

# Queensland Treasury Corporation

*(A corporation constituted under the laws of the State of Queensland)*

U.S.\$10,000,000,000

Euro Medium Term Note Facility

*guaranteed by*

**The Treasurer of the State of Queensland  
on behalf of  
The Government of Queensland**

*Arranger*

**UBS Investment Bank**

*Dealers*

**ABN AMRO**

**Australia and New Zealand Banking  
Group Limited**  
ABN 11 005 357 522

**Citi**

**Commonwealth Bank of Australia**  
ABN 48 123 123 124

**Deutsche Bank**

**JPMorgan**

**Macquarie Bank Limited**  
ABN 46 008 583 542

**National Australia Bank Limited**  
ABN 12 004 044 937

**Nomura International**

**RBC Capital Markets**

**The Royal Bank Of Scotland**

**TD Securities**

**UBS Investment Bank**

**Westpac Banking Corporation**  
ABN 33 007 457 141

*This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive").*

*Queensland Treasury Corporation (the "Issuer" or the "Corporation" or "QTC") and the Government of Queensland (the "Responsible Persons") accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Responsible Persons (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*This Base Prospectus is issued in replacement of a prospectus dated 12 December, 2007 and accordingly supersedes that earlier prospectus. Any Notes (as defined below) issued under the Facility (as defined below) on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes issued prior to the date of this Base Prospectus.*

*This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents incorporated by reference"). This Base Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.*

*Subject as set out herein, this Base Prospectus and any supplement hereto will only be valid for issuing Notes of up to U.S.\$10,000,000,000 (or its equivalent in the other currencies provided for herein) outstanding at any one time, calculated by reference to the Exchange Rate prevailing at the Agreement Date (each as defined in the penultimate paragraph of "Form of the Notes") and otherwise on the basis specified in "Form of the Notes". The Notes will be issued on a continuing basis to one or more of the Dealers. Notes may be issued to persons other than Dealers. Dealers and such other persons are together referred to as "Dealers".*

*Application has been made to the Commission de Surveillance du Secteur Financier (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 10 July, 2005 on prospectuses for securities to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Facility to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the "Markets in Financial Instruments Directive").*

*Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Conditions of the Notes") of Notes will be set out in a final terms (the "Final Terms") which, with respect to Notes to be listed on the Luxembourg Stock Exchange or in the case of a public offer in Luxembourg, will be filed with the CSSF.*

*The Facility provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer (as defined below). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.*

***An investment in Notes issued under the Facility involves certain risks. For a discussion of these risks see "Risk factors".***

*The Dealers specified on page 7 (the "Dealers", which expression shall include any additional Dealers appointed under the Facility from time to time) have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Base Prospectus, or any further information supplied in connection with the Notes.*

*No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other financial statements or further information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either the Issuer or any of the Dealers.*

*Neither this Base Prospectus nor any other financial statements nor any further information supplied in connection with the Notes shall be considered as a recommendation by either the Issuer or any of the Dealers that any recipient of this Base Prospectus or any financial statements or any further information supplied in connection with the Notes should purchase any of the Notes. Each investor*

*contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. None of this Base Prospectus, any other financial statements or any further information supplied in connection with the Notes constitute an offer or invitation by or on behalf of the Issuer or the Dealers or any of them to any person to subscribe for or to purchase any of the Notes.*

*The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial or other condition or affairs of the Issuer during the life of the Facility. Investors should review, inter alia, the most recent financial statements of the Issuer when deciding whether or not to purchase any of the Notes.*

*The distribution of this Base Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of the Notes in the United States of America, the European Economic Area (including the United Kingdom), Australia, Japan, Canada, Hong Kong, New Zealand and Singapore (see below and “Subscription and Sale”).*

*This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of a placement contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by the final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.*

*The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.*

## U.S. INFORMATION

*This Base Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs (as defined in “Form of the Notes”) for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.*

*Notes in registered form may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. Purchaser of Notes in registered form is hereby notified that the offer and sale of any Notes in registered form to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (“Rule 144A”).*

*Each Purchaser or holder of Notes represented by a Rule 144A Global Note (as defined in “Form of the Notes”) or any Notes issued in registered form in exchange or substitution therefor (together “Legended Notes”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “Subscription and Sale” and “Transfer Restrictions”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “Form of the Notes”.*

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

*The Issuer is a corporation constituted under the laws of the State of Queensland, Australia. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Australia upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside Australia predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Australian law, including any judgment predicated upon United States federal securities laws.*

*All references to “U.S.\$” and “U.S. dollars” are to United States dollars, references to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to “Yen” and “¥” are to Japanese yen, references to “sterling” are to pounds sterling and references to “\$”, “A\$”, “Australian \$” and “dollars” are to Australian dollars. As used herein, the term “United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions (including the Commonwealth of Puerto Rico) and other areas subject to its jurisdiction, and the term “United States person” means a citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States or any political subdivision thereof or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.*

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## SUMMARY

This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

The following summary is qualified in its entirety by the remainder of this document. Words and expressions defined in “*Conditions of the Notes*” below shall have the same meaning in this Summary:

Issuer:

Queensland Treasury Corporation.

In 1982 the Queensland Government established the Queensland Government Development Authority as a corporation solely constituted by the Under Treasurer pursuant to the Statutory Bodies Financial Arrangements Act 1982 to act as a central borrowing authority for the State of Queensland. The powers of that statutory body were expanded in 1988 and the name changed to Queensland Treasury Corporation pursuant to the Queensland Treasury Corporation Act 1988 (the “Act”).

Under section 10 of the Act, QTC established the Queensland Treasury Corporation Capital Markets Board to determine and implement ongoing strategies for capital market operations.

As at 30 June, 2008, QTC had a total of A\$49.,915 billion in assets and A\$49.,623 billion in liabilities compared to A\$40.612 billion in assets and A\$40.239 billion in liabilities at 30 June, 2007.

With respect to borrowings, QTC raises funds in domestic and international capital markets for on-lending to Queensland’s statutory authorities. QTC’s borrowing and on-lending functions are separated.

Under its on-lending arrangements, QTC has established a series of generic debt pools from which smaller Government Bodies access funds. Large Government Bodies utilise debt portfolios which have been specifically designed to meet their unique needs.

QTC has been an active participant in international asset financing transactions for many years, predominantly in the nature of cross border lease transactions. The vast majority of cross border lease transactions entered into by QTC relate to rail and electricity assets (see “*Queensland Treasury Corporation – Cross Border Lease Transactions*”).

Guarantor:

The Treasurer on behalf of The Government of Queensland.

The State of Queensland (“Queensland”) has the second largest land area of the six Australian States and the largest habitable area.

Queensland is the third most populous State in Australia with a population of approximately 4.25 million, or 20 per cent. of Australia’s population at March 2008.

Queensland has a well diversified economic base, with strong agricultural and mining sectors, an established manufacturing sector and a wide range of services, including a well-developed tourism sector and a fast developing business services sector.

Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Facility. These are set out under " <i>Risk Factors</i> " below and include the impact a downturn in the Queensland economy may have on the Issuer. There are also certain factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee. These are also set out under " <i>Risk Factors</i> " below and include the impact a downturn in the Queensland economy may have on the Guarantor. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Facility, see " <i>Risk Factors</i> ".
Arranger:	UBS Limited.
Dealers:	ABN AMRO Bank N.V., Australia and New Zealand Banking Group Limited ABN 11 005 357 522, Citigroup Global Markets Limited, Commonwealth Bank of Australia ABN 48 123 123 124, Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd., Macquarie Bank Limited ABN 46 008 583 542, National Australia Bank Limited ABN 12 004 044 937, Nomura International plc, Royal Bank of Canada Europe Limited, The Royal Bank of Scotland PLC, The Toronto-Dominion Bank, UBS Limited, and Westpac Banking Corporation ABN 33 007 457 141.
Certain Restrictions:	<p>Under the Distribution Agreement other institutions may be appointed as Dealers either in relation to the Facility as a whole or in relation to specific issues thereunder. Issues of Notes denominated in sterling are subject to certain restrictions, see "<i>General Information</i>".</p> <p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "<i>Subscription and Sale</i>" and "<i>Transfer Restrictions</i>"), including the following restrictions applicable at the date of this Base Prospectus.</p> <p><i>Notes with a maturity of less than one year</i></p> <p>Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "<i>Subscription and Sale</i>".</p>
Issuing and Principal Paying Agent and Agent Bank:	Deutsche Bank AG, London Branch.
Amount:	Up to U.S.\$10,000,000,000 (or its equivalent in other currencies at the time of agreement to issue) outstanding at any one time. Under the Distribution Agreement the nominal amount of the Notes outstanding under the Facility may be increased, subject to satisfaction of certain conditions set out therein.
Description:	Continuously offered Euro Medium Term Notes.
Distribution:	Notes will be distributed on a private or syndicated placement basis.
Currencies:	U.S. dollars, euro, Yen, sterling, Australian dollars, Canadian dollars, New Zealand dollars, Hong Kong dollars, Norwegian kroner, Swedish kronor, Swiss francs and Danish kroner or such other currency or currencies as may be agreed with the relevant Dealer subject to any applicable legal or regulatory restrictions.

Maturities:	Any maturity subject to such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body, however called) or any laws or regulations applicable to the relevant currency or the Issuer.
Issue Price:	Notes may be issued at par or at a discount to, or premium over, par and either on a fully or partly paid basis.
Fixed Rate Notes:	Fixed interest will be payable in arrear on a specified date or dates in each year (as indicated in the applicable Final Terms) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) or on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service or on such other basis as may be specified in the applicable Final Terms.</p> <p>The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms.</p>
Index Linked Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Index Linked Notes will be calculated by reference to such Index and/or Formula as the Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Dual Currency Notes:	Payments in respect of Dual Currency Notes will be made in such currencies and based upon such rates of exchange as the Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their principal amount and will not bear interest other than in relation to interest due after the Maturity Date.
Low Interest (discount) Notes:	Low Interest (discount) Notes will be offered and sold at a discount to their principal amount and will bear interest at a rate lower than would otherwise be payable if they were issued at or about par.
High Interest (premium) Notes:	High Interest (premium) Notes will be offered and sold at a premium to their principal amount and will bear interest at a rate higher than would otherwise be payable if they were issued at or about par.
Redemption:	The Final Terms applicable to each issue of Notes will indicate either that the Notes of that issue cannot be redeemed prior to their stated maturity, other than in specified instalments or except for taxation reasons, or that such Notes will be redeemable at the option of the Issuer (in specified amounts if the applicable Final Terms so indicates) and/or at the option of the holder(s) of such Notes upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice as may be indicated in the

applicable Final Terms) to the relevant Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be indicated in the applicable Final Terms.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “*Certain Restrictions – Notes with a maturity of less than one year*” above.

The applicable Final Terms may provide that Notes may be redeemed in two or more instalments and on such dates and on such other terms as may be indicated in such Final Terms.

- Form of the Notes: The Notes will be issued in bearer or registered form as set out in the applicable Final Terms. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.
- Denominations of definitive Notes: Such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms subject to such minimum denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body, however called) or any laws or regulations applicable to the relevant currency or the Issuer, see “*Certain Restrictions – Notes with a maturity of less than one year*” above.
- Redenomination: The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination will be set out in full in the applicable Final Terms.
- Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Australia, subject as provided in Condition 7. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts deducted.
- Status of the Notes: The Notes will constitute direct unsubordinated and unsecured obligations of the Issuer and, save for certain securities referred to in Condition 3, will rank *pari passu* with all other direct and general unsecured obligations (other than subordinated obligations, if any) of the Issuer for borrowed money.
- Guarantee: The Guarantor will guarantee the payment when due of all amounts that are or may become payable by the Issuer on or in respect of the Notes. The Guarantee will be a direct and unconditional obligation of the Guarantor. All moneys payable by the Guarantor under the Guarantee will be a charge upon, and will be paid out of, the Consolidated Fund of the State of Queensland which will be to the extent necessary appropriated accordingly, and the Guarantee will rank *pari passu* with all of the Guarantor’s other unsecured obligations.
- Cross default: The Notes will contain a cross default in relation to the due payment of principal in respect of any indebtedness for borrowed money or under any guarantee in respect of any indebtedness for borrowed money in each case in excess of U.S.\$10,000,000 (or its equivalent in any other currency or currencies).
- Rating: The rating of certain series of Notes to be issued under the Facility may be specified in the applicable Final Terms.
- Listing and admission to trading: Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Facility to be admitted to trading on the Luxembourg Stock Exchange’s

regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Notes may also be listed on such other or further stock exchange(s) as may be agreed by the Issuer and the relevant Dealer in relation to each Series. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Governing law:

The Notes will be governed by English law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom), Japan, Australia, Canada, Hong Kong, New Zealand and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Series of Notes, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

## RISK FACTORS

*Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Facility. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Facility are also described below.*

*Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Facility, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer or the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and the documents incorporated by reference and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Facility**

#### ***A downturn in the Queensland economy could have an impact on the Issuer's ability to fulfil its obligations under Notes issued under the Facility***

The Issuer derives the majority of its income from interest income derived from its on-lendings to Queensland state governmental bodies. The ability of these bodies to make principal and interest payments may be impacted by any materially adverse changes in the Queensland economy. If these bodies were unable to fulfil their obligations to make payments of principal and interest on on-lent funds, this may have an adverse impact on the Issuer's ability to fulfil its obligations under Notes issued under the Facility.

#### ***The Issuer may be unable to access suitable funding markets when required or it may suffer a significant loss of capital***

As part of QTC's Enterprise Wide Risk Management Program, QTC has implemented Enterprise Wide Risk Management policies and procedures and identified the following risks as potentially significantly impacting the Issuer's ability to fulfil its obligations under the Facility. To understand the ways that the Issuer endeavours to protect against the risks summarised below, see the discussion below under "*Queensland Treasury Corporation – Enterprise Wide Risk Management*".

#### ***The Issuer may be unable to access suitable funding markets when required***

The most likely impact of this risk would be that the Issuer may have a delay in accessing appropriate funding markets. In the worst case, the Issuer may be unable to refinance significant loans or Notes becoming due.

#### ***The Issuer may suffer a significant loss of capital***

The most likely impact of this risk would be that the Issuer may suffer a loss as a result of market changes adversely affecting any positions that it may have taken or it may incorrectly assess residual values as part of its operating leasing activities. In the worst case, the Issuer may suffer a large loss due to a credit failure by a counterparty.

### **Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee**

To understand the ways in which the Guarantor endeavours to protect against certain of the risks summarised below, see the discussion below under "*Queensland Economy – Overview*".

#### ***A downturn in the economy of Queensland or Australia could have an impact on the Guarantor's ability to fulfil its obligations under the Guarantee***

The Guarantor guarantees the payment of principal and interest when due on the Notes. The Guarantor relies to a large extent on personal and corporate income taxes and goods and services taxes and grants from the Commonwealth of Australia to meet its funding obligations. The Guarantor's main sources of revenue are transfers from the Commonwealth (Goods and Services Taxation revenue) and State taxation revenue. As most of these revenues are economy based, a material adverse change in the Queensland economy could result in decreased tax revenues. In addition, a material adverse change in the economy of Australia could affect the amount of transfer

payments that the Guarantor receives. Either of these events could ultimately adversely affect the ability of the Guarantor to fulfil its obligations under the Guarantee.

### ***Current Market Volatility and Recent Market Developments***

Significant declines in the housing market in the United States, the United Kingdom and in various other countries in the past two years have contributed to significant write-downs of asset values by financial institutions, including government-sponsored entities and major commercial and investment banks. These write-downs have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to fail. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many leaders and institutional investors have substantially reduced, and in some cases, halted their funding to borrowers, including other financial institutions.

While the capital and credit markets have been experiencing volatility and disruption for more than 12 months, the volatility and disruption has reached unprecedented levels in recent months. In some cases, the markets have produced downward pressure on stock prices and credit capacity for certain issuers.

The resulting lack of credit, lack of confidence in the financial sector, increased volatility in the financial markets and reduced business activity could materially and adversely affect QTC's business, financial condition and results of operations.

### ***Soundness of Financial Institutions***

QTC's exposure to counterparties in the financial services industry is relatively significant. This exposure mainly arises through its funding in the capital market and investment activities. These counterparties mainly include commercial banks and investment banks. Many of these relationships expose QTC to credit risk in the event of default of a counterparty. In addition, QTC's credit risk may be exacerbated when the collateral it holds cannot be realised upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure it is due. Many of the hedging and other risk management strategies utilised by QTC also involve transactions with financial services counterparties. The weakness or insolvency of these counterparties may impair the effectiveness of the QTC hedging and other risk management strategies.

### **Factors that investors should consider when assessing the market risks associated with Notes issued under the Facility**

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of an investment in the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or in any applicable Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### ***Notes subject to optional redemption by the Issuer may limit the market value of those Notes***

The applicable Final Terms may indicate that the relevant Notes are redeemable at the Issuer's option on or after a specified date prior to their stated maturity at a specified price or prices (which may include a premium), together with accrued interest to the date of redemption. An optional redemption feature of Notes may limit their market value. During any period when the Issuer may

elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Index Linked Notes and Dual Currency Notes***

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, you should consult your own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of their particular circumstances.

#### ***Partly-paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### ***Variable rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### ***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the

Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### ***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

##### *Modification, waivers and substitution may adversely affect the interest of holders of the Notes*

The conditions of the Notes contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Notes, including holders of the Notes who did not attend and vote at the relevant meeting and holders of the Notes who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Issuer and the Agent may, without the consent of holders of the Notes, agree to any modification to any of the provisions of the Agency Agreement and the Notes which is of a formal, minor or technical nature or which is made to correct a manifest or proven error. The conditions of the Notes also provide that the Issuer may, without the consent of holders of the Notes, be replaced as principal debtor under the Notes, in the circumstances described under “*Conditions of the Notes – Substitution*”.

##### *EU Savings Directive may result in the imposition of a withholding tax*

Under EC Council Directive 2003/48/EC on the taxation of savings income Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding tax system in relation to such payments, (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

##### *Any change of law may adversely impact the Notes*

The conditions of the Notes are governed by English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact on the Notes of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

##### *Trading in the clearing systems*

In relation to any issue of Notes which have a specified minimum denomination and higher integral multiples of another smaller amount, should definitive Notes be required to be issued, a holder who holds less than the minimum denomination in his account with the relevant clearing system at the relevant time may not receive his entitlement in the form of definitive Notes unless and until such time as his holding equals the minimum denomination or any higher permitted denomination.

#### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks related to the Notes, including liquidity risk, exchange rate risk, interest rate risk and credit risk. To understand the ways in which the Issuer endeavours to protect against certain of the risks summarised below, see the discussion

below under “*Queensland Treasury Corporation – Organisation of Queensland Treasury Corporation*”.

*Illiquidity may have an adverse effect on the market value of Notes*

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may be unable to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of Notes.

*Exchange rate risks and exchange controls may adversely affect an investor’s return on the Notes*

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency other than the Specified Currency. These include the risk that exchange rates may significantly change, including changes due to depreciation or appreciation of the Specified Currency relative to the investor’s currency, and the risk that authorities with jurisdiction over the investor’s currency may impose or modify exchange controls. An appreciation in the value of the investor’s currency relative to the Specified Currency would decrease (1) the equivalent yield on the Notes in the investor’s currency, (2) the equivalent value of the principal payable on the Notes in the investor’s currency and (3) the equivalent market value of the Notes in the investor’s currency.

*Changes in interest rates may adversely affect the market value of fixed rate Notes*

Investments in Notes that have a fixed interest rate involve the risk that subsequent changes in market interest rates may adversely affect the market value of those fixed rate Notes.

*Credit ratings may not reflect all risks of an investment in the Notes*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Each rating should be evaluated independently of any other rating.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowings and (3) any other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated in, and form part of, this Base Prospectus:

- (a) the annual report on Form 18-K, dated 11 December, 2008, filed with the U.S. Securities and Exchange Commission in relation to the Issuer and the Government of Queensland for the fiscal year ended 30 June, 2008 (the “2008 Form 18-K”);
- (b) the annual report on Form 18-K, dated 7 December, 2007, filed with the U.S. Securities and Exchange Commission in relation to the Issuer and the Government of Queensland for the fiscal year ended 30 June, 2007 (the “2007 Form 18-K”);

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agent for the time being in Luxembourg. All information incorporated by reference for the purposes of the Prospectus Directive can also be found on the Luxembourg Stock Exchange’s website (*www.bourse.lu*).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

For ease of reference, please note that certain information required under the Prospectus Directive to be included in or incorporated by reference in this Base Prospectus, can be found in the 2008 Form 18-K or the 2007 Form 18-K, as the case may be.

The following table sets out where in the 2008 Form 18-K the relevant information referred to below can be located:

Commission Regulation 809/2004 Requirement	Location in 2008 Form 18-K
Annex IV 10.1 (administrative, management and supervisory bodies).....	Exhibit c(i) p 51-54
Annex IV 11.1 (Board practices).....	Exhibit c(i) p 51-54
Annex IV 11.2 (Board practices).....	Exhibit c(i) p 53-54
Annex IV 12.1 (major shareholders).....	Exhibit c(i) 53
Annex IV 13.1 (Financial information concerning the issuer’s assets and liabilities, financial position and profits and losses).....	Exhibit c(i)
(a) (Balance sheet).....	p 60
(b) (Income Statement).....	p 59
(c) (Cash flow statement).....	p 62
(d) (Accounting policies and explanatory notes).....	p 63
Annex IV 13.1 (Report of the Auditor-General of Queensland).....	p 100-101
Annex VI 3 (Information to be disclosed about the guarantor) and Annex XVI 4 (Public finance)	Exhibit (e) p (e)-2 to (e)-6
Annex XVI 4(b).....	Exhibit (c)(ii) p 32-33, 61 and 62
Annex XVI 4(e).....	Exhibit (c) (ii) p 31
Annex XVI 4(f).....	

The following table sets out where in the 2007 Form 18-K relevant information relating to the consolidated financial information of the Issuer for the fiscal year ended 30 June, 2007 can be located:

Commission Regulation 809/2004 Requirement	Location in 2007 Form 18-K
Annex IV 10.1 (administrative, management and supervisory bodies).....	Exhibit c(i) p 25-29
Annex IV 11.1 (Board practices) .....	Exhibit c(i) p 25-29
Annex IV 11.2 (Board practices) .....	Exhibit c(i) p 28-29
Annex IV 12.1 (major shareholders)	Exhibit c(i) p 28
Annex IV 13.1 (Financial information concerning the issuer’s assets and liabilities, financial position and profits and losses).....	Exhibit c(i)
(a) (Balance sheet).....	p 39
(b) (Income Statement) .....	p 38
(c) (Cash flow statement).....	p 41
(d) (Accounting policies and explanatory notes).....	p 42
Annex IV 13.1 (Report of the Auditor-General of Queensland) .....	p 70-71
Annex VI 3 (Information to be disclosed about the guarantor) and Annex XVI 4 (Public finance)	
Annex XVI 4(b).....	Exhibit (e) p (e)-1 to (e)-4
Annex XVI 4(e) .....	Exhibit (c)(ii) p 05-08, 5-35 and 5-36
Annex XVI 4(f).....	Exhibit (c)(ii) p 5-07

Any information not listed in the cross reference list but included in the documents incorporated by reference is not required by Regulation 809/2004 and is given for information purposes only.

