



QUEENSLAND

- AUD349 billion Gross State Product (GSP)¹
- 3.9% GSP annual growth rate²
- 5.05 million people³
- Rated AA+/Aa1

AUSTRALIA

- AUD1,921 billion Gross Domestic Product (GDP)⁴
- 3.1% GDP annual growth rate²
- 25.2 million people³
- Rated AAA/Aaa

Data sources: Australian Bureau of Statistics, Bloomberg

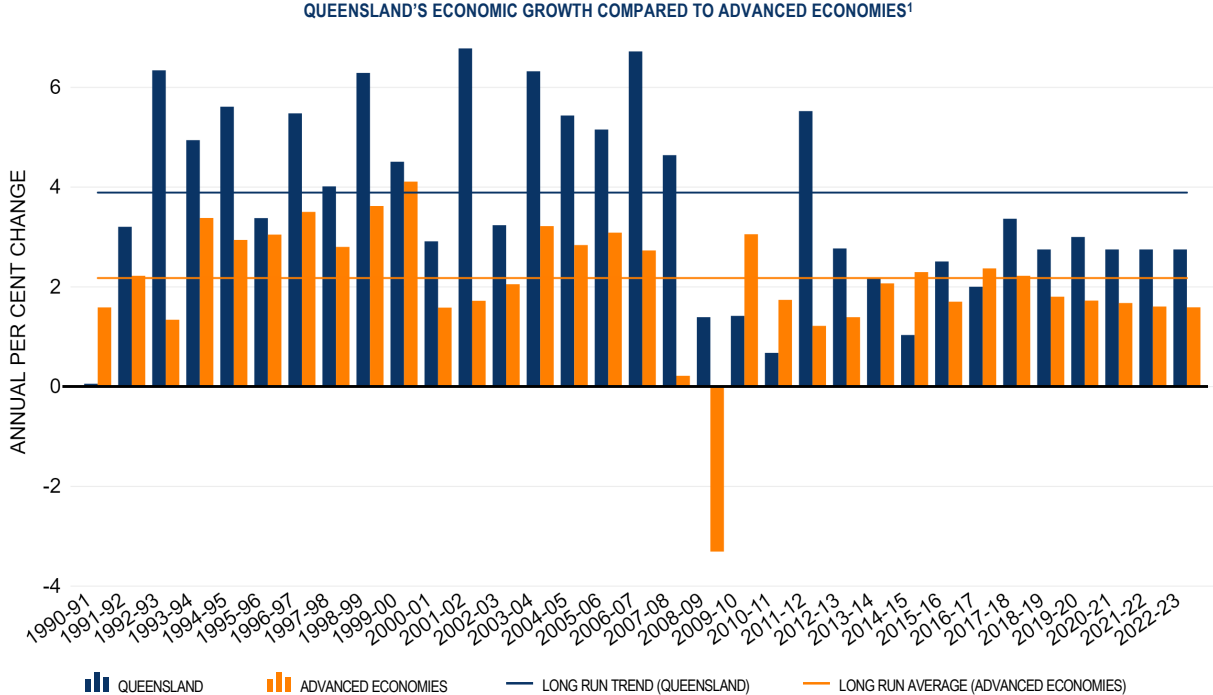
¹ Year ending 30 June 2018 ² Long-run trend

³ As at 31 December 2018 ⁴ Year ending March 2019

Ratings: Queensland and QTC are rated AA+/A-1+/Stable and Aa1/P-1/Stable from S&P Global and Moody's respectively. Australia is rated AAA/Stable and Aaa/Stable from S&P Global and Moody's respectively. As at 30 June 2019.

