

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 2018-19 and 2019-20
- Queensland Government economic projections refer to 2020-21 and 2021-22
- 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 2018

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Contents

AUSTRALIA	5
OVERVIEW	6
AUSTRALIA'S ECONOMIC STANDING	8
QUEENSLAND	11
OVERVIEW	12
QUEENSLAND'S ECONOMIC STANDING	13
ECONOMIC DRIVERS	17
QUEENSLAND'S FISCAL POSITION	23
CREDIT RATINGS	30
SUMMARY OF KEY POINTS	33
QUEENSLAND TREASURY CORPORATION	34
OVERVIEW	35
CREDIT RATINGS	40
FUNDING	41
QTC'S BORROWING PROGRAM	45
SUMMARY OF KEY POINTS	47
APPENDICES	48



AUSTRALIA



Australia

OVERVIEW

Australia is a stable, democratic society with a skilled workforce and a diversified, competitive economy. With a population of approximately 25 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.

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.

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 2017)	24.8 million
Language	English
Currency	Australian dollar (AUD)
Gross Domestic Product (year ended March 2018)	AUD1,686 billion (USD1,269 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* (March 2018)	12.5 million
Headline inflation rate (year ended March 2018)	1.9%
Overseas visitors (year ended April 2018)	9 million

* Total number of people employed.

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

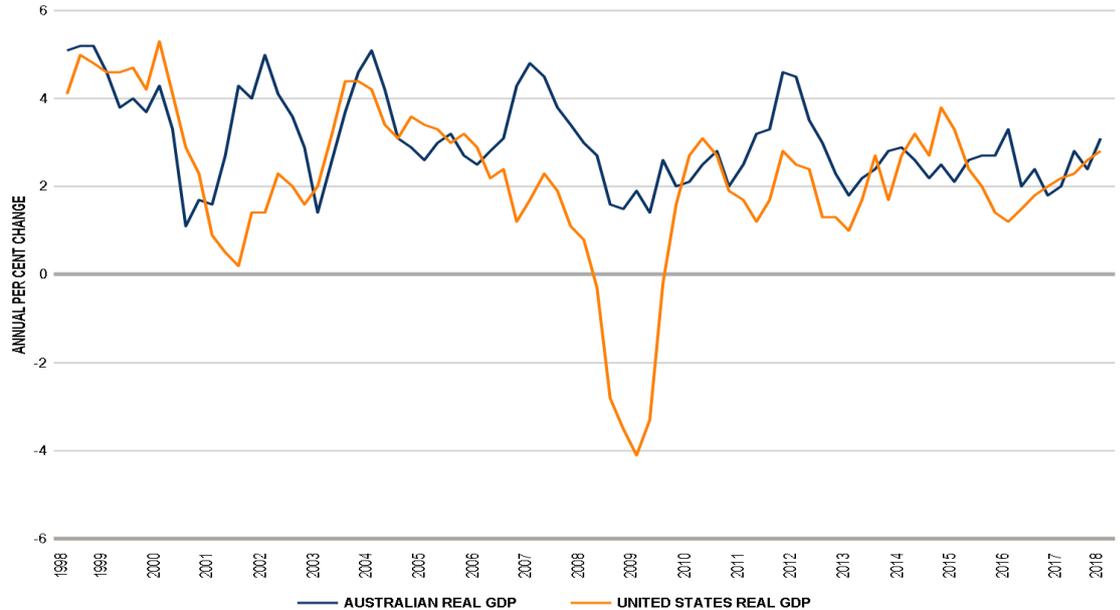


Australia's economic standing

GROWTH

The Australian economy has consistently outperformed the US.

Australia's economic growth compared to the United States



As at March 2018, quarterly data.

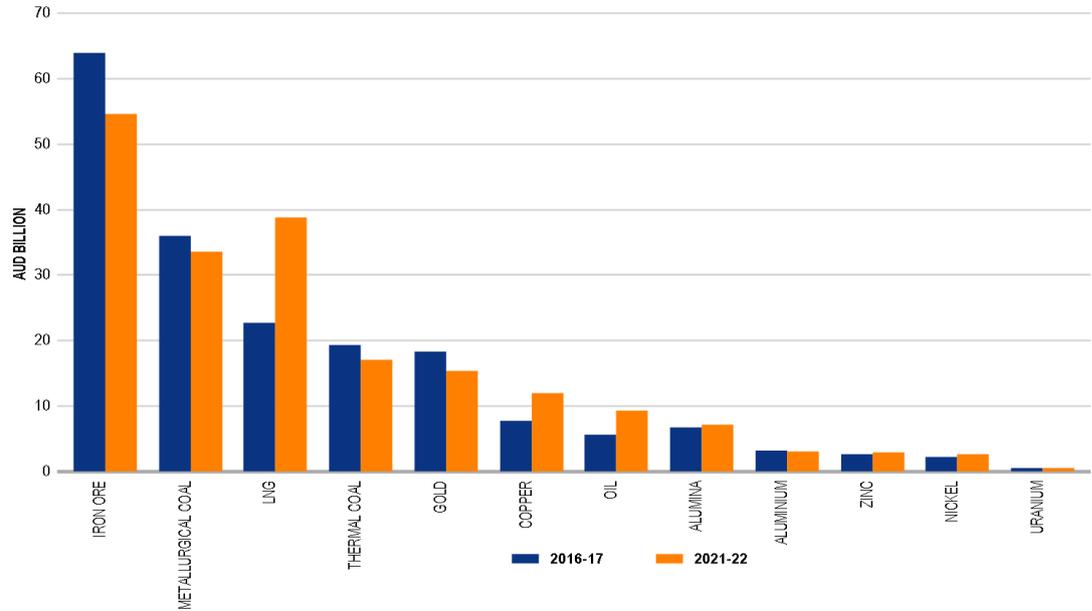
Data source: Bloomberg.



Iron ore and coal are Australia's largest resource exports by value. However, over the five years to 2021-22 significant growth in liquefied natural gas (LNG) exports is expected.

EXPORTS

Value of Australia's resources exports



Data source: Department of Industry, Innovation and Science, Resources and Energy Quarterly Report, March 2018 (data released annually).



Australia's annual core inflation rate was 2 per cent in the March quarter 2018 and is expected to remain toward the bottom of the Reserve Bank of Australia's 2-3 per cent target band until 2019.

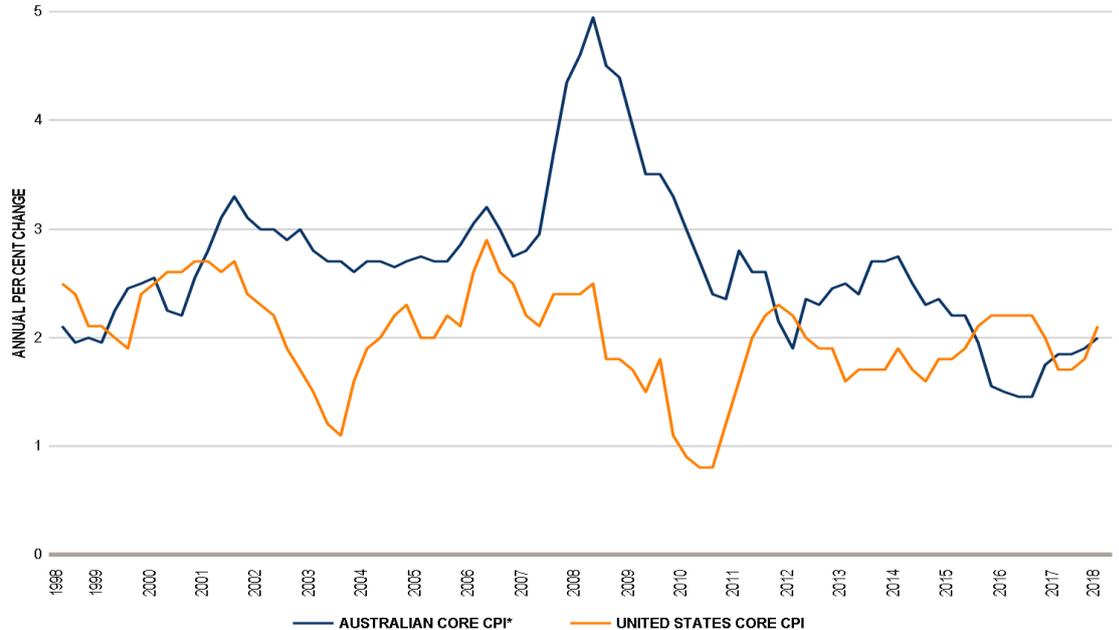
As at March 2018.

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

Data source: Bloomberg.

INFLATION

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





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 4.97 million, 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 31 December 2017)	4.97 million
Brisbane population* (preliminary estimate as at 30 June 2017)	2.41 million
Language	English
Currency	Australian dollar (AUD)
Gross State Product (2016/17)	AUD332 billion (USD251 billion)
Gross State Product, annual growth rate (long-run trend)	4.0%
Flight time: Brisbane to Sydney	1.5 hours
Workforce** (May 2018)	2.48 million
Inflation rate (Year ending March 2018)	1.7%
Overseas tourism visitor nights (Year ending December 2017)	35.3 million

* Greater capital city statistical area ABS 3218.0.

** Total number of people employed.

Data sources: Tourism Research Australia, ABS, RBA.

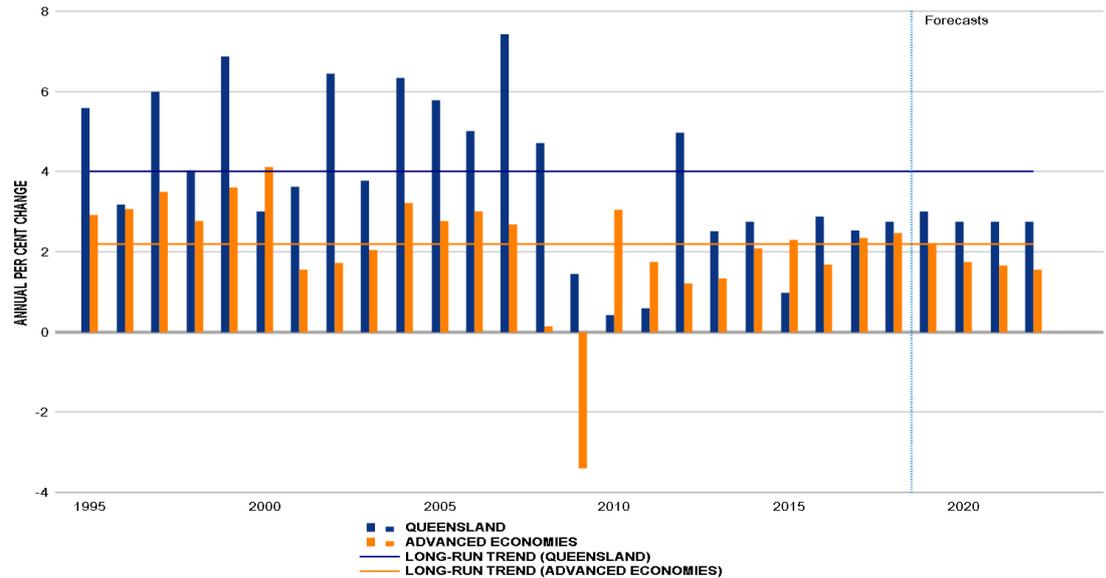


Queensland's economic standing

GROWTH

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.

