treasury



AUSTRALIAN GOVERNMENT FISCAL SUPPORT

Horizontal fiscal equalisation involves the payments of grants (from the revenue raised from the Goods and Services Tax (GST)) to Australian states and territories with the aim of giving all states the capacity to provide services and associated infrastructure to the same standard.

In 2017-18 grants from the Australian Government will account for 49.5 per cent of Queensland's revenue.

Australia is one of only nine countries with a AAA credit rating from all three major ratings agencies; Standard & Poor's, Moody's Investors Service and Fitch Ratings.

The Australian Government provides explicit financial support to all Australian states and territories in the form of:

- the payment of grants under the principle of the Horizontal Fiscal Equalisation scheme
- the Australian Government's Natural Disaster Relief and Recovery Arrangements, which provides partial reimbursement for eligible costs incurred as a result of natural disasters, and
- the offer of a time-limited, voluntary guarantee over Australian state and territory borrowings from July 2009 to December 2010.

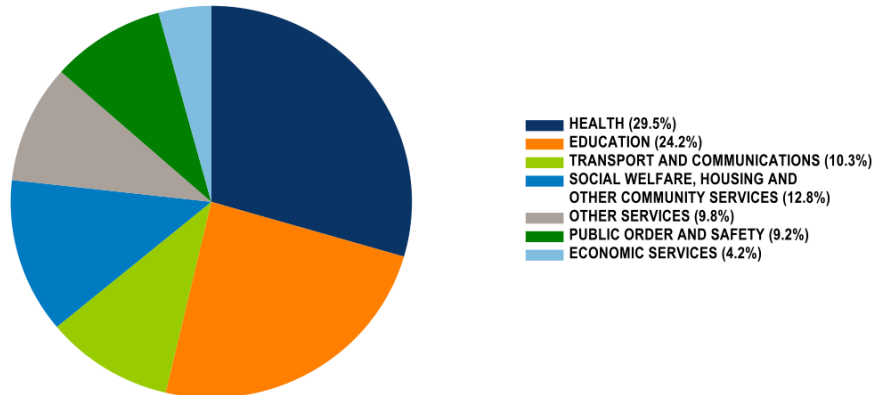
See Appendices for more information on tax sharing arrangements and ratings.



EXPENSES

Queensland budgeted expenses¹ 2017-18 **AUD56 billion**

Health and education make up more than half of the State's 2017-18 budgeted expenses.



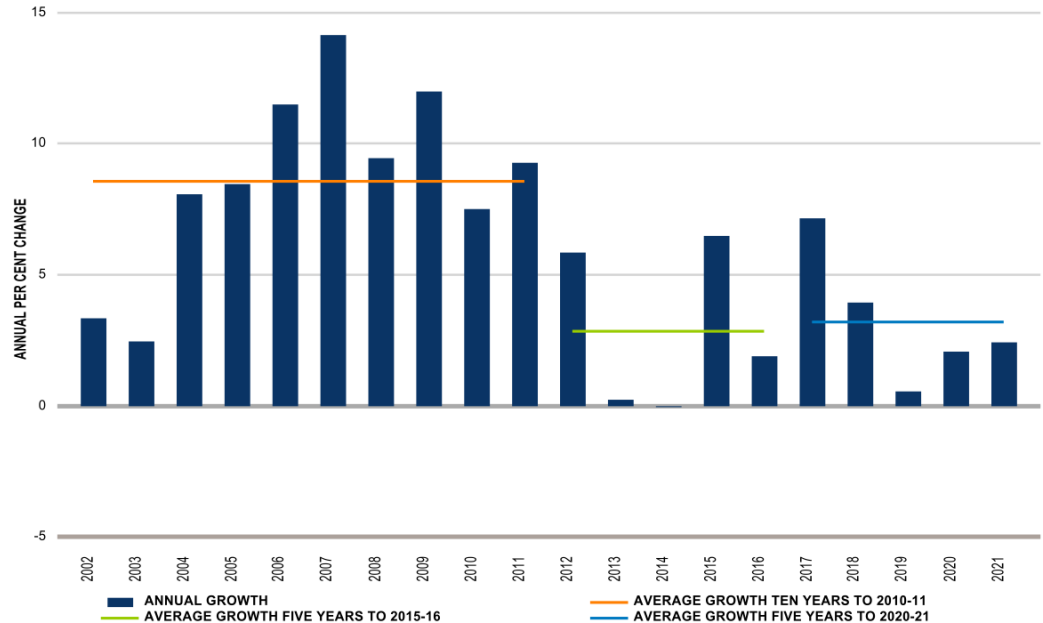
¹ May not add to 100 per cent, due to rounding.

Data source: Queensland Government
2017-18 Budget



Queensland has and will continue to implement strong expense management.

Annual growth in general government sector expenses



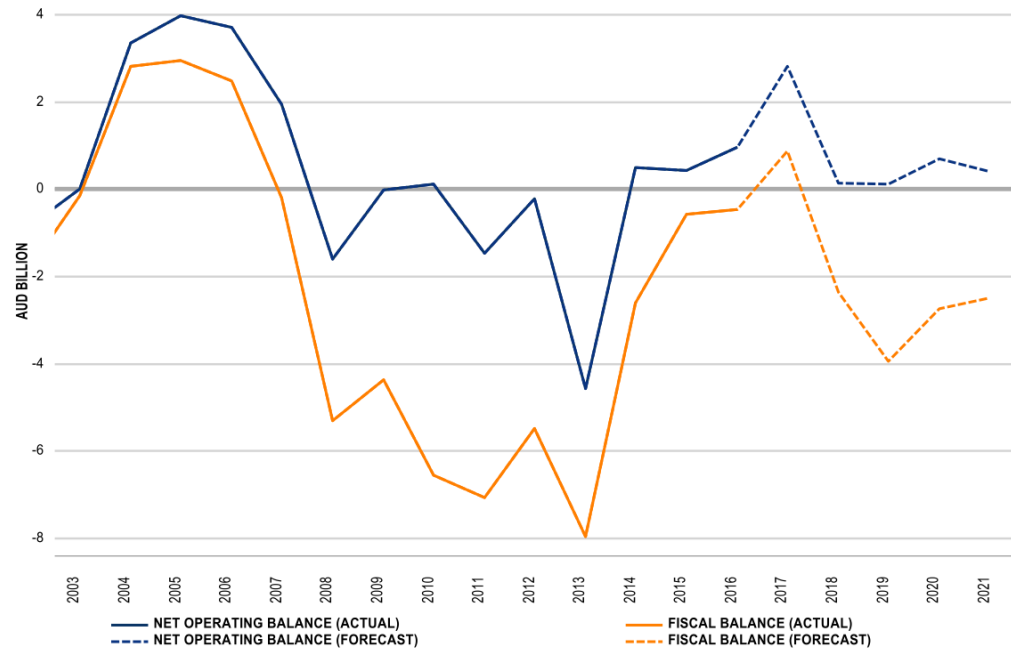
Data sources: Actuals data from Queensland Treasury. Forecasts and projections from the Queensland Government 2017-18 Budget.