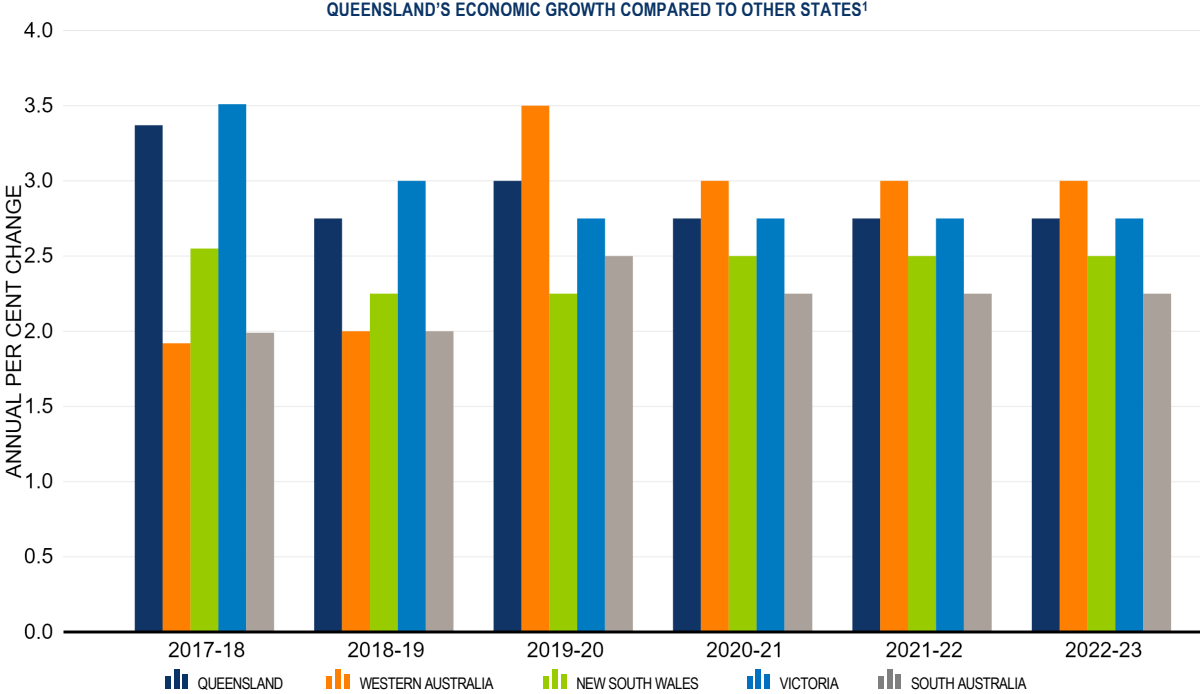
QUEENSLAND

Economic growth has consistently outperformed the average of advanced economies



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), 2016-17 reference year.
 Data sources: IMF, ABS, Queensland Treasury.
 Note: 2018-19 is an estimated actual. 2019-20 and beyond are forecasts and projections.

Queensland is amongst the fastest growing states in Australia



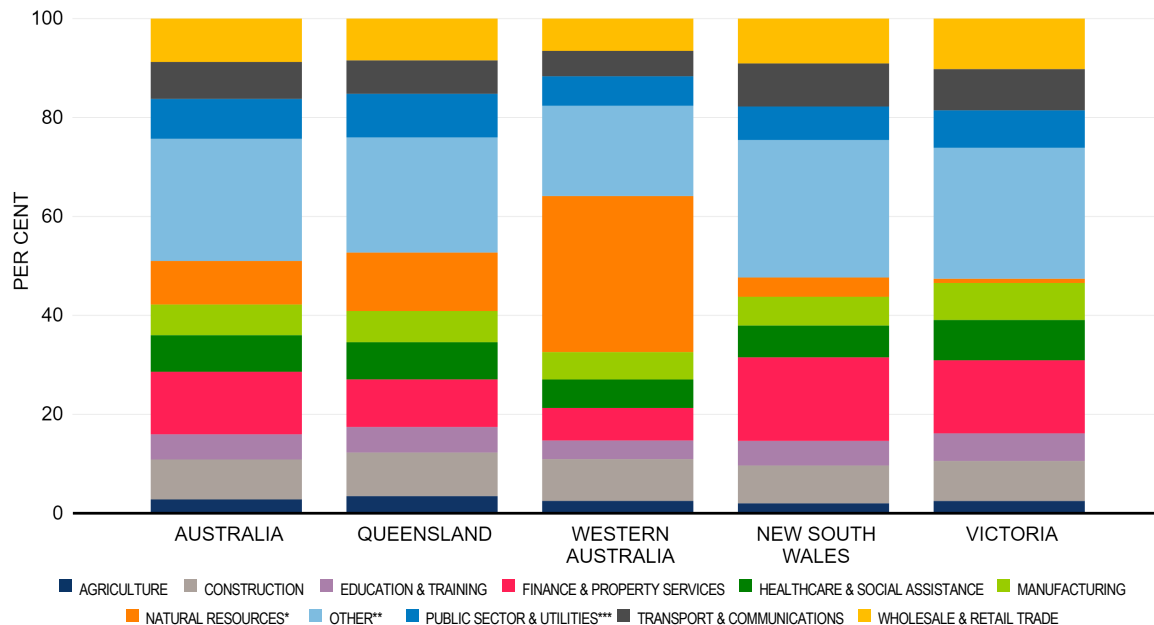
¹ Growth is in real terms.