## GENERAL DESCRIPTION OF THE FACILITY

Under the Facility, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Facility and the Notes appears above, see “*Summary*”. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes*”.

Application for approval will be made to the CSSF in its capacity as competent authority under the Luxembourg Act relating to prospectuses for securities to approve this document as a Base Prospectus and application will be made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange’s regulated market.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form (“Bearer Notes”), with or without interest coupons attached, or registered form (“Registered Notes”), without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

### **Bearer Notes**

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global Note (a “Temporary Bearer Global Note”) or, if so specified in the applicable Final Terms, a permanent global Note (a “Permanent Bearer Global Note”) which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the “Common Depository”) for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”).

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the “Exchange Date”) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either (i) for interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 45 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default (as defined in Condition 8) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give

notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

### **Registered Notes**

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global Note in registered form (a “Regulation S Global Note”). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear, Clearstream, Luxembourg, or any additional or alternative clearing system specified in the applicable Final Terms (an “Alternative Clearing System”) and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to “qualified institutional buyers” within the meaning of Rule 144A (“QIBs”). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a “Rule 144A Global Note” and, together with a Regulation S Global Note, the “Registered Global Notes”).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg, (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, or (iii) be deposited with a custodian for, and registered in the name of a nominee of, an Alternative Clearing System, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Rule 144A Global Note will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(d)) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantor, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee

for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (iii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### **Transfer of Interests**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear, Clearstream, Luxembourg, and any Alternative Clearing System, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “*Transfer Restrictions*”.**

### **General**

Pursuant to the Agency Agreement (as defined in “*Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS numbers are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any Alternative Clearing System, subject to any additional or alternative rules and operating procedures of any such Alternative Clearing System.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 8. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (the “*Deed of Covenant*”) dated 12 December, 2008 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC’s standard operating procedures.

## APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Facility with a denomination of less than €50,000.*

[Date]

### Queensland Treasury Corporation

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
Guaranteed by The Treasurer on behalf of The Government of Queensland  
under the U.S.\$10,000,000,000  
Euro Medium Term Note Facility**

[The Base Prospectus (as defined below) and as completed by these Final Terms, has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 34 of Part A below, provided such person is one of the persons mentioned in Paragraph 34 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>1</sup>

[The Base Prospectus (as defined below) as completed by these Final Terms, has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>2</sup>

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated 12 December, 2008 (the “Base Prospectus”). The Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus available for viewing at the Head Office of the Issuer, Minerals & Energy Centre, 61 Mary Street, Brisbane, Queensland 4000, Australia and copies may be obtained free of charge from the listing agent in Luxembourg, currently being Deutsche Bank Luxembourg S.A., 2 Boulevard Konrad Adenauer, L-1115 Luxembourg. The Base Prospectus in the case of Notes

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1 Include this legend where a non-exempt offer of Notes is anticipated.

2 Include this legend where only an exempt offer of Notes is anticipated.

admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Prospectus dated [*original date*]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus dated 12 December, 2008 (the “Base Prospectus”) which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [*original date*] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus dated 12 December, 2008 and the Prospectus dated [*original date*]. The Base Prospectus and the Prospectus dated [*original date*] are available for viewing at the Head Office of the Issuer, Minerals & Energy Centre, 61 Mary Street, Brisbane, Queensland 4000, Australia and copies may be obtained free of charge from the listing agent in Luxembourg, currently being Deutsche Bank Luxembourg S.A., 2 Boulevard Konrad Adenauer, L-1115 Luxembourg. The Base Prospectus and, in the case of the Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub- paragraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

1. (i) Issuer: Queensland Treasury Corporation  
(ii) Guarantor: The Treasurer on behalf of the Government of Queensland
  
2. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
  
3. Specified Currency or Currencies: [ ]
  
4. Aggregate Nominal Amount:  
(i) Series: [ ]  
(ii) Tranche: [ ]
  
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (if applicable)]
  
6. (i) Specified Denominations: [ ]  
*(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*

*(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €1,000 minimum denomination is not required)*

- (i) Calculation Amount: *(If there is only one Specified Denomination, insert that Specified Denomination. If there is more than one Specified Denomination, insert the highest common factor)*  
*(N.B.: There must be a common factor in the case of two or more Specified Denominations)*
7. (i) Issue Date: [ ]  
 (i) Interest Commencement Date [Specify/Issue Date/Not Applicable]  
*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]*
9. Interest Basis: [[ ] per cent. Fixed Rate]  
 [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
 [High Interest (premium) Note]  
 [Low Interest (discount) Note]  
 [Zero Coupon]  
 [Index Linked Interest]  
 [Dual Currency Interest]  
 [specify other]  
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
 [Index Linked Redemption]  
 [Dual Currency Redemption]  
 [Partly Paid]  
 [Instalment]  
 [specify other]  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
11. Change of Interest Basis or Redemption/ Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis]*
12. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [(further particulars specified below)]
13. (i) Status of the Notes: Senior  
 (i) Status of the Guarantee: Senior
14. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi- annually/quarterly/other (specify)] in arrear] *(If payable other than annually, consider amending Condition 4(a))*

- (ii) Interest Payment Date(s):  in each year up to and including the Maturity Date/[specify other]  
(N.B.: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s):  per Calculation Amount  
(Applicable to Notes in definitive form.)
- (iv) Broken Amount(s):  per Calculation Amount payable on the Interest Payment Date falling in/on . [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (vi) Determination Date(s):  in each year  
(Insert regular interest payment dates ignoring issue date or in the case of a long or short first or last coupon. Amend in case of regular interest payment dates which are not of equal duration. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

**16. Floating Rate Note Provisions**

[Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Specified Period(s)/Specified Interest Payment Dates:
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ specify other]
- (iii) Additional Business Centre(s):
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/ specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):
- (vi) Screen Rate Determination:
  - Reference Rate   
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
  - Interest Determination Date(s):   
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET 2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
  - Relevant Screen Page:   
(In the case of EURIBOR, if not Reuters Euribor01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
  - Floating Rate Option:
  - Designated Maturity:

- Reset Date: [ ]
- (viii) Margin(s): [ +/- ] [ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual(ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) Other] (See Condition 4(b) for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
- 17. Zero Coupon Note Provisions** [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 5(g) applies/specify other] (Consider applicable day count fraction if not U.S. dollar denominated)
- 18. Index Linked Note Provisions** [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph) (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)
- (i) Index/Formula: [give or annex details]
- (ii) Party responsible for calculating the Rate of Interest and/or Interest Amount (if not the Agent): [ ]
- (iii) Provisions applicable where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ specify other]
- (vi) Additional Business Centre(s): [ ]
- (vii) Minimum Rate of Interest: [ ] per cent. per annum
- (viii) Maximum Rate of Interest: [ ] per cent. per annum
- (ix) Day Count Fraction: [ ]
- 19. Dual Currency Note Provisions** [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph) (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (ii) Party responsible for calculating the principal and/or interest due (if not the Agent): [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

## PROVISIONS RELATING TO REDEMPTION

- 20. Issuer Call** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/Specify other/See Appendix]
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ]
    - (b) Higher Redemption Amount: [ ]
  - (iv) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems and custodians, as well as any other notice requirements which may apply, for example as between the Issuer and the Agent)*
- 21. Investor Put** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/Specify other/See Appendix]
  - (iii) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- 22. Final Redemption Amount:** [[ ] per Calculation Amount]/specify other/see Appendix]  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*

23. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5):  per Calculation Amount/*specify other/see Appendix*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:  Bearer Notes:  
 Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 45 days' notice given at any time/only upon an Exchange Event]  
 Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date]]  
 Registered Notes:  
 Regulation S Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon an Exchange Event  
*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves)*
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates:  [Not Applicable/*give details*]  
*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(vi) and 18(vi) relate)*
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):  [Yes/No. *If yes, give details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:  [Not Applicable/*give details. N.B.: A new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues*]
28. Details relating to Instalment Notes:  
(i) Instalment Amount(s):  [Not Applicable/*give details*]  
(ii) Instalment Date(s):  [Not Applicable/*give details*]
29. Redenomination applicable:  Redenomination [not] applicable  
*(If Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)*
30. Other final terms:  [Not Applicable/*give details*]  
*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

## DISTRIBUTION

31. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names and addresses and underwriting commitments]  
(Include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (ii) Date of [Subscription] Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name and address of relevant Dealer: [Not Applicable/give name and address]
33. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
34. Non exempt Offer: [Not Applicable][An offer of the Notes may be made by the Managers [and [specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by the Managers”) or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the “Financial Intermediaries”) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member States(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] (“Public Offer Jurisdictions”) during the period from [specify date] until [specify date or a formula such as “the Issue Date” or “the date which falls [ ] Business Days thereafter”] (“Offer Period”). See further Paragraph 10 of Part B below.  
(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)
35. Whether TEFRA D rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA not applicable]
36. Additional selling restrictions: [Not Applicable/give details]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the details required for issue [and public offer in the Public Offer Jurisdictions] [and admission to trading on [specify relevant regulated market and, if relevant, listing on an official list] of the Notes described herein pursuant to the U.S.\$10,000,000,000 Euro Medium Term Note Facility of Queensland Treasury Corporation.

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [*Relevant third party information, for example in compliance with Annex XII of the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Queensland Treasury Corporation:

By:.....  
*Duly authorised*



*(N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required)*

**5. YIELD (Fixed Rate Notes only)**

Indication of yield:

[ ]

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**6. HISTORIC INTEREST RATES (Floating Rate Notes only)**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

**7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index Linked Notes only)**

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

*[Where the underlying is an index, need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information except if required by any applicable laws and regulations].]

**8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only)**

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

## 9. OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) CUSIP: [ ]
- (iv) Any clearing system(s) other than The Depository Trust Company, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of additional Paying Agent(s) (if any): [ ]

## 10. TERMS AND CONDITIONS OF THE OFFER

- Offer Price: [Issue Price/Not Applicable/specify]
- [Conditions to which the offer is subject:] [Not applicable/give details]
- [Description of the application process:] [Not applicable/give details]
- [Details of the minimum and/or maximum amount of application:] [Not applicable/give details]
- [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not applicable/give details]
- [Details of the method and time limits for paying up and delivering the Notes:] [Not applicable/give details]
- [Manner in and date on which results of the offer are to be made public:] [Not applicable/give details]
- [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] [Not applicable/give details]
- [Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:] [Not applicable/give details]
- [Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] [Not applicable/give details]
- [Amount of any expenses and taxes specifically charged to the subscriber or Purchaser:] [Not applicable/give details]
- [Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.] [None/give details]

## APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Facility with a denomination of at least €50,000.*

[Date]

### Queensland Treasury Corporation

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
Guaranteed by The Treasurer on behalf of The Government of Queensland  
under the U.S.\$10,000,000,000  
Euro Medium Term Note Facility**

#### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated 12 December, 2008 (the “Base Prospectus”). The Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the Head Office of the Issuer, Minerals & Energy Centre, 61 Mary Street, Brisbane, Queensland 4000, Australia and copies may be obtained free of charge from the listing agent in Luxembourg, currently being Deutsche Bank Luxembourg S.A., 2 Boulevard Konrad Adenauer, L-1115 Luxembourg. The Base Prospectus is and in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set fourth in the Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus dated 12 December, 2008 (the “Base Prospectus”), which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus dated 12 December, 2008 and the Prospectus dated [original date]. The Base Prospectus and the Prospectus dated [original date] are available for viewing at the Head Office of the Issuer, Minerals & Energy Centre, 61 Mary Street, Brisbane, Queensland 4000, Australia and copies may be obtained free of charge from the listing agent in Luxembourg, currently being Deutsche Bank Luxembourg S.A., 2 Boulevard Konrad Adenauer, L-1115 Luxembourg. The Base Prospectus is and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. (i) Issuer: [ ]  
(ii) Guarantor: The Treasurer on behalf of the Government of Queensland
2. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Aggregate Principal Amount: [ ]  
(i) Series: [ ]  
(ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (if applicable)]
6. (i) Specified Denominations: [ ]  
*(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made)* *(Note – where multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed: “[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000].”)*  
*(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the [50,000] minimum denomination is not required.)*  
(ii) Calculation Amount [ ]  
*(If only one Specified Denomination, insert the Specified Denomination.*  
*If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [ ]  
(ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]  
*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
9. Interest Basis: [[ ] per cent. Fixed Rate][[LIBOR/EURIBOR rate ]+/- [ ] per cent. Floating Rate]  
[High Interest (premium) Note]  
[Low Interest (discount) Note]  
[Zero Coupon]

- [Index Linked Interest]  
 [Dual Currency Interest]  
 [*specify other*]  
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
 [Index Linked Redemption]  
 [Dual Currency Redemption]  
 [Partly Paid]  
 [Instalment]  
 [*specify other*]  
 (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
11. Change of Interest Basis or Redemption/  
 Payment Basis: [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis*]
12. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [(further particulars specified below)]
13. (i) Status of the Notes: Senior  
 (ii) Status of the Guarantee: Senior
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note Provisions [Applicable/Not Applicable]  
 (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly/other (*specify*)] in arrear] (*If payable other than annually, consider amending Condition 4(a)*)
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date  
 (*This will need to be amended in the case of long or short Coupons*)
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
 (*Applicable to Notes in definitive form.*)
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]  
 (*Applicable to Notes in definitive form.*)
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)/*specify other*]
- (vi) Determination Date(s): [ ] in each year  
 (*Insert regular interest payment dates ignoring issue date or in the case of a long or short first or last coupon. Amend in case of regular interest payment dates which are not of equal duration.*)  
 N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))

(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/specify details]

**16. Floating Rate Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Specified Period(s)/Specified Interest Payment Dates: [ ]

(ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]

(iii) Additional Business Centre(s): [ ]

*(Note that this item relates to the determination of interest period end dates)*

(iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]

(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]

(vi) Screen Rate Determination:

— Reference Rate: [ ]

*(Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions)*

— Interest Determination Date(s): [ ]

*(Second London business day prior to the start of each Interest Period if LIBOR (other than Euro or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET 2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)*

— Relevant Screen Page: [ ]

*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

(vii) ISDA Determination:

— Floating Rate Option: [ ]

— Designated Maturity: [ ]

— Reset Date: [ ]

(viii) Margin(s): [+/-][ ] per cent. per annum

(ix) Minimum Rate of Interest: [ ] per cent. per annum

(x) Maximum Rate of Interest: [ ] per cent. per annum

(xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)]

- Other]  
(See Condition 4(b) for alternatives)
- (xii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
- 17. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 5(g) applies/specify other]  
  
(Consider applicable day count fraction if not U.S. Dollar denominated)
- 18. Index Linked Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)  
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (i) Index/Formula: [specify or annex details]
- (ii) Party responsible for calculating the Rate of Interest and/or Interest Amount (if not the Agent): [ ]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [ ] [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vi) Additional Business Centre(s): [ ]
- (vii) Minimum Rate of Interest: [ ] per cent. per annum
- (viii) Maximum Rate of Interest: [ ] per cent. per annum
- (ix) Day Count Fraction: [ ]
- 19. Dual Currency Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)  
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be

*derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*

- (i) Rate of Exchange/method of calculating Rate of Exchange: [specify details]
- (ii) Party responsible for calculating the principal and/or interest due (if not the Agent): [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ] *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

## PROVISIONS RELATING TO REDEMPTION

### 20. Issuer Call

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/Specify other/See Appendix]
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [ ]
  - (b) Higher Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

### 21. Investor Put

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/Specify other/See Appendix]
- (iii) Notice period (if other than as set out in the Conditions): [ ] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

### 22. Final Redemption Amount:

[[ ] per Calculation Amount/specify other/see Appendix]

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*

23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5):
- [[ ] per Calculation Amount/specify other/see Appendix]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

[Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 45 days' notice given at any time/only upon an Exchange Event]

[Temporary Bearer Global Note exchangeable for Definitive Notes on or after the Exchange Date]]

[Registered Notes:

[Regulation S Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon an Exchange Event]

[Rule 144A Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon an Exchange Event]]

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

25. Additional Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/specify details]

*(Note that this paragraph relates to the place of payment and not to Interest Period end dates to which sub-paragraphs 16(iv) and 18(vi) relate)*

26. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, specify details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*specify details*]  
(*A new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues*)
28. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/*specify details*]
- (ii) Instalment Date(s): [Not Applicable/*specify details*]
29. Redenomination, applicable: [Not Applicable]  
(If Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)
30. Other final terms: [Not Applicable/*specify details*]  
(*When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)

#### DISTRIBUTION

31. (i) If syndicated, names of Managers: [Not Applicable/*specify names, addresses and underwriting commitments*]  
(*If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.*)
- (ii) Date of [Subscription] Agreement: [ ]  
(*The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.*)
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*specify name*]
32. If non-syndicated, name of relevant Dealer: [Not Applicable/*specify name and address*]
33. Whether TEFRA D rules applicable or TEFRA rules not applicable:: TEFRA D/TEFRA not applicable]
34. Additional selling restrictions: [Not Applicable/*give details*]

#### PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [admission to trading on [*specify relevant regulated market and, if relevant, listing on an official list*] of the Notes described herein pursuant to the U.S.\$10,000,000,000 Euro Medium Term Note Facility of Queensland Treasury Corporation.

#### RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII of the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is

able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of Queensland Treasury Corporation:

By:.....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market and, if relevant, listing on an official list] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market and, if relevant, listing on an official list] with effect from [ ].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (ii) Estimate of the total expenses related to admission to trading: [ ]

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[Other]: [ ]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Facility generally or, where the issue has been specifically rated, that rating.)

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: [ ]  
[(ii)] Estimated net proceeds: [ ]  
[(iii)] Estimated total expenses: [ ].

(N.B.: the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

### 5. YIELD (Fixed Rate Notes only)

- Indication of yield: [ ]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-Linked Notes only*)

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information except if required by any applicable laws and regulations].

*(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**7. PERFORMANCE OF RATE[S] OF EXCHANGE** (*Dual Currency Notes only*)

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

*(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**8. OPERATIONAL INFORMATION**

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) CUSIP: [ ]
- (iv) Any clearing system(s) other than The Depository Trust Company, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of initial Paying Agent(s): [ ]
- (vii) Names and addresses of additional Paying Agent(s) (if any): [ ]

## CONDITIONS OF THE NOTES

*The following are the Conditions of the Notes which (subject to amendment) will be incorporated by reference into each global Note and will be endorsed upon each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Conditions. The applicable Final Terms in relation to any Series of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Queensland Treasury Corporation (the "Issuer") pursuant to an Amended and Restated Agency Agreement (as amended, supplemented, novated and/or restated from time to time, the "Agency Agreement") dated 12 December, 2008 and made *inter alia* between the Issuer, Deutsche Bank AG, London Branch as issuing agent, principal paying agent and agent bank (the "Agent", which expression shall include any successor agent) and as exchange agent (the "Exchange Agent", which expression shall include any successor exchange agent), Deutsche Bank Luxembourg S.A. as paying agent (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents), Deutsche Bank Luxembourg S.A. as registrar (the "Registrar", which expression shall include any additional or successor registrar) and the transfer agents named therein (together with the Registrar, the "Transfer Agents", which expression shall include any additional or successor transfer agents). The Notes are issued with the benefit of a deed of guarantee dated 12 December, 2008 (the "Guarantee") executed by the Treasurer on behalf of The Government of Queensland (the "Guarantor") in accordance with the approval of the Governor in Council of the State of Queensland.

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a "Global Note"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form ("Bearer Notes") issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form ("Registered Notes").

Interest bearing definitive Bearer Notes have interest coupons ("Coupons") and, if indicated in the applicable Final Terms, talons for further Coupons ("Talons") attached on issue. Definitive Bearer Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons and Receipts or receipts.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify these Conditions for the purposes of this Note. References to the "applicable Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to "Noteholders" or "holders" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "Receiptholders" shall mean the holders of the Receipts and any reference herein to "Couponholders" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons and the Receiptholders.

As used herein, "Tranche" means Notes which are identical in all respects and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are denominated in the same currency and which have the same Maturity Date, Interest Basis and interest payment dates

(if any) and the terms of which (save for the Issue Date or Interest Commencement Date, as the case may be, and the Issue Price) are otherwise identical and the expressions “Notes of the relevant Series” and “holders of Notes of the relevant Series” and related expressions shall be construed accordingly.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the “Deed of Covenant”) dated 12 December, 2008 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Final Terms which are applicable to them. Words and expressions defined in the Agency Agreement or defined or set out in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail. Copies of the Agency Agreement, the Guarantee and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Registrar and each Paying Agent and Transfer Agent (together referred to as the “Note Agents”). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and at the specified offices of the Note Agents and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Note Agent as to its holding of such Notes and identity. The statements in these Conditions are summaries of, and are subject to, the detailed provisions of the Agency Agreement.

## 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and the Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor and any Note Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and/or Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”), each person who is for the time being shown in the records of Euroclear and/or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such nominal amount of such Notes for all purposes other than with

respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor and any Note Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

For so long as The Depository Trust Company (“DTC”) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be.

Any reference in these Conditions to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Agent, subject to any additional or alternative rules and operating procedures of any such alternative clearing system.

## **2. TRANSFERS OF REGISTERED NOTES**

### **(a) Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor’s nominee.

### **(b) Transfers of Registered Notes in definitive form**

Subject as provided below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe. Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

**(c) Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 5, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

**(d) Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

**(e) Transfers of interests in Regulation S Global Notes**

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (1) upon receipt by the Registrar of a written certification substantially in the form set out in the Schedule of Forms dated 12 December, 2008 relating to the Notes, amended as appropriate (a "Transfer Certificate"), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (2) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (1) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (2) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

**(f) Transfers of interests in Legended Notes**

Transfers of Legended Notes or beneficial interests therein may be made:

- (1) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (2) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (3) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor

the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

**(g) Exchanges and transfers of Registered Notes generally**

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

**(h) Definitions**

In this Condition, the following expressions shall have the following meanings:

“Distribution Compliance Period” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

“Legended Note” means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

“QIB” means a *qualified institutional buyer* within the meaning of Rule 144A;

“Regulation S” means Regulation S under the Securities Act;

“Regulation S Global Note” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

“Rule 144A” means Rule 144A under the Securities Act;

“Rule 144A Global Note” means a Registered Global Note representing Notes sold in the United States or to QIBs; and

“Securities Act” means the United States Securities Act of 1933, as amended.