BUDGET BALANCE

General government sector net operating and fiscal balances

Net operating surpluses are expected in each year of the forward estimates.



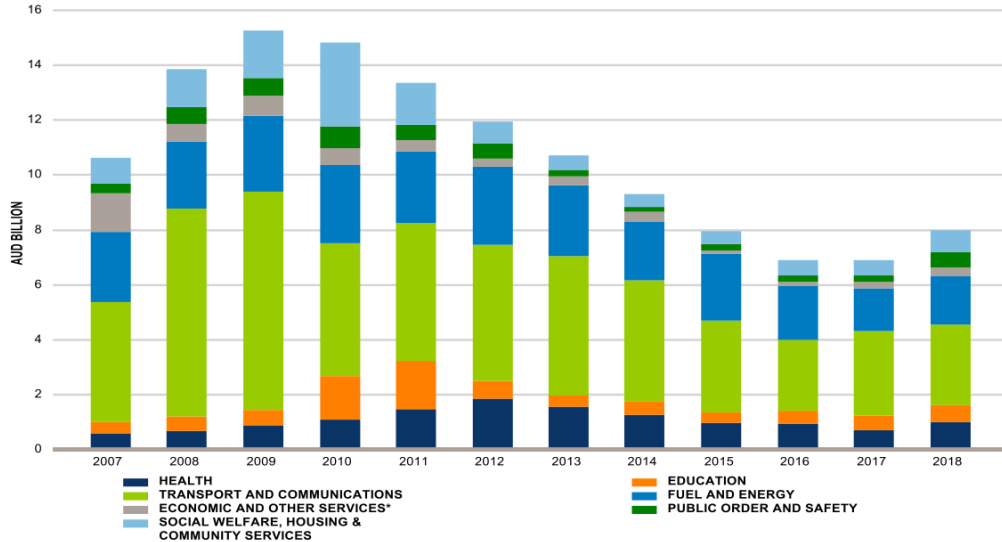
Data sources: Actuals data from Queensland Treasury. Forecasts and projections from the Queensland Government 2017-18 Budget.



GOVERNMENT CAPITAL EXPENDITURE

Queensland's disaggregated state infrastructure spending

Spending on improving Queensland's 'transport and communication' and 'fuel and energy' infrastructure comprises the bulk of the Government's budgeted capital works program in 2017-18.



*Mainly includes general government sector equipment investment expenditures on economic services and those not classified elsewhere.

Data sources: Actuals data from Queensland Treasury. Forecasts and projections from the Queensland Government 2017-18 Budget.



Moody's Investor Service rating outlook for Queensland was revised from negative to stable on 20 April 2017.

Data source: Standard & Poor's: Research Update: Ratings on The State of Queensland, 10 November 2016.

Data source: Moody's Investors Service: Credit Opinion: Queensland (State of) Australia, 20 April 2017.

Note: Information on Queensland's domestic and international peers' credit ratings can be found in the Appendices.

Credit ratings

RATINGS AGENCIES RATIONALE

STANDARD & POOR'S
AA+/Stable/A-1+

Summary rating rationale

'Queensland has exceptional liquidity, a very strong economy, strong financial management and budgetary performance, and low contingent liabilities. The State's strong financial management has improved its budgetary performance and achieved operating surpluses by controlling expenditure growth. The stable outlook reflects our expectation that the State's financial management will remain strong and its budgetary performance will continue to improve compared to recent years.'

MOODY'S INVESTORS SERVICE
Aa1/Stable/P-1

'The rating reflects Queensland's financial performance which has shown improvements in recent years. The rating also reflects an easing in the state's debt burden from previously elevated levels. Moreover, the state's debt burden is projected to decline further. Queensland is unique among Australian states in that it has substantial financial holdings that are more than sufficient to fully fund its superannuation obligations. Credit is also supported by the state's growing and diverse economy.'

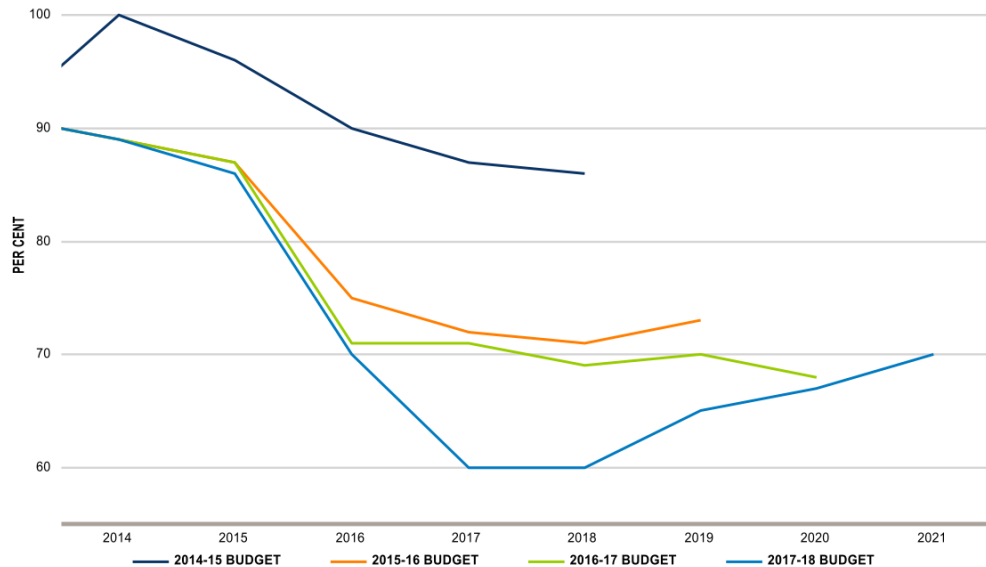


General government debt to revenue ratio

One of the Government's fiscal principles is to target an ongoing reduction in Queensland's debt burden, as measured by the general government debt to revenue ratio.

This ratio is expected to be materially lower than was expected from the 2014-15 Budget. This reflects the Government's Debt Action Plan announced in the 2015-16 Budget, followed up in the 2015-16 MYFER* and 2016-17 Budget.

Other key fiscal ratios can be found in the Appendices.