Data sources: Various State Budgets, ABS.

Note: 2017-18 are actuals. 2018-19 GSP for each state is an 'estimated actual'. 2019-20 and beyond are forecasts and projections.

Diverse and resilient economy – no sector makes up more than 12 per cent of output

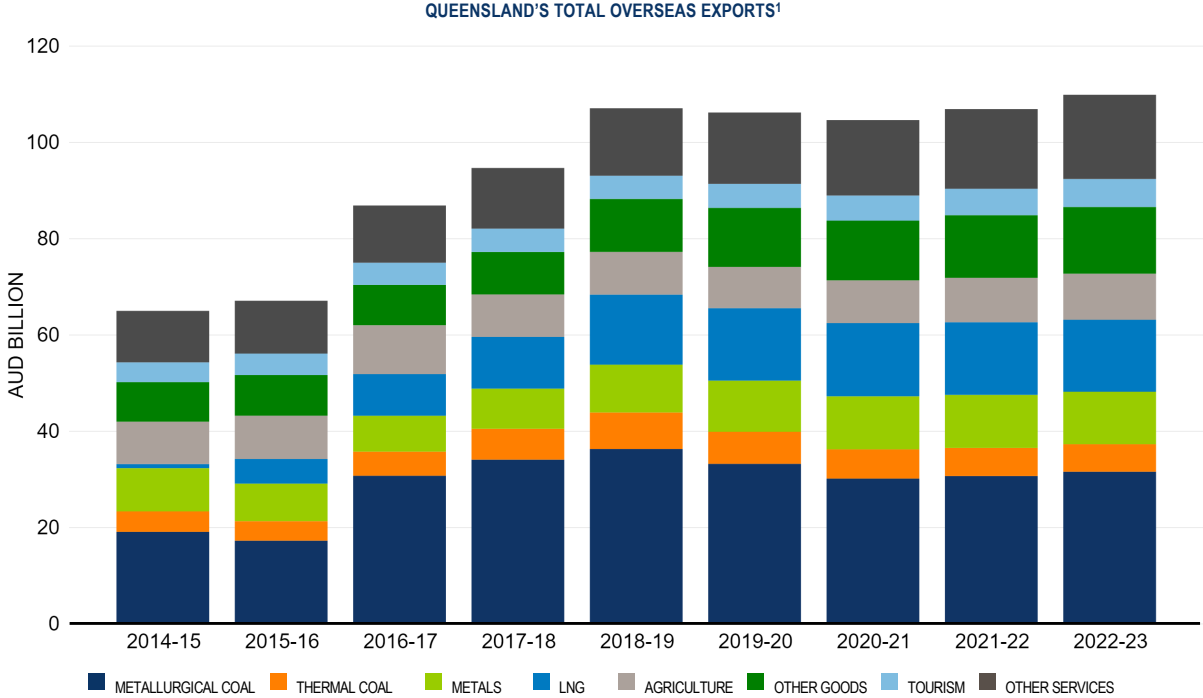
AUSTRALIAN STATES' ECONOMIC OUTPUT BY SECTOR¹



¹2017-18, gross value added, current prices. * 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. *** Public sector and utilities includes: public administration and safety; and electricity, gas, water, waste services.