Queensland's economic growth compared to advanced economies¹



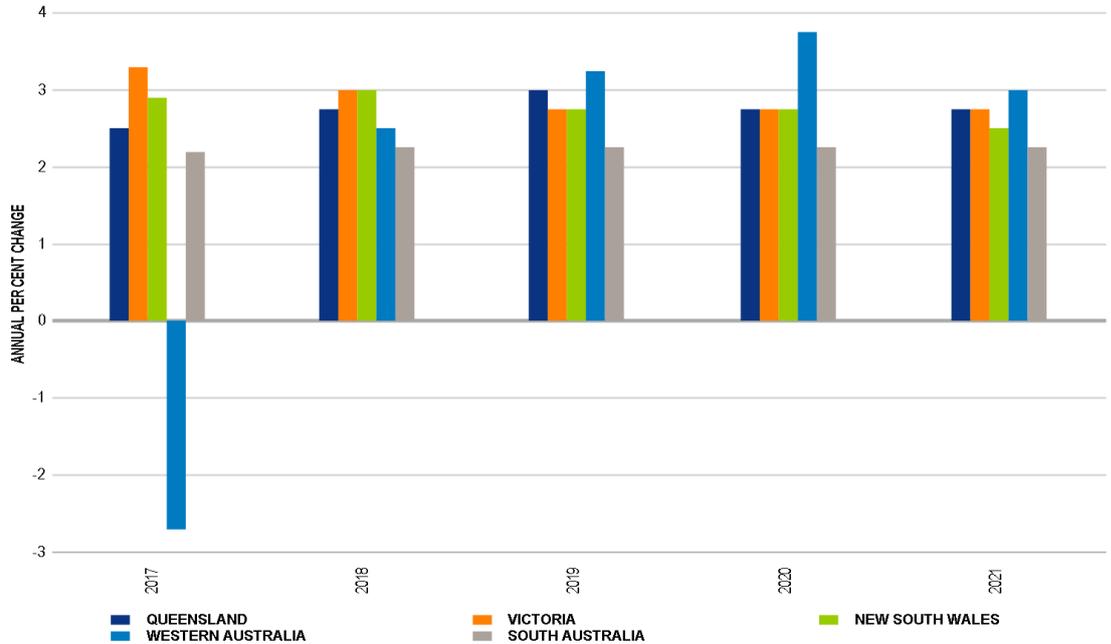
¹ Advanced economy data are calendar year terms, while Queensland data are financial year terms. Advanced economy data are constant prices. QLD data are Chain volume measure (CVM), 2015-16 reference year.

Data sources: IMF, ABS, Queensland Treasury.



Queensland's growth is forecast to be in line with Victoria and New South Wales over the next few years.

Queensland's economic growth compared to other states¹



¹ Growth is in real terms.

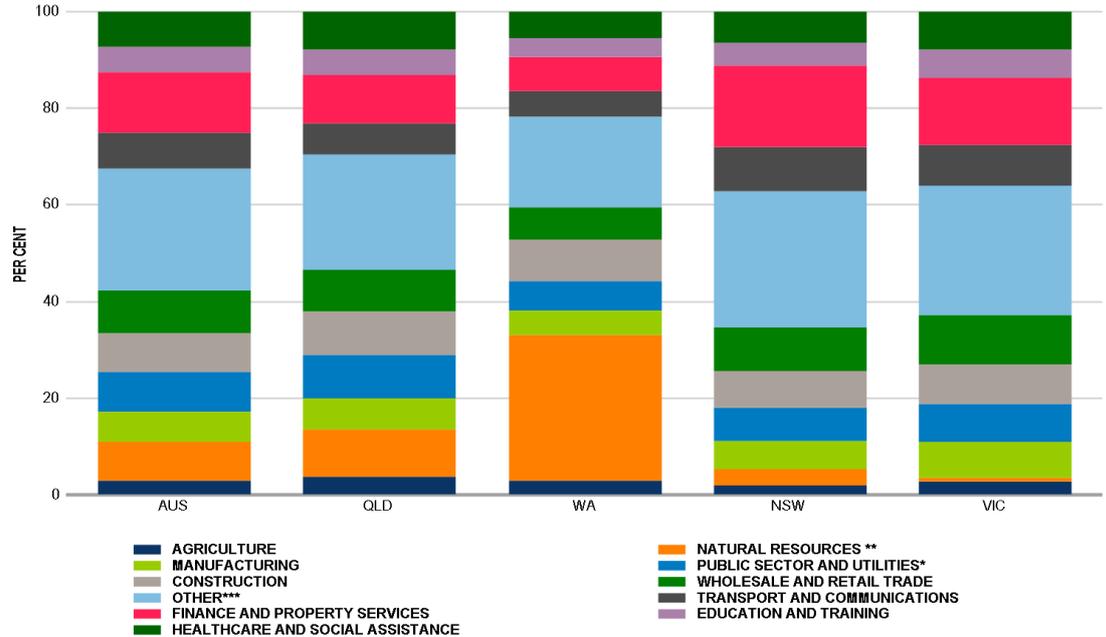
Data sources: Various State Budgets and mid-year reviews, ABS.



DIVERSE ECONOMY

Australian states' economic output by sector¹

Similar to Australia, Queensland has a diverse economy with no single sector making up more than 10 per cent of output.



¹2016-17, gross value added, current prices.

* 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.

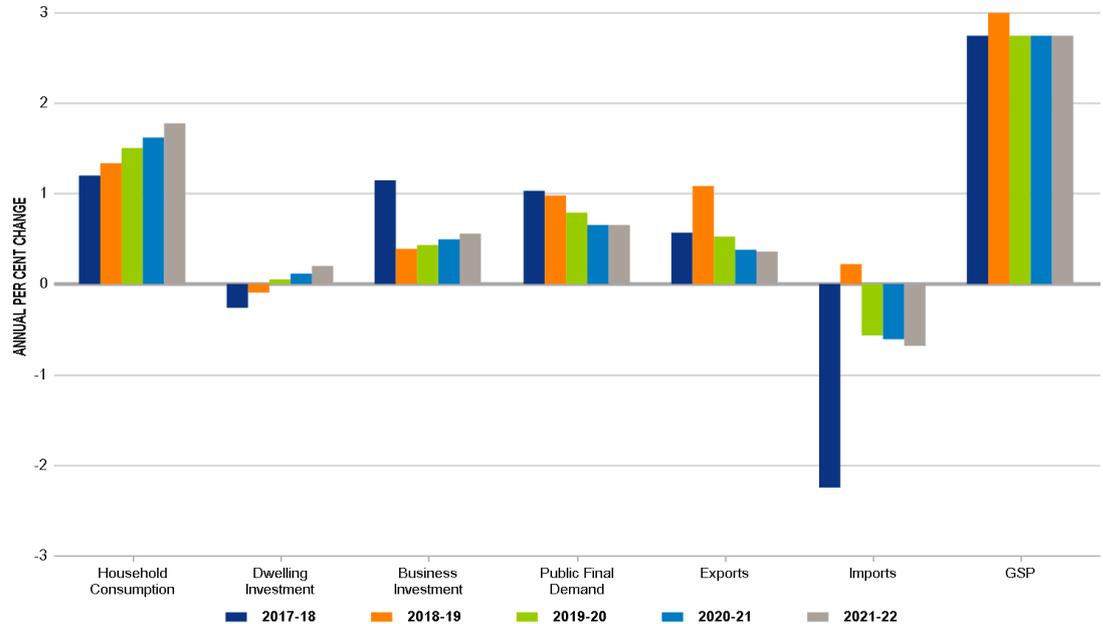
With LNG exports plateauing, an ongoing recovery in business investment, strengthening in household consumption and a solid contribution from public sector capital spending should all support stronger domestic activity over the period ahead.

¹ Chain volume measure (CVM), 2015-16 reference year.

Data source: Queensland Treasury, ABS.

Note: 2017-18 onwards are forecasts / projections.

Contributions to growth in Queensland's Gross State Product¹



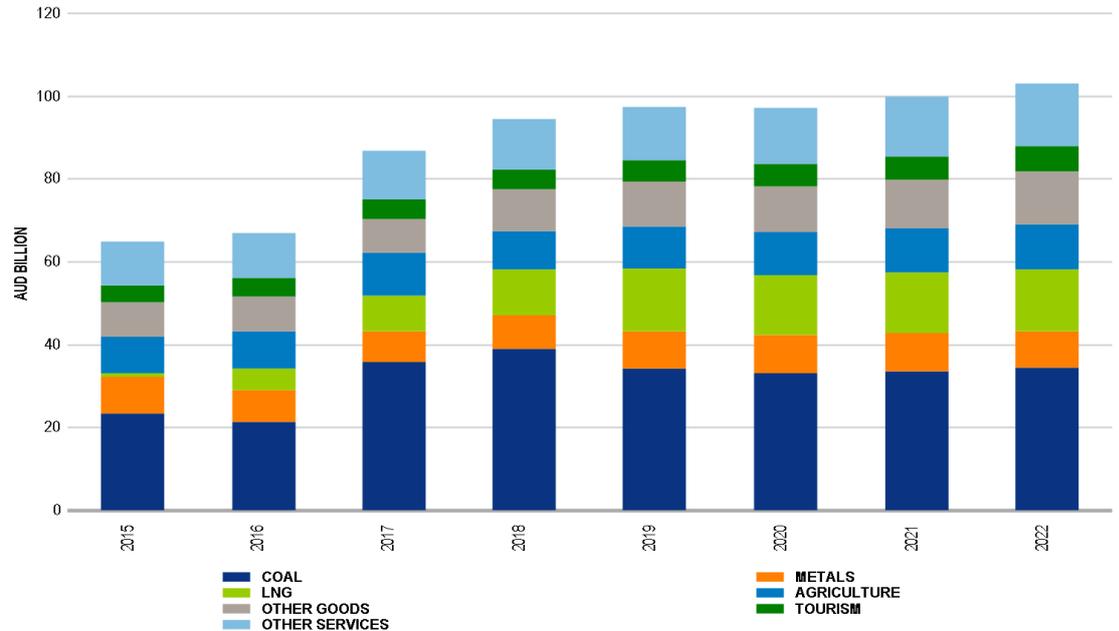


Economic drivers

EXPORTS

Higher coal prices drove an increase in coal exports in 2017-18. LNG exports have increased significantly over the past few years as production has ramped up, however, are expected to plateau as production approaches capacity.

Queensland's total exports¹



¹ Nominal terms (\$ billions).

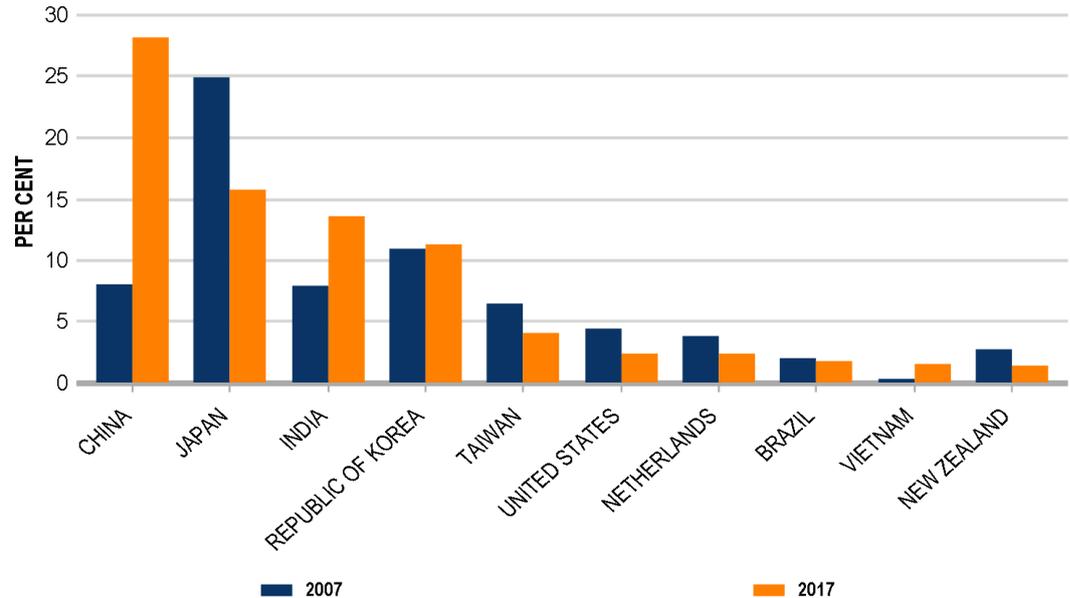
Data sources: ABS unpublished trade data, Queensland Treasury.