Data source: Various Queensland Government Budgets

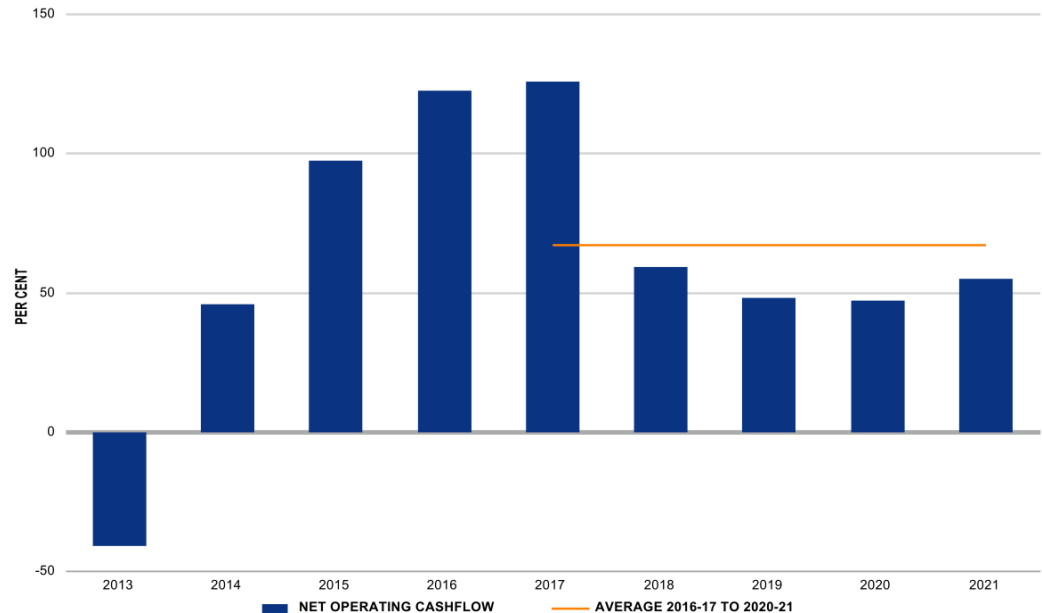
*Mid Year Fiscal and Economic Review



One of the Government's fiscal principles is to target net operating surpluses that ensure any new General Government sector capital investment is primarily funded through recurrent revenues rather than borrowing.

Across the period 2017-18 to 2020-21, the proportion of the capital program that is projected to be funded via net cash inflows from operating activities is 52 per cent.

General Government Sector net operating cash flow as a proportion of capital expenditure



Data source: Queensland Government 2017-18 Budget.



Summary of key points

The State of Queensland:

- has a diverse economy with services making up a significant proportion of total output
- has an economy which is expected to grow in line with the national average over the next few years
- has a stable revenue stream in the form of grants it receives from the Australian Government
- has General Government debt levels that have fallen over the past few years
- has an ongoing General Government capital works program, which will be funded primarily through recurrent revenue as opposed to borrowing, and
- is rated AA+/Stable/A-1+ and Aa1/Stable/P1 by Standard & Poor's and Moody's Investors Service respectively.

See Appendices for more information on tax sharing arrangements and ratings.



The Queensland Coat of Arms, represented in Queensland Treasury Corporation's logo, was granted by Queen Victoria in 1893 and symbolises her constitutional authority for the State.

At the top, the State badge is surrounded by two stems of sugar cane. Below the badge, the shield features the heads of a bull and a merino ram, a sheaf of wheat, and a column of gold rising from a pile of quartz, over a spade and pick. These elements symbolise Queensland's strong agricultural and mining industries.

In 1977, during her Silver Jubilee year, Queen Elizabeth II granted the Arms two 'supporters', a red deer and Queensland's native brolga.

The State motto, *Audax at Fidelis*, means 'Bold but Faithful'.

QUEENSLAND TREASURY CORPORATION

Queensland Treasury Corporation

ROLE

- Founded in 1988, Queensland Treasury Corporation (QTC) is a corporation sole, constituted by the Under Treasurer in accordance with the Queensland Treasury Corporation Act 1988.
- QTC has responsibility for the State of Queensland's debt funding and financial risk management. In its funding role, QTC borrows funds in the domestic and international markets by issuing a variety of debt instruments.
- QTC's whole-of-State focus means it is able to capture significant economies of scale and scope in the issuance, management and administration of the State's debt.

GUARANTEES

Queensland State Government Guarantee

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

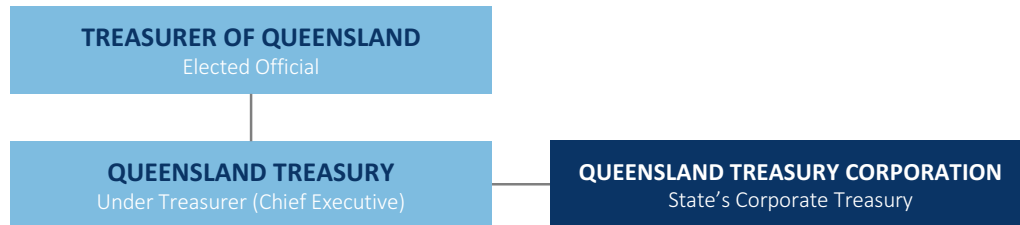
- all of QTC's obligations under all debt securities issued by QTC, and
- QTC's payment obligations to counterparties under derivative transactions governed by ISDA agreements.

All QTC debt obligations carry the same credit rating as the Queensland Government (AA+/Aa1).

See Appendices for further details

Overview

OPERATIONAL FRAMEWORK



Queensland Treasury's role is to:

- provide core economic and fiscal advice to the State Government of Queensland
- assist Government with the management of its finances
- prepare an annual State Budget
- collect and administer State revenue, and
- conduct economic and statistical research.

Queensland Treasury Corporation's role is to:

- source and manage the debt funding for the State in the most cost effective manner
- provide financial risk management advice, and
- invest the State's short to medium-term cash surpluses to maximise returns to clients.

CONSOLIDATED ASSET BASE (MARKET VALUE – UNAUDITED, AS AT 31 MAY 2017)

	Capital markets operations	Long term assets [#]	QTC consolidated
	AUD bn [^]	AUD bn [^]	AUD bn
Loan to clients	89.1	-	89.1
Liquidity/management reserves*	11.2	-	11.2
Sub-total	100.3	-	100.3
Assets under management-client deposits	7.8	-	7.8
Other managed investments [#]	-	32.0	32.0
Total	108.1	32.0	140.1

Clients

- Principally Queensland’s public sector (also entities guaranteed, supported or approved by the State).
- 150 borrowing clients (government-owned corporations, government departments, local governments and statutory bodies).
- 190 investors in QTC’s Capital Guaranteed Cash Fund (government-owned corporations, government departments, local governments and statutory bodies).

Cost recovery business model

- As the State’s central financing authority, QTC operates on a cost recovery basis.

As at 31 May 2017

[^]Amounts stated at market value.

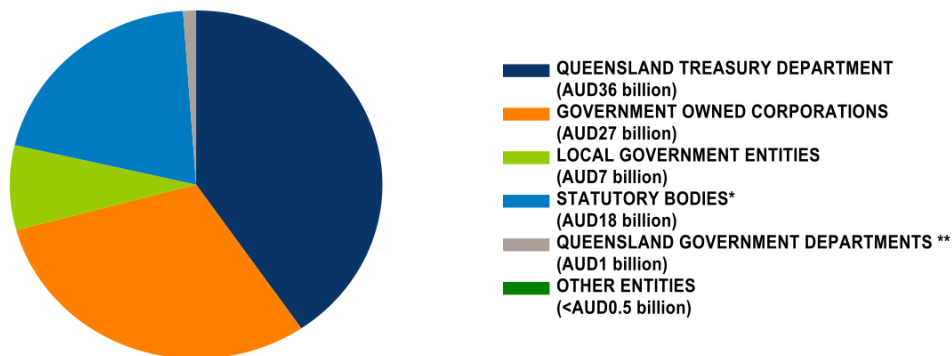
* Excludes any QTC bonds held as assets.