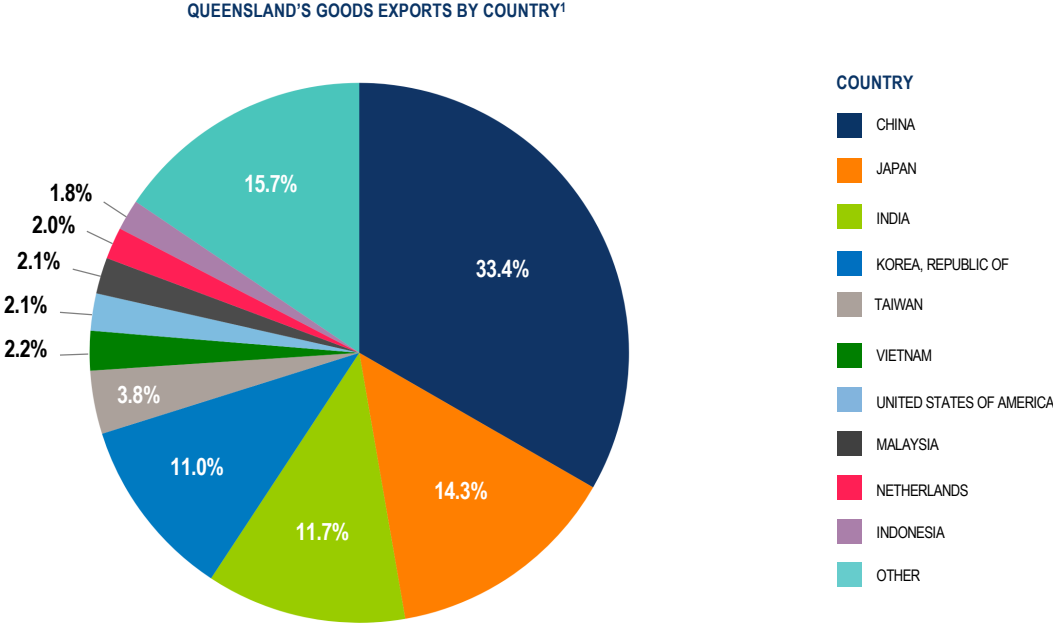
Data source: ABS.

Similar to its diversified domestic economy, Queensland has a well balanced mix of goods and services exports



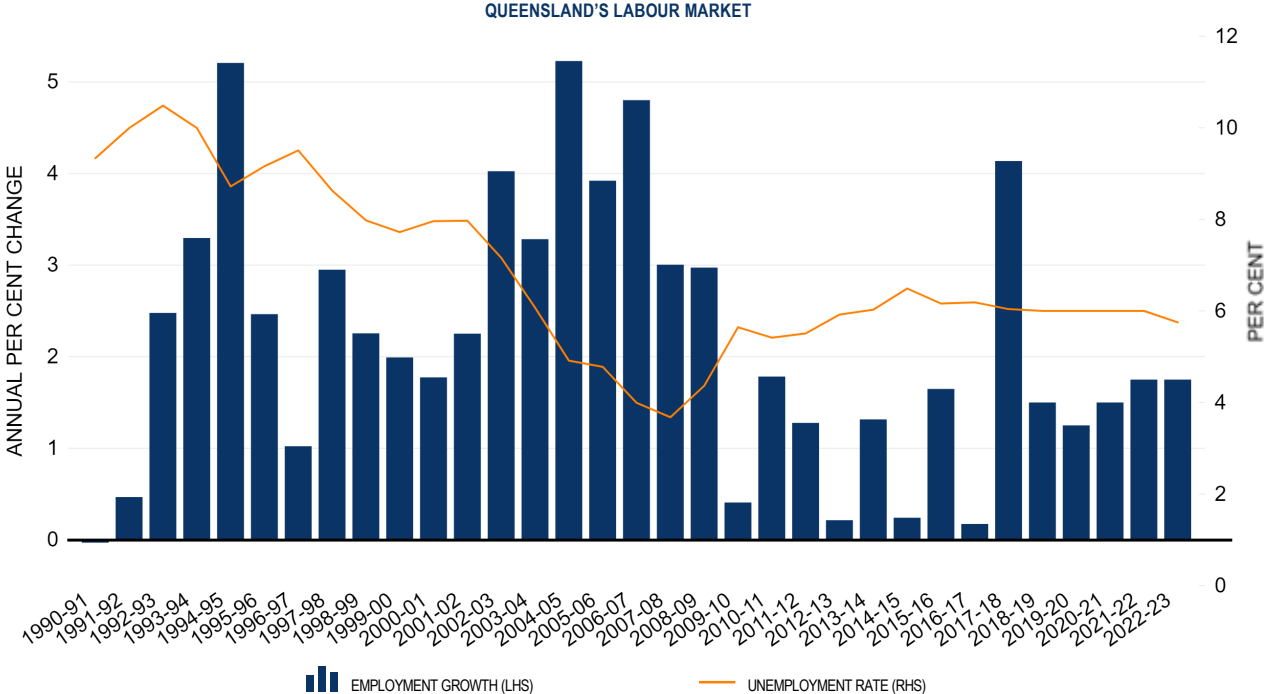
¹ Nominal terms (\$ billions). Data sources: ABS unpublished trade data, Queensland Treasury. Note: 2018-19 is an estimated actual. 2019-20 and beyond are forecasts and projections.