Note: 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 2017.

Queensland's goods exports by country¹



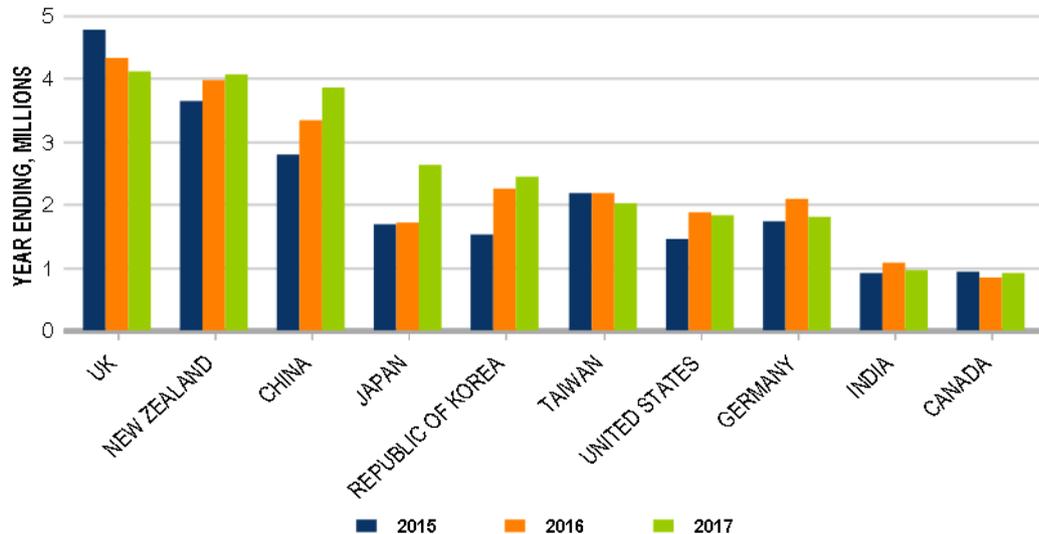
¹ Share of total value of goods exports, per cent.

Data sources: ABS unpublished trade data, Queensland Treasury.



Strong growth in overseas visitor nights since 2015 has been primarily driven by increases in visitor nights from China, Japan and Korea. This trend has been supported by rising levels of disposable income and a weaker Australian dollar, and should continue into the future as the Asian middle class continues to grow.

Queensland's international tourist nights by country of origin



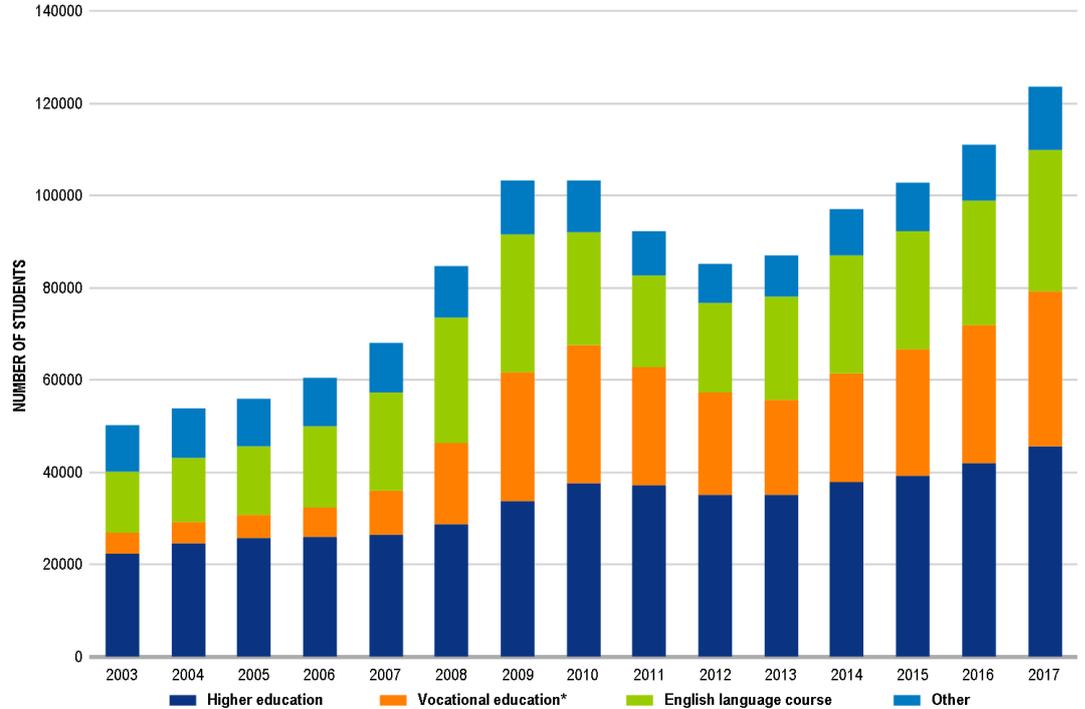
Data source: Tourism Research Australia.



EDUCATION

Strong increases in overseas student commencements have driven education exports in Queensland in recent years.

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



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

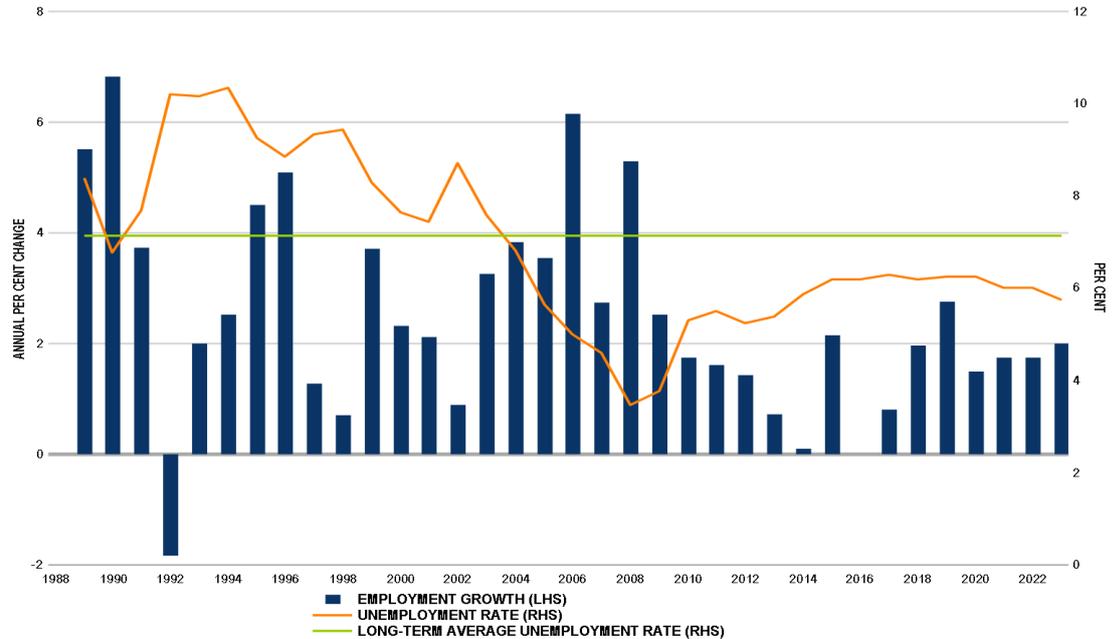
Data source: Commonwealth Department of Education and Training.



LABOUR MARKET

Queensland's labour market

Labour market conditions have improved further as the Queensland economy continues to transition to more broad based growth following the resources investment boom. Over 2017, the rate of employment growth trended above all states.



Data sources: ABS, Queensland Treasury.

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



DEMOGRAPHICS

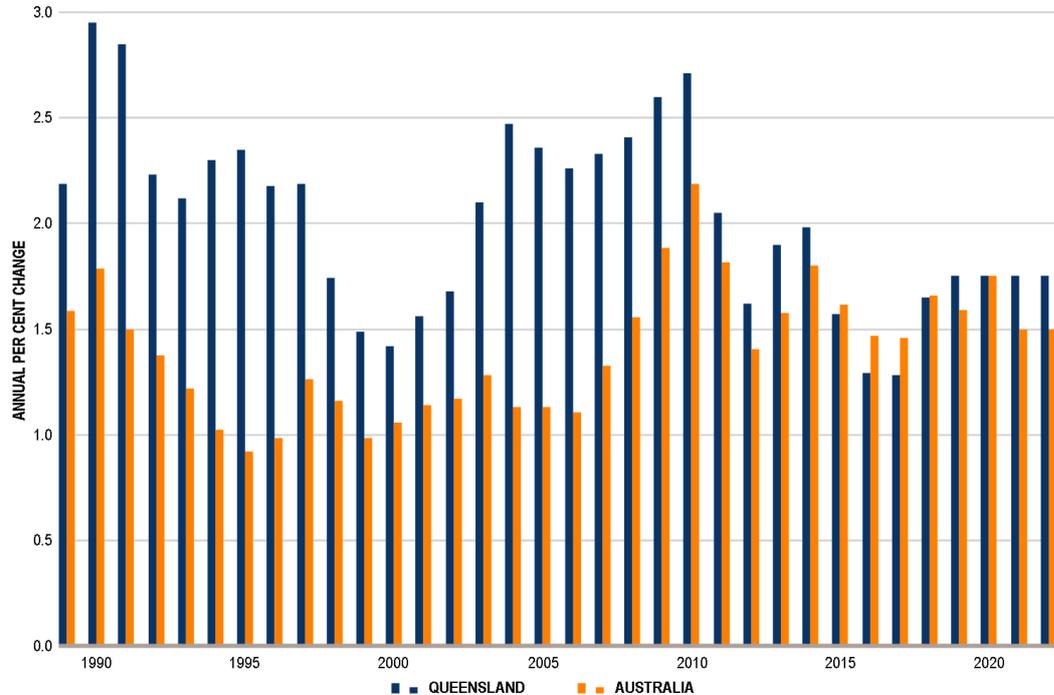
Queensland's population growth compared to Australia's¹

After slowing to 1.3 per cent in 2015-16 as the resources investment boom subsided, Queensland's population growth is forecast to average 1¼ per cent in 2017-18. Greater housing affordability in Brisbane is likely to lead to further strengthening in net interstate migration over the forward estimates.

¹ Australia's population forecasts / projections are through-the-year growth rates at 31 December for each year, and are not directly comparable to Queensland's forecasts / projections which are in year-average terms.

Data sources: ABS, Queensland Treasury, Australian Treasury.

Note: 2017-18 onwards are forecasts / projections.