[#] The Queensland Government transferred to QTC the States’ long-term assets which are held to meet the future superannuation and other long-term obligations of the State. These assets are managed by QIC Limited.

LOAN TO CLIENTS (UNAUDITED)

Loans to clients¹ (market value)
AUD89.1 billion

Since 1988, QTC has funded the State of Queensland's public sector capital works programs.



As at 31 May 2017

¹ Figures are rounded.

* Includes Queensland water entities, universities, grammar schools and water boards.

** Includes other bodies within the public accounts.

GOVERNANCE AND RISK MANAGEMENT PRACTICES

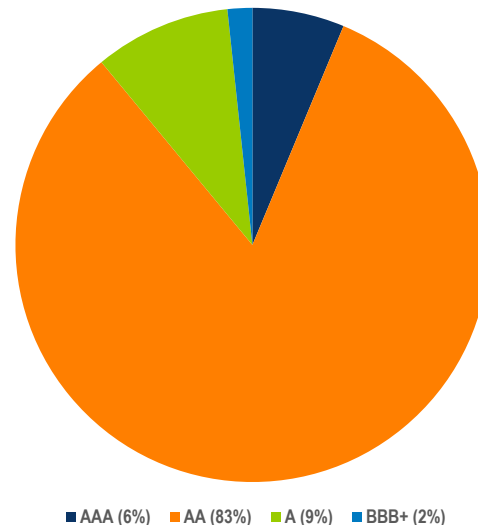
- All types of financial risk, including interest rate, foreign exchange and counterparty risk, are managed within QTC's Board approved risk parameters.
- Enterprise risk management processes are independent to operational activities.
- Risk provisions are in line with industry best practice and Basel Committee recommendations.
- Diversified funding facilities and regular issuance programs are used to mitigate funding risks.
- A portfolio of diverse, liquid financial securities is held to meet the State's liquidity requirements.
- Market credit exposure is restricted to dealings with counterparties rated BBB+ or higher.

As at 30 June 2017

¹ Changes in composition are driven by S&P downgrades of AMP Bank, Bank of Queensland, Bendigo & Adelaide Bank in May 2017.

QTC's credit exposures

89 per cent of QTC's counterparty credit exposures are rated AA- or higher as at 30 June 2017.¹



Credit ratings

Moody's Investor Service rating outlook for Queensland was revised from negative to stable on 20 April 2017.

QTC's credit ratings

	LONG-TERM	SHORT-TERM	OUTLOOK
Local currency			
Moody's	Aa1	P-1	Stable
Standard & Poor's	AA+	A-1+	Stable
Foreign currency			
Moody's	Aa1	P-1	Stable
Standard & Poor's	AA+	A-1+	Stable

As at 30 June 2017

Funding

KEY FUNDING PRINCIPLES

CONSERVATIVE	Balanced debt maturity profile supported by liquid reserves
PRUDENT	Disciplined approach to financial risk management
TRANSPARENT	Comprehensive, regular market updates
COMMITTED	Valued long-term investor and intermediary relationships

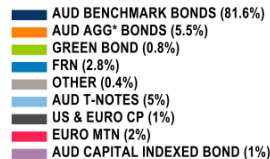
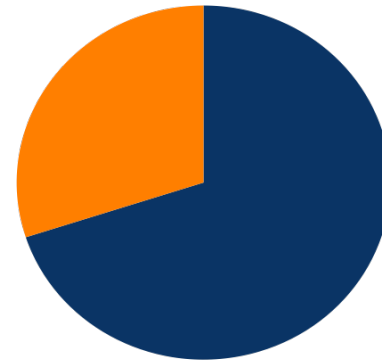
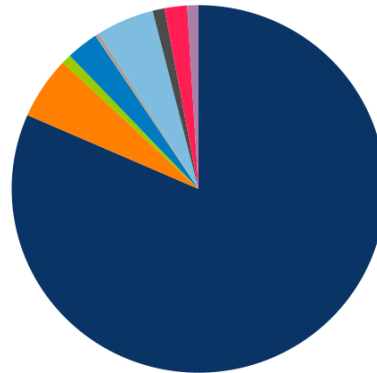
FUNDING SOURCES

QTC maintains a diversified global focus in meeting its funding requirements.

Funding sources by facility (face value) AUD89.9 billion

Funding sources by investor location**

QTC's domestic and global investors include central banks and other sovereign investors, multi-national finance, superannuation and investment corporations, and major domestic and international banks. Approximately 30 per cent of QTC's funding is currently sourced from offshore based investors.



As at 30 June 2017

* AGG - Australian Government
Guaranteed.

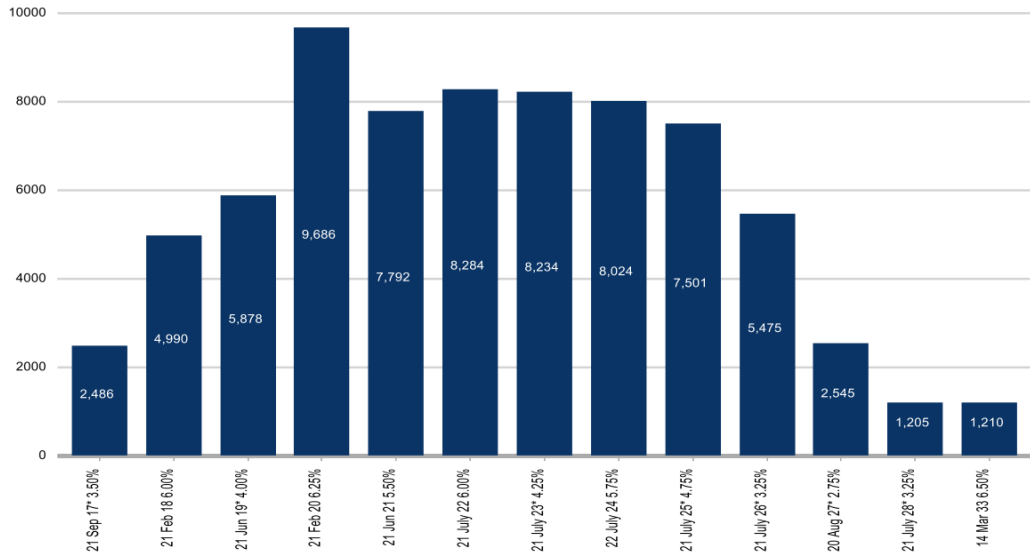
** Estimate based on QTC internal data.

Note: May not add to 100 per cent
due to rounding.