Around three-quarters of goods exports go to the fast growing Asian region



¹ Total value of goods exports, per cent. Data sources: ABS unpublished trade data for year ending May 2019, Queensland Treasury.

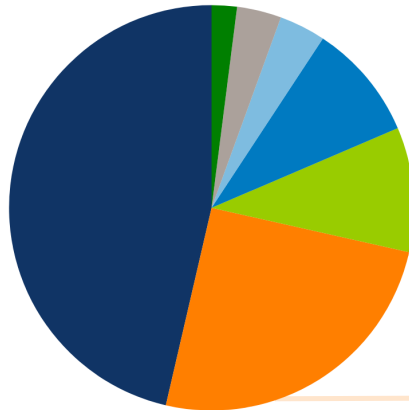
Solid jobs growth and a steady unemployment rate are expected in coming years



Data sources: ABS, Queensland Treasury. Notes: Employment growth and unemployment rates are financial year averages. 2018-19 is an estimated actual. 2019-20 and beyond are forecasts and projections.

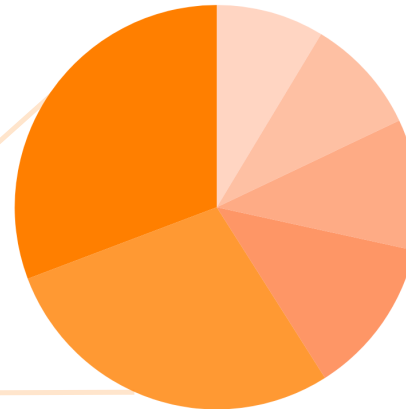
Queensland has a diversified and stable revenue mix

BUDGETED REVENUES¹
2019-20: AUD60.4BILLION



- GRANTS* (46.4%)
- TAXATION REVENUE** (25.1%)
- SALES OF GOODS & SERVICES (9.9%)
- ROYALTIES & LAND RENTS (9.3%)
- DIVIDEND AND TAX EQUIVALENT REVENUE (3.7%)
- INTEREST INCOME (3.5%)
- OTHER REVENUE (2.0%)

BUDGETED TAXATION REVENUES¹
2019-20: AUD15.2 BILLION



- DUTIES (30.7%)
- PAYROLL TAX (28.3%)
- MOTOR VEHICLE REGISTRATION (12.6%)
- LAND TAX (10.5%)
- GAMBLING TAXES & LEVIES (9.3%)
- OTHER TAXES (8.6%)

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 2019-20 Budget.

Queensland has its own taxation powers and receives federal fiscal support

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:

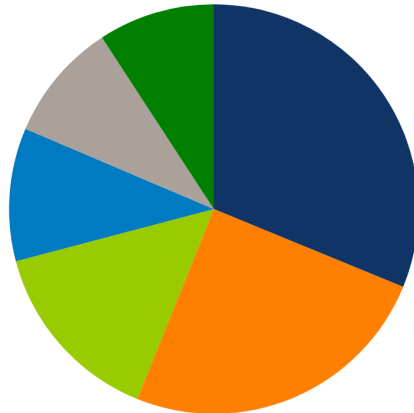
General purpose payments – 'untied' grants which are funded by the Goods and Services Tax (GST) revenue and are used for both recurrent and capital purposes.