**3. STATUS OF THE NOTES AND GUARANTEE**

The Notes constitute direct, unconditional unsubordinated and unsecured obligations of the Issuer, the full faith and credit of which will be pledged for the payment and performance of the Notes. At the time of issuance each series of Notes will rank *pari passu* with all other direct and general unsecured obligations (other than subordinated obligations, if any) of the Issuer for borrowed money without any preference granted by the Issuer for one above the other by reason of priority of date of issue, currency of payment or otherwise.

Pursuant to section 15 of the Queensland Treasury Corporation Act 1988, except to the extent that it is otherwise provided by the Governor in Council of the State of Queensland, all profits made by the Issuer shall accrue to the benefit of the Consolidated Fund of the State of Queensland and any losses of the Issuer shall be the responsibility of the Consolidated Fund of the State of Queensland.

By the Guarantee, the Guarantor guarantees the payment when due of all amounts that are or may become payable by the Issuer on or in respect of the Notes. The Guarantee is a direct and unconditional obligation of the Guarantor. All moneys payable by the Guarantor under the Guarantee are a charge upon, and will be paid out of, the Consolidated Fund of the State of Queensland which is to the extent necessary appropriated accordingly, and the Guarantee ranks *pari passu* with all of the other unsecured obligations of the State of Queensland.

**4. INTEREST**

**(a) Interest on Fixed Rate Notes**

- (1) Each Fixed Rate Note bears interest from, and including, the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, “Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date. Interest will be paid, in the case of definitive Fixed Rate

Notes, against surrender of the appropriate Coupons, subject to and in accordance with the provisions of Condition 6. Interest will cease to accrue on each Fixed Rate Note (or, in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused in which event interest will continue to accrue (as well after as before any judgment) until, but excluding, whichever is the earlier of (A) the day on which all sums due in respect of such Fixed Rate Note up to that day are received by or on behalf of the holder of such Fixed Rate Note and (B) the day which is seven days after the date on which the Agent has notified the holder thereof (either in accordance with Condition 12 or individually) of receipt of all sums due in respect thereof up to that date.

(2) Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

(i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360.

In these Conditions:

“Determination Period” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

“euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

“Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent; and

“Treaty” means the Treaty establishing the European Community, as amended.

**(b) Interest on Floating Rate Notes and Index Linked Interest Notes**

*(i) Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an “Interest Payment Date”) in each year specified in the applicable Final Terms; or
- (B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls in the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall in the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

*(ii) Interest payments*

Interest will be paid, in the case of definitive Floating Rate Notes against surrender of the appropriate Coupons, subject to and in accordance with the provisions of Condition 6. Interest will cease to accrue on each Floating Rate Note (or, in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused in which event interest will continue to accrue (as well after as before any judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Floating Rate Note up to that day are received by or on behalf of the holder of such Floating Rate Note and (B) the day which is seven days after the date on which the Agent has notified the holder thereof (either in accordance with Condition 12 or individually) of receipt of all sums due in respect thereof up to that date.

*(iii) Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

*(iv) ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this Condition 4(b)(iv), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other party specified in the applicable Final Terms under an interest rate swap transaction if the Agent or that other party were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "ISDA Definitions"), and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is such period as is specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Euro-zone inter-bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this Condition 4(b)(iv), (i) "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

When this Condition 4(b)(iv) applies, in respect of each relevant Interest Period:

- (A) the Rate of Interest for such Interest Period will be the Floating Rate determined by the Agent or other party specified in the applicable Final Terms in accordance with this Condition 4(b)(iv); and
- (B) the Agent or other party specified in the applicable Final Terms will be deemed to have discharged its obligations under Condition 4(b)(viii) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this Condition 4(b)(iv).

*(v) Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent or other party specified in the applicable Final Terms. If five or more such offered quotations

are available on the Relevant Screen Page, the highest (or, if the highest rate applies in respect of more than one offered quotation, one only of such rates) and the lowest (or, if the lowest rate applies in respect of more than one offered quotation, one only of such rates) shall be disregarded by the Agent or that other party for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. Such provisions will apply to each Floating Rate Note where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined.

*(vi) Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

*(vii) Business Day, Interest Determination Date and Relevant Screen Page*

In this Condition, “Business Day” means, unless otherwise indicated in the applicable Final Terms, a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (i) in relation to Notes payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets are open for general business (including dealing in foreign exchange and foreign currency deposits) and settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) specified in the applicable Final Terms, or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the “TARGET 2 System”) is open.

*(viii) Determination of Rate of Interest and calculation of Interest Amount*

The Agent or other party specified in the applicable Final Terms (the “Calculation Agent”) will, as soon as practicable after each time at which the Rate of Interest is to be determined on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest (the “Interest Amount”) payable for the relevant Interest Period. The Calculation Agent will, if applicable, notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculation. Each Interest Amount shall be calculated by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount outstanding of the relevant Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest U.S. cent (or its approximate equivalent in the relevant Specified Currency), half a U.S. cent or its approximate equivalent in the relevant other Specified Currency being rounded upwards. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount

payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 in which case D<sub>2</sub> will be 30.

The determination of the Rate of Interest and calculation of each Interest Amount by the Agent shall (in the absence of manifest or proven error) be final and binding upon all parties.

*(ix) Notification of Rate of Interest and Interest Amount*

The Agent will cause the Rate of Interest and the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and, in the case of Floating Rate Notes which are listed on a stock exchange, that stock exchange (in accordance with the rules of that stock exchange) and to be published in accordance with Condition 12 as soon as possible but in any event not later than the second Business Day after their determination save for the notification to the relevant stock exchange in the case of Floating Rate Notes which are listed on a stock exchange where notice must be given as soon as possible and in accordance with the rules of the relevant stock exchange. Each Interest Amount and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without publication as aforesaid in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes affected thereby is or are for the time being listed.

*(x) Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b) whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of negligence, recklessness, wilful default, bad faith or manifest or proven error) be binding on the Issuer, the Guarantor, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(c) Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

**(d) Zero Coupon Notes, Low Interest (discount) Notes and High Interest (premium) Notes**

Where a Zero Coupon Note, Low Interest (discount) Note or High Interest (premium) Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 5(g). As from the Maturity Date any overdue principal of such Note shall bear interest at a rate per annum equal to the Amortisation Yield. Such interest shall continue to accrue (as well after as before any judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note and (ii) the day which is seven days after the date on which the Agent has notified the holder thereof (either in accordance with Condition 12 or individually) of receipt of all sums due in respect thereof up to that date. Unless otherwise specified in the applicable Final Terms, such interest will be calculated on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

**(e) Index Linked Notes**

In the case of Index Linked Notes where the rate of interest falls to be determined by reference to the Index and/or the Formula, the rate of interest shall be determined in accordance with the Index and/or the Formula in the manner specified in the applicable Final Terms and payment shall otherwise be made in accordance with Condition 6.

**(f) Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes) interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as indicated in the applicable Final Terms.

**5. REDEMPTION AND PURCHASE**

**(a) Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

**(b) Redemption for tax reasons**

The Notes of each Series may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, Dual Currency Interest Notes or Index Linked Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, Dual Currency Interest Notes or Index Linked Interest Notes), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 12 (which notice shall be irrevocable), at their principal amount or, as the case may be, at the amount calculated in accordance with paragraph (h) or (i) (as applicable) below, together with (in the case of Notes other than Floating Rate Notes or Zero Coupon Notes) interest accrued up to, but excluding, the date fixed for redemption, if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Australia or any State or Territory in Australia or any political sub-division or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, provided that no such notice of redemption shall be given in respect of any Series of Notes earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes of that Series then due.

**(c) Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may (subject to paragraph (e) below), at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) at its option, on giving not less than 30 nor more than 60 days' notice to the holders of Notes of each relevant Series (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 12, redeem all or some only of the Notes of such Series then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in,

the applicable Final Terms. In the event of a redemption of some only of such Notes, such redemption must be for the Minimum Redemption Amount or a Higher Redemption Amount, both as specified in the applicable Final Terms. In the case of a partial redemption of such Notes, Notes to be redeemed will be selected individually by lot in such place as the Agent may approve and in such manner as the Agent shall deem to be appropriate and fair (without involving any part only of a Note) not less than 45 days prior to the date fixed for redemption and a list of such Notes called for redemption will be published in accordance with Condition 12 not less than 30 days prior to such date.

**(d) Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms subject to paragraph (e) below, upon any Noteholder giving to the Issuer in the manner described below not less than 30 nor more than 60 days' notice (the "notice period"), the Issuer will, upon the expiry of such notice (subject, in the case of Floating Rate Notes, as provided below) redeem in whole (but not in part) the Notes on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms. Registered Notes may be redeemed under this Condition 5 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms. To exercise the right to require redemption of this Note, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar, falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC given by a holder of any Note pursuant to this Condition 5(d) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 5(d) and instead to declare such Note forthwith due and payable pursuant to Condition 8.

**(e) Final Terms**

These Final Terms applicable to the Notes of each Series will indicate that either (i) such Notes cannot be redeemed prior to their Maturity Date (except as provided in paragraph (b) above) or (ii) that such Notes will be redeemable at the option of the Issuer and/or the holders of such Notes prior to such Maturity Date in accordance with the provisions of paragraph(s) (c) and/or (d) above or (iii) that such Notes will be redeemable in instalments in the relevant Instalment Amounts and on the relevant Instalment Dates. Notes may not be redeemed in whole or in part (other than pursuant to paragraph (b) above) prior to the expiry of any minimum period or after the expiry of any

maximum period required from time to time by the relevant central bank (or equivalent body, however called) or any laws or regulations applicable to the Specified Currency or the Issuer.

**(f) Purchase**

The Issuer may at any time purchase or otherwise acquire Notes in the open market or otherwise. Notes purchased or otherwise acquired by the Issuer may be held or resold or, at the discretion of the Issuer, surrendered to any Paying Agent for cancellation (together with (in the case of definitive Notes) any unmatured Coupons attached thereto or purchased therewith).

**(g) Zero Coupon Notes, Low Interest (discount) Notes and High Interest (premium) Notes**

- (i) The amount payable in respect of any Zero Coupon Note, Low Interest (discount) Note or High Interest (premium) Note upon redemption of such Note pursuant to paragraphs (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 8 (the “Early Redemption Amount”) shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of (iii) below, the Amortised Face Amount of any Zero Coupon Note, Low Interest (discount) Note or High Interest (premium) Note shall be the sum of (A) the Reference Price and (B) the aggregate amortisation of the difference between the Reference Price and the nominal amount of the Note from, and including, the Issue Date to, but excluding, the date on which the Note becomes due and repayable at a rate per annum (expressed as a percentage) equal to the Amortisation Yield compounded annually. Unless otherwise specified in the applicable Final Terms, where such calculation is to be made for a period other than a full year, it shall be made on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.
- (iii) If the amount payable in respect of any Zero Coupon Note, Low Interest (discount) Note or High Interest (premium) Note upon redemption of such Note pursuant to paragraphs (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 8 is not paid when due, the amount due and repayable in respect of such Note shall be the Amortised Face Amount of such Note calculated pursuant to sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and repayable were replaced by a reference to the date (the “Reference Date”) which is the earlier of (A) the date on which all sums due in respect of the Note up to that day are received by or on behalf of the holder thereof and (B) the date on which the Agent has notified the holder thereof (either in accordance with Condition 12 or individually) of receipt of all sums due in respect thereof up to that date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the nominal amount of such Note together with any interest which may accrue in accordance with Condition 4(c).

**(h) Early Redemption Amounts**

For the purposes of paragraph (b) above and Condition 8 and unless otherwise indicated in the applicable Final Terms, Notes (other than Index Linked Notes and Dual Currency Notes) will be redeemed (i) in the case of Fixed Rate Notes or Floating Rate Notes (other than Zero Coupon Notes, Low Interest (discount) Notes and High Interest (premium) Notes) at an amount (the “Early Redemption Amount”) equal to the Final Redemption Amount in the relevant Specified Currency together with, in the case of Fixed Rate Notes, interest accrued to, but excluding, the date fixed for redemption or (ii) in the case of Zero Coupon Notes, Low Interest (discount) Notes or High Interest (premium) Notes at the Amortised Face Amount of such Notes determined in accordance with paragraph (g) above.

**(i) Index Linked Notes and Dual Currency Notes**

In respect of an Index Linked Note where the amount payable in respect of principal upon redemption (the “Redemption Amount”) falls to be determined by reference to the Index and/or the Formula, the Redemption Amount shall be determined in accordance with the Index and/or the Formula in the manner specified in the applicable Final Terms and each such Index Linked Note

shall, unless previously redeemed or purchased and cancelled as provided below, be redeemed at the applicable Redemption Amount on the Maturity Date. In respect of an Index Linked Note where the amount payable on an early redemption in respect of principal only, principal and interest or interest only (the “Early Redemption Amount”) falls to be determined in whole or in part by reference to the Index and/or the Formula, the Early Redemption Amount shall be calculated in accordance with the applicable Final Terms. Dual Currency Notes, where the amount payable upon redemption (whether at maturity or upon early redemption pursuant to Condition 5(b) or 7 or otherwise) falls to be determined by reference to the Rate of Exchange, will be redeemed at the amount (the “Early Redemption Amount”) calculated by reference to such Rate of Exchange together (if appropriate) with interest accrued to the date fixed for redemption all as specified in the applicable Final Terms.

**(j) Cancellation**

All Notes redeemed shall be, and all Notes purchased or otherwise acquired as aforesaid may at the option of the Issuer be, cancelled (together, in the case of definitive Notes, with all unmatured Coupons presented therewith) and thereafter may not be re-issued or re-sold.

**(k) Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition as amended or varied by the provisions of the applicable Final Terms.

**(l) Instalments**

Each Note in definitive form which is redeemable in instalments will be redeemed in the Instalment Amounts and on the Instalment Dates, in the case of all instalments (other than the final instalment) by, in the case of Notes in definitive form, surrender of the relevant Receipt (which must be presented with the Note to which it appertains) or by, in the case of Notes represented by a Global Note, presentation and endorsement of the Global Note, and in the case of the final instalment by surrender of the relevant Note, all as more fully described in Condition 6.

**6. PAYMENTS AND EXCHANGE OF TALONS**

**(a) Method of Payment**

Except as provided below, payments in a Specified Currency other than euro will (subject as provided below) be made at the option of the bearer either by a cheque in the Specified Currency drawn on, or by transfer to an account in the Specified Currency maintained by the payee with, a bank in the principal financial centre of the country of the Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively). Payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

**(b) Presentation of definitive Bearer Notes, Receipts and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it

appertain. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

**(c) Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

**(d) Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "Register") at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if a holder does not have a Designated Account, payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "Designated Account" means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "Designated Bank" means (in the case of payment in a

Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named joint holder) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

**(e) General provisions applicable to payments**

Payments in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes must look solely to DTC, Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of the relevant Global Note. No person other than the holder of a Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note.

Notwithstanding the foregoing, payments of interest in U.S. dollars may be made at the specified office of any Paying Agent in the United States if (1) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount of interest on the Notes in the manner provided above when due, (2) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (3) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

**(f) Payment Day**

If any date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, then the holder thereof shall not be entitled to payment at the place of presentation of the amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition 6 “Payment Day” means any day which (subject to Condition 9) is:

- (1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) London; and
  - (C) any Additional Financial Centre specified in the applicable Final Terms; and
- (2) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET 2 System is open; and in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

**(g) Exchange of Talons**

If the due date for redemption of any interest bearing Note in definitive form is not a due date for the payment of interest relating thereto, interest accrued in respect of such interest bearing Note from (and including) the last preceding due date for the payment of interest (or from the Issue Date or the Interest Commencement Date, as the case may be) will be paid only against surrender of such Note.

On and after the Interest Payment Date on which the final Coupon comprised in any coupon sheet matures, the Talon (if any) forming part of such coupon sheet may be surrendered at the specified office outside Australia of any Paying Agent in exchange for a further coupon sheet including (if such further coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative coupon sheet matures.

**(h) Note Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that it will, so long as any of the Notes is outstanding, maintain (i) an Agent, (ii) a Registrar, (iii) a Paying Agent (which may be the Agent) having a specified office in a leading financial centre in Europe, (iv) a Transfer Agent (which may be the Agent) having a specified office in a leading financial centre in Europe, (v) so long as any Notes are listed or admitted to trading on any stock exchange, there will be at all times a Paying Agent and a Transfer Agent having a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority), (vi) so long as any Registered Global Note is registered in the name of a nominee for DTC, an Exchange Agent and (vii) a Paying Agent (which may be the Agent) in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive. In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in paragraph (e) above. Any such variation, termination or

change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 12 and provided further that neither the resignation nor the removal of the Agent or the Registrar shall take effect, except in the case of insolvency as aforesaid, until a new Agent or, as the case may be, Registrar has been appointed. Notice of any change in or addition to the Paying Agents or their specified offices will be published by the Issuer promptly in accordance with Condition 12.

## 7. TAXATION

All payments by the Issuer of, or in respect of, principal of, and any premium and interest on, the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any political sub-division or authority thereof or therein having the power to tax unless the withholding or deduction of the taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay the additional amounts as may be necessary in order that the net amounts receivable by the Noteholder or Couponholder after the withholding or deduction (and after deduction of any additional taxes, duties, assessments or governmental charges payable in respect of such additional amounts) shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes or, as the case may be, Coupons, in the absence of the withholding or deduction. However, no additional amounts will be so payable for or on account of:

- (1) any withholding, deduction, tax, duty, assessment or other governmental charge which would not have been imposed but for the fact that the relevant Noteholder or Couponholder:
  - (A) was a resident, domiciliary or national of, or engaged in business or maintained a permanent establishment or was physically present in, Australia or otherwise had some connection with Australia other than the mere ownership of, or receipt of payment under, the Note or Coupon; or
  - (B) presented the Note or Coupon for payment in Australia, unless the Note or Coupon could not have been presented for payment elsewhere; or
  - (C) presented the Note or Coupon more than thirty (30) days after the Relevant Date except to the extent that the relevant Noteholder or Couponholder would have been entitled to the additional amounts if it had presented the Note or Coupon for payment on any day within such period of thirty (30) days; or
- (2) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge or any withholding or deduction on account of such taxes; or
- (3) any tax, assessment or other governmental charge which is payable otherwise than by withholding or deduction from payments of (or in respect of) principal of, or any premium or interest on, the Note or Coupon; or
- (4) any withholding, deduction, tax, assessment or other governmental charge that is imposed or withheld by reason of the failure by the relevant Noteholder or Couponholder or, if the Note is a Global Note, the relevant beneficial owner thereof to comply with a request of the Issuer addressed to such Noteholder, Couponholder or beneficial owner, as the case may be, (A) to provide information concerning the nationality, residence, identity or address of such Noteholder, Couponholder or beneficial owner, as the case may be, or (B) to make any declaration or other similar claim or satisfy any information or reporting requirement, which, in the case of (A) or (B), is required or imposed by a statute, treaty, regulation or administrative practice of Australia or any political sub-division or taxing authority thereof or therein as a precondition to exemption from all or part of such withholding, deduction, tax, assessment or other governmental charge; or
- (5) any withholding, deduction, tax, duty, assessment or other government charge which is imposed or withheld on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (6) any withholding, deduction, tax, duty, assessment or other government charge which is imposed or withheld on a payment with respect to a Note or Coupon presented for payment by or on behalf of a Noteholder or Couponholder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (7) any combination of items (1), (2), (3), (4), (5) and (6) above.

Furthermore, no additional amounts will be paid with respect to any payment of, or in respect of, the principal of, or any premium or interest on, the Notes to any Noteholder, Couponholder or beneficial owner, as the case may be, who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would, under the laws of the Commonwealth of Australia or any political sub-division or authority thereof or therein having the power to tax, be treated as being derived or received for tax purposes by a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such additional amounts had it been the holder of a Note or Coupon.

The Issuer will not be liable to pay additional amounts to any holder of a Note or Coupon for any deduction or withholding on account of any duties or taxes where those duties or taxes are imposed or levied by or on behalf of the Commonwealth of Australia by virtue of such holder being an associate (as defined in Section 128F of the Income Tax Assessment Act 1936 of Australia) of the Issuer or as a result of such holder being a party to or participating in a scheme to avoid such duties or taxes, being a scheme which the Issuer neither was party to nor participated in.

The “Relevant Date” in respect of any payment means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been received by the Agent on or prior to such due date) the date on which notice is given to the Noteholders in accordance with Condition 12 that such moneys have been so received.

Any reference in these Conditions to principal or interest or both in respect of the Notes shall be deemed to include (i) a reference to any additional amounts which may be payable under this Condition 7, (ii) in relation to Zero Coupon Notes, Low Interest (discount) Notes or High Interest (premium) Notes, the Amortised Face Amount, (iii) in relation to Index Linked Notes and Dual Currency Notes, the Final Redemption Amount or Early Redemption Amount and (iv) any premium and any other amounts which may be payable in respect of the Notes.

## 8. EVENTS OF DEFAULT

- (A) If any one or more of the following events (“Events of Default”) shall have occurred and be continuing with respect to any Note(s) of a particular Series:
  - (i) any principal or interest in respect of any such Note(s) is not paid when due and remains unpaid for a period of 30 days; or
  - (ii) the Issuer or the Guarantor fails to perform any other material obligation under such Note(s) or the Guarantee and such failure is not remedied within a period of 60 days after written notice of that failure is given by any holder of such Note(s) to the Issuer at the specified office of the Fiscal Agent; or
  - (iii) the Issuer ceases to be a corporation sole constituted by the Under Treasurer of the State of Queensland pursuant to the Statutory Bodies Financial Arrangements Act 1982 under the name and style “The Queensland Government Development Authority” as preserved and continued in existence as so constituted as a corporation sole under the name and style “Queensland Treasury Corporation” by the Queensland Treasury Corporation Act 1988 and the Statutory Bodies Financial Arrangements Act 1982 of the State of Queensland (or by any statutory modification or amendment of either of those Acts) unless the obligations of the Issuer under such Note(s) are forthwith assumed by the Guarantor or by a successor statutory body constituted by public Act of the State of Queensland and the Guarantee continues to remain in full force and effect in respect thereof; or
  - (iv) the Issuer or the Guarantor fails to repay the whole of the principal sum of any of its indebtedness for borrowed money being in excess of U.S.\$10,000,000 (or the equivalent thereof in any other currency) within 30 days of the date on which it becomes due and payable or fails to repay the whole of the principal sum of any indebtedness for

borrowed money being in excess of U.S.\$10,000,000 (or the equivalent thereof in any other currency) under any guarantee given by it in respect thereof within 30 days of the date on which it becomes due and payable under that guarantee; or

- (v) the Guarantee ceases for any reason to be in full force and effect or the holder(s) of such Note(s) ceases to be entitled to the full benefit of the Guarantee in accordance with its terms and it is not forthwith replaced by another guarantee by the Guarantor on substantially the same terms and conditions as the Guarantee or by such other security as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the holders of such Notes,

then in any such case, at the option of any such Noteholder, and upon written demand to the Agent at its specified office, the Issuer shall, upon the date that such written demand is received by the Agent, unless prior to such date the Issuer shall have cured all Events of Default in respect of all such Notes, be bound to repay either (a) all the Notes of the relevant Series if represented by a Global Note deposited with Euroclear and/or Clearstream, Luxembourg or (b) such Note(s) in any other circumstances, in each case as provided in paragraph (B) below.