AUD BENCHMARK BONDS

QTC AUD benchmark bonds, outstandings by maturity

QTC has 13 benchmark bond lines. New bond lines issued under the domestic program may be offered in the US to 'qualified institutional buyers' pursuant to Rule 144A.



As at 30 June 2017

*144A capability

AUD benchmark bonds: Key characteristics

Government Guaranteed	<ul style="list-style-type: none">▪ All of QTC's obligations under all debt securities are unconditionally guaranteed by the Queensland Government.
Liquidity support	<ul style="list-style-type: none">▪ All secondary market activity is supported by 12 dedicated distribution group members (see Appendices).▪ Issuance via tap, tender, reverse enquiry and syndication.▪ Well established domestic bond market.
Choice of maturities	<ul style="list-style-type: none">▪ Principal source of funding.▪ Established lines with choice of 13 benchmark bond maturities ranging from 2017 to 2033.
Acceptability	<ul style="list-style-type: none">▪ In implementing the Basel Committee¹ global liquidity standard, Australian Prudential Regulation Authority (APRA) has determined QTC's AUD bonds as level 1, highest-quality liquid assets (HQLA1).▪ Eligible asset for outright investment by Reserve Bank of Australia (RBA).▪ Eligible collateral for repurchase agreements with RBA.▪ APRA applies a zero per cent risk weighting to QTC as part of the Basel II standardised approach to assessing credit risk.▪ Australia is an OECD member country.▪ New bond lines under the domestic program may be offered in the US to 'qualified institutional buyers' pursuant to Rule 144A.
Tax status	<ul style="list-style-type: none">▪ Exempt from Australian interest withholding tax.

As at 30 June 2017

¹ On 16 December 2010, the Basel Committee on Banking Supervision (Basel Committee) announced its global framework for promoting stronger liquidity buffers at internationally active banking institutions.

QTC's Borrowing Program

2017-18 indicative term debt borrowing program

In addition to the total term debt requirement, QTC expects to maintain a minimum of approximately \$5 billion of short-term debt outstandings.

Requirements	2017-18 Budget AUD m*
State	0
Local Government and other entities [#]	600
Total new money	600
Term debt maturities	9,400
Net funding in advance [^]	(3,200)
Net term debt refinancing	6,200
Total term debt requirement	6,800

As at 30 June 2017

* Numbers are rounded to the nearest \$100 million.

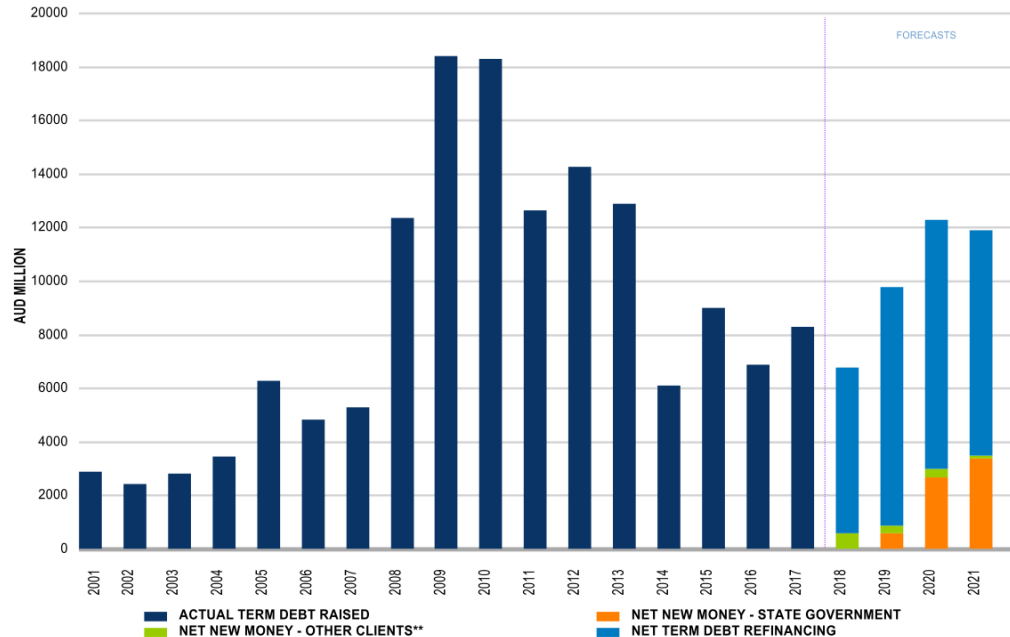
[#] Other entities include: universities, grammar schools, retail water entities and water boards.

[^] Includes net issuance undertaken in advance of borrowing requirements during 2016-17 and also in previous financial years as well as scheduled client principal repayments

Note: Funding activity may vary depending upon actual client requirements, the State's fiscal position and financial market conditions.

QTC's annual term debt borrowing programs (actual and forecast)*

QTC's borrowing requirements over the forward estimates are primarily expected to reflect term debt refinancings.



As at 30 June 2017

*Does not include short-term debt of approximately \$5 billion each year.

** Other clients include: local governments, retail water entities, universities, grammar schools and water boards.

Summary of key points

Queensland Treasury Corporation:

- funds the Queensland Government public sector
- is 100 per cent government-owned
- has all debt security and derivative obligations fully guaranteed by the State of Queensland
- issues debt that carries the following credit rating (identical to the State of Queensland)
 - Moody's: Aa1/Stable/P-1
 - Standard & Poor's: AA+/Stable/A-1+
- has 13 AUD benchmark bond lines on issue
- has selected AUD domestic and global bonds that also carry the guarantee of the Australian Government and are rated AAA/Aaa by Standard & Poor's and Moody's respectively
- has a term debt borrowing program of \$6.8 billion for 2017-18
- employs a conservative and transparent funding strategy, and
- has more than 25 years' experience in global debt capital markets.

See Appendices for further details



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.

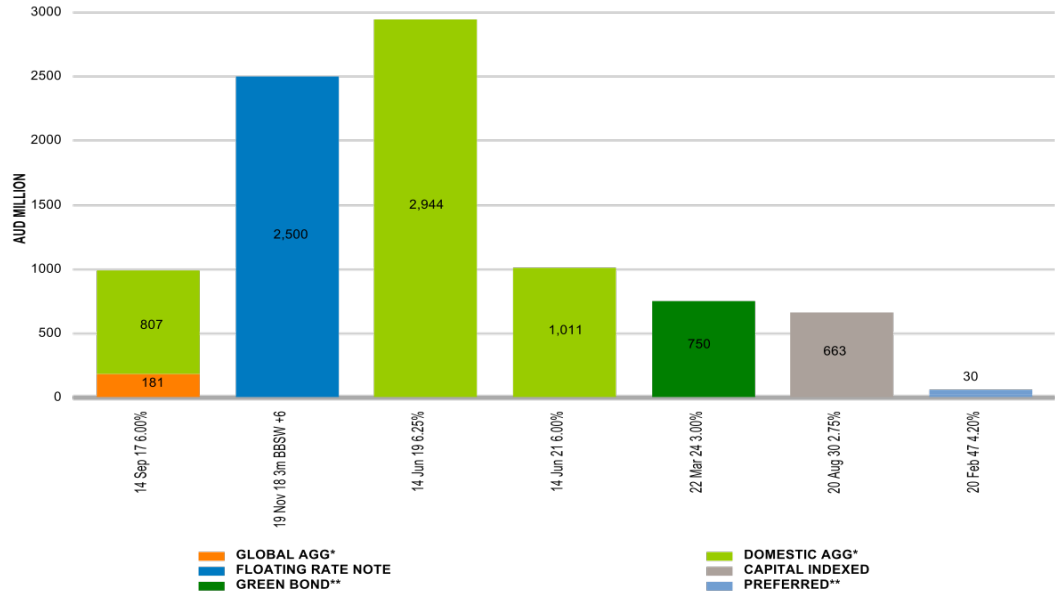
Any profits made by QTC accrue to the benefit of the Consolidated Fund of the State of Queensland and any losses of QTC are also the responsibility of the Consolidated Fund.