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 Disaster Recovery Funding Arrangements, which provide partial (75 per cent) reimbursement for eligible costs incurred as a result of natural disasters, are also classified as a payment for specific purposes.

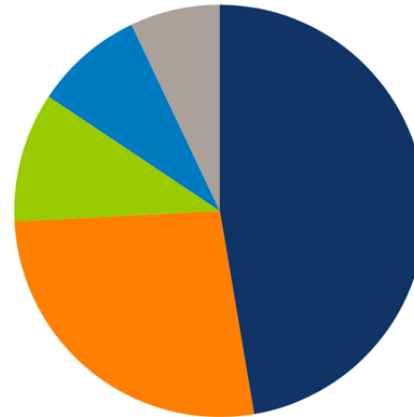
Health and education are the State's major operating expenses while transport infrastructure is the biggest area of focus in terms of capital spending

OPERATING EXPENDITURE: AUD60.2 BILLION



- HEALTH (31.2%)
- EDUCATION (24.9%)
- ECONOMIC & OTHER SERVICES* (14.8%)
- TRANSPORT (10.5%)
- PUBLIC ORDER & SAFETY (9.4%)
- SOCIAL WELFARE, HOUSING AND OTHER COMMUNITY SERVICES (9.2%)

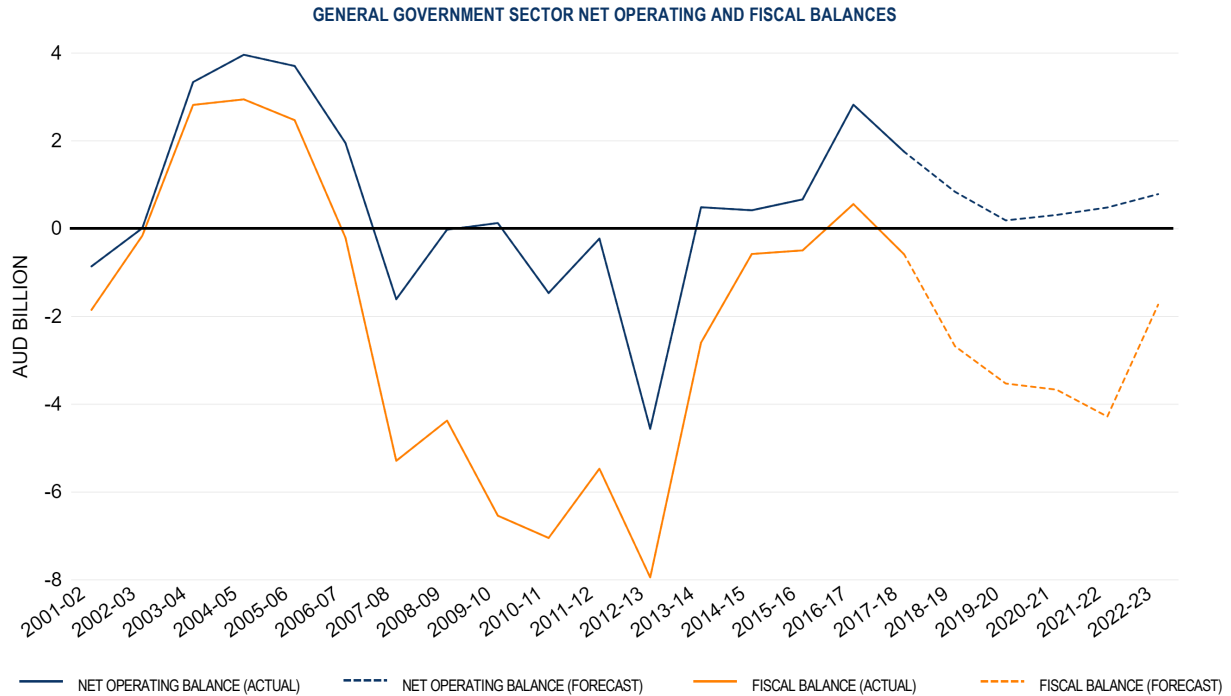
CAPITAL EXPENDITURE: AUD10.2 BILLION



- TRANSPORT (47.32%)
- ECONOMIC & OTHER SERVICES* (26.85%)
- EDUCATION (10.18%)
- HEALTH (8.58%)
- SOCIAL WELFARE, HOUSING AND OTHER COMMUNITY SERVICES (7.07%)