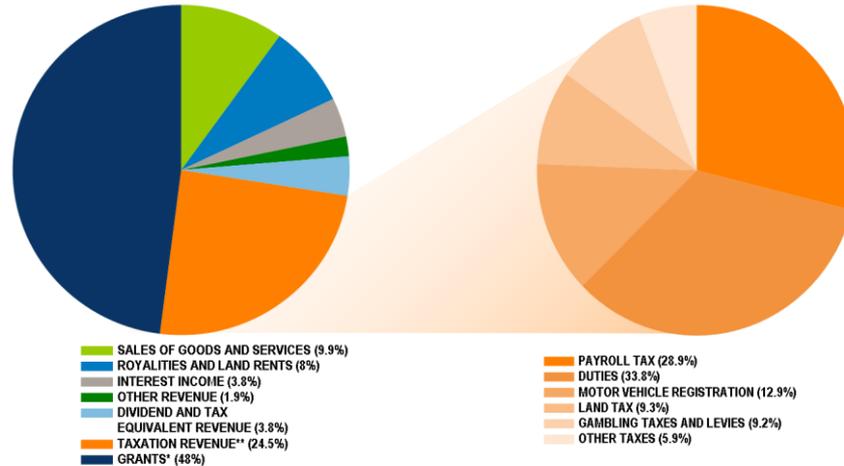
Queensland's fiscal position

REVENUES

Total grants* of around AUD28 billion are expected to account for approximately 50 per cent of Queensland's total government revenue in 2018-19.

Queensland budgeted revenues¹
2018-19: AUD57 billion

Queensland budgeted taxation revenues¹
2018-19: AUD14 billion



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, are 'untied' and used for both recurrent and capital purposes. Specific purpose payments are 'tied' and used to fund specific projects or programs in order to support service delivery and facilitate reforms.

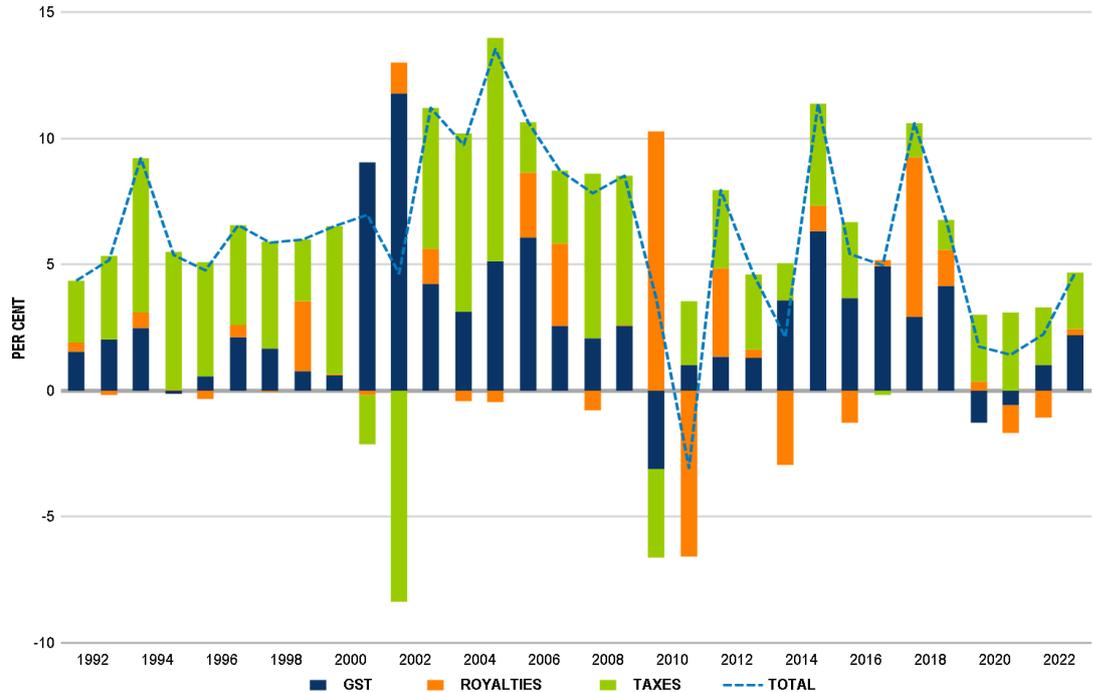
** This comprises the taxes and levies listed in the budgeted taxation revenues chart.

Data source: Queensland Government 2018-19 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



Data source: Queensland Treasury.



THE FEDERAL-STATE FISCAL RELATIONSHIP

The states' sources of revenue

- Australian states and territories (states) impose taxes, duties and charges in areas distinct from those where the Australian Government has authority. Examples of state taxes include payroll taxes, royalties as well as stamp duties and land taxes.
- The Australian Government provides explicit and predictable financial support to all states in the form of:

General purpose payments – ‘untied’ grants which are funded by the Goods and Services Tax (GST) revenue and are used for both recurrent and capital purposes.

Payments for specific purposes – ‘tied’ grants to fund specific projects or programs in order to support service delivery and facilitate reforms.

The Australian Government’s Natural Disaster Relief and Recovery Arrangements, which provide partial reimbursement for eligible costs incurred as a result of natural disasters, are also classified as a payment for specific purposes.

- The Australian government is currently reviewing GST distribution, with the aim of improving the resilience of the distribution methodology against economic shocks and reduce volatility of states and territories relativities. An agreement is expected by the end of 2018.

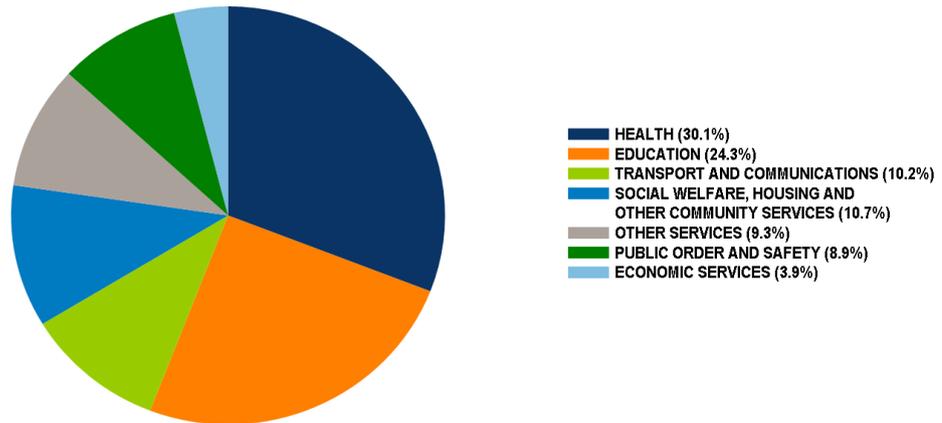
See Appendices for more information on tax sharing arrangements and ratings.



EXPENSES

Queensland budgeted expenses¹ 2018-19: AUD57 billion

Health and education make up more than half of the State's 2018-19 budgeted expenses.



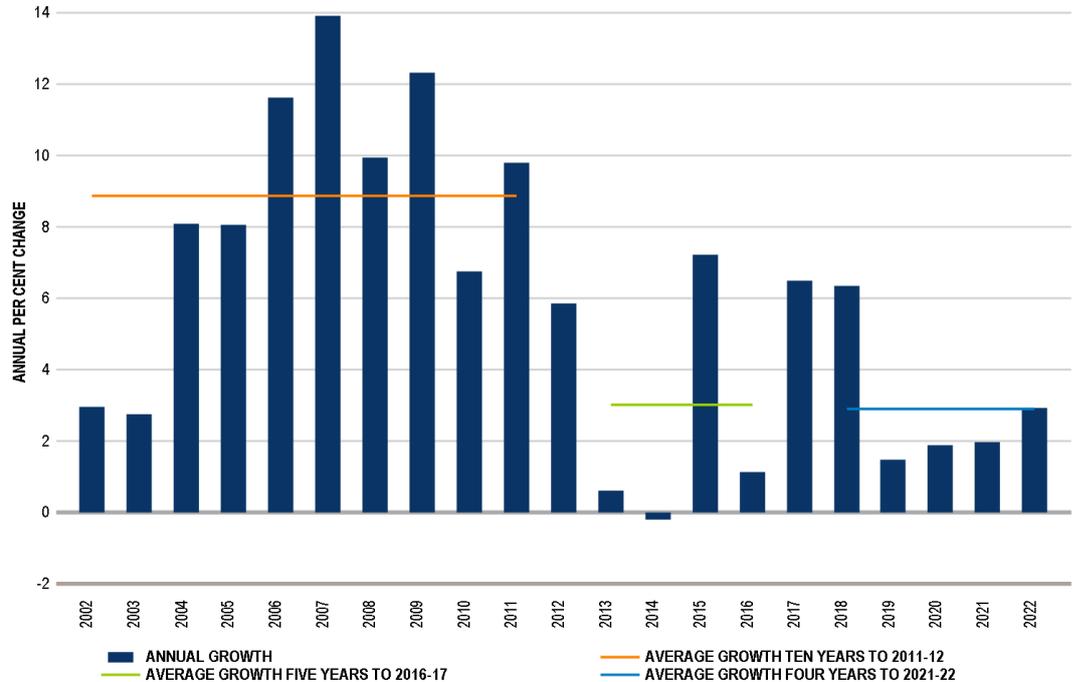
¹ May not add to 100 per cent, due to rounding.

Data source: Queensland Government
2018-19 Budget.



Queensland has and will continue to implement strong expense management.

Annual growth in general government sector expenses



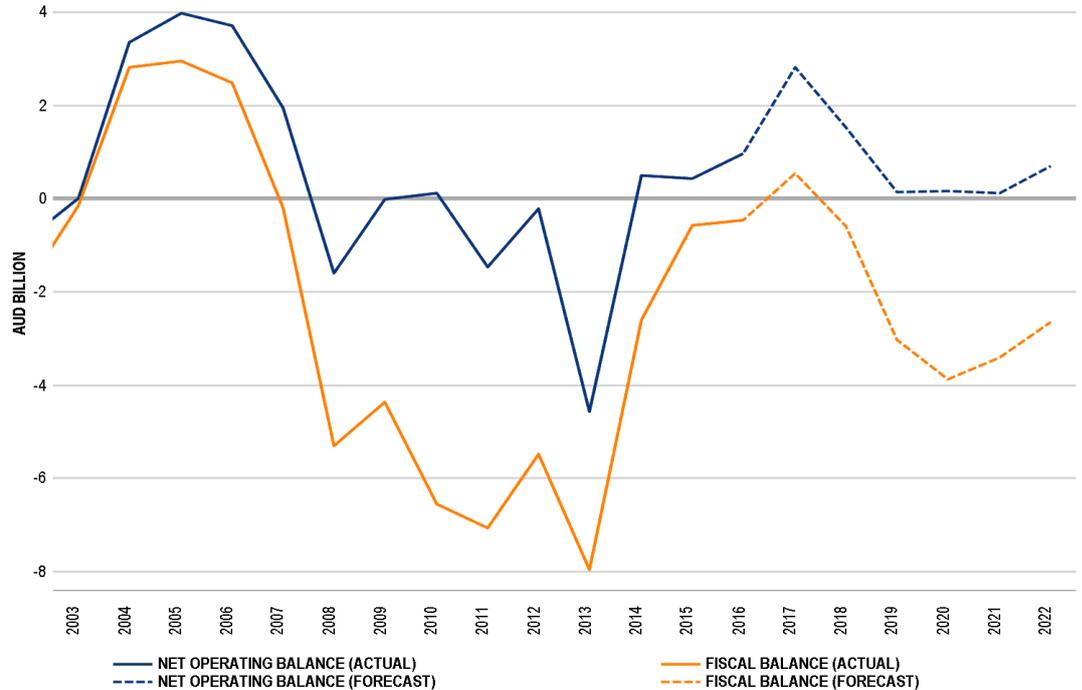
Data sources: Actuals data from Queensland Treasury. Forecasts and projections from the Queensland Government 2018-19 Budget.