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.

**144A capability

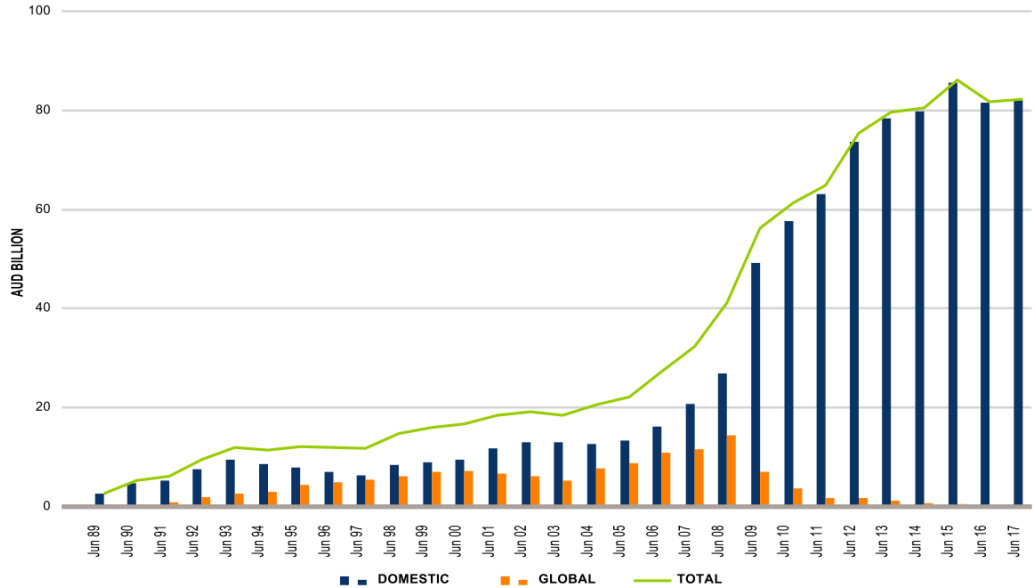
Note: The 20 Aug 30 Capital Index Bond outstandings do not include indexation of \$212.1 million.



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.



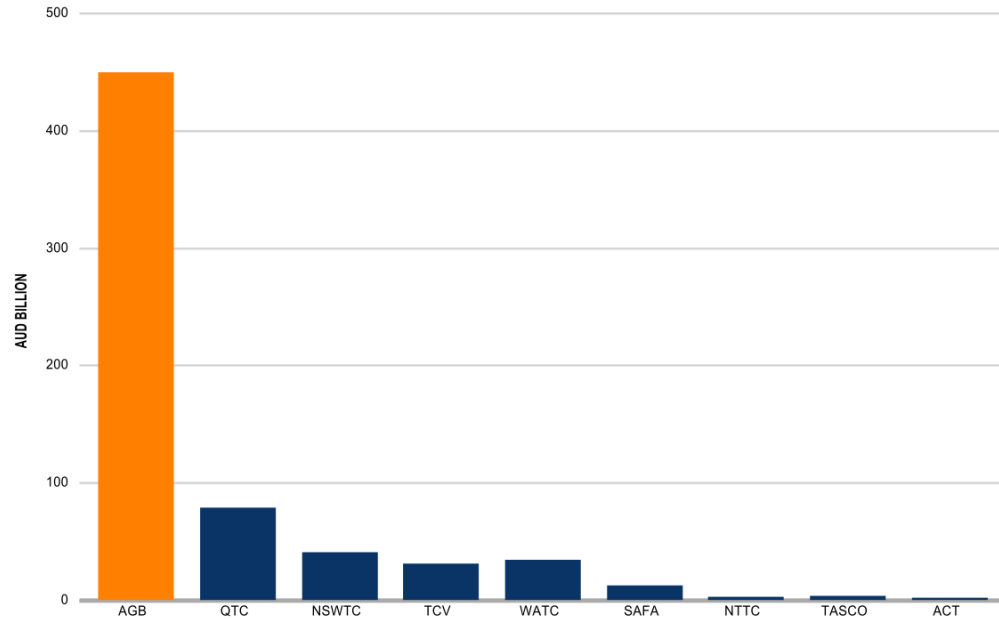
As at 30 June 2017



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

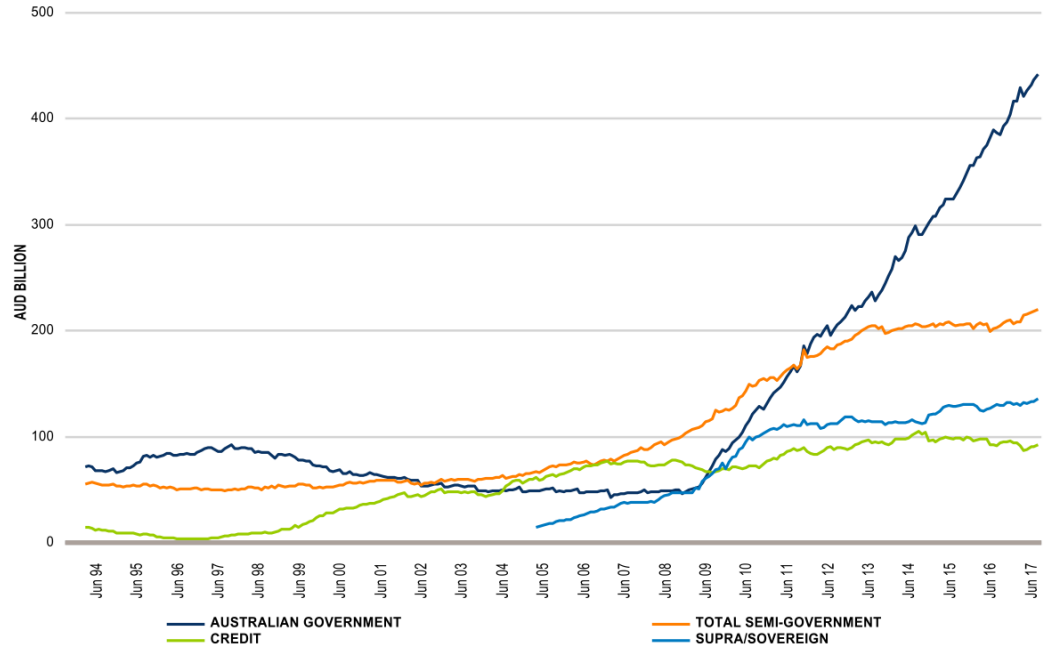
Data source: Bloomberg Composite Bond Index



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.