- (B) If the Notes (other than Index Linked Notes and Dual Currency Notes) of any particular Series become due and repayable pursuant to this Condition 8, they shall be repayable in accordance with the provisions of Condition 5(h). Index Linked Notes and Dual Currency Notes will be repayable in accordance with Condition 5(i).

## 9. PRESCRIPTION

Claims for payment of principal under the Notes (whether in bearer on registered form) shall be prescribed upon the expiry of ten years, and claims for payment of interest (if any) in respect of the Notes shall be prescribed upon the expiry of five years, in each case from the Relevant Date (as defined in Condition 7) therefor subject to the provisions of Condition 6. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6 above.

## 10. REPLACEMENT OF NOTES AND COUPONS

If any Note (including a Global Note) or Coupon is mutilated, defaced, stolen, destroyed or lost it may be replaced at the specified office of the Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) on payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 11. MEETINGS OF NOTEHOLDERS AND MODIFICATION

The Agency Agreement contains provisions for convening meetings of Noteholders (or the holders of Notes of any one or more Series) to consider any matter affecting their interests, including the modification by Extraordinary Resolution of the conditions of the Notes of any one or more Series. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in nominal amount of the Notes (or, as the case may be, the Notes of the relevant one or more Series) for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders (or, as the case may be, holders of the Notes of the relevant one or more Series) whatever the nominal amount of the Notes (or, as the case may be, the Notes of the relevant one or more Series) for the time being outstanding so held or represented, except that at any meeting the business of which includes, *inter alia*, (i) modification of the Maturity Date of the Notes (or, as the case may be, the Notes of the relevant one or more Series) or reduction or cancellation of the principal amount payable upon maturity or variation of the method of calculating the principal amount payable on maturity, (ii) reduction of the amount payable or modification of the payment date in respect of any interest in respect of the Notes (or, as the case may be, the Notes of the relevant one or more Series) or variation of the method of calculating the rate of interest in respect of the Notes (or, as the case may be, the Notes of the relevant one or more Series), (iii) reduction of any Minimum Rate of Interest and/or Maximum Rate of Interest, (iv) modification of the currency in which payments under the Notes (or, as the case may be, the Notes of the relevant one or more Series) and/or the Coupons appertaining thereto are to be made, (v) modification or termination of the provisions of the

Guarantee, (vi) modification of the majority required to pass an Extraordinary Resolution or (vii) modification of the provisions of the Agency Agreement concerning this exception, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than a clear majority, of the nominal amount of the Notes (or, as the case may be, the Notes of the relevant one or more Series) for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders (or, as the case may be, holders of the Notes of the relevant one or more Series) will be binding on all Noteholders (or, as the case may be, holders of the Notes of the relevant one or more Series) whether or not they are present at the meeting, and on all holders of Coupons appertaining to such Notes. The Agency Agreement contains provisions that a resolution in writing signed by or on behalf of a majority consisting of not less than three-fourths of the votes given will also have effect as an Extraordinary Resolution.

The Agent may agree, without the consent of the Noteholders or the Couponholders (or, as the case may be, the holders of the Notes or Coupons of the relevant one or more Series), to any modification to any of the provisions of the Agency Agreement or the Notes which is of a formal, minor or technical nature or is made to correct a manifest or proven error. Any such modification shall be binding on all the Noteholders and the Couponholders (or, as the case may be, the holders of the Notes or Coupons of the relevant one or more Series) and, if the Agent so requires, shall be notified to the Noteholders (or, as the case may be, the holders of the Notes of the relevant one or more Series) as soon as practicable thereafter in accordance with Condition 12.

## 12. NOTICES

- (a) All notices regarding the Bearer Notes will be valid if published (i) in one leading London daily newspaper (which is expected to be the *Financial Times*) or, if this is not practicable, one other English language daily newspaper with general circulation in the United Kingdom as the Issuer may decide and (ii) if and for so long as any Bearer Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*) and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). Any notice published as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of the Notes of the relative Series in accordance with this Condition.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

- (b) Until such time as any definitive Notes are issued, there may, so long as all the Global Notes for a particular Series are held in their entirety on behalf of DTC and/or Euroclear and/or Clearstream, Luxembourg, be substituted, in relation only to such Series, for such publication in one leading London daily newspaper as aforesaid the delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes of the relevant Series. Any such notice shall be deemed to have been given to the holders of the Notes of the relevant Series on the seventh day after the day on which the said notice was given to DTC and/or Euroclear and/or Clearstream, Luxembourg.
- (c) Notices to be given by any holder of Notes shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any Notes are represented by a Global Note, such notices may be given by a holder of any Notes so represented to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent, the Registrar, DTC and/or Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

### **13. AGENT**

The Agent will act solely as an agent of the Issuer and will not assume any obligations or relationships of agency or trust towards or with any Noteholder or Couponholder, except that funds received by the Agent for the payment of any sums due in respect of the Notes of any Series and the Coupons relating thereto shall be held by it in trust for the relevant Noteholders and Couponholders (as the case may be) until the expiration of the relevant period under Condition 9. The Agency Agreement contains provisions for the indemnification of the Agent and for its relief from responsibility in certain circumstances and entitling it to enter into business transactions with the Issuer and any of its subsidiaries without being liable to account to any of the Noteholders or the Couponholders for any resulting profit.

### **14. FURTHER ISSUES**

The Issuer is at liberty from time to time without the consent of the relevant Noteholders to create and issue further notes ranking equally in all respects (or in all respects save for the date and amount of the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the Notes of a particular Series.

### **15. SUBSTITUTION**

The Issuer may, without the consent of the holders of the Notes of any Series, be replaced as principal debtor under such Notes by a successor statutory body constituted by public Act of the State of Queensland, which by the provisions of the Act by which it is constituted assumes all of the obligations of the Issuer under such Notes, or by the Guarantor by execution of a deed by which it assumes all of such obligations, so long as (a) in either case all necessary governmental and regulatory consents and approvals have been obtained for such substitution and (b) in the case of substitution by a successor statutory body, the Guarantee of such Notes remains in full force and effect and the holders of such Notes remain entitled to the full benefit of the Guarantee in accordance with its terms. If and for so long as any Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require (a) a prospectus supplement, approved by the Luxembourg Stock Exchange, shall be published by any successor Issuer and (b) notice of any substitution in accordance with this Condition 15 shall be given to Noteholders by publication of a notice in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*).

### **16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

### **17. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

The Agency Agreement, the Guarantee, the Deed of Covenant, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law. In relation to any legal action or proceedings arising out of or in connection with the Notes and the Coupons ("Proceedings"), the Issuer hereby irrevocably submits for the benefit of the Noteholders and the Couponholders (including Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes and the Coupons) to the exclusive jurisdiction of the courts of England. The Issuer appoints the Commissioner and Agent-General for Queensland at Queensland Government Trade & Investment Office, 25 Floral Street, Covent Garden, London WC2E 9DS as its agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons. If for any reason such process agent ceases to act as such or no longer has an address in England, the Issuer agrees to appoint a substitute process agent and to notify the Noteholders of such appointment.

To the fullest extent permitted by law, the Issuer hereby waives irrevocably any immunity from jurisdiction (but not execution or attachment or process in the nature thereof) to which it might otherwise be entitled in any action based on the Notes which may be instituted in any competent court.

## USE OF PROCEEDS

The net proceeds from the sale of the Notes will be used to finance the activities of the State of Queensland and its Government Bodies. See “*Queensland Treasury Corporation*”. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg currently in effect. Investors wishing to use the facilities of any of DTC, Euroclear, Clearstream, Luxembourg or of any Alternative Clearing System specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Agent are advised to confirm the rules, regulations and procedures of the relevant clearing system. None of the Issuer, the Guarantor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### Book-entry Systems

#### DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “Rules”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“DTC Notes”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“Owners”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual Purchaser of each DTC Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not

be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Transfer Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

#### **Book-entry Ownership of and Payments in respect of DTC Notes**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on,

and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

#### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale*” and “*Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian (“Custodian”) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Fiscal Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants

and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

#### **Alternative Clearing System**

The applicable Final Terms may specify an Alternative Clearing System to be applicable to the Notes of the relevant Series, may describe the relevant rules and operating procedures of such Alternative Clearing System and may specify certain terms and conditions as to the custody or transfer of any Global Note or any other relevant matter which shall, to the extent so specified, modify the Conditions of the relevant Notes or the provisions of the relevant Global Note.

## TRANSFER RESTRICTIONS

*As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.*

Each Purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is two years after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (iv) it will, and will require each subsequent holder to, notify any Purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3)

OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (viii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one Purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the Purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) Registered Notes.

## QUEENSLAND TREASURY CORPORATION

In 1982 the Queensland Government established the Queensland Government Development Authority as a corporation sole constituted by the Under Treasurer pursuant to the *Statutory Bodies Financial Arrangements Act 1982* to act as a central borrowing authority for the State of Queensland (the “State” or “Queensland”). The powers of that statutory body were expanded in 1988 and the name changed to Queensland Treasury Corporation (the “Issuer”) pursuant to the *Queensland Treasury Corporation Act 1988* (the “Act”).

Under section 10 of the Act, the Issuer established the Queensland Treasury Corporation Capital Markets Board (the “Board”) to determine and implement ongoing strategies for capital market operations.

Under the Act, the Issuer has as its statutory objectives:

- (a) to act as a financial institution for the benefit of and the provision of financial resources and services to statutory bodies and the State;
- (b) to enhance the financial position of the Issuer, other statutory bodies and the State; and
- (c) to enter into and perform financial and other arrangements that in the opinion of the Issuer have as their objective:
  - (i) the advancement of the financial interests of the State;
  - (ii) the development of the State or any part thereof; or
  - (iii) the benefit of persons or classes of persons resident in or having or likely to have an association with Queensland.

In furtherance of these objectives, the Act also provides that the Issuer has the following functions:

- (a) to borrow, raise or otherwise obtain financial accommodation in Australia or elsewhere for itself, statutory bodies or other persons;
- (b) to advance money or otherwise make financial accommodation available;
- (c) to act as a central borrowing and capital raising authority for the statutory bodies of the State;
- (d) to act as agent for statutory bodies in negotiating, entering into and performing financial arrangements;
- (e) to provide a medium for the investment of funds of the Treasurer, statutory bodies or any other persons; and
- (f) to manage or cause to be managed the Issuer’s financial rights and obligations.

As at 30 June, 2008, the Issuer had a total of \$49.915 billion in assets and \$49.623 billion in liabilities compared to \$40.612 billion in assets at 30 June, 2007 and \$40.239 billion in liabilities at 30 June, 2007.

### Organisation of Queensland Treasury Corporation

The present Under Treasurer of the State is Mr. Gerard P. Bradley.

The powers, functions and duties of the Under Treasurer have been delegated to the Board (Chairman: Sir Leo Hielscher). Members of the Board are appointed by the Governor in Council of the State and are not employees of the Issuer.

The Chief Executive of the Issuer is Stephen Rochester. The Organisation Management Team (“OMT”) comprises the Chief Executive and senior management of the Issuer. The OMT provides management oversight of the Issuer’s performance in implementing its strategic and corporate objectives outlined in the Issuer’s strategic and corporate plan and manages human resource performance. The business address of the Issuer and the Board is Level 14, Queensland Minerals and Energy Centre, 61 Mary Street, Brisbane, Queensland and the contact phone number is (+61) 7 3842 4600. No director has any actual or potential conflicts of interest between his or her duties to the Issuer and his or her private interest or other duties.

As at the date of this Prospectus, the members of the audit committee described on pages 51 and 52 of Exhibit c(i) to the Issuer’s 2008 Form 18-K are: Marian Micalizzi, Tim Spencer and Bill Shields (Chairman).

With respect to borrowings, the Issuer raises funds in domestic and international capital markets for on-lending to the State and to Queensland's statutory authorities including the State owned trading enterprises and local governments. At 30 June, 2008, the total borrowings of the Issuer were \$40.728 billion. This amount included overseas debt equivalent to \$14.863 billion based on the prevailing rates of exchange at 30 June, 2008. Included in these overseas borrowings were Australian dollar denominated borrowings of \$14.325 billion raised in the Euro Australian dollar market. All foreign currency borrowings are fully hedged back to Australian dollars by way of cross currency swaps and exchange contracts.

The repayment of principal and the payment of interest on all Domestic A\$ Bonds (which, for purposes of the Act and certain other purposes, have been and are identified as "Inscribed Stock") issued by the Issuer is unconditionally guaranteed by the Treasurer on behalf of the Government of Queensland pursuant to section 32 of the Act. In relation to all other liabilities of the Issuer, section 33 of the Act provides that the Treasurer on behalf of the Government of Queensland may guarantee with the approval of the Governor in Council the performance of the Issuer's obligations under any financial arrangements entered into by the Issuer. Pursuant to this provision, the Notes and all other public bond issues and commercial paper facilities undertaken by the Issuer have been guaranteed by the Treasurer.

The Issuer's borrowing and lending functions are separated. This results in the Issuer borrowing in the markets in an orderly manner and, at the same time, reduces the likely negative impact on the Issuer's interest rates of borrowing large amounts to meet funding requirements when funds are required by Government Bodies. Surplus borrowings are held to manage the Issuer's refinancing risk, the Issuer's customers' (i.e. Government Bodies) interest rate risk, and to manage the Issuer's liquidity risk. To ensure the Issuer has a high level of liquidity, these surpluses are held in funding pools with highly liquid investments being made with high quality credit counterparties until the funds are required to fund the borrowing program of Government Bodies or refinance maturing debt of the Issuer.

The Government Bodies the Issuer lends to include Government departments, State owned trading enterprises, local governments and all statutory bodies. Under its lending arrangements, the Issuer has established a series of generic debt pools from which smaller Government Bodies access funds. Large Government Bodies utilise debt portfolios which have been specifically designed to meet their unique needs. Generally, Government Bodies make principal and interest payments. However, the State owned trading enterprises normally have constant debt/equity ratios and therefore make interest payments only or payments that ensure that appropriate debt/equity ratios are maintained. At 30 June, 2008, loans to Government Bodies totalled \$32.912 billion, of which \$16.971 billion was to State owned enterprises.

Section 15 of the Act provides that profits made by the Issuer shall accrue to the benefit of the State's Consolidated Fund and any losses shall be the responsibility of the State's Consolidated Fund.

The financial statements of the Issuer are comprised of an "Income Statement", a "Balance Sheet", a "Cash Flow Statement", a "Statement of Changes in Equity" and "Notes to and forming part of the Financial Statements".

### **Cross Border Lease Transactions**

The Issuer, on behalf of Government Bodies ("Queensland lessees"), has been an active participant in international asset financing transactions for many years, predominantly in the nature of cross border leasing transactions. The vast majority of cross border leases relate to rail and electricity assets.

Under the cross border lease transactions, the Issuer has assumed responsibility for a significant portion of the transaction risk. If certain events occur, the Issuer could be liable to make additional payments under the transactions. However, external advice and history to date indicate the likelihood of these events occurring is remote. The exposure is measured by the difference between the termination value of the leases and the market value of financial assets held to meet the future payment obligations under each lease ("strip loss"). The strip loss value, which peaked at approximately \$850 million as at 30 June 2007, is approximately \$777 million as at 30 June, 2008, falls progressively to zero over the remaining term of the leases by the year 2029.

The Issuer also has a contingent exposure to the financial assets purchased to meet the future payment obligations under each lease. This exposure is to the parties that have issued the financial instruments. Despite the current problems experienced due to the global credit crisis, the risk to the Issuer is low with approximately 93 per cent. of the defeasance asset exposure having a credit rating

of AAA and the lowest rated entity having a credit rating of A+ representing only 1 per cent. of the total exposure.

The backing of the State of Queensland is a key part of cross border lease transactions. This is generally due to the fact that the Issuer or the public sector lessee represents the Crown in the right of the State of Queensland. For some cross border lease transactions, a separate State of Queensland guarantee has been provided. In any event, the State's contingent exposure is, in all material respects, equivalent to the exposures described in the paragraphs above.

#### **Enterprise Wide Risk Management**

As discussed above under "*Risk Factors*", the Issuer has an established Enterprise Wide Risk Management Program including Enterprise Wide Risk Management policies and procedures. As part of this Enterprise Wide Risk Management Program, QTC continues to monitor and manage its major risks. These risks have the potential to significantly impact the Issuer's ability to fulfil its obligations under the Facility, being (i) the Issuer may be unable to access suitable funding markets when required and (ii) the Issuer may suffer a significant loss of capital.

To offset the risks associated with the Issuer's inability to access suitable funding markets when required, the Issuer holds significant levels of highly liquid surplus assets which can be readily liquidated if required. Included in these surplus assets are:

- funds held on account of the Issuer borrowing in advance of requirement to fund the redemption of maturing debt and to fund the Queensland Public Sector's debt financing requirements, and
- funds held to manage the duration of our customers' debt.

While the Issuer is not subject to the Bank of International Settlements, Basle II accord, the Issuer's Board and the Issuer's Middle Office monitor compliance with the Basle II accord. The most significant user of capital is credit risk. In this regard the Issuer has in place strict credit policies that, among other things:

- limit the amount and term of counterparty exposure based on credit rating (both at an overall and maturity bucket level)
- limit the exposure by country and industry sector
- limit the exposure to counterparties rated A- or better by Standard and Poor's Rating Services, a division of the McGraw Hill Companies (or equivalent), and
- provide a maximum percentage exposure for the various credit rating bands.

## SELECTED FINANCIAL INFORMATION

The following Statement of Financial Position as at 30 June, 2008 and 2007 has been taken from and should be read in conjunction with the Issuer's audited consolidated financial statements that are included in its 2008 Form 18-K which is incorporated by reference into this Base Prospectus.

### Balance Sheet

	As at 30 June,	
	2008	2007
	(In \$ thousands)	
<b>Assets</b>		
Cash assets .....	1,372	99
Receivables .....	7,486	2,493
Prepayments .....	234	376
Financial assets at fair value through profit or loss.....	16,694,123	16,200,405
Derivative financial assets .....	224,414	112,851
On lending.....	32,911,506	24,268,854
Property, plant and equipment .....	71,661	25,485
Investments accounted for using the equity method.....	434	180
Intangible assets.....	2,839	491
Deferred income tax assets .....	1,367	1,084
<b>Total assets</b> .....	<b>49,915,436</b>	<b>40,612,318</b>
<b>Liabilities</b>		
Payables.....	152,838	180,578
Tax liabilities.....	15,964	13,485
Derivative financial liabilities.....	473,968	271,954
Financial liabilities at fair value through profit or loss .....	48,980,022	39,772,952
<b>Total liabilities</b> .....	<b>49,622,792</b>	<b>40,238,969</b>
<b>Net assets</b> .....	<b>292,644</b>	<b>373,349</b>
<b>Equity</b>		
Reserves.....	126,582	83,711
Retained surplus .....	166,062	289,638
<b>Total equity</b> .....	<b>292,644</b>	<b>373,349</b>

The following Statement of Financial Performance for the years ended 30 June, 2008 and 2007 has been taken from and should be read in conjunction with the Issuer's audited consolidated financial statements that are included in its 2008 Form 18-K which is incorporated by reference into this Base Prospectus.

### Income Statement

	As at 30 June,	
	2008	2007
	(In \$ thousands)	
<b>INCOME</b>		
<b>Revenue</b>		
Interest income.....	2,468,362	1,520,137
<b>Fees</b>		
Management .....	31,504	24,820
Professional .....	402	252
Other .....	444	402
Amortisation of cross border lease deferred income.....	8,597	8,709
Operating lease revenue .....	7,070	6,699
Other revenue .....	—	7
<b>GAINS</b>		
Gains on sale of property, plant and equipment.....	—	14
<b>Total income</b> .....	<u>2,516,379</u>	<u>1,554,341</u>
<b>EXPENSES</b>		
Interest expense.....	2,548,225	1,461,764
Administration expenses	33,398	32,958
Provisions – cooperative housing societies.....	33	25
Loss on sale of property, plant and equipment.....	1	—
<b>Total expenses</b> .....	<u>2,581,657</u>	<u>1,494,747</u>
Share of profits/(loss) of investments accounted for using the equity method.	254	(5)
Operating (loss)/surplus before payment in lieu of income tax.....	(65,024)	59,589
Payment in lieu of income tax.....	15,681	13,740
Operating (loss)/surplus after payment in lieu of income tax .....	(80,705)	45,849

## QUEENSLAND

### General

The State of Queensland has the second largest land area of the six Australian States and the largest habitable area. It occupies the north-eastern quarter of Australia, covering 1.7 million square kilometres, stretching from the sub-tropical and densely populated southeast to the tropical, sparsely populated Cape York Peninsula in the north. The State's geography and climate are suitable for the production of a wide variety of agricultural products, the most important being meat, grains, sugar and wool. In addition, the State has extensive deposits of minerals (including large reserves of coal and one of the world's largest known bauxite deposits), a diverse industrial base, well-developed ports and transportation systems and an educated workforce. A land transportation network of approximately 10,000 kilometres of railway lines and 182,000 kilometres of roads supports the development of the State's resources.

Queensland is the third most populous State in Australia with a population of approximately 4.25 million persons, or 20.0 per cent. of Australia's population at the end of March 2008. Approximately two-thirds of Queensland's population lives in the Brisbane and Moreton region in the south-eastern corner of the State, an area with mild climate and a developed industrial base. The remainder of the State's population is spread quite widely, making Queensland's population the most dispersed of the Australian States.

Brisbane, the capital of Queensland, with its surrounding metropolitan area has approximately 1.86 million residents. There are nine other population centres in Queensland with over 50,000 residents.

### Government of Queensland

The Commonwealth of Australia ("Australia" 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 a number of territories including the Northern Territory and the Australian Capital Territory which contains the nation's capital of Canberra. The Commonwealth 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. It also has exclusive power to impose customs and excise duties and power exercisable concurrently with the States to levy other forms of taxation. The State Parliaments retain powers over all matters other than those granted to the Commonwealth 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.