BUDGET BALANCE

General government sector net operating and fiscal balances

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



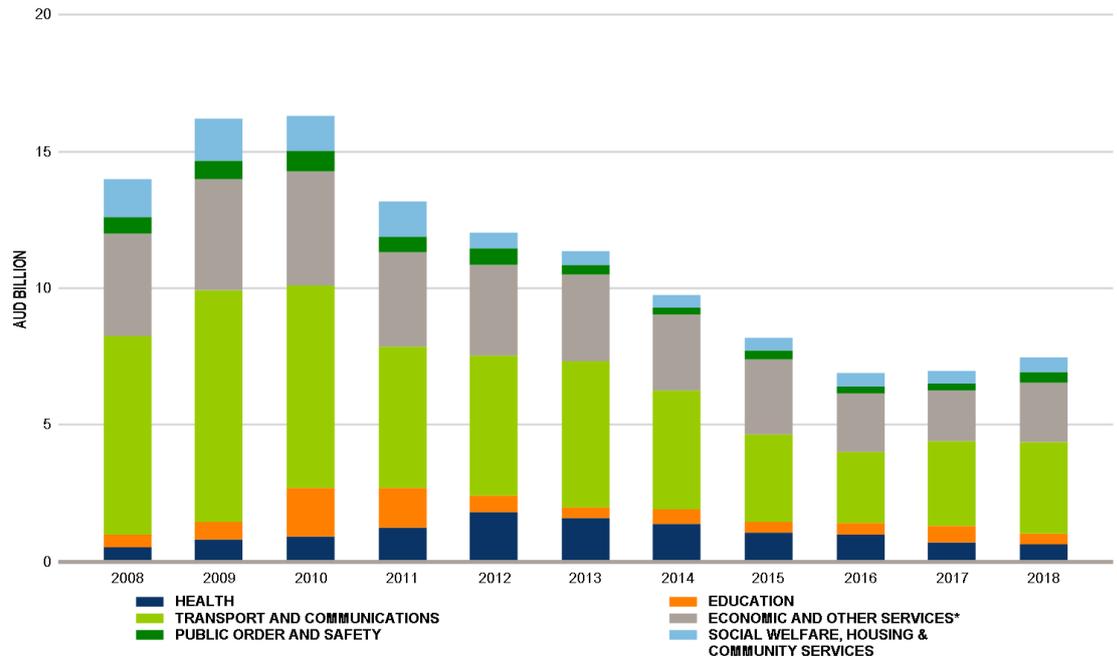
Data sources: Actuals data from Queensland Treasury, Forecasts and projections from the Queensland Government 2018-19 Budget.



GOVERNMENT CAPITAL EXPENDITURE

Queensland's disaggregated state infrastructure spending

Spending on improving Queensland's 'transport and communication' and 'economic services' infrastructure will continue to comprise the bulk of the Government's budgeted capital works program in 2018-19.



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

Data sources: Actuals data from Queensland Government 2018-19 Budget.



Credit ratings

RATINGS AGENCIES RATIONALE

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

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

'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.'

Data source: Standard & Poor's: Full Analysis: Queensland (State of), 23 October 2017.

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.

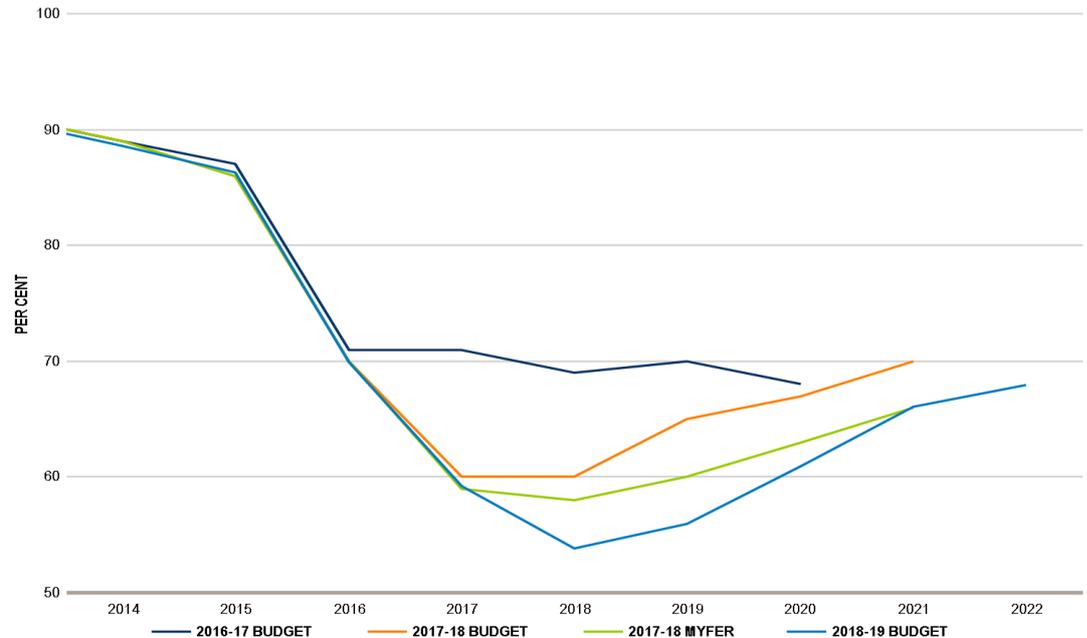


One of the Government's fiscal principles is to target an ongoing reduction in Queensland's debt burden, as measured by the general government debt to revenue ratio.

As a result of significant initiatives implemented through the Debt Action Plan, the General Government sector's debt to revenue ratio has fallen substantially from a peak of 91 per cent in 2012-13 to 53.8 per cent in 2017-18, an improvement on the forecast at the 2017-18 Budget.

Other key fiscal ratios can be found in the Appendices.

General government debt to revenue ratio



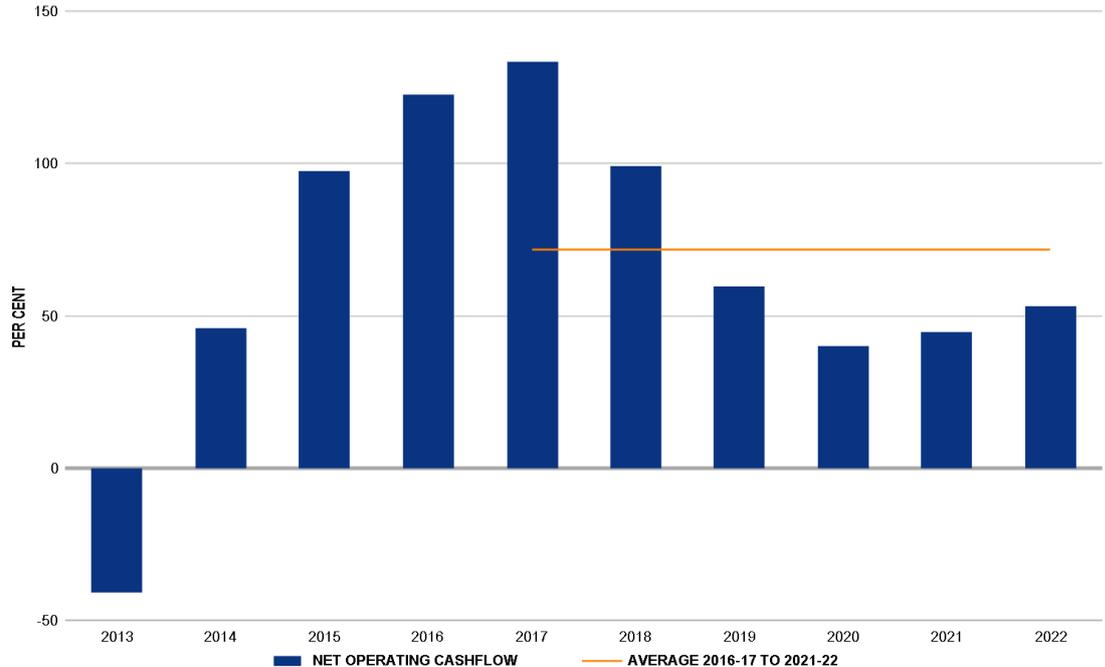
Data source: Various Queensland Government Budgets and MYFER.



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 2016-17 to 2021-22, the proportion of the capital program that is projected to be funded via net cash inflows from operating activities is 72 per cent.

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



Data source: Queensland Government 2018-19 Budget.



Summary of key points

The State of Queensland has:

- a diverse economy with services making up a significant proportion of total output
- an economy which is expected to grow in line with the national average over the next few years
- a stable revenue stream in the form of grants it receives from the Australian Government
- State-owned infrastructure that generates dividend payments
- a unique position with financial holdings greater than its superannuation obligations
- General Government debt levels that have fallen over the past few years
- an ongoing General Government capital works program, which will be funded primarily through recurrent revenue as opposed to borrowing, and
- a rating of AA+/Stable/A-1+ and Aa1/Stable/P-1 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:

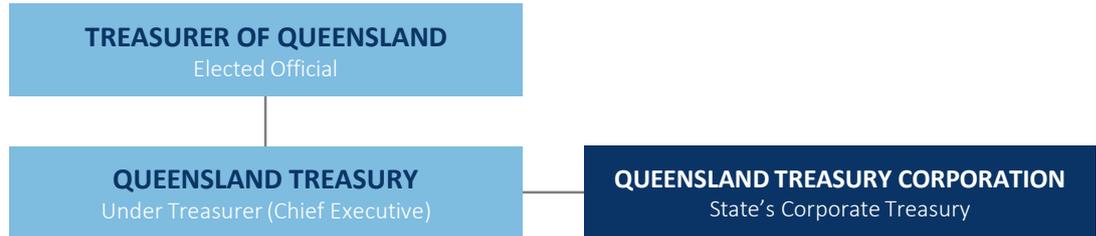
- all of QTC's obligations under all debt securities issued by QTC, and
- QTC's payment obligations to counterparties under derivative transactions governed by ISDA agreements.

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 30 JUNE 2018)

	Capital markets operations	Long term assets [#]	QTC consolidated
	AUD bn [^]	AUD bn [^]	AUD bn [^]
Loan to clients	82.0	-	82.0
Liquidity/management reserves*	15.0	-	15.0
Sub-total	97.0	-	97.0
Assets under management-client deposits	6.2	-	6.2
Other managed investments [#]	-	30.4	30.4
Total	103.2	30.4	133.6

Clients

- Principally Queensland’s public sector (also entities guaranteed, supported or approved by the State).
- 140 borrowing clients (government-owned corporations, government departments, local governments and statutory bodies).
- 200 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 30 June 2018 (unaudited).

[^]Amounts stated at market value.