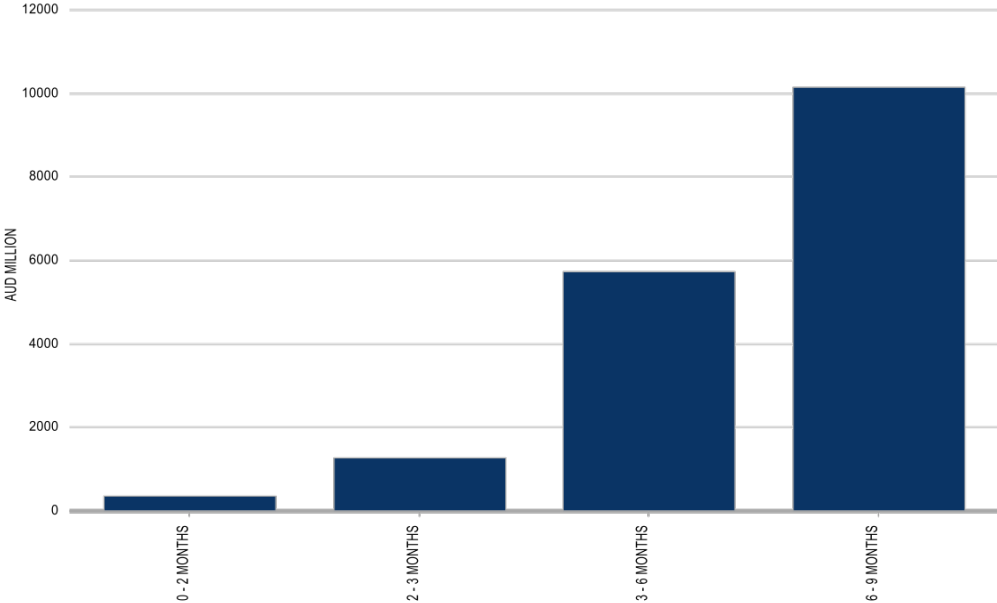
Data source: Bloomberg Composite Bond Index

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 Budget	2017-18 Projection	2018-19 Projection	2019-20 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

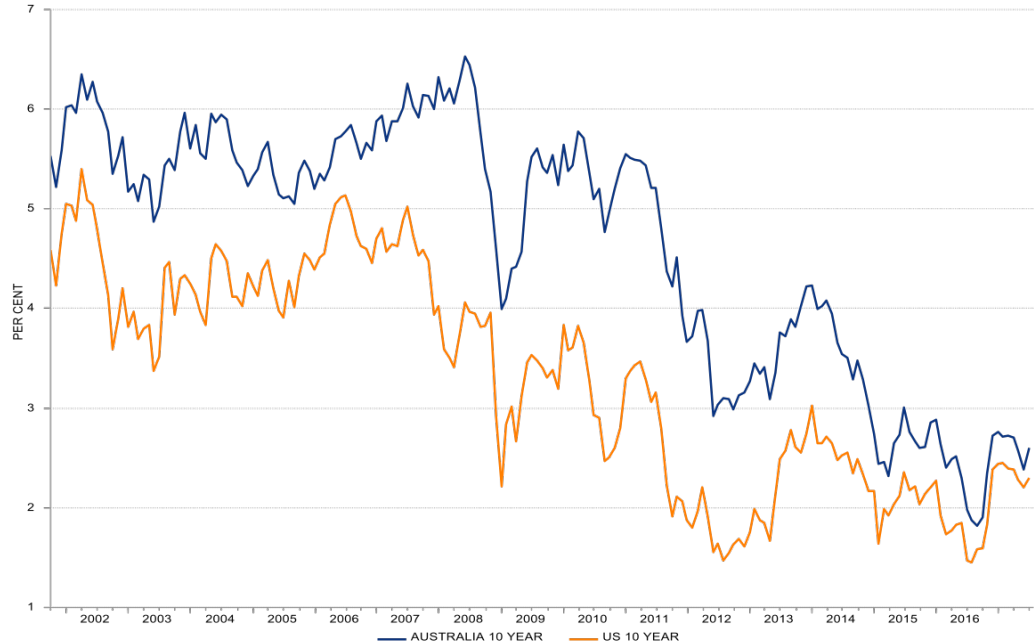


INTEREST RATES

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.