While Queensland has autonomy and control in respect of those functions which are its constitutional responsibility, it forms a part of the Commonwealth and in many important respects its economic performance and prospects are closely interrelated with those of Australia as a whole. In particular, primary responsibility for overall economic management in Australia rests with the Commonwealth Government. For example, the Commonwealth Government has responsibility for monetary policy, national budget policy, fiscal policy, exchange rates and external policy. In addition, while most wage rates have been traditionally centrally determined through Federal and State conciliation and arbitration tribunals, legislation over the last decade underpins a move away from central wage fixation toward enterprise based agreements. This move is expected to make the labour market more flexible.

Legislative powers in Queensland are vested in the State Parliament, which consists of a single chamber, the Legislative Assembly, elected by the compulsory vote of all persons 18 years of age or over, for a term not exceeding three years.

Following the most recent State election (September 2006), the Australian Labor Party again forms the current government of Queensland. The Premier is the Honourable Anna Bligh, who was sworn in on 13 September 2007 following the retirement of the Honourable Peter Beattie. Ms Bligh previously occupied the roles of Deputy Premier and Treasurer, and was nominated unopposed to succeed Mr Beattie.

The executive power of the State is formally exercised by the Governor of Queensland (the "Governor"), who is the representative of the Crown and is advised by the Executive Council. The Executive Council is comprised of the Governor and the Ministers. The Ministers are members of the party or coalition of parties which command the support of a majority in the Legislative Assembly.

Including the Premier, there are at present a total of 18 Ministers. In practice, the executive power of the State is exercised by the Cabinet (which in Queensland, consists of all Ministers) with the decisions of the Cabinet being formally ratified by the Governor when necessary. As is the case federally, it is a well established convention that, except in extraordinary circumstances, the Governor acts on the advice of the Cabinet.

The authority of Queensland's Parliament is required for the raising of all State revenues and for all State expenditures. The State's accounts (including the accounts of the Issuer) are audited on a continuing basis by the State's Auditor-General, who is an appointee of the Governor in Council and who reports annually to the Queensland Parliament on each year's financial operations.

Each Minister is responsible to Parliament for the operation of one or more Government departments, as well as any associated statutory authorities. Departments are staffed by independent public servants with each department having a "permanent head" who is responsible for the financial administration of the funds provided by Parliament for use by that department. The address of the Office of the Treasurer on behalf of the State of Queensland (as Guarantor) is Level 15, Executive Building, 100 George Street, Brisbane QLD 4000, Australia and the contact telephone number is (+61) 7 3224 4500.

The State judicial system operates principally through the Magistrates Court, the District Court, the Supreme Court and the Court of Appeal. The judiciary in Queensland is appointed by the Crown, as represented by the Governor, acting upon the advice of the Cabinet.

A number of separate entities have been established in Queensland under special Acts of Parliament to carry out particular functions or to provide specific community services. These entities are variously referred to as "Statutory Authorities", "Statutory Bodies", "Semi-Government Authorities", "Local Authorities", "Local Governments" or "public enterprises".

## QUEENSLAND ECONOMY

### Overview

Queensland has a well diversified economic base, with strong agricultural and mining sectors, an established manufacturing sector and a wide range of services, including a well-developed tourism sector and a fast developing business services sector.

Agriculture provided the original base for the development of the Queensland economy, with grains, wool and beef being the principal constituents. While these commodities remain important, they have been supplemented by a large range of other agricultural products, including sugar cane, tropical and citrus fruits, dairy products, vegetables, livestock and cotton.

Substantial mining of metals such as gold, copper, lead and zinc commenced early in the State's history. Queensland's Northwest Minerals Province is one of the world's premier base metals and silver producing regions and ranks in the top ten in copper and zinc production. The State's coal and bauxite reserves are among the largest in the world, and are generally of high grade and are easily accessible.

The acceleration of mineral production and processing during the early 1980s provided a significant stimulus for the expansion of the Queensland economy. Minerals processing was encouraged by the availability of economical electrical energy produced from extensive supplies of inexpensive coal. Further advancements underway include the development of alternative competitive energy sources such as natural gas and coal seam methane.

Historically, Queensland has not participated as extensively as other Australian States in the development of manufacturing industries. In particular, manufacturing industries in Queensland have developed to meet the internal requirements of the Queensland economy, supporting energy intensive mineral processing and agricultural industries. However, the manufacturing sector has, in recent years, diversified and expanded into higher value-added and high technology industries.

In the last 15 years, international tourism in Queensland has experienced rapid growth based on its many natural attractions, including the Great Barrier Reef, the Gold Coast, extensive beaches, island resorts and tropical rainforests.

Queensland has an extensive services sector initially developed to support the mining and agricultural sectors, but which now covers a diverse range of activities, including construction, wholesale and retail trade, communications, business and financial services, as well as those industries servicing the tourism sector.

There have been significant structural changes in the Queensland economy over the past 20 years with the mining and tertiary sectors growing strongly and the relative importance of the rural sector declining. In 2007-2008 the rural sector accounted for approximately 2.8 per cent. of industry gross value added and 21.8 per cent. of the agricultural sector in Australia. The mining sector accounted for approximately 10.6 per cent. of industry gross value added in the State and 24.7 per cent. of mineral production in Australia. Meanwhile, the manufacturing sector accounted for approximately 9.6 per cent. of industry gross value added and 17.2 per cent. of the manufacturing sector in Australia. Finally, the tertiary sector accounted for approximately 77.0 per cent. of industry gross value added and 18.8 per cent. of the tertiary sector in Australia.

As described in "*Risk Factors*" above, a downturn in the economy of Queensland or Australia could have an impact on the Guarantor's ability to fulfil its obligations under the Guarantee. However, at the date of this Base Prospectus the outstanding amount of Queensland's debt is relatively insignificant and the Guarantor has the capacity to constrict its expenditure if there is a significant negative revenue downturn or raise funds through borrowing.

Also as described in "*Risk Factors*" above, an unanticipated increase in expenditures of Queensland could have an impact on the Guarantor's ability to fulfil its obligations under the Guarantee. However, there is potential to defer the expenditure in the case of a downturn or if anticipated growth is not met. In addition, economic benefits are expected to flow to Queensland as a consequence of an expected population increase in the State.

## Economic Strategy

The Queensland Government (the “Government”) has taken a fundamental step in improving public transparency and accountability, with legislation requiring the preparation and tabling of a Charter of Social and Fiscal Responsibility (the “Charter”). The legislation governing the Charter requires the Government to announce its objectives and how it will achieve those objectives.

Queensland’s first Charter under the legislation was tabled by the previous Premier and then Acting Treasurer in August 1999. The most recent Charter of Social and Fiscal Responsibility was tabled in April 2004, replacing the Charter previously tabled in 2001. The Charter outlines the Queensland Government’s commitment to delivering improved outcomes for the community, draws together the Government’s seven key policy priorities and its guiding financial principles, and details how the Government will report on delivering its commitments.

The key community outcomes sought by the Government as outlined in the Charter are:

- A strong diversified economy;
- A community of well-skilled and knowledgeable people;
- Improved standard of living for all Queenslanders;
- Safe and secure communities;
- Healthy, active individuals and communities;
- A fair, socially cohesive and culturally vibrant society;
- A clean, liveable and healthy environment; and
- maintenance of the natural resource base.

In addition, the Government’s key fiscal objectives, as outlined in the Charter, are:

- To maintain a competitive tax environment for business development and jobs growth by ensuring that State taxes and charges remain competitive with the other States and Territories.
- To ensure that the Government’s level of service provision is sustainable by maintaining an overall General Government operating surplus, as measured in Government Finance Statistics terms.
- Borrowings or other financial arrangements will only be undertaken for capital investments and only where these can be serviced within the operating surplus, consistent with maintaining a AAA credit rating.
- To ensure that the State’s financial assets cover all accruing and expected future liabilities of the General Government sector.
- To at least maintain and seek to increase Total State Net Worth.

The Queensland Government’s economic strategy is aimed at achieving these key social priorities and fiscal principles. The strategy is focused on raising the productive capacity of the State’s labour force and industries, given the importance of productivity in achieving sustainable economic growth, higher living standards and more employment opportunities – the key economic policy priorities of the State Government.

The rise in real incomes and employment generated by productivity growth also increases the tax revenue base available for Government, helping to address fiscal principles such as maintaining a competitive taxation environment and affordable service provision.

The economic strategy, by increasing real incomes and therefore taxation revenue, also allows the Government to more easily increase spending on education, crime and poverty prevention, cultural activities, regional development, health and aged care, and environmental protection – the other key social policy priorities outlined in the Charter.

The economic strategy complements sound economic fundamentals with a “Smart State” strategy that fosters innovation and invests in human capital, as these are the main drivers of productivity growth in a modern diversified economy. In addition, the economic strategy’s focus on these drivers of growth will generate the higher rates of sustainable economic growth and living standards required to support the State’s strong population growth and, over the longer term, the ageing of the population.

## Economic Growth

A rebound in household consumption growth, driven by a reacceleration in house price growth and solid employment and wages growth, combined with an unprecedented investment program in the public and private sectors, saw the Queensland economy expand by 5.1% in 2007-08. This represented the twelfth consecutive year in which growth in Queensland has exceeded that nationally (3.7% in 2007-08). Queensland's economic growth has been above the national average since 1990-91. Queensland's real gross state product (GSP) has grown at an average annual rate of 4.9% over the last decade, 1.4 percentage points higher than that nationally (3.5%).

### Real Economic Growth – Queensland and Australia, original CVM (2002-03 to 2007-2008)

Year	Queensland GSP		Australia GDP	
	\$ Billion <sup>(a)</sup>	% Change	\$ Billion <sup>(a)</sup>	% Change
2002-03 .....	159.3	5.2	878.3	3.2
2003-04 .....	166.6	4.6	913.7	4.0
2004-05 .....	177.1	6.3	939.7	2.8
2005-06 .....	184.0	3.9	967.5	3.0
2006-07 .....	194.3	5.6	999.7	3.3
2007-08 .....	204.3	5.1	1,037.0	3.7

(a) Chain volume measure (reference year 2005-06)

Source: *Queensland Treasury; Queensland State Accounts (June quarter 2008)*

## Major Economic Indicators

The following table lists selected major economic indicators for Queensland:

### Queensland Major Economic Indicators

	2003-04	2004-05	2005-06	2006-07	2007-08
Overseas Merchandise Exports (\$ billion) .....	20.8	27.0	36.1	36.2	35.9
Retail Turnover (\$ billion) .....	34.3	36.0	37.7	40.6	44.4
Private Gross Fixed Capital Formation (\$ billion).....	36.6	40.4	46.8	54.2	59.9
Mineral Production (\$ billion) .....	12.3	16.0	23.8	26.3	n.a.
Agricultural Production (\$ billion) .	7.7	8.3	8.7	9.5	9.0
Employment ('000) <sup>(a)</sup> .....	1,843.2	1,939.9	2,007.2	2,099.8	2,158.1
Unemployment Rate (%) <sup>(a)</sup> .....	6.1	4.9	4.8	4.0	3.7
Increase in Consumer Prices (%) <sup>(a)</sup> .	2.9	2.6	3.2	3.3	4.1
Average weekly ordinary time earnings (\$) <sup>(a)</sup> .....	867.9	911.4	949.8	990.1	1043.8

(a) Year-average

Note: All monetary values are in current prices

n. a.: Data not available

Source: ABS 7111.0, Department of Mines and Energy, Department of Primary Industries and Fisheries, and Queensland Treasury

## Structure of the Queensland Economy

The following table shows the annual changes and contributions to growth in GSP/GDP in Queensland and Australia for 2006-2007 and 2007-2008.

### Components of Economic Growth (original, CVM<sup>(a)</sup>)

	Queensland				Australia			
	Annual Growth (%)		Contribution to GSP growth (% points)		Annual Growth (%)		Contribution to GDP growth (% points)	
	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
Household consumption expenditure ..	3.7	4.8	2.1	2.6	4.0	3.9	2.3	2.2
Priv. gross fixed capital formation <sup>(c)</sup> ....	12.2	7.2	3.1	1.9	5.0	8.9	1.1	2.1
– Dwellings .....	8.6	-0.4	0.7	0.0	2.4	1.5	0.2	0.1
– Business Investment <sup>(c)</sup> .....	16.1	12.1	2.3	1.9	6.6	12.4	0.9	0.1
(i) Other buildings and structures <sup>(c)</sup> ..	20.1	8.3	1.2	0.6	11.4	11.9	0.7	0.7
(ii) Machinery and equipment <sup>(c)</sup> .....	13.1	15.1	1.1	1.3	3.0	12.9	0.2	1.0
– Ownership transfer costs .....	9.4	-1.6	0.2	0.0	-0.9	0.4	-0.4	0.2
Private final demand <sup>(b)(c)</sup> .....	6.4	5.6	5.2	4.6	4.3	5.4	3.4	4.3
Public final demand <sup>(b)(c)</sup> .....	9.9	10.7	2.2	2.4	4.2	4.3	1.1	1.1
Gross State/National Expenditure .....	7.2	7.1	7.5	7.5	4.4	5.6	4.6	5.7
Exports of goods and services .....	2.9	1.8	0.9	0.6	3.7	4.1	0.8	0.8
Imports of goods and services .....	8.0	8.0	-2.8	-2.9	8.9	12.2	1.9	-2.8
GSP/GDP .....	5.6	5.1	5.6	5.1	3.3	3.7	3.4	3.7

(a) Chain volume measure (reference year 2005-06)

(b) Final demand constitutes final consumption expenditure plus gross fixed capital formation

(c) Queensland data adjusted for asset sales but national data not adjusted, as information not available

Source: *Queensland Treasury, Queensland State Accounts*

#### Key features are:

- A rebound household consumption growth, driven by a reacceleration in house price growth and solid employment and wages growth, combined with an unprecedented investment program in the public and private sectors, saw the Queensland economy expand by 5.1 per cent. in 2007-08.
- Slower exports growth and unchanged imports growth resulted in the detraction of net exports to growth widening to 2.3 percentage points in 2007-08.
- Household consumption experienced strong growth in 2007-08, rising 4.8 per cent. in the year, higher than 3.7 per cent. growth in the previous year. This was the strongest growth recorded in the State since 2004-05, following the peak of the preceding housing boom, and above the 3.7 per cent. growth recorded in the rest of Australia.
- Business investment continued to grow strongly, rising 12.1 per cent. in 2007-08. Significant momentum in the current investment cycle has been driven by a strong mining sector, a tight commercial property market and the strongest A\$ in more than two decades.
- Dwelling investment in Queensland fell by 0.4 per cent. in 2007-08, the first decline since the introduction of the GST in 2000-01. In the rest of Australia, dwelling investment increased 2.3 per cent. in 2007-08.
- Reflecting the infrastructure needs of strong population growth and global demand for the States resources, public final demand in Queensland has grown at an above average rate in recent years. Public final demand grew by 10.7% in 2007-08.
- Total export volumes from the State increased by 1.8% in 2007-08, largely due to a surge in base metal export volumes, reflecting mine expansions, refinery upgrades and a return to full production following maintenance work in 2006-07.

#### Exports

Queensland is one of Australia's major exporting States. The nominal value of Queensland's overseas exports of goods and services in 2007-2008 totalled \$44.9 billion (up 1.7 per cent. from 2006-07). This was largely driven by a rise in overseas services exports, which more than offset a slightly fall in overseas exports of goods. The nominal value of Queensland's goods exports fell by 0.3 per cent.,

with a decline in the value of rural exports and metalliferous ores exports more than offsetting increases in the export value of energy, non-ferrous metals, chemicals and machinery exports.

In 2007-08, the nominal value of rural exports (excluding sugar) decreased 4.5 per cent. Sugar data are recorded as confidential for a period of six months following export. Following a very poor harvest in 2006-07, cereals exports rebounded 30.9 per cent. in 2007-08, owing to improved growing conditions in some areas of the State. A 8.6 per cent. decrease in the value of meat exports reflected beef producers choosing to re-build herds following a return toward normal seasonal conditions. Cotton production and exports in 2007-08, however, did not benefit from rainfall between late December 2007 and February 2008, as the majority of cotton in Queensland is planted before December.

Crude minerals exports fell by 0.4 per cent. in 2007-08. Coal, the largest component of this category, rose 1.0 per cent. to \$13.1 billion in 2007-08. Coal production and export volumes were impacted by flooding in the Bowen Basin in early 2008. Further, coal contract prices were lower for much of 2007-08 compared with a year earlier. However, in April 2008, contract prices for thermal and coking coal more than doubled and tripled respectively, precipitating a sharp recovery in the value of Queensland's coal exports in late 2007-08. In contrast, the value of metalliferous ores exports declined 7.5 per cent. over the year, with lower export prices more than offsetting a rise in volumes.

The nominal value of processed minerals and metals exports rose 12.7 per cent. in 2007-08, to \$4.3 billion. This was largely due to a 13.4 per cent. rise in non-ferrous metals after higher export volumes more than offset lower global prices for most base metals. Other manufactures also increased in 2007-08, by 14.5 per cent. to \$2.6 billion, mainly due to a 39.2 per cent. rise in chemicals exports and a 13.3 per cent. rise in machinery exports.

**Overseas Exports of Goods and Services, Queensland**  
(\$ million at current prices)

Export Categories <sup>(a)</sup>	2005-06	2006-07	2007-08 <sup>(p)</sup>
<b>Rural</b>			
Meat .....	3,301.9	3,382.1	3,091.8
Textile fibres .....	703.7	519.6	318.3
Cereals .....	243.9	180.3	235.9
Fish and other seafood .....	194.4	192.4	162.2
Vegetables and fruits .....	238.5	312.8	326.4
Sugar and honey <sup>(b)</sup> .....	152.5	147.8	n.a.
Other rural .....	680.3	673.4	890.6
<b>Total</b> .....	<u>5,515.2</u>	<u>5,408.5</u>	<u>5,137.3</u>
<b>Crude Minerals</b>			
Coal, coke and briquettes .....	14,513.1	12,992.0	13,119.7
Metalliferous ores .....	3,167.4	4,228.8	3,910.4
Petroleum and related products/materials .....	384.4	287.1	393.2
Other crude minerals .....	97.5	85.1	95.1
<b>Total</b> .....	<u>18,162.4</u>	<u>17,593.0</u>	<u>17,518.3</u>
<b>Processed minerals and metals</b>			
Non-ferrous metals .....	2862.0	3480.9	3948.8
Other processed minerals and metals .....	290.0	340.8	359.0
<b>Total</b> .....	<u>3,152.0</u>	<u>3,821.7</u>	<u>4,307.9</u>
<b>Other manufactures</b>			
Chemicals and related products .....	423.1	395.8	550.9
Manufactured goods classified by material .....	254.4	279.1	269.1
Machinery .....	918.0	917.1	1,038.7
Transport equipment .....	372.1	355.5	403.9
Miscellaneous manufactures .....	325.1	363.8	384.7
<b>Total</b> .....	<u>2,292.7</u>	<u>2,311.2</u>	<u>2,647.3</u>
<b>Manufactures (sum of processed minerals and metals and other)</b>	5,444.7	6,133.0	6,955.2
<b>Confidential and special</b> .....	6,262.4	6,304.8	5,708.7
<b>Total overseas exports of goods</b> .....	<u>35,384.7</u>	<u>35,439.2</u>	<u>35,319.5</u>
Tourism .....	2,807	3,385	3,440
Other services .....	4,762	5,286	6,094
<b>Total overseas exports of services</b> .....	<u>7,569</u>	<u>8,671</u>	<u>9,534</u>
<b>Total overseas exports of goods and services</b> .....	<u>42,953.7</u>	<u>44,110.2</u>	<u>44,853.5</u>

(p) Preliminary.

(a) Based on the Standard International Trade Classification (SITC3).

(b) Sugar and some coal data are confidential for Queensland for 2007-08. Sugar data for Australia are held as confidential and included in the 'Confidential and Special items' category. Sugar data are only released into the 'Sugar' category for Australia after a six month lag. As a result, estimates for 'sugar and honey' for Queensland in 2007-08 are included in the confidential items category for the year. In addition, some coal exports data (particularly pulverised coal injection coal) is confidentialised by the Australian Bureau of Statistics. These coal exports have been included in the 'Confidential and Special items' category since February 2002.

n.a. Data not available for the whole 2007-08 financial year.

Source: ABS, unpublished foreign trade data, September 2008, Queensland State Accounts

Note: Amounts have been rounded to the nearest hundred thousand. Consequently amounts may not add to rounded totals.

Queensland produces a wide variety of mineral and agricultural commodities for export. The development of large capacity port facilities has increased Queensland's competitiveness in world markets and has improved access to significant Asian and European markets. Further planned expansions to port and rail infrastructure will facilitate export growth.

Queensland exports to a range of overseas markets. Japan has been Queensland's largest export market for the past decade and received 25.6 per cent. of the State's merchandise exports in 2007-08. Other major export markets include the European Union (15.5 per cent.), South Korea (10.5 per cent.), China (including Hong Kong) (7.7 per cent.), Taiwan (6.7 per cent.) and the United States of America (3.5 per cent.).

Despite significant falls in the value of meat and metal ores exports, the share of Queensland's merchandise exports destined for North Asia remained high, at 50.6 per cent. in 2007-08. Overall, the share and the absolute value of goods exports to China, India and Taiwan rose significantly over the five years to 2007-08. In 2007-08, exports to China (excluding Hong Kong), India and Taiwan accounted for 21.9 per cent. of the value of Queensland's merchandise exports, compared with 14.9 per cent. in 2002-03. In value terms, exports to China, India and Taiwan rose on average by 18.5 per cent., 19.8 per cent. and 20.1 per cent. per year respectively since 2002-03, supported by strong growth in coal exports. Meanwhile, exports to key markets in South Asia (excluding India) increased 8.8 per cent. per year over the same period. The share of exports to the United States has declined from 8.5 per cent. in 2000-01 to only 3.5 per cent. in 2007-08. This reflects both a surge in growth in exports to other countries, such as India and China, combined with a decline in exports to the United States, which largely reflects a fall in beef exports. Beef exports to the US have fallen following a ban on US beef exports to Japan and Korea due to a case of BSE (mad cow disease) in the US. This has increased domestic supply in the US. As a consequence of the ban, US market share in these two countries has fallen, to be largely replaced with Australian product. The major destinations for Queensland's exports in recent years are outlined in the following table:

**Queensland's Major Overseas Markets for Exports of Goods<sup>(a)</sup>**  
(per cent. of total at current prices)

	2005-06	2006-07	2007-08 <sup>(p)</sup>
<b>North Asia Total</b> .....	53.4	52.1	50.6
South Korea .....	11.3	11.0	10.5
China .....	7.8	7.7	6.9
Japan .....	27.7	26.0	25.6
Taiwan.....	5.6	6.4	6.7
Hong Kong .....	0.9	0.9	0.8
<b>South Asia Total</b> .....	16.0	16.3	17.1
Indonesia .....	2.3	2.3	2.3
PNG .....	1.1	1.1	1.4
Singapore .....	1.2	1.1	1.2
India .....	8.2	7.8	8.2
Malaysia .....	1.3	1.6	1.6
Thailand .....	1.2	1.4	1.2
<b>North America</b> .....	4.5	5.1	4.1
Canada .....	0.4	0.6	0.6
US .....	4.1	4.6	3.5
<b>European Union</b> .....	14.8	15.3	15.5
<b>New Zealand</b> .....	2.6	2.7	2.7
<b>Brazil</b> .....	2.1	2.0	2.0
<b>Other</b> .....	6.7	6.6	8.0
	100.0	100.0	100.0

(a) Shares calculated net of non-monetary gold.