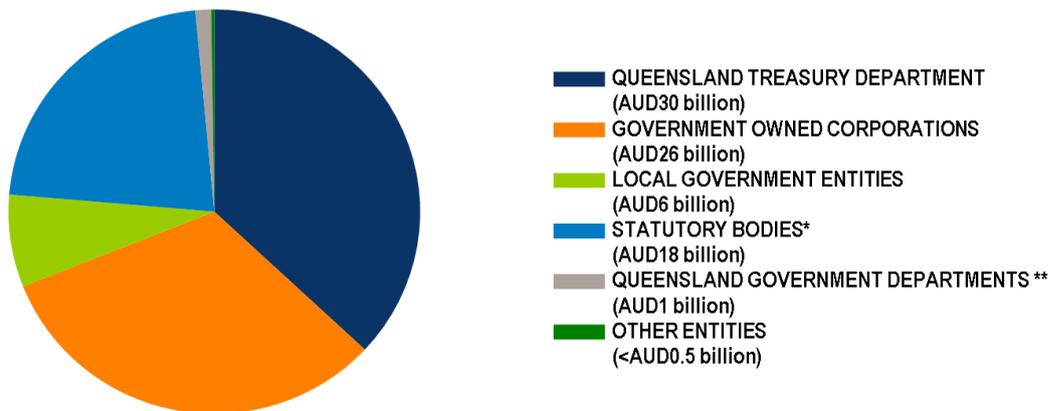
* Excludes any QTC bonds held as assets.

[#] 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) **AUD82 billion**

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



As at 30 June 2018 (unaudited).

¹ Figures are rounded.

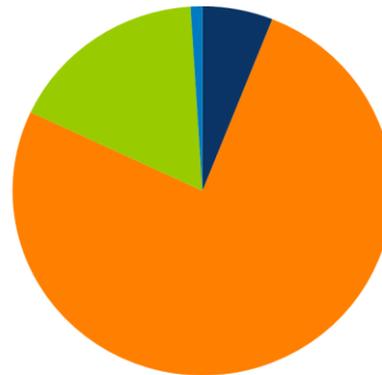
* Includes Queensland water entities, universities, grammar schools and water boards.

** Includes other bodies within the public accounts.

GOVERNANCE AND RISK MANAGEMENT PRACTICES

QTC's credit exposures

82 per cent of QTC's counterparty credit exposures are rated AA- or higher as at 30 June 2018.



■ AAA CATEGORY (6%)
■ AA CATEGORY (76%)
■ A CATEGORY (17%)
■ BBB+ CATEGORY (1%)

As at 30 June 2018.

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

- 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.

Credit ratings

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

Funding

KEY FUNDING PRINCIPLES

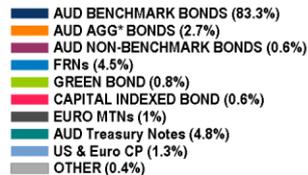
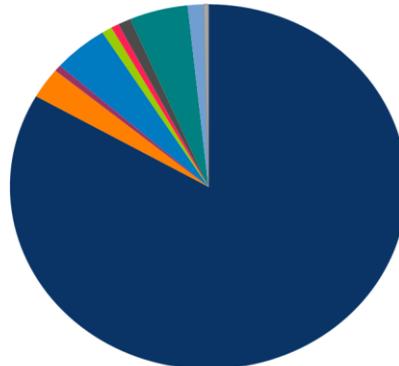
CONSERVATIVE	Balanced debt maturity profile supported by liquid reserves
PRUDENT	Disciplined approach to financial risk management
TRANSPARENT	Comprehensive, regular market updates
COMMITTED	Valued long-term investor and intermediary relationships

FUNDING SOURCES

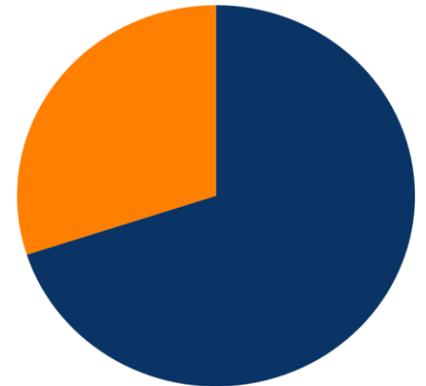
QTC maintains a diversified global focus in meeting its funding requirements.

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.

Funding sources by facility (face value) AUD89.2 billion



Funding sources by location**



As at 30 June 2018.

* AGG - Australian Government Guaranteed.

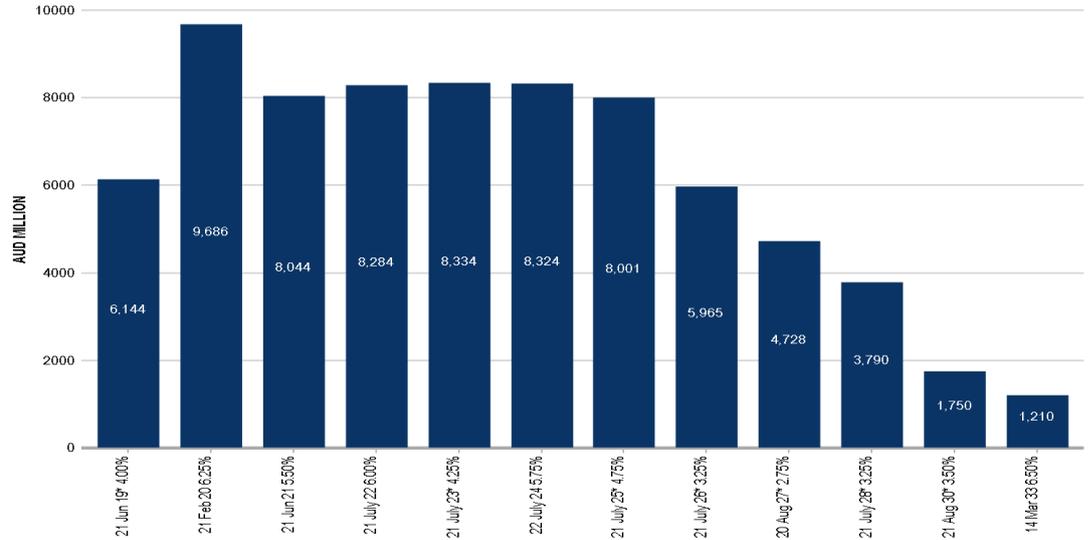
** Estimate based on QTC internal data.

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

AUD BENCHMARK BONDS

QTC AUD benchmark bonds, outstandings by maturity

QTC has 12 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 2018.

*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. Principal source of funding.
Choice of maturities	<ul style="list-style-type: none"> Established lines with choice of 12 benchmark bond maturities ranging from 2019-2028, 2030 and 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 2018.

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

2018–19 indicative term debt borrowing program

In addition to the total term debt requirement, QTC expects to maintain a minimum of approximately AUD5 billion of short-term debt throughout the fiscal year.

Requirements	2018–19 Budget AUDM ¹
State (includes general government and government-owned corporations)	500
Local Government and other entities ²	700
Total new money	1,200
Term debt maturities	9,800
Net funding in advance ³	(3,000)
Net term debt refinancing	6,800
Total term debt requirements	8,000

Borrowing Program released 13 June 2018.

1. Numbers are rounded to the nearest AUD100 million.

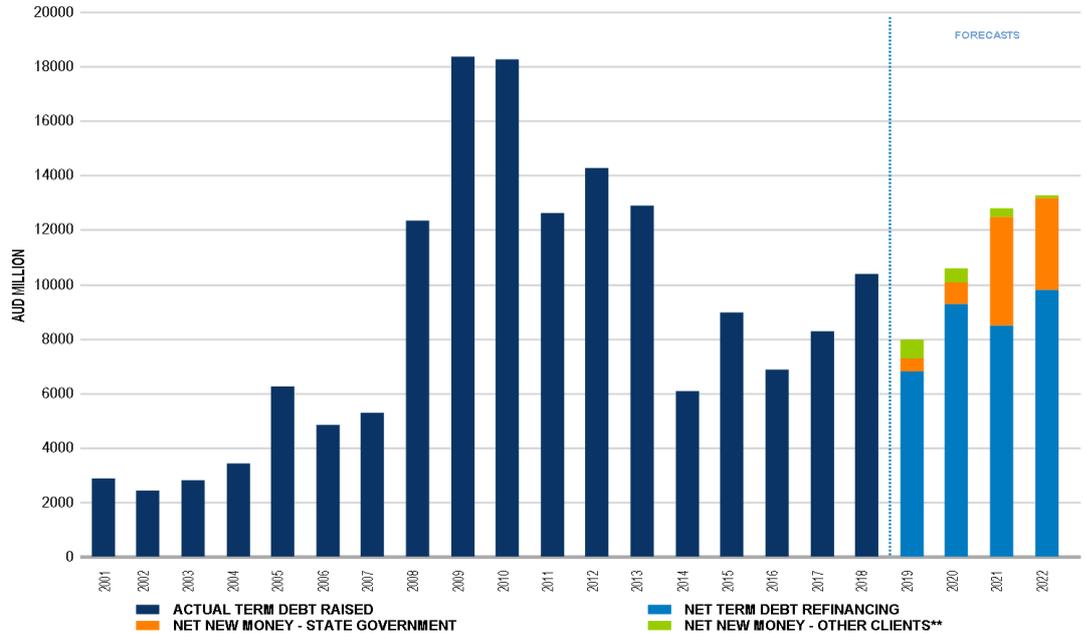
2. Other entities include: universities, grammar schools, retail water entities and water boards.

3. Includes net issuance undertaken in advance of borrowing requirements during 2017–18 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 issuance (actual and forecast)*

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



As at 30 June 2018.

*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 12 AUD benchmark bond lines on issue
- has selected AUD domestic 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 AUD8.0 billion for 2018-19
- employs a conservative and transparent funding strategy, and
- has 30 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.

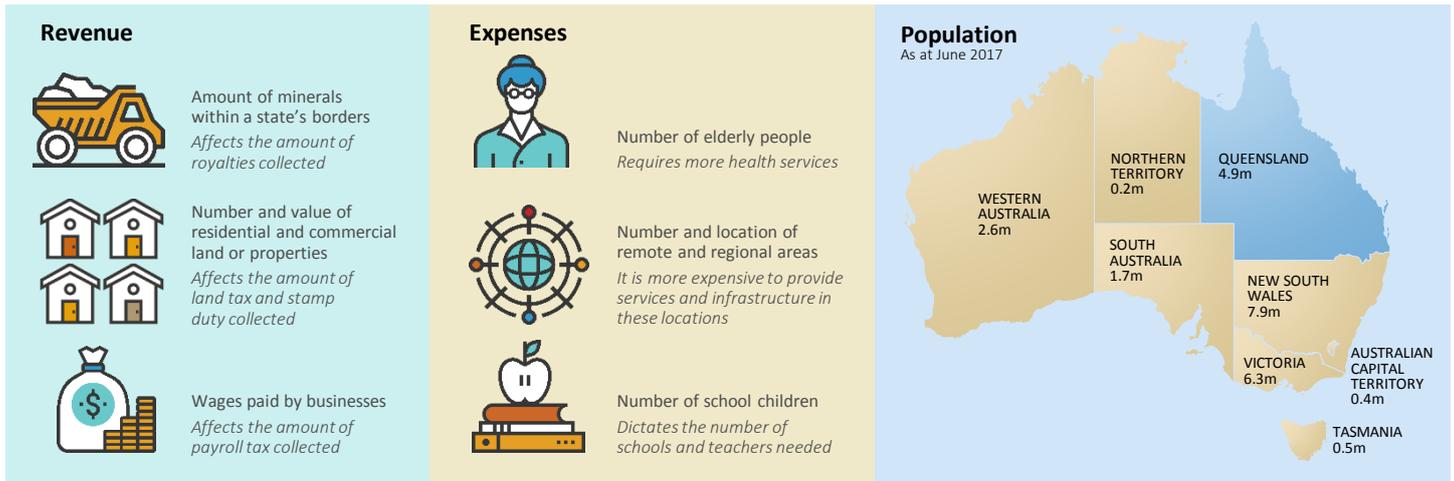
State powers include control over education, public health, police and justice, transport, roads and railways, industry, mining and agriculture, public works, ports, forestry, electricity, gas, and water supply and irrigation.