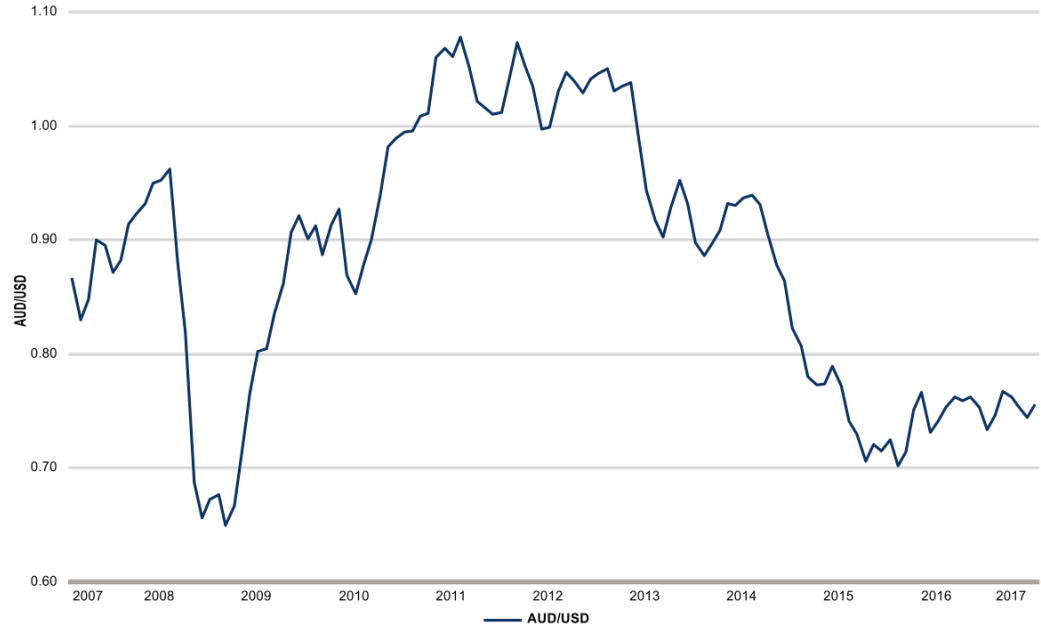


EXCHANGE RATES

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

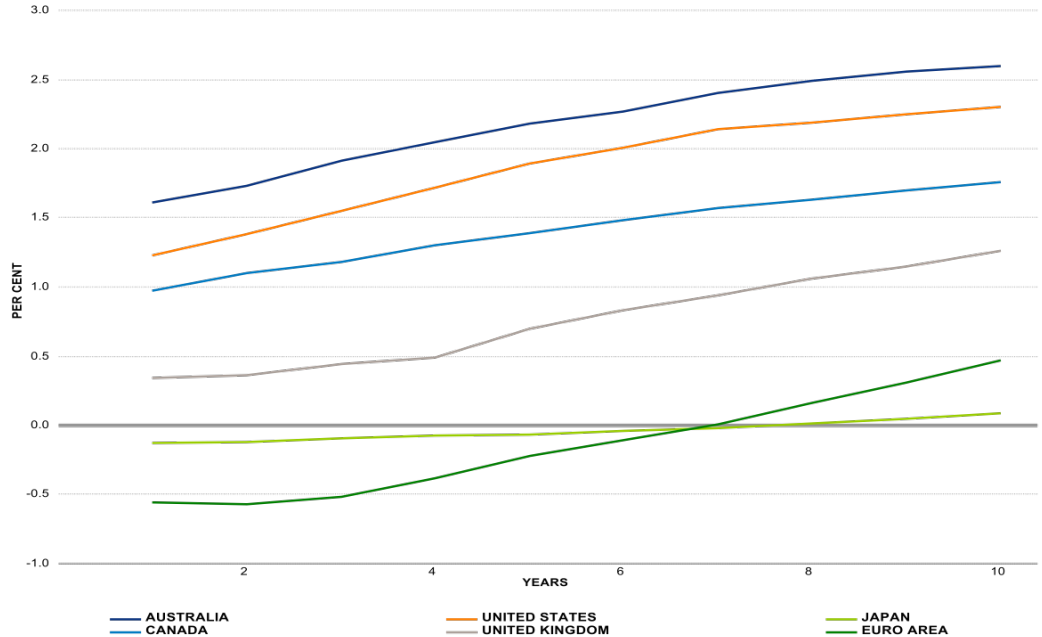
Data source: Bloomberg



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.



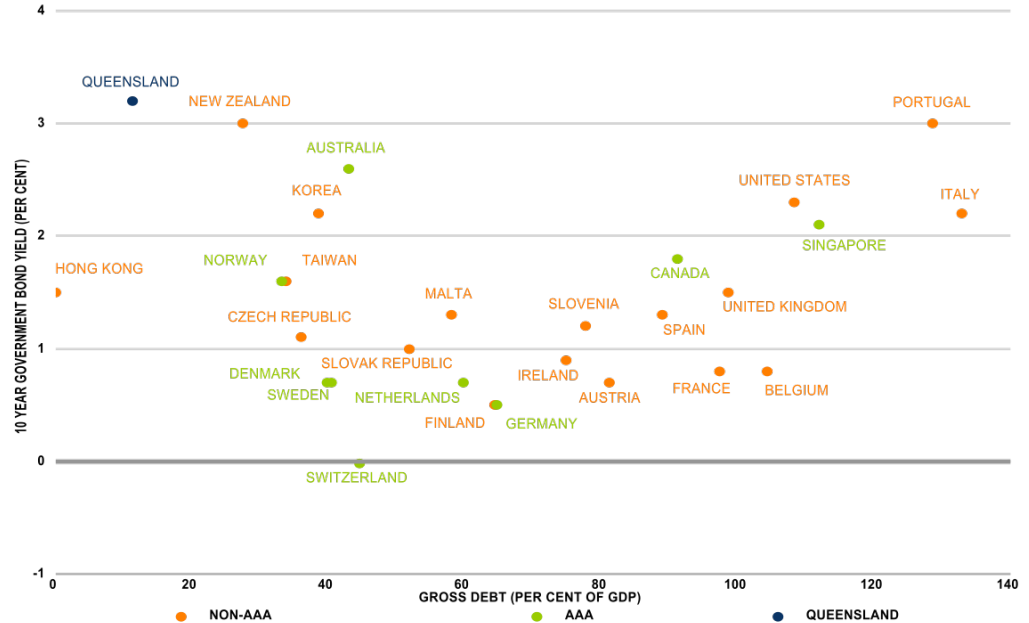
Note: Where generic bond yield information is not available for specific maturities, yields at these points along the curve have been interpolated.
Data source: Bloomberg 30 June 2017.



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		

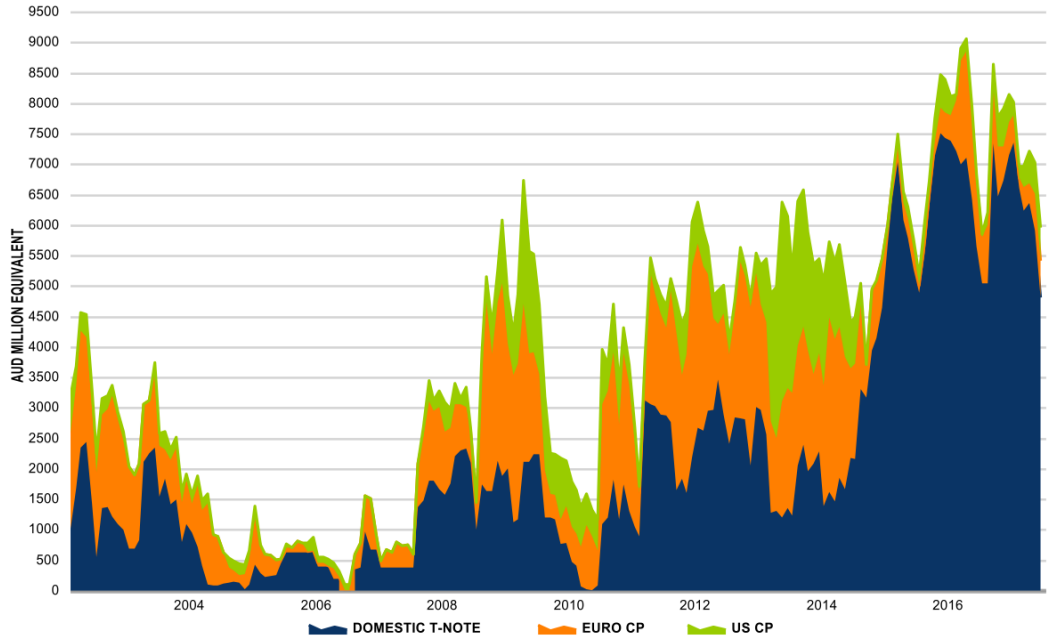
As at 30 June 2017

** 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



QUEENSLAND
TREASURY
CORPORATION

GPO Box 1096, Brisbane
Queensland Australia 4001

T: +61 7 3842 4600
F: +61 7 3221 4122

www.qtc.qld.gov.au
BLOOMBERG TICKER: QTC