(p) Preliminary

Source: ABS, unpublished foreign trade data, September 2008.

## Imports

The nominal value of Queensland's overseas merchandise imports rose by 18.4 per cent. to total \$31.8 billion in 2007-08. The strong rise in the value of merchandise imports was driven by strength in the domestic economy and the high A\$.

In 2007-08, imports of petroleum and related products accounted for over 40 per cent. of the rise in the value of Queensland's merchandise imports. The price of crude oil (West Texas Intermediate) rose by 52.7 per cent. in year-average terms in 2007-08. The strength of the mining sector led the rise in the value of machinery and transport equipment imports, to total \$8.0 billion, which accounted for over a quarter of the growth in total merchandise imports. Imports of road motor vehicles also contributed strongly to growth, accounting for 13.1 per cent. of the total increase.

Growth in the value of chemical imports contributed modestly to overall merchandise import growth in 2007-08, rising to \$1.4 billion. Growth in live animals, food, beverages and tobacco imports during the year accounted for a modest 1.3 per cent. of total merchandise imports growth.

The value of Queensland's imports in recent years is outlined in detail in the following table:

### Overseas Imports of Goods and Services, Queensland (\$ million at current prices)

Import Categories <sup>(a)</sup>	2005-06	2006-07	2007-08 <sup>(p)</sup>
Live animals, food, beverages & tobacco.....	737.3	901.9	967.9
Mineral fuels, petroleum and lubricants.....	5,601.0	5,495.0	7,548.3
Chemicals .....	1,244.5	1,296.6	1,411.0
Road motor vehicles .....	4,701.2	5,321.5	5,965.2
Other machinery and transport equipment .....	6,073.1	6,693.6	7,988.2
Other manufactured goods .....	4,567.1	5,130.5	5,652.8
Other .....	1,500.4	1,986.5	2,222.8
<b>Total overseas imports of goods .....</b>	<b>25,007.0</b>	<b>26,784.0</b>	<b>31,724.0</b>
Tourism .....	1,766.0	1,935.0	2,218.0
Other services .....	5,838.0	6,473.0	6,996.0
<b>Total overseas imports of services.....</b>	<b>7,604.0</b>	<b>8,408.0</b>	<b>9,214.0</b>
<b>TOTAL OVERSEAS IMPORTS OF GOODS AND SERVICES</b>	<b>32,611.0</b>	<b>35,192.0</b>	<b>40,938.0</b>

(p) Preliminary.

(a) Based on the Standard International Trade Classification (SITC3).

Source: ABS, unpublished foreign trade data, September 2008, Queensland State Accounts.

Note: Amounts have been rounded to the nearest hundred thousand. Consequently, amounts may not add to rounded totals.

## Employment and Income

Queensland's population broke the 4 million barrier in September quarter 2005, and has continued to grow strongly since then, reaching 4,253,236 persons by the end of March 2008. Over the five years to March 2008, the State's population increased at an average annual growth rate of 2.3 per cent., compared with 1.4 per cent. in the rest of Australia.

During the five year period to 2007-08, Queensland's labour force increased by 16.6 per cent. The State's labour force participation rate, while remaining consistently higher than that in the rest of Australia throughout the period, increased by an accumulated 2.1 percentage points over the five years to 2007-08 to an historic high of 67.1 per cent.

Employment growth in Queensland was 2.8 per cent. in 2007-08, higher than the growth rate recorded in the rest of Australia (2.7 per cent.) for the seventh consecutive year. Over the five years to 2007-08, employment in Queensland increased by 21.0 per cent. compared with 11.2 per cent. in the rest of Australia. As a result, Queensland created 373,900 new jobs which equated to 30.46 per cent. of all jobs created in Australia over the period. The following table shows changes in Queensland's employment by industry over the past five years.

## Employed Persons by Industry, Queensland

	2002-03 (’000)	2007-08 (’000)	per cent. Change 2002-03 to 2007-08	per cent. Share of Total Employment 2007-08
Agriculture, Forestry and Fishing.....	95.0	81.9	-13.7	3.8
Mining.....	18.4	38.1	107.1	1.8
Manufacturing.....	182.8	197.9	8.2	9.2
Electricity, Gas and Water.....	11.9	19.2	60.6	0.9
Construction.....	148.0	233.3	57.7	10.8
Wholesale and Retail Trade.....	369.2	419.3	13.6	19.5
Accommodation, Cafes and Restaurants .....	97.0	109.4	12.8	5.1
Transport and Storage.....	82.2	114.3	39.1	5.3
Communication Services.....	27.6	31.8	15.1	1.5
Finance and Insurance Services.....	46.0	55.5	20.8	2.6
Property and Business Services.....	189.6	250.5	32.1	11.6
Government Administration .....	88.3	97.9	11.0	4.5
Community Services (Education and Health).....	300.2	371.3	23.7	17.2
Recreation, Personal and Other Services.....	128.3	133.6	4.1	6.2
<b>TOTAL<sup>(a)</sup> .....</b>	<b>1,784.3</b>	<b>2,153.9</b>	<b>20.7</b>	<b>100.0</b>

(a) Industry estimates of employment are compiled on the mid-month of each quarter. Therefore, the total of industry employment does not match the year average of aggregate monthly estimates of employed persons

**Note:** Due to rounding, amounts may not add to totals.

Source: ABS Cat. No.6291.0.55.003

Queensland’s year average unemployment rate was 3.7 per cent. in 2007-08, down from 4.0 per cent. in the previous year (rest of Australia 4.4 per cent. and 4.7 per cent. respectively), representing a 34 year low. Queensland’s unemployment rate was below the unemployment rate in the rest of Australia for the fourth consecutive year in 2007-08. This substantial improvement in Queensland’s unemployment rate reflects the fact that growth in employment over recent years outpaced labour force growth.

### Prices

The Brisbane consumer price index “CPI” rose 4.1 per cent. in 2007-08, compared with an inflation rate of 3.3 per cent. in 2006-07. The CPI for Australia rose 3.4 per cent. and 2.9 per cent. respectively in the same two periods.

## Income

Average weekly earnings and household income per capita in Queensland are below the Australian average. The most recent figures available are given below:

### Measures of Income

State	Household Income per Capita 2007-08 \$	Average Weekly Earnings 2007-08 \$
Queensland .....	42,190	826.3
New South Wales.....	47,512	911.4
Victoria .....	46,378	857.5
South Australia .....	41,816	799.1
Western Australia.....	48,255	970.7
Tasmania .....	39,229	768.6
Australia .....	45,944	878.9

Source: ABS Cat. No. 5220.0 and 6302.0

Queensland recorded growth in average weekly earnings of 2.7 per cent., compared with 4.0 per cent. nationally in 2007-08.

## Wages Policy

Historically, wages in Australia have been strongly influenced by both federal and state-based Industrial Relations Commissions and their predecessors. Through a process of (at times compulsory) conciliation and arbitration, these bodies established “awards” which set minimum wages and conditions across a wide range of industries and occupations.

The Australian Labour Party held office at the federal government level from 1983 to 1996. A central component of its industrial relations policy was the Prices and Incomes Accord, an agreement between the Australian Government and the Unions’ peak body, the Australian Council of Trade Unions (the “ACTU”). From 1983 to 1991, the wage fixing system was highly centralised. In an effort to foster growth in GDP and employment, real wages were constrained with some compensation provided in non-wage forms, such as the provision of a free universal health care system.

Since 1991, the focus of wages policy has shifted to the enterprise level. Enterprise agreements have been pursued to allow more flexible and productive workplace-based arrangements. The emphasis has changed from across-the-board wage increases flowing to most employees throughout the economy, to differentiated wage increases at the workplace level, in exchange for productivity improvements. Aggregate wage outcomes have remained moderate during the transition to a more decentralised system, enabling an economic environment of low inflation and strong employment growth.

Enterprise bargaining has become widely accepted in Australia since its introduction in October 1991 and has gradually replaced the Award system of centralised wage-fixing as the dominant method of structured wages negotiation in Australia. As of June 2006, 1.2 per cent. of Australian workers were covered by collective agreements, making it the most common type of wage-setting agreement. In comparison, 39.8 per cent. of workers were covered by individual agreements with only 19 per cent. covered by awards only.

In 1999, the Queensland Government enacted the Industrial Relations Act 1999, which applied to the estimated 70 per cent. of employees in Queensland who were covered by the State industrial relations system. It was estimated that approximately 55 per cent. of employees in Queensland were covered by State awards and agreements. Passage of the Federal Government’s Work Choices amendments to the Workplace Relations Act 1996 (Cwth) in 2006 has reduced coverage of the State industrial relations jurisdiction to around 40 per cent. of the State’s workforce, with around one-third of these employees (13 per cent.) being employed in the State public sector.

The Australian Labour Party formed government following the federal election held on 24 November, 2007. Although the new Federal Government’s policies provide for an increase in collective bargaining, it is not expected that the progressive transition to a more decentralised system will be substantively altered.

## PRINCIPAL SECTORS OF THE QUEENSLAND ECONOMY

The following table shows the main components of Queensland's GSP and Australia's GDP.

**Queensland/Australian Gross Product-Major Industry Sectors<sup>(a)</sup>**  
(Chain Volume Measures, 2007-08)

Sector	Queensland (\$ millions)	Australia (\$ millions)	Queensland as a per cent. of Australia
Agriculture, forestry and fishing .....	5,466	25,085	21.8
Mining .....	20,403	82,650	24.7
Manufacturing .....	18,331	106,776	17.2
Services <sup>(b)</sup> .....	147,706	785,866	18.8
<b>TOTAL</b> .....	<b>191,906</b>	<b>1,000,377</b>	<b>19.2</b>

(a) Based on industry gross value added. Gross value added refers to the value of output at basic prices minus the value of intermediate consumption at purchasers' prices. Basic prices valuation of output removes the distortion caused by variations in the incidence of commodity taxes and subsidies across the output of individual industries.

(b) Includes general government and ownership of dwellings

Source: ABS Cat. No.5220.0

### Mining

Over the past decade, the mining sector of Queensland's economy has provided a strong stimulus to State growth. Queensland has large reserves of coal, bauxite, gold, copper, silver, lead, zinc, nickel, phosphate rock and limestone currently being mined, and largely unexploited resources of magnesite, oil shale, uranium, tin, mineral sands, clay and salt.

In 2007-08, Queensland accounted for 24.7 per cent. of the nation's total mining output, slightly above the 10 year average. Currently, Queensland is the second largest contributor of any state or territory to Australia's total mining output. In 2007-08, Queensland's mining industry accounted for 10.6 per cent. of the State's total industry gross value added.

The Queensland mining industry is a major export earner and makes a substantial contribution to capital investment, direct and indirect employment, and regional development. Mining also provides a base for a number of the State's leading value-added industries.

Coal remained Queensland's most significant mineral produced in 2006-07 (latest data available), accounting for 60.5 per cent. of Queensland's total mineral production by value.

The value of minerals produced in Queensland and the quantities of selected minerals produced from 2002-03 to 2006-07 are shown in the following tables.

**Queensland Mineral Production – Value (\$ millions)**

Mineral	2002-03	2003-04	2004-05	2005-06	2006-07
Black coal <sup>(a)</sup> .....	7,452	6,454	10,347	17,432	15,925
Copper concentrate .....	1,246	2,793	1,707	1,616	4,258
Gold Bullion <sup>(b)</sup> .....	294	387	315	386	447
Bauxite .....	212	232	263	284	279
Lead Concentrate <sup>(c)</sup> .....	772	520	1,356	1,015	1,417
Crude Oil .....	79	94	143	212	122
Zinc Concentrate.....	826	805	903	1,930	2,868
Natural Gas .....	381	380	469	352	361
Other.....	625	595	519	565	n.a.
<b>TOTAL</b> .....	<b>12,227</b>	<b>12,260</b>	<b>16,022</b>	<b>23,788</b>	<b>26,337</b>

(a) Value of production does not include transport or handling costs or other by-products such as coke or briquettes.

(b) Includes alluvial gold.

(c) Includes a significant component of silver.

Source: Queensland Department of Mines and Energy.

## Queensland's Principal Mineral Production – Volumes

Mineral	2002-03	2003-04	2004-05	2005-06	2006-07
Black coal ('000t).....	153,602	160,062	172,666	175,774	181,257
Copper concentrate ('000t).....	1,242	1,654	1,329	1,474	1,285
Gold Bullion (kg) <sup>(a)</sup> .....	38,154	39,922	34,845	27,526	32,951
Bauxite ('000t) .....	11,251	12,071	13,798	16,013	17,229
Lead Concentrate ('000t) <sup>(b)</sup> .....	680	756	804	804	535
Zinc Concentrate ('000t).....	1,389	1,386	1,540	1,587	1,341
Crude Oil (megalitres).....	387	425	418	419	240
Natural Gas (gigalitres).....	5,411	5,255	4,766	3,170	3,080

(a) Includes alluvial gold.

(b) Includes a significant component of silver.

Source: Queensland Department of Mines and Energy.

### Coal

In 2006-07, coal remained Queensland's most significant mineral commodity, accounting for 60.5 per cent. of Queensland's mineral production by value. In 2006-07, the quantity of coal produced rose by 3.1 per cent. to total 181.3 million tonnes. The decline in the value of coal production (down 8.6 per cent.) to \$15.9 billion was due lower average coal export prices in A\$ terms over the year.

Coal is also Queensland's leading export commodity, with the value of exports totalling \$13.1 billion in 2007-08 (this excludes coal exports which have been confidentialised by the Australian Bureau of Statistics, such as pulverised coal injection coal exports). In 2007-08, the value of non-confidentialised coal exports accounted for around 37.1 per cent. of Queensland's total merchandise exports by value. According to data from the Department of Mines and Energy, coal export tonnages declined 1.1 per cent. over the financial year largely reflecting the impact of flooding in the Bowen Basin in early 2008.

### Copper

In 2006-07, the quantity of copper concentrate produced in Queensland decreased by 12.8 per cent. to total 1.3 million tonnes. However, the year average value of copper production increased significantly by 163.5 per cent. over the same time period.

### Gold

The value of gold produced increased by 15.8 per cent. in 2006-07 to \$447 million, led by a 19.7 per cent. rise in the volume of gold produced in the year.

### Bauxite

Bauxite is mined in the north of Queensland with indicated reserves of approximately 3 billion tonnes. The Weipa deposit in northern Queensland is the largest known bauxite deposit in the world.

The value of Queensland's bauxite production fell by 1.8 per cent. in 2006-07 to \$279 million, despite the 7.6 per cent. rise in the quantity of bauxite produced during the year as the world price of bauxite declined in the year.

### Lead and Zinc

In Queensland, the value of lead produced rose by 39.6 per cent. in 2006-07 to total \$1,417 million despite volumes declining 33.5 per cent. as world prices of lead rose significantly in the year. Similarly the value of zinc concentrate production increased substantially by 48.6 per cent. during the year to total \$2,868 million, based on substantial increases in world prices. The quantity of zinc concentrates production decreased by 15.5 per cent. in 2006-07 to 1,341 kilotonnes.

### Crude Oil and Natural Gas

The value of crude oil produced in Queensland decreased by 42.5 per cent. in 2006-07, reflecting a 42.7 per cent. decrease in the production volume of crude oil. The value of natural gas produced rose by 2.6 per cent. in 2006-07 with the volume of natural gas production declining 2.8 per cent.

## Agriculture

The agriculture, forestry and fisheries sector in Queensland accounted for around 2.8 per cent. of Queensland's industry gross value added and for around 21.8 per cent. of Australia's total agricultural production in 2007-08. The bulk of Queensland's agricultural production has traditionally been exported, providing a significant contribution to Queensland's foreign earnings.

In 2007-08, around 65.5 per cent. of the gross value of Queensland's agricultural production was derived from four products – beef, sugar, grain and cotton, each of which is produced primarily for export.

Queensland also produces tropical and citrus fruits, tobacco, rice, cotton, vegetables, timber, peanuts, oilseeds, eggs and dairy products, principally for domestic markets.

In 2007-08, Queensland's gross value of agricultural production declined an estimated 6.0 per cent. to \$8.9 billion, but remained higher than the levels seen in 2004-05 and 2005-06.

The following table presents figures on the gross value and volume of agricultural commodities produced in Queensland over the five years to 2007-08.

### Queensland's Major Agricultural Commodities Value and Volume of Production

	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Gross Value (\$m)</b>					
Slaughtering and other disposals ....	3,553	4,152	4,125	4,360	4,035
Cattle and calves.....	3,071	3,631	3,607	3,816	3,440
Poultry .....	207	223	223	239	300
Pigs .....	206	235	230	237	220
Sheep .....	57	50	49	45	60
Sugar cane for crushing.....	779	917	963	1,122	750
Wool (shorn).....	97	124	106	115	120
Cereals for grain .....	557	475	455	429	970
Horticulture <sup>(a)</sup> .....	1,522	1,435	1,856	2,462	1,855
Dairying (total whole milk production) .....	228	217	218	207	255
Cotton .....	346	419	359	121	110
Other .....	582	528	627	716	865
<b>Total .....</b>	<b>7,664</b>	<b>8,267</b>	<b>8,709</b>	<b>9,532</b>	<b>8,960</b>
<b>Volume of Production</b>					
Beef and veal ('000 tonnes) .....	979	1,050	1,057	1,110	1,042
Sugar cane ('000 tonnes) .....	33,553	35,290	35,298	35,755	32,452
Wool ('000 kg).....	17,128	19,045	18,558	15,928	12,284
Wheat ('000 tonnes).....	1,110	1,170	1,218	777	977
Cotton lint ('000 tonnes).....	145	249	214	69	40

(a) Vegetables, fruits and nuts, and grapes.

Sources: ABS, Cat. No 7112.0, 7215.0, 7502.0, 7111.0, Australian Sugar Yearbook 2008.

The performance of Queensland's agricultural production weakened in 2007-08. Production values of the State's major agricultural products declined over the year. In particular, the 33.2 per cent. fall in sugarcane for crushing, combined with a 24.7 per cent. fall in the value of horticulture contributed largely to the overall decline in the total value of agricultural production. In contrast, cereals for grain and dairy increased 126.1 per cent. and 23.2 per cent. respectively.

Commodity prices for many of Queensland's major agricultural exports increased in 2007-08. In year average terms, the export price of sugar, wheat, wool and cotton increased, while world prices of beef decreased.

#### *Meat and Poultry*

The production of meat declined 6.1 per cent. in 2007-08. This weaker export performance reflects the return to normal seasonal conditions in Northern Queensland, with substantial summer rains encouraging farmers to re-stock. In addition, the associated good pasture growth and high feed grain prices have resulted in cattle moving back to be grass-fed, delaying the cattle supply in the second half of the year.

#### *Grains*

Queensland wheat production increased strongly in 2007-08, from 750 kilotonnes to 977 kilotonnes as did the production of grain sorghum which increased from 933 kilotonnes to around 2,727 kilotonnes. The total value of Queensland's cereals for grain production increased to \$970 million in 2007-08.

#### *Sugar*

Australia is the world's second largest exporter of raw sugar and Queensland accounts for 92.7 per cent. of Australian production.

Queensland's sugar cane production for crushing was 32.5 million tonnes in 2007-08. The value of sugar cane production declined 33.2 per cent. in 2007-08, due to a decline in the price of sugar cane over the year.

#### *Wool*

The volume of wool produced in Queensland declined by 22.9 per cent. to 12.3 kilotonnes in 2007-08. Higher global levels of sheep stock have placed downward pressure on world wool prices.

### **Other Primary Industries**

#### *Timber-Based Industries*

The Queensland Department of Primary Industry and Fisheries estimated that forestry production in Queensland totalled \$570 million in 2007-08. Demand for wood is largely determined by demand for the construction of new dwellings and alterations and additions to existing dwellings. Most timber plantations in Queensland are softwood, almost all of which is owned by the State Government.

#### *Fisheries*

The Queensland Department of Primary Industries and Fisheries estimated that fisheries production in Queensland totalled \$345 million in 2007-08. In value terms, fisheries production remained around 2006-07 levels. Trawl operations constitute 33.6 per cent. of the fisheries output (in value terms), with the remaining portion sourced from non-trawl and aquaculture activities respectively.

### **Manufacturing**

In 2007-08, the manufacturing sector accounted for 9.6 per cent. of Queensland's industry gross value added. Queensland's share of Australia's total manufacturing output increased to 17.2 per cent. in 2007-08, up from 12.5 per cent. ten years earlier.

Historically, manufacturing in Queensland was developed to service and process the State's agricultural and mineral resources. It is estimated that approximately two-thirds of manufacturing in Queensland is related to processing, servicing or the provision of machinery and equipment involved in the agricultural and mining sectors. In common with most industrialised nations, the relative importance of manufacturing has declined in favour of service-based industries over-time.

In the past, Australia's border protection policy (primarily tariffs and quotas) has imposed costs on Queensland's industries without off-setting benefits. The winding back of protection has benefited the manufacturing industry in the State, in part because of its beneficial impact on mining and agriculture.

In 2006-07 (the latest available data), almost half of the manufacturing industry's turnover was accounted for by two sub-sectors: food, beverages and tobacco (23.1 per cent.) and metal products (28.0 per cent.). Queensland's manufacturing turnover increased by 9.8 per cent. in the same financial year, with growth recorded in all sub-sectors.

Growth in manufacturing output is shown in the following table:

Queensland Manufacturing Industry Turnover by Sub-sector<sup>(a)</sup>

Subsector	2005-06 (\$ million)	2006-07 (\$ million)	Annual Growth (per cent.)
Food, beverages and tobacco .....	15,209	16,218	6.6
Textile, clothing, footwear and leather .....	1,181	994	-15.8
Wood and paper products .....	3,021	3,487	15.4
Printing, publishing and recorded media .....	2,669	1,177	-55.9
Chemical, petroleum and coal products .....	11,789	n.a.	n.a.
Non-metallic mineral products .....	2,874	3,943	37.2
Metal products .....	14,923	19,649	31.7
Machinery and equipment .....	9,436	10,778	14.2
Miscellaneous manufacturing .....	2,871	n.a.	n.a.
<b>TOTAL TURNOVER .....</b>	<b>63,973</b>	<b>70,257</b>	<b>9.8</b>

(a) Latest available data.