Distribution of GST

- States and territories (states) receive all revenue collected by the Australian Government via the Goods and Services Tax (GST).
- It is allocated using the principles of horizontal fiscal equalisation, which is designed to equalise the states' fiscal capacity to provide public services to the same standard.
- Under this system, some states with below average revenue raising capacity or above average spending requirements receive a larger share of GST (and vice versa).
- The independent Commonwealth Grants Commission determines the annual allocation across the states.

EXAMPLES OF DIFFERENCES BETWEEN STATES TO RAISE REVENUE AND THEIR EXPENSES





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.

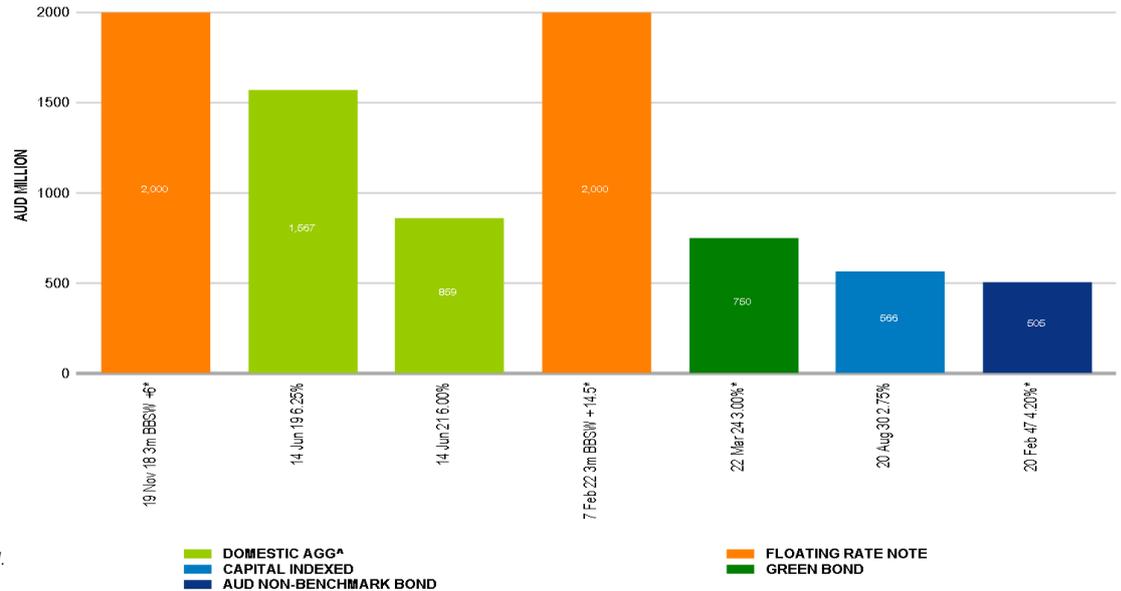
Any profits made by QTC accrue to the benefit of the Consolidated Fund of the State of Queensland and any losses of QTC are also the responsibility of the Consolidated Fund.



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 12 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 2018.

[^]AGG – Australian Government Guaranteed.

^{*}144A capability.

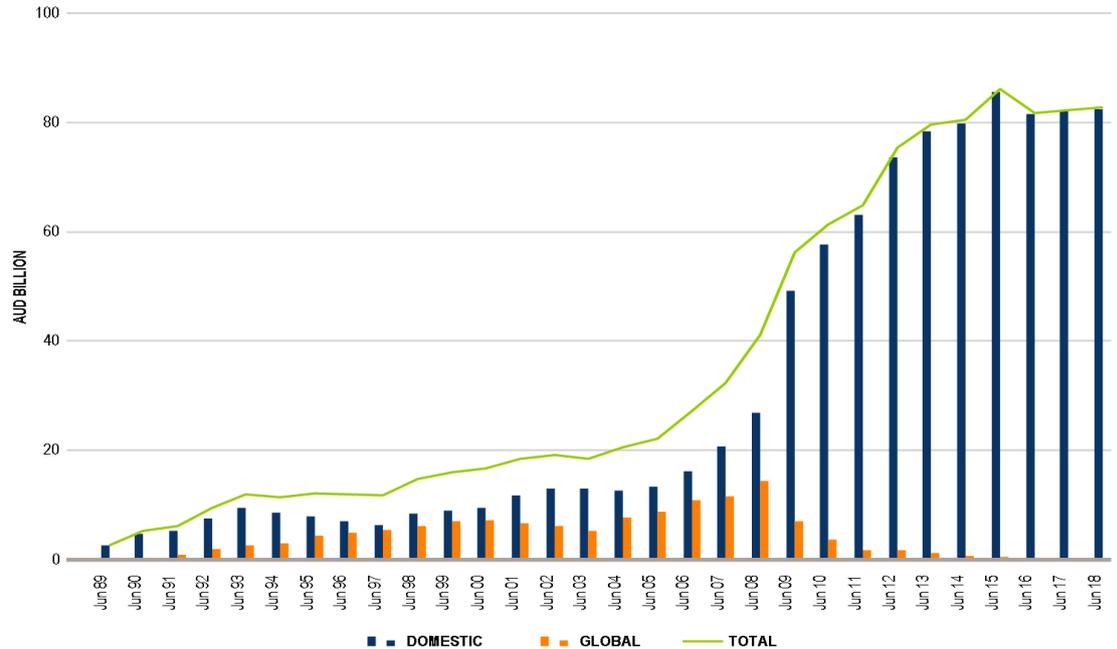
Note: The 20 Aug 2030 Capital Index Bond outstandings do not include indexation of \$195.4 million.



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.

Following the maturity of the September 2017 global bond, QTC no longer has any global bond lines outstanding.



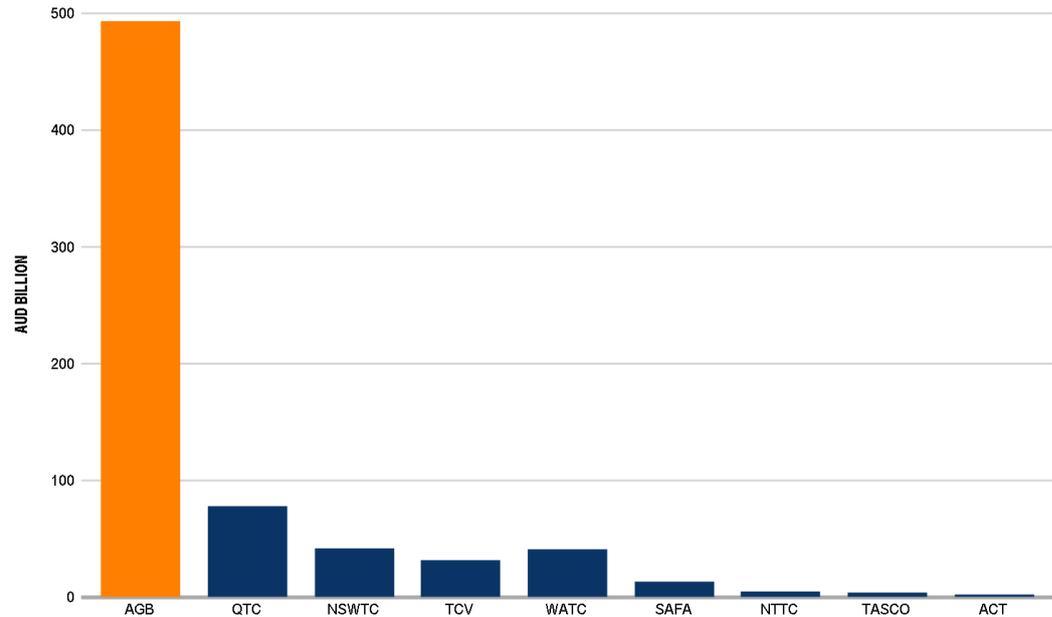
As at 30 June 2018.



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 2018.

* Includes AGG Bonds.

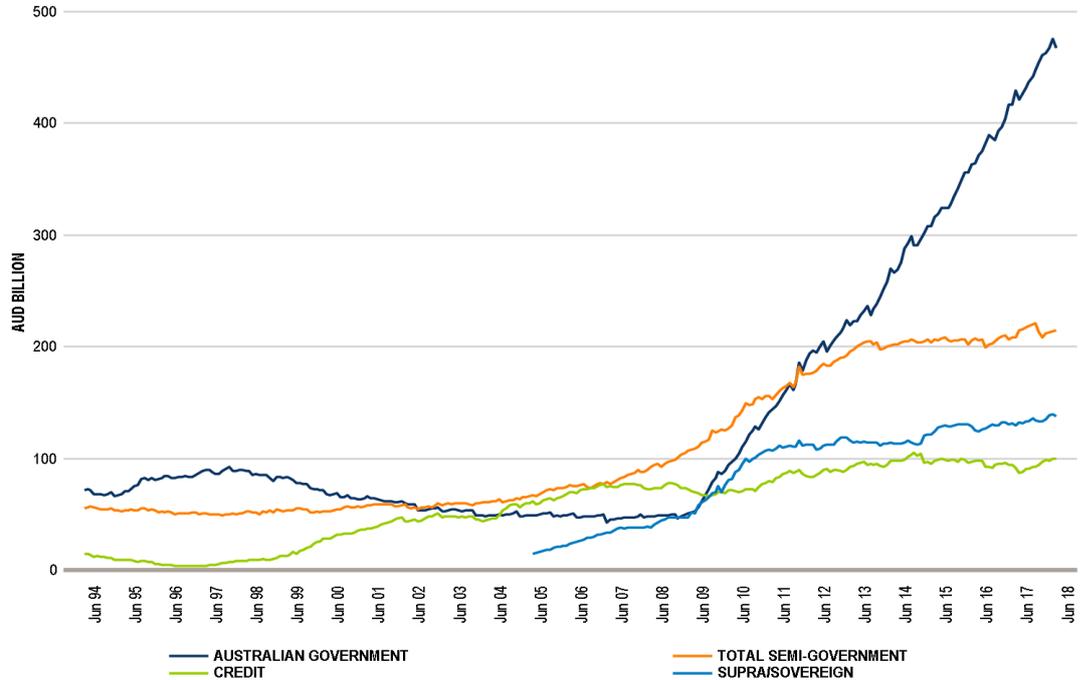
Data source: Bloomberg Composite Bond Index.



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.