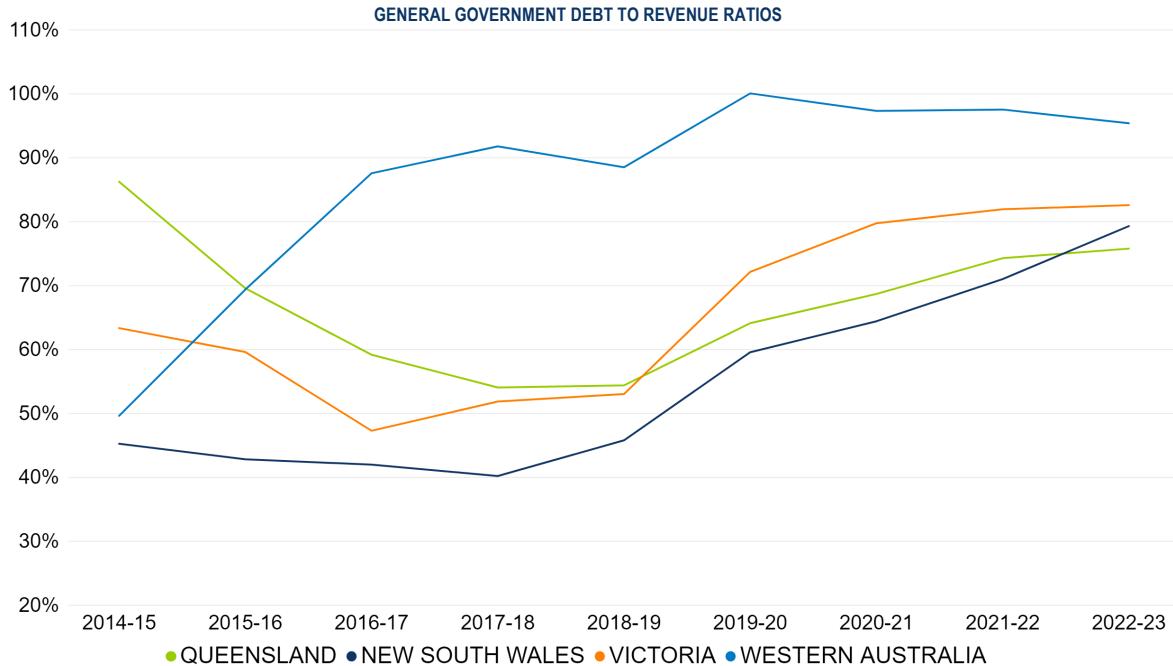
May not add to 100 per cent, due to rounding. *Mainly includes expenditures on economic services and those not classified elsewhere.
Data source: Queensland Government 2019-20 Budget.

Operating surpluses achieved for the past five financial years and forecast to continue



Data sources: Actuals data from Queensland Treasury. Forecasts and projections from the Queensland Government 2019-20 Budget
Note: 2018-19 is an estimated actual. 2019-20 and beyond are forecasts and projections.

By the end of the forward estimates period Queensland is expected to have the lowest levels of debt relative to revenue amongst the largest states



Data sources: Various State Budgets

Note: 2018-19 is an estimated actual. 2019-20 and beyond are forecasts and projections. The debt to revenue ratio in all states is impacted by changes in reported borrowing due to the adoption of a new Australian accounting standard, AASB 16 Leases. From 2019-20, Queensland's debt to revenue ratio is estimated to be on average three percentage points higher across the budget and forward estimates due to this change.

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 broadly 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 assets that generates dividend payments
- a unique position with financial holdings greater than its superannuation obligations
- General Government debt levels relevant to revenue that have fallen over the past few years, and
- a rating of AA+/Stable/A-1+ and Aa1/Stable/P-1 by S&P Global and Moody's Investors Service respectively.