Note: Figures are rounded to the nearest hundred thousand. Consequently, figures may not add to the total.

Source: ABS Cat. No. 8221.0

Overseas exports of Queensland's manufactured goods, including processed minerals and metals, totalled \$7.0 billion in 2007-08. Manufactured exports overseas rose by 13.4 per cent., following a 12.6 per cent. increase in 2006-07. An increase in the value of manufactured goods exports in 2007-08 largely reflected strong global demand for, base metals.

## Services

### Transport

Queensland has 15 trading ports, most of which are equipped with bulk handling facilities for the major products of their respective regions. In addition, Queensland has two community ports and a number of non-trading ports located at regular intervals from Maryborough in the south-east to Burketown in the north-west. The Queensland railway network encompasses nearly 10,000 kilometres of track, which includes the electric main railroad line and heavy haul lines serving the major coal mines in Central Queensland.

Competition has been introduced into rail freight with the privately owned Pacific National now active in Queensland competing alongside the government owned Queensland Rail. Rail freight operators also compete with road haulage companies for Queensland's freight task. Commodities which are moved substantially by rail include coal and minerals. Substantial amounts of containerised freight are hauled by both rail and road.

The Queensland road network, extending approximately 182,000 kilometres, is constantly being upgraded and extended to maintain its safety and viability.

Queensland has four international airports as well as a large network of commercial domestic airports and private airfields. Brisbane airport is the third busiest in the country behind Sydney and Melbourne. While growth is based predominantly on tourism, the increase in flights has provided a variety of non-tourism related business opportunities.

### Communications

Queensland is served on a State-wide basis by the national postal system and a number of major telecommunications companies. Two-way satellite communications are available in remote areas,

providing education and other services to isolated residents. The State has a widespread non-commercial television network principally operated by the Australian Broadcasting Corporation and the Special Broadcasting Service. In addition, three commercial television networks and a community television station operate within the State. Queensland also has a widespread cable and satellite pay television service in operation, while broadband internet services are available in all major centres across the State.

### *Construction*

The Queensland building and construction industry directly provided 10.8 per cent. of employment in the State during 2007-08.

Dwelling investment in Queensland declined 0.4 per cent. in 2007-08, but remained at high level. In comparison, dwelling investment nationally increased by 1.5 per cent. in 2007-08. However, strong population growth and a buoyant labour market will continue to support demand for house construction in Queensland going forward.

Private non-dwelling construction in Queensland rose by 8.3 per cent. in 2007-08, after rising by 20.1 per cent. in 2006-07. Strong global demand for Queensland's resource exports and high world commodity prices boosted corporate profitability and encouraged strong growth in engineering construction related to mining and other trade related industries. Further, solid growth in the domestic economy, household incomes and a rapidly increasing population have encouraged growth in construction of commercial and industrial property related to sectors such as education, business, retail and transport and storage.

### *Tourism*

Tourism accounted for an estimated 5.8 per cent. of overall GSP in the State in 2003-04 (latest available data). The success of tourism in Queensland is to a great extent attributable to certain natural advantages such as a favourable climate for vacations and one of the finest arrays of natural attractions in Australia, including the Great Barrier Reef and its islands, hundreds of kilometres of beaches, large wilderness areas, mountain panoramas, national parks, the tropical north, the Darling Downs, and the outback.

South of Brisbane is the Gold Coast, Australia's largest and most popular resort area. The Gold Coast is famous for its 32 kilometres of beaches which provide facilities for surfing, water-skiing, fishing, cruising, and a variety of other sporting activities. West of the coast, the rugged rainforest-covered slopes of the MacPherson Range extend the Gold Coast's appeal to include mountain climbing, bushwalking, horse riding, national parks, waterfalls, and panoramic views. The Gold Coast's natural attractions have been supplemented by developments including extensive canal developments, theme parks and internationally-recognised restaurants and entertainment venues.

The Great Barrier Reef is a major attraction for both domestic and international tourists, and resorts have been developed on islands and centres on the coast. In all, there are more than 20 resort islands located off the Queensland coast. The waters of the Great Barrier Reef offer some of the best fishing in the world, and Cairns has become an international centre for big-game fishing, notably for black marlin. The Whitsunday Coast, on the mainland near the Whitsunday group of islands, has developed in the last decade in response to the increasing popularity of the Great Barrier Reef and its islands. The area offers reef and island holidays with daytrips and extended cruises to places of interest.

Queensland's tourism services exports (including overseas and interstate tourism) fell by 3.6 per cent. in 2007-08, after rising 8.3 per cent. in 2006-07. Overseas tourism exports fell 2.3 per cent. in 2007-08, and exports of interstate tourism declined 4.4 per cent. over the same period. This largely reflects the impact of high petrol prices on car travel relative to air travel, combined with higher \$ exchange rates.

A number of hotel and resort projects, valued at almost \$2.6 billion, are already under construction, committed or under consideration in Queensland. Some of the projects under construction include:

- Coomera Waters Resort, Gold Coast;
- Pelican Waters, residential resort, hotel and golf course, Caloundra; and
- Voltante, 5-star tourist resort, Port Douglas.

## FINANCIAL RELATIONSHIP WITH THE COMMONWEALTH OF AUSTRALIA

Prior to 1927, each State and the Commonwealth undertook borrowings on their own behalf, both domestically and in overseas financial markets. Limitations in the size of the capital markets and the inherent competition between the States and the Commonwealth led to an agreement in 1927, recognising that it was in the interests of all to cooperate when borrowing in these markets. This agreement, known as the Financial Agreement, established the Australian Loan Council to determine and coordinate the public borrowings of the Commonwealth and the State Governments.

The Financial Agreement does not bind the many bodies set up under Commonwealth or State statutes, such as central borrowing authorities, local governments, government owned corporations and other statutory bodies, which may enter the market directly and issue stock either in their own names or through a central borrowing authority. Until June 1984, borrowings by these semi-government authorities and local governments were controlled by the Loan Council under what was known as the Gentlemen's Agreement, which had no legal status. From 1984 until 1993, borrowing arrangements for these authorities were determined by reference to the Global Approach, which imposed aggregate quantitative controls (global limits) on borrowing by Commonwealth and State authorities.

The Financial Agreement also established the State Government's Loan Council Program (the "Loan Program") to provide a mechanism by which the Commonwealth borrowed on behalf of the States for the purpose of financing capital expenditure. The rationale for this coordinated approach was that funds could be raised for the States on more favourable terms than if States individually undertook their own borrowings.

Until the early 1970s the Loan Program was the main source of funds for capital expenditure by the States. However, States found it necessary to rely increasingly on borrowing by semi-government authorities to fund capital expenditures. Most States established central borrowing authorities (such as Queensland Treasury Corporation) to co-ordinate the borrowings of semi-government authorities, which were monitored in the framework of the Global Approach. Over the last 20 years of its existence, the Loan Program consisted of both a loan component and a grant component. During the 1980s, the loan component was primarily concessional loans for public housing. After 1989-90, the Loan Program consisted solely of general purpose capital grants, which have since been abolished.

Until 1990-91, under the Financial Agreement, the Commonwealth Government undertook borrowings in the market in its own name and then on-lent the funds to the States. The Loan Council determined the terms and conditions of all loans raised by the Commonwealth on behalf of the States as well as the terms and conditions for loans raised by the Commonwealth for its own use. States were unrestricted in their use of these funds as they were directly substitutable for direct general purpose borrowings by the States in their own names in the market.

The June 1990 Loan Council meeting agreed that the States would progressively take over responsibility for the debt issued by the Commonwealth on their behalf under the Financial Agreement, and that the Financial Agreement would be amended to permit the States to borrow in their own names in domestic and overseas markets.

This debt has now been fully taken over by the States and Territories. The Loan Council decision has also meant that from June 30, 1990 there have been no additional allocations of Commonwealth Government securities to the States and Territories.

Overall, these new arrangements replace Commonwealth debt to the private sector with State and Territory debt; they do not alter the financial position of the public sector as a whole. They do, however, represent a significant structural reform in Commonwealth-State financial relations. They place full responsibility on the States and Territories for the financing and managing of their own debt, thereby subjecting the fiscal and debt management strategies of individual State Governments to greater scrutiny by the community and financial markets.

From 1993-94, new Loan Council monitoring and reporting arrangements have applied to the financing activities of Commonwealth and State Governments. The new arrangements were endorsed in principle at a special Loan Council meeting in Perth in December 1992 and were approved for implementation at the July 1993 Loan Council meeting.

The major feature of the new Loan Council arrangements is the switch in focus from gross borrowings to an aggregate based on net borrowings as indicated by a jurisdiction's deficit/surplus. The rationale for the switch in focus from global limits to an aggregate based on the deficit/surplus as a measure of the financing requirement is that the Global Approach focussed on gross new

borrowings by jurisdictions rather than their net call on financial markets; the latter is a more meaningful indicator of the impact of the public sector on the economy.

Under the new Loan Council arrangements the Commonwealth and each State and Territory is responsible for nominating its intended allocation, known as the Loan Council Allocation (“LCA”), and is based on its net borrowings adjusted to reflect certain transactions which may have the characteristics of borrowings but do not constitute formal borrowings (for example finance and operating leases).

Loan Council considers the appropriateness of nominated LCAs from two perspectives: firstly, if the aggregate of the nominated LCAs is inconsistent with macroeconomic policy objectives there may need to be some adjustment. The nature of any adjustment and its allocation across governments would be negotiated by Loan Council members. Important considerations in these negotiations would be the comparative fiscal circumstances, infrastructure requirements and capital needs of particular governments. Secondly, if Loan Council has concerns about the fiscal outlook for a jurisdiction it may require a more comprehensive justification for its proposed LCA or, in some cases, may request the government to modify its fiscal strategy. This should occur only rarely.

The emphasis of the new arrangements is on credible budgetary processes, ensuring a high level of public understanding of public sector financing developments and facilitating increased financial market scrutiny, rather than on Loan Council attempting to enforce rigid compliance with a particular LCA. The new arrangements are supported by uniform and more comprehensive arrangements for the reporting of public sector finances. These are designed to meet the needs of the markets for accurate and meaningful information about the level of net borrowings.

For 2007-08, the Queensland LCA Outcome was a deficit of \$10,460 million. This deficit reflects a high level of investment in infrastructure by the general government and public non-financial corporations sectors and the impact of investment returns well below the long term rate of 7.5%.

#### *Commonwealth Grants*

Since World War II, the Commonwealth has acted as the sole income taxing authority, and annual general revenue grants have been paid by the Commonwealth to the States. The Commonwealth also has exclusive constitutional power to impose excise duty, a goods and services tax and customs duty. The Commonwealth raises no wealth taxes, estate or gift duties. The States impose payroll taxes, stamp duties and land taxes, and local governments impose taxes based on the rateable value of real property.

At the 1985 Premiers’ Conference it was agreed that tax sharing arrangements then in operation should be replaced by financial assistance grants to the States. The Commonwealth Grants Commission continued to make recommendations for the distribution of these general purpose payments on the basis of the principle of horizontal fiscal equalisation. This principle requires State governments to receive funding such that, if each made the same effort to raise revenue from its own sources and operated at the same level of efficiency of service delivery, each would have the capacity to provide services to the same standard. The level of financial assistance granted to the States was decided in the context of the annual Premiers’ Conference with the Commonwealth.

Financial assistance grants were paid in addition to specific purpose payments (SPPs), which are grants provided by the Commonwealth to the States for specified purposes or with conditions attached. Although SPPs have existed for much of the period since federation, their importance as a form of Commonwealth grant has increased significantly since the 1970s.

At the 1994 Premiers’ Conference, financial arrangements were adopted to apply a real per capita guarantee to the total amount of financial assistance grants over the three year period from 1994-95 to 1996-97. Subsequent Conferences confirmed this guarantee until 2000-2001. Application of the guarantee was overtaken by the introduction of the Commonwealth’s Goods and Services Tax on 1 July 2000 and the associated reform of Commonwealth-State financial relations.

#### *Commonwealth-State Relations under National Tax Reform*

The introduction of a Goods and Services Tax (GST) was the cornerstone of national tax reform introduced by the Commonwealth Government on 1 July 2000. The reforms include significant changes to Commonwealth-State financial relations. All Australian governments signed an *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (IGA).

The main features of the IGA include:

- the provision to the States of all revenue from the GST, a broad-based growth tax. The principle of horizontal fiscal equalisation was endorsed as the method for distributing GST revenue amongst the States;
- the abolition of financial assistance grants to the States;
- the abolition of a number of State taxes. In Queensland's case, this includes the abolition of nine taxes over the period 2001 to 2011 in order to improve the overall efficiency of the national taxation system;
- the commitment from the Commonwealth to continue to provide SPPs to the States, with a declaration that it has no intention of cutting aggregate SPPs as part of the reform process set out in the IGA.

In 2007-08, GST revenue represented 27% of Queensland Government revenue, while SPPs represented 22%.

#### *A New Reform Agenda*

On 26 March 2008, the Council of Australian Governments agreed to implement a new framework for federal financial relations. The focus of the new framework is on significantly reducing Commonwealth prescriptions on service delivery by the States, in conjunction with clearer roles and responsibilities and outcomes-based public accountability.

The main features of the new framework include:

- a significant reduction of the number of SPPs, without reducing the overall level of payments. SPPs (which currently number more than 90) will be rationalised into five or six broader SPPs supported by new national agreements in the areas of healthcare, early childhood development and schools, vocational education and training; disabilities services; and affordable housing;
- a significant reduction in the conditions imposed on SPPs by the Commonwealth through a change in focus towards agreement on service outcomes that represent the improvement in the well-being of Australians, without stipulating precisely how the States achieve the outcomes or deliver services;
- greater funding certainty to the States, with the new national agreements to be ongoing with periodic reviews to ensure the maintenance of funding adequacy and the relevance of objectives;
- the provision of National Partnership payments by the Commonwealth to the States to support the delivery of specified projects and facilitate or reward reforms; and
- the continued provision of all GST revenue to the States.

The details of the new framework, to be enshrined in a new intergovernmental agreement, are currently under negotiation for the framework's commencement from 1 January 2009.

## QUEENSLAND GOVERNMENT FINANCES

### State Budgetary Strategy

#### *Budget Process*

The Budget for each fiscal year is normally presented by the Treasurer to the Legislative Assembly in June prior to the commencement of the fiscal year, and incorporates details of estimated actual revenue and expenditures in the current fiscal year and budgeted revenue and the expenditure of moneys in the next and following three fiscal years. Approval for the raising of revenue is provided under various Acts of Parliament while Parliament approves of expenditure in Appropriation Acts (of which there are four each year).

In an early Budget year (i.e. a June Budget), the major Appropriation Acts are passed by Parliament in about August/September and approve expenditure for the next financial year (i.e. the Budget year). These Acts also approve an aggregate amount of expenditure sufficient to provide for the normal services of Government for the first few months of the next succeeding financial year until the Bill receives assent. There is one Act for the Legislative Assembly and one for all other agencies. The minor Appropriation Acts are passed early in the fiscal year and validate expenditure variations from the previous financial year (the variations having already been approved by the Governor in Council). When the Budget is delivered in September (late Budget), however, two Appropriation Acts (one for Legislative Assembly and one for other agencies) are passed by Parliament in about November/December and provide appropriation for:

- the current fiscal year;
- supplementary appropriation for the previous fiscal year for unforeseen expenses that occurred in that fiscal year; and
- initial appropriation for the succeeding fiscal year to allow normal operations of Government to continue until the Appropriation Bills gain assent.

#### *Policy Settings for the 2008-09 Budget*

The policy settings used to develop the 2008-09 State Budget were guided by continued adherence to the Charter and the Government's key policy priorities. Specifically, the 2008-09 State Budget detailed the Queensland Government's strategies to manage its finances, deliver quality services and secure growth and prosperity through productivity growth.

Queensland's economic growth outlook is positive with gross state product forecast to rise by 4.25 per cent. in 2008-09, and again exceed growth nationally. Investment by the business and public sector combined is forecast to exceed 25 per cent. of gross state product and boost the productive capacity of the economy.

Labour market conditions in the State are forecast to remain solid in 2008-09. Employment growth of  $2\frac{1}{3}$  per cent. is expected with growth in economic activity shifting further away from labour-intensive domestic sector toward the more capital-intensive trade sector. Labour force growth is forecast to match employment growth, leading to the average unemployment rate remaining around a three-decade low of 3.75 per cent.

Inflation is expected to ease slightly from 4.1 per cent. in 2007-08 to 3.5 per cent. in 2008-09, with lower domestic food prices and global commodity prices (such as oil) placing downward pressure on consumer price inflation. Growth in wages (as measured by Wage Price Index) is forecast to remain strong in 2008-09, rising a further 4.25 per cent. following a 4.2 per cent. growth recorded in 2007-08.

Historically, Queensland has maintained a very strong fiscal position relative to the other Australian States and continues to maintain a strong balance sheet.

The Government has embarked on a significant capital expenditure program to enhance the State's infrastructure. In April 2005, the Government released the *South East Queensland Infrastructure Plan and Program*, outlining its priorities for regionally significant infrastructure over a 20-year planning horizon (2005-2026) particularly in the areas of roads, transport, health and education. This Infrastructure Plan was updated in 2008 such that it now envisions more than \$107 billion of infrastructure over the coming 18 years.

State taxes and charges will remain competitive with those of other States and Territories. Therefore, the aim is to deliver the level of services expected by the public at the lowest possible cost. This will

be achieved by improving the efficiency with which the Government delivers services and by continued fiscal restraint.

### **Fiscal Strategy**

The Charter outlines the Government's fiscal strategy, and is an integral part of the Government's commitment to the community. The fiscal strategy principles have been framed to meet a number of objectives, with the overriding requirement to maintain the integrity of the State's finances. These key principles are detailed below:

- *Competitive tax environment*

The Government will maintain a competitive tax environment for business development and jobs growth by ensuring that State taxes and charges remain competitive with the other States and Territories;

- *Affordable service provision*

The Government will ensure that its level of service provision is sustainable by maintaining an overall General Government operating surplus, as measured in Government Finance Statistics terms;

- *Capital investment*

Borrowings or other financial arrangements will only be undertaken for capital investments and only where these can be serviced within the operating surplus, consistent with maintaining a AAA credit rating;

- *Managing financial risk*

The Government will ensure that the State's financial assets cover all accruing and expected future liabilities of the General Government sector; and

- *Building the State's net worth*

The Government will at least maintain, and seek to increase, Total State Net Worth.

The fiscal principles establish the basis for sustainability of the Government's policies. Essentially, they require over the long term that the services provided by the Government be funded from tax and other revenue sources. The principles are supported by an accrual budgeting framework, which recognises future liabilities and highlights the full cost of sustaining the Government's operations on an ongoing basis.

The principles recognise the importance of a strong financial position for the State. A State government, because of its more limited tax base, does not have the same capacity as a national government to cushion economic and financial shocks. At the same time, State governments have a responsibility to provide continuity of services, such as health care, police and education.

The principles recognise intergenerational equity in government service delivery and taxation. Broadly, each generation should pay for the services it consumes. It would not be equitable for the present generation to leave a debt for services they enjoyed, to be paid for by future generations. Conversely, future generations should pay for that part of the services they consume from long life assets, such as infrastructure.

### **Policy Priorities and Objectives**

The Government has identified seven key policy priorities that it seeks to achieve for Queenslanders, regardless of where they live in the State. The priorities complement one another and the services or outputs provided by agencies generally contribute to more than one priority.

These seven key policy priorities provide the framework for specifying policy and service delivery across all portfolio areas for the longer term. The seven key policy priorities are set out below:

1. Growing a diverse economy and creating jobs;
2. Realising the Smart State through education, skills and innovation;
3. Managing urban growth and building Queensland's regions;
4. Improving health care and strengthening services to the community;
5. Protecting our children and enhancing community safety;
6. Protecting the environment for a sustainable future; and
7. Delivering responsive government.

The Government has articulated a range of specific initiatives consistent with these key policy priorities. Implementing these is a key feature of the 2007-08 Budget. In addition, there is increased funding across a range of areas to enhance existing Government services.

In September 2008, the Queensland Government announced revised plans and priorities for the future with the launch of *Towards Q2 – Tomorrow's Queensland*. *Towards Q2* is framed around five ambitions:

Strong – Creating a diverse economy powered by bright ideas

Green – Protecting our lifestyle and environment

Smart – Delivering world class education and training

Healthy – Making Queenslanders Australia's healthiest people

Fair – Supporting caring communities

It is anticipated that future Budgets will be framed around these ambitions and associated targets.

### **Reporting on Social and Fiscal Outcomes**

An important part of government accountability is the requirement to publish regular, informative reports on the outcomes of the Government's activities against previously announced objectives. The Charter details the reports and information the Government will provide on its performance against its objectives for the community and its financial commitments.

In April 2008, the Government tabled its eight annual report on the efficiency and effectiveness of its activities in meeting its objectives for the community during 2006-07. This report, *Priorities in Progress*, is part of a process by which the Government is becoming increasingly accountable to its community stakeholders, not just for money spent but for the outcomes achieved. *Priorities in Progress* endeavours to provide Queenslanders with information on the outcomes of the priorities outlined in the Charter.

The annual *Priorities in Progress* report represents a significant step forward in terms of public sector accountability. Nevertheless, the Government recognises that the outcome indicators used will need to be further refined and developed. This will be an ongoing process, with the direct involvement of key stakeholders, that will improve the ability to measure the effectiveness of initiatives and policies in meeting the community's needs.

Future outcomes reports will be framed around the revised plans and priorities contained in *Towards Q2 – Tomorrow's Queensland*.

### **Operating Statement**

#### *2007-08 Outcome*

On a Uniform Presentation Framework ("UPF") basis, the General Government sector returned an operating deficit of \$1.559 billion and a cash deficit of \$4.922 billion.

The 2007-08 operating outcome is \$564 million lower than that estimated at the time of the 2008-09 Budget. The decrease in the operating position primarily reflects the impact of investment returns being lower than estimated at Budget. The underlying net operating balance, excluding the impact of investment returns varying from the long term rate, was a surplus of \$339 million, \$67 million higher than budgeted.

Queensland has financial assets set aside to meet future employee and other obligations. These funds are invested with the Queensland Investment Corporation ("QIC") and, while the assumption is that these funds earn a long-term average rate of 7.5 per cent., the actual returns have fluctuated from year to year.

While returns on these investments are not available for other purposes, movements in investment returns have had a significant impact on the General Government net operating balance.

To minimise this, the Government has transferred the assets to QTC in exchange for a debt instrument that earns the General Government sector 7.5 per cent. per annum. Given QTC sits outside of the General Government sector, the transfer allows Queensland to reduce the earnings volatility from the General Government sector net operating balance. Instead, QTC will bear the investment return volatility of the assets invested with QIC.

The transfer has no impact on the current governance or investment arrangements with the investments continuing to be managed by QIC.

This transfer is intended to improve the legibility of the General Government sector accounts as the net operating balance is no longer significantly impacted by movements in investment returns. Standard and Poor's and Moody's ratings agencies have advised that this transaction will have no impact on the State's credit rating.

Table 1 below provides aggregate outcome information for 2007-08 and projections for 2008-09.

<b>Table 1</b>				
<b>Key Financial Aggregates</b>				
<b>(UPF Basis)</b>				
	2006-07 Actual \$ million	2007-08 Estimated Actual \$ million	2007-08 Actual \$ million	2008-09 Budget \$ million
<b>General Government Sector:</b>				
Revenue	31,981	32,276	31,430	36,582
Expenses	30,125	33,271	32,989	35,772
Net operating balance	1,855	(995)	(1,559)	809
Cash surplus/(deficit)	2,350	(3,547)	(4,922)	(1,970)
Purchases of non-financial assets	4,418	5,223	5,716	6,651
Net worth	117,831	123,095	155,178	128,563
<b>Public Non-Financial Corporations Sector:</b>				
Net operating balance	824	1,177	1,274	604
Purchases of non-financial assets	6,363	8,756	8,132	9,985

#### *2008-09 Budget Projections*

A surplus of revenue over operating expenses of \$54 million is expected in 2008-09 for the General Government Sector. The Total State net operating result for 2008-09 is expected to be a deficit of approximately \$213 million.

#### *Revenue*

General Government revenue is forecast to increase by \$5.633 billion (17.9%) from the 2007-08 actual to \$37.063 billion in 2008-09. The increase in revenue is largely driven by substantial increases in contract prices for coking and thermal coal, in conjunction with a revised royalty regime, along with increased Commonwealth grants and interest income.

Commonwealth grants, together with taxation, are the principal forms of revenue for the State, accounting for around 70% of budgeted General Government revenue.

#### *Expenses*

In UPF terms, General Government expenses are forecast to increase by \$4.020 billion over the 2007-08 actual to \$37.009 billion in 2008-09. The increase in expenditure relative to 2007-08 primarily relates to moderate increases in wages, the implementation of service enhancements across key service delivery agencies, including those for which funds are received from the Australian Government, and recurrent expenditure in support of the capital program.

## Balance Sheet

Table 2 below provides data on the State's capital program and net worth.

<b>Table 2</b> <b>2007-08 Capital Program and Balance Sheet Results</b> <b>and 2008-09 Budget Projections</b> <b>(UPF Basis)</b>				
	2006-07 Actual \$ million	2007-08 Estimated Actual \$ million	2007-08 Actual \$ million	2008-09 Budget \$ million
<b>Purchases of Non-Financial Assets:</b>				
General Government Sector	4,418	5,223	5,716	6,651
Public Non-Financial Corporations	6,363	8,756	8,132	9,985
<b>Non-financial Public Sector<sup>1,2</sup></b>	<b>10,635</b>	<b>13,979</b>	<b>13,865</b>	<b>16,637</b>
<b>Net Worth:</b>				
<b>General Government Sector (Total State)<sup>3</sup></b>	<b>117,831</b>	<b>123,095</b>	<b>155,178</b>	<b>128,563</b>
<i>Incorporating Equity Investment in:</i>				
Public Non-Financial Corporations	20,648	18,138	19,988	18,807
Public Financial Corporations Sector	1,934		1,564	
Notes:				
1. Under present Loan Council Uniform Presentation Framework arrangements, budget and forward estimate data are not required for Public Financial Corporations, due to the difficulties in preparing robust projections of activity. No capital expenditure is assumed for this sector.				
2. Purchases of non-financial assets comprises expenditure on new and second-hand fixed assets, plus land and intangible assets. Fixed assets are durable goods intended to be employed in the production process for longer than a year. It also includes expenditure on mineral deposits, timber tracts and similar non-reproducible tangible assets, and expenditure on intangible assets such as patents and copyrights. Purchases of non-financial assets differs from the total State capital program reported in Budget Paper No. 3 due to capital grants being included in the Capital Works Program.				
3. As no budget data are collected for Public Financial Corporations, the forecast net worth assumes that PFC net worth (equity investment for which is held by the State, and recorded in the General Government Sector) remains constant.				

The net worth, or equity, of the State is the amount by which the State's assets exceed its liabilities. This is the value of the investment held on behalf of the people of Queensland by public sector instrumentalities.

Net worth of the General Government sector for 2007-08 grew by \$37.347 billion over the 2006-07 actual net worth. This growth reflects a comprehensive revaluation of road infrastructure assets which was not factored into 2008-09 Budget estimates. In the Public Non-Financial Corporations sector net worth was \$20.648 billion in 2006-07. It decreased to \$19.988 billion in 2007-08 and is forecast as \$18.807 billion in 2008-09.

### *Net Financial Assets*

The net financial assets measure is an indicator of financial strength. Net financial assets are defined as financial assets less all existing and accruing liabilities. Financial assets include cash and deposits, advances, financial investments, loans, receivables and equity in public enterprises.

The net financial assets measure is broader than the alternative measure, net debt, which measures only cash, advances and investments on the assets side and borrowings and advances on the liabilities side. Because of its comprehensive nature, the net financial assets measure is more appropriate in an accrual accounting framework.

The net financial assets of the General Government sector reflect the cumulative impact of sound fiscal policies and mean the State is fully capable of meeting all its current and recognised future obligations, without recourse to material adjustments in fiscal policy settings.

After excluding the value of equity investments of public enterprises, financial assets in the General Government sector are still more than sufficient to meet all the liabilities of the sector. Accordingly, the financial position of the State remains very strong, with sufficient financial assets available to meet liabilities as they fall due, in accordance with the requirements of the Government's Charter.

Queensland has consistently pursued sound long-term fiscal policies such as funding employee superannuation and long service leave entitlements. The strong balance sheet and high levels of liquidity in the General Government Sector clearly demonstrate the success of these policies.

### Capital Program

On a UPF basis, the General Government's purchases of non-financial assets in 2007-08 was \$5.716 billion, compared with the budgeted figure of \$5.463 billion. This record level of expenditure for the sector was mainly in the areas of transport, health, education and housing. These purchases have been primarily funded by borrowings.

The 2008-09 capital program announced in the Budget is the largest ever undertaken in nominal terms and includes a significant investment in water infrastructure and the continuation of the *South East Queensland Infrastructure Plan and Program* (the "SEQIPP"), as well as a number of other new capital investments. Capital outlays in 2008-09 are estimated to be \$17 billion.

### Forward Estimates

Table 3 below provides a summary of the State's Forward Estimates on a UPF basis.

**Table 3**  
**Key Financial Aggregates (Summary)**  
**(UPF Basis)**

	Revised 2008-09 \$ million	Projected 2009-10 \$ million	Projected 2010-11 \$ million	Projected 2011-12 \$ million
<b>General Government Sector:</b>				
Revenue.....	37,063	37,348	38,762	40,896
Expenses.....	37,009	37,472	38,847	40,804
Net operating balance.....	54	(124)	(85)	92
Cash surplus/deficit.....	(3,013)	(3,286)	(2,007)	(1,782)
Purchases of non-financial assets .....	7,094	6,903	5,956	5,424
Net worth.....	160,386	163,664	167,229	171,355
<b>Public Non-Financial Corporations Sector:</b>				
Net operating balance.....	622	638	840	1,349
Purchases of non-financial assets .....	10,001	7,779	5,891	5,152

The key trends in these projections are:

- The General Government sector is budgeting for a modest surplus in 2008-09, with deficits forecast for 2009-10 and 2010-11, primarily as a result of reduced estimates of taxation revenue associated with a moderation of the economic outlook and reduced GST revenue. The Budget position is expected to return to surplus in 2011-12 as a result of measures announced in the Major Economic Statement on 9 December 2008, including efficiency improvements and taxation measures.
- State tax revenue is expected to continue to grow in the outyears due to factors such as economic and population growth, although at a slower rate than in recent years. The forward estimates forecast moderate growth in funding from the Commonwealth, following on from a substantial increase in Commonwealth funding in 2008-09 as a result of new arrangements for Specific Purpose Payments and National Partnership Payments, and also slower growth in GST;
- Expenses are also forecast to grow, reflecting growth in service delivery to meet increased demand and the implementation of a range of service developments and initiatives, with a particular focus on the areas of health, disability services, housing, child safety and education and training. Much of this growth over the 2008-09 Budget estimate is the result of increased Commonwealth funding for service delivery enhancements;

- Cash deficits are forecast over the forward estimates period, reflecting Queensland's significant planned capital program. Over the period 2008-09 to 2011-12, the General Government sector is expected to invest \$25.377 billion in capital; and
- The General Government sector's net worth is forecast to grow, consistent with the Government's Charter of Social and Fiscal Responsibility.

## PUBLIC DEBT

The public sector indebtedness of Queensland is comprised of a number of distinct categories; Public Debt to the Commonwealth, Other State Debt to the Commonwealth, Queensland Treasury Corporation Guaranteed Debt and Other Guaranteed Debt and Contingent Liabilities.

During April 1995, the Commonwealth Government and Queensland Government entered into an agreement (the "Financial Agreement") whereby Queensland would pre-redeem its debt to the Commonwealth. This was carried out in July 1995.

### State Debt to the Commonwealth

In addition to the funds lent to the States pursuant to the Financial Agreement, the Commonwealth Government also lends funds to the States in accordance with a variety of agreed Commonwealth/State programs. In general, these funds are on-lent to borrowers in accordance with the terms of the agreed program, with repayment being made to the State from the revenues of the ultimate borrowers. When on-lent by Queensland, the debt is generally secured by State claims on tangible assets of the ultimate borrower.

The following table outlines the outstanding advances made by the Commonwealth under this category of debt.

### Other State Debt to the Commonwealth and Treasury (\$ millions)

Agreement/Program	As at June 30, 2008					
	2003	2004	2005	2006	2007	2008
Commonwealth and State Housing .....	486	475	463	452	441	429
Rural Adjustment .....	—	—	—	—	—	—
Softwood Forestry Agreement .....	—	—	—	—	—	—
Fitzroy Brigalow Land Development .....	—	—	—	—	—	—
Backlog Sewerage Agreement .....	16	15	14	13	13	16
National Railway Network .....	—	—	—	—	—	—
Natural Disaster Relief Assistance .....	11	10	8	6	51	56
Marginal Dairy Farms Scheme .....	—	—	—	—	—	—
Other .....	—	—	—	—	—	—
<b>Total</b> .....	<b>513</b>	<b>500</b>	<b>485</b>	<b>471</b>	<b>505</b>	<b>501</b>

Note: Amounts have been rounded to the nearest \$1 million. Consequently, rounded amounts may not add to totals.

### Guaranteed Debt On-lent by Queensland Treasury Corporation

Queensland Treasury Corporation's primary function to date has been to act as a central financing authority for on-lending funds raised by it to various Queensland statutory bodies. See section above headed "Queensland Treasury Corporation". Under the provisions of the Act and the *Statutory Bodies Financial Arrangements Act 1982* (as amended), financial arrangements entered into by a statutory body may be guaranteed by the Treasurer on behalf of the Government of Queensland.

The Issuer's guaranteed debt, as at the end of each of the last seven fiscal years, and the distribution of this debt among various borrowing authorities is detailed in the following table:

#### Guaranteed Debt Onlent by Queensland Treasury Corporation (\$ million)

Distribution of debt		2002	2003	2004	2005	2006	2007	2008
		\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Bodies within the Public Accounts</b>								
	Department of Corrective Services	245	224	0	0	0	0	0
	Department of Education and the Arts	96	146	125	111	92	73	56
	Department of Emergency Services	10	9	7	6	5	3	2
	Department of Employment and Training	8	15	8	6	3	1	0
	Queensland Health	641	623	539	493	27	86	123
	Department of Justice & Attorney General	NA	NA	NA	NA	94	86	70
	Department of Main Roads	1,003	1,081	948	938	863	987	1,015
	<i>Forestry Plantations Queensland</i>	83	89	85	82	79	77	76
	Department of Premier & Cabinet	15	13	13	12	29	27	17
	Department of Public Works	265	253	257	229	210	439	386
	Department of State Development & Innovation	0	77	182	354	159	147	135
	Q-FLEET	211	236	254	300	275	0	0
	Queensland Transport	82	168	187	85	65	62	66
	Queensland Treasury	NA	NA	NA	NA	NA	972	4169
	Other	220	235	107	154	24	35	49
<b>Government Owned Corporations</b>								
	Queensland Electricity Transmission Corporation Limited (Powerlink)	1,260	1,395	1,410	1,476	1,642	1,954	2,427
	ENERGEX Limited	1,776	1,880	1,763	2,061	2,565	3,183	3,256
	Stanwell Corporation	331	338	231	209	118	114	127
	Tarong Energy Corporation	558	684	287	255	265	355	376
	CS Energy Ltd <sup>(1)</sup>	570	567	260	369 <sup>(1)</sup>	586	1,081	1,056
	Gateway Investments Corporation Pty Ltd	271	304	300	316	304	315	0
	Ergon Energy Corporation Limited	1,287	1,452	1,453	1,774	2,143	2,479	2,974
	Queensland Rail	3,800	3,960	3,827	4,016	4,587	4,550	5,164
	Port Authorities & Facilities (various)	449	533	641	751	694	1,112	1,334
	Sun water							224

Distribution of debt		2002	2003	2004	2005	2006	2007	2008
		\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Local Governments</b>								
	Brisbane City Council	1,087	1,125	1,013	1,022	938	867	699
	Cairns City Council	111	109	92	79	72	61	0
	Caloundra City Council	61	74	78	91	95	98	0
	Gold Coast City Council	313	331	347	393	404	629	680
	Ipswich City Council	45	77	87	104	97	92	118
	Logan City Council	117	110	98	91	85	76	101
	Maroochy Shire Council	162	167	157	151	151	142	0
	Redland Shire Council	91	105	106	116	121	129	124
	Fraser Coast Regional Council	NA	NA	NA	NA	NA	NA	96
	Mackay Regional Council	NA	NA	NA	NA	NA	NA	99
	Moreton Bay Regional Council	NA	NA	NA	NA	NA	NA	217
	Rockhampton Regional Council	NA	NA	NA	NA	NA	NA	98
	Sunshine Coast Regional Council	NA	NA	NA	NA	NA	NA	201
	Townsville City Council	NA	NA	NA	NA	NA	NA	207
	Other	716	769	721	734	756	838	399
<b>Statutory Authorities</b>								
	Water Supply Boards	97	164	242	210	206	228	2
	Universities	54	66	64	93	130	123	109
	Grammar schools	42	49	45	50	65	59	65
	Other	161	829	320	352	358	418	618
<b>Other Bodies</b>								
	Qld Motorways Limited	981	1,069	960	983	932	1,250	1,799
	Suncorp\Metway\Ql DC	320	0	0	0	3	3	2
	Queensland Treasury Holdings	0	33	35	0	0	0	0
	DBCT Holdings Pty Ltd					372	333	294
	Qld Water Infrastructure Pty Ltd						294	605
	Western Corridor Recycled Water Pty Ltd						284	1,292
	Queensland Bulk Water Supply Authority							537
	Southern Regional Water Pipeline Co. P/L							930
	SEQ (Gold Coast) Desalination Co. P/L							281
	SEQ Water Facility							185
	Other	661	587	490	441	23	15	51
<b>Total Funds Onlent</b>		18,269	19,523	17,587	18,790	19,634	24,077	32,911
<b>Undistributed borrowings</b>		3,606	2,548	3,987	5,677	7,688	7,806	7,817
<b>Total Guaranteed Debt<sup>(2)</sup></b>		21,875	22,071	21,574	24,467	27,322	31,883 <sup>(p)</sup>	40,728

(1) The figure for 2004-05 excludes borrowings of \$116 million on a non recourse basis for North West Energy Pty Ltd which was a fully owned subsidiary of CS Energy Limited.

(2) South East Queensland Water Corporation had no unguaranteed borrowing as at 30 June 2008 (\$192 million as at 30 June 2007) that is not included in these figures.

The Issuer raises funds in both the domestic and international capital markets with the market value of borrowings under management as at 30 June, 2008 at \$40.728 billion, which includes \$14.863 billion of off-shore debt based on the prevailing rates of exchange at 30 June, 2008. Borrowings under management include the debt of local authorities and statutory bodies managed by the Issuer. The Issuer hedges its foreign debt portfolio through interest rate and currency swaps and other hedging and currency switching transactions.

The following table shows at 30 June, 2008 the amount of contract maturities of the Issuer's outstanding indebtedness maturing over the next five years and for subsequent years. This table includes borrowings made by Authorities for which debt service responsibility has been assumed by the Issuer. The face value of maturing paper is used in the maturity structure. Accordingly, comparisons with the market value of debt disclosed in the previous paragraph are irrelevant.

**Outstanding Indebtedness of QTC (Face Value)  
Maturity Analysis**

2007	0-3 months	3-12 months	1-5 years	Over 5 Years	TOTAL
	(in \$ millions)				
Offshore Debt <sup>(1)</sup> .....	343	109	7,292	7,48 21	15,232
Domestic Debt <sup>(2)(3)</sup> .....	1,026	45	14,562	10,932	26,585
<b>Total (\$M) .....</b>	<b>\$1,369</b>	<b>\$154</b>	<b>\$21,854</b>	<b>\$18,419</b>	<b>\$41,796</b>

1. These totals have been translated into Australian dollars at a rate of exchange applicable at the balance date and do not include the net effect of currency swaps and forward currency contracts. They include US\$376 million outstanding under the Issuer's United States and European commercial paper facilities as at 30 June, 2008 (2007: US\$189 million and US\$384 million outstanding under a Euro Medium-Term Note facility as at 30 June, 2008 (2007: US\$135 million).
2. Maturities of discounted loans are included at face value.
3. These totals include \$1,000 million outstanding under the Issuer's Australian dollar Treasury note facility as at 30 June, 2008 (2007: \$380 million).

*Outstanding Debt of the Issuer*

Set out below is a list of all outstanding debt issued by QTC as at 30 June 2008.

**OUTSTANDING DOMESTIC A\$ INDEBTEDNESS AS AT JUNE 30, 2008\***

Domestic Debt			
(Australian Financial Year)			
Coupon Rate	Face Value	Market Value	Date of Maturity
(% per annum)	(in dollars)	(in dollars)	
6.00%	2,629,853,000	2,666,721,557	July 14, 2009
5.50%	4,277,995,000	4,170,049,867	May 14, 2010
6.00%	5,093,504,000	4,933,700,400	June 14, 2011
6.50%	2,043,000,000	2,019,958,451	April 14, 2012
6.00%	3,741,021,000	3,641,671,504	August 14, 2013
6.00%	2,681,660,000	2,559,473,394	October 14, 2015
6.00%	2,711,045,000	2,577,241,569	September 14, 2017
6.00%	656,780,000	606,382,568	June 14, 2021
6.50%	500,000,000	487,424,847	March 14, 2033
CIB	582,693,300	625,035,528	August 20, 2030

<b>Domestic Debt</b>			
(Australian Financial Year)			
<b>Coupon Rate</b>	<b>Face Value</b>	<b>Market Value</b>	<b>Date of Maturity</b>
(% per annum)	(in dollars)	(in dollars)	
Zero	336,373,537	269,744,450	June 14, 2011
Tnote	1,000,000,000	998,022,530	July, 2008
Various	31,250,000	31,601,774	Various 2008
Various	36,750,000	36,527,318	Various 2009
Various	51,250,000	50,390,849	Various 2010
Various	73,501,000	72,730,341	Various 2011
Various	28,750,000	28,934,055	Various 2012
Various	89,549,535	89,295,080	Various
<b>Total Domestic A\$ Indebtedness</b>	<b>26,564,975,372</b>	<b>25,864,906,082</b>	

**OUTSTANDING FOREIGN CURRENCY DENOMINATED OFFSHORE INDEBTEDNESS  
QUEENSLAND TREASURY CORPORATION (CP'S)**

As at June 30, 2008  
(at Face Value)

<b>Year of Issue</b>	<b>Currency</b>	<b>Amount</b>	<b>Coupon</b>	<b>Maturity</b>	<b>A\$ Market Valuation</b>
2007	USD	25,000,000	4.42%	July 28, 2008	25,862,846
2008	AUD	214,000,000	7.23%	August 1, 2008	212,629,972
2008	USD	50,000,000	7.23%	August 29, 2008	51,598,763
2008	USD	50,000,000	2.20%	September 12, 2008	51,538,951
2007	USD	25,000,000	4.27%	October 30, 2008	25,660,648
2008	GBP	40,000,000	4.50%	March 6, 2009	79,307,786
<b>Total</b>					<b>446,598,967</b>

**GLOBAL A\$ BONDS AUD**

As at June 30, 2008

	<b>Interest Coupon</b>	<b>Maturity Date</b>		<b>Face Value(A\$)</b>	<b>Market Value(A\$)</b>
	6%	July 14, 2009		2,829,678,000	2,869,347,953
	5.50%	May 14, 2010		1,376,700,000	1,341,962,216
	6%	June 14,2011		2,983,037,000	2,889,447,504
	6%	Aug 14,2013		2,398,150,000	2,334,432,797
	6%	Oct14, 2015		3,224,276,000	3,096,529,605
	6%	Sept 14, 2017		1,568,255,000	1,471,744,687
	<b>Total</b>			<b>14,380,096,000</b>	<b>14,003,464,763</b>

## A\$ EURO MEDIUM TERM NOTES

As at June 30, 2008

Year of Issue	Coupon Rate	Maturity Date	Currency	Face Value(A\$)	Market Value(A\$)
2005	5.01%	August 26, 2009	AUD	25,000,000	24,617,609
2003	12.00%	September 14, 2009	AUD	15,000,000	16,199,115
2003	0.50%	May 19, 2010	AUD	17,000,000	14,874,156
2005	12.00%	June 7, 2013	AUD	45,000,000	53,085,426
2007	7.125%	September 18, 2017	NZD	296,898,482	304,404,084
	<b>Total</b>			<b>398,898,482</b>	<b>413,180,391</b>

### Other Guaranteed Debt and Contingent Liabilities

Under the provisions of the Act and the *Statutory Bodies Financial Arrangements Act 1982* (as amended by the *Statutory Bodies Financial Arrangements Amendment Act 1996*), financial arrangements entered into by a statutory body may be guaranteed by the Treasurer on behalf of the Government of Queensland. That legislation also preserves similar guarantees given under legislation that it replaced. In addition, *the