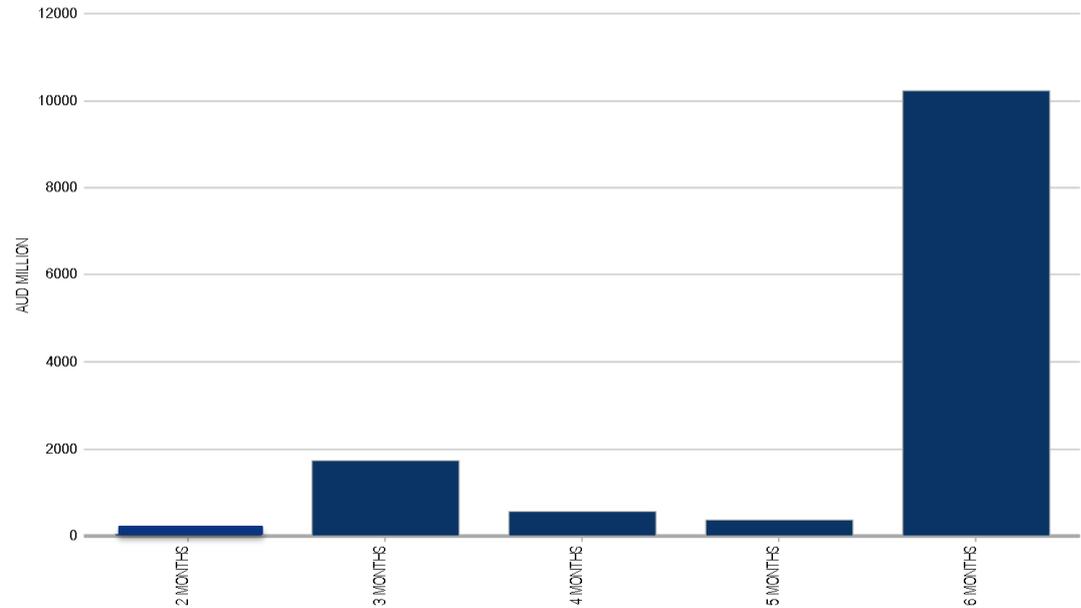
Data source: Bloomberg Composite Bond Index.

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 2018.



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

*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+/Positive
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

*According to information provided
by Standard & Poor's.*



QUEENSLAND'S COAL INDUSTRY

Queensland is Australia's largest coal exporter. In 2016-17 Queensland was responsible for around 95 per cent of Australia's hard coking coal exports and more than a quarter of its thermal coal exports.

Queensland coal export volumes (mt)	2015-16	2016-17	Change (%)
Hard coking	111.9	108.2	-3.4
Semisoft/PCI	49.7	42.4	-14.6
Thermal	57.3	56.5	-1.4
Total	218.9	207.1	-5.4

Queensland coal export values (nominal, AUDm)	2015-16	2016-17	Change (%)
Hard coking	12,441	24,141	94.0
Semisoft/PCI	4,768	6,660	39.7
Thermal	4,051	5,009	23.6
Total	21,261	35,810	68.4

Source: ABS unpublished trade data and QLD Treasury.

Note: Data accurate as at 30 June 2018.



Royalty assumptions

Coal royalty assumptions	2017-18	2018-19	2019-20	2020-21	2021-22
	Est. Act	Budget	Projection	Projection	Projection
Tonnages – crown export ¹ coal (Mt)	212	222	233	236	242
Exchange rate USD per AUD ²	0.78	0.75	0.75	0.75	0.75
Year average coal prices³					
Hard coking (USD)	198	161	140	130	130
Semisoft (USD)	142	128	110	101	101
Thermal (USD)	87	89	79	75	75
Year average oil prices					
Brent (USD per barrel)	62	73	67	66	67

¹ Excludes coal produced for domestic consumption and coal where royalties are not paid to the Government, i.e. private royalties. 2018-19 estimate for domestic coal volume is approximately 26.1 Mt and private coal is 11.2 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 2018-19 as follows: Hard coking US\$151 and thermal US\$83.



KEY FISCAL RATIOS

General Government	2016-17 Actual	2017-18 Actual	2018-19 Projection	2019-20 Projection	2020-21 Projection	2021-22 Projection
Gross debt (% of revenue)	59	54	56	61	66	68
Gross debt (% of GSP)	10	9	9	9	10	10
Interest expense (% of revenue)	3	3	3	3	3	3
Capital program/infrastructure expense (% of total expense)	9	9	10	13	12	11
Fiscal balance (% of revenue)	1	-1	-5	-7	-6	-4

Total State	2016-17 Actual	2017-18 Actual	2018-19 Projection	2019-20 Projection	2020-21 Projection	2021-22 Projection
Gross debt (% of revenue)	111	105	108	113	117	118
Gross debt (% of GSP)	22	20	19	20	20	20
Interest expense (% of revenue)	6	5	5	5	5	5
Capital program/infrastructure expense (% of total expense)	12	12	14	16	16	15
Fiscal balance (% of revenue)	2	-1	-6	-7	-6	-4

Data source:
Queensland Government
2018-19 Budget.

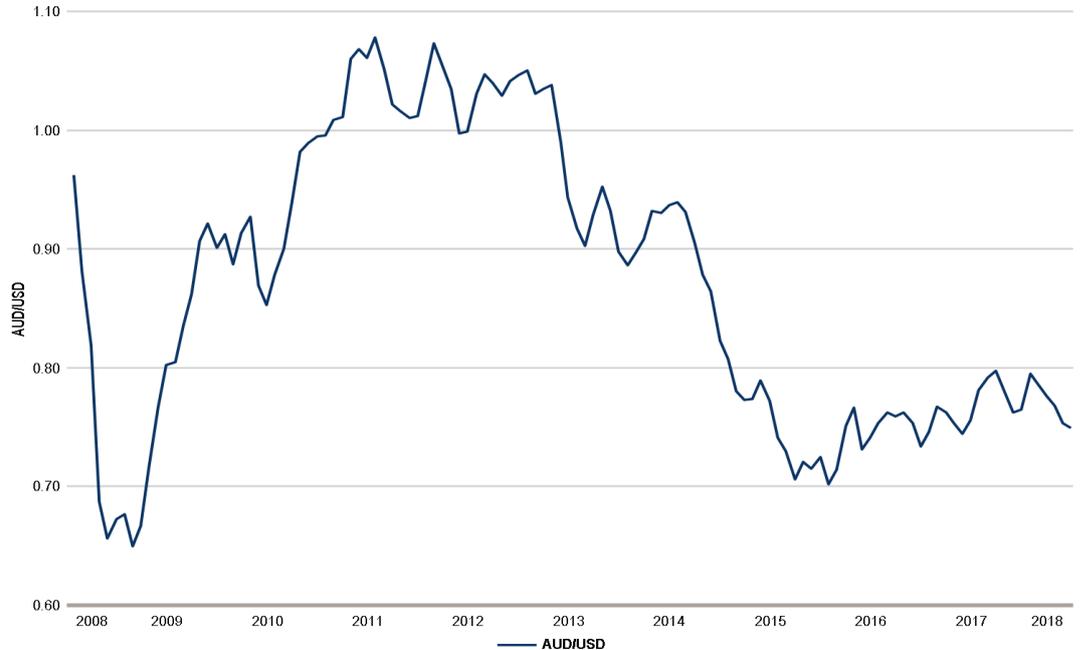


EXCHANGE RATES

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 2018.

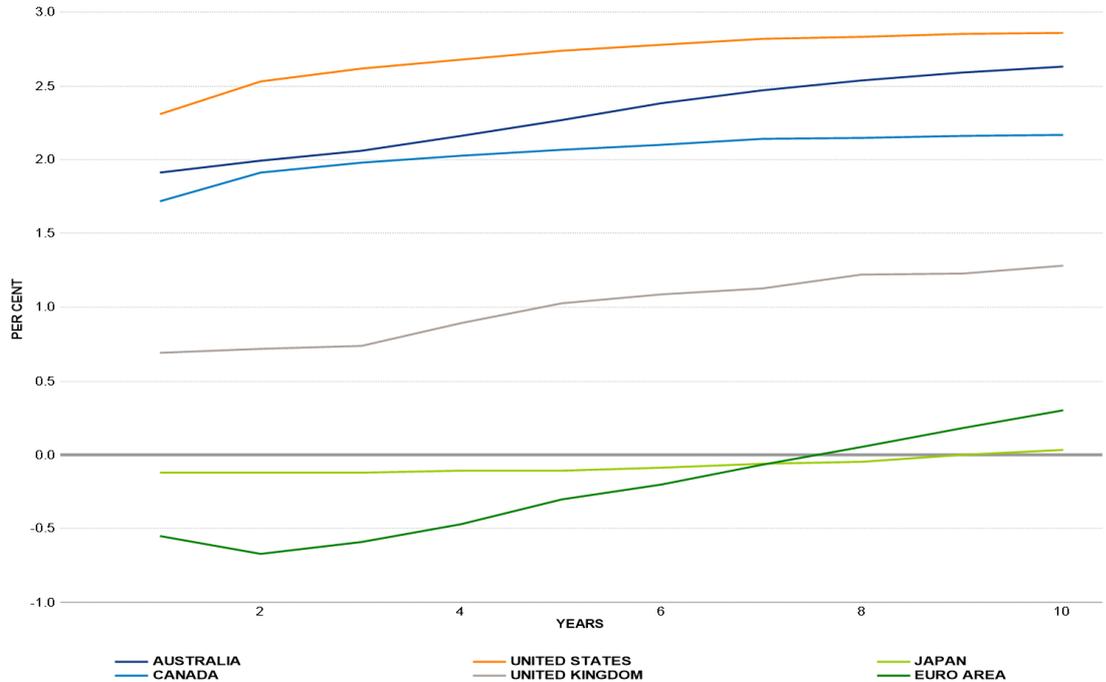
Data source: Bloomberg.



YIELD CURVES

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

Australia's yield curve compared to international peers



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 June 2018.



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 2018		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	12 benchmark lines: 2019-2028, 2030 and 2033	AUD
			2 AGG* lines: 2019 and 2021	AUD
			1 QTC Green Bond: 2024	AUD
			2 floating rate notes: 2018 and 2022	1 capital indexed bond: 2030
	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 2018.

*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 2018

* 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 2018

* 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		

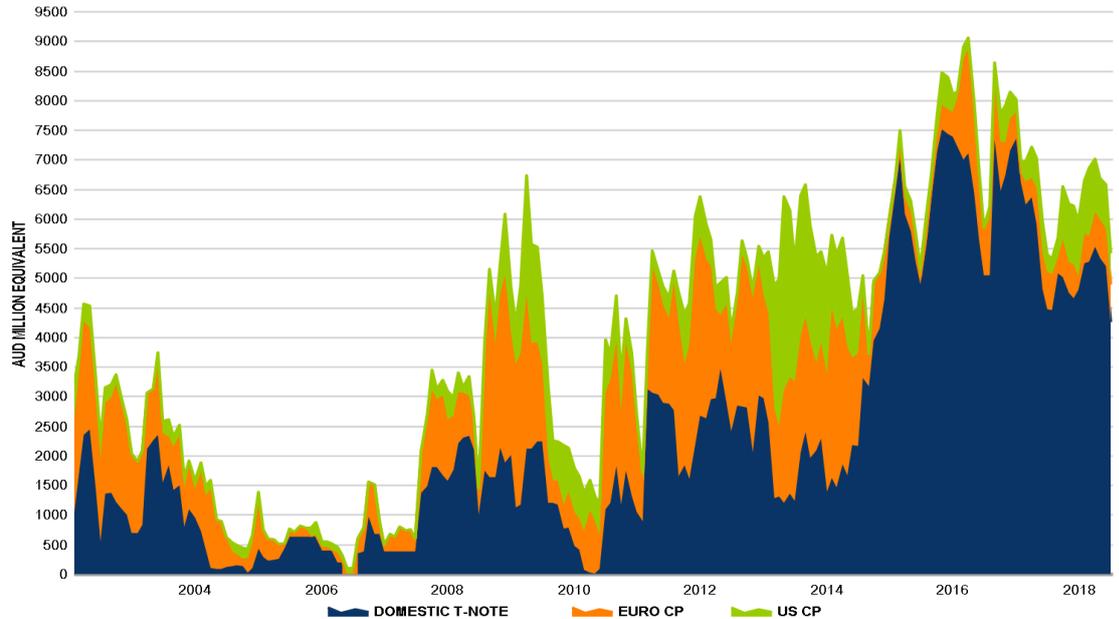
As at 30 June 2018

** 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 2018.



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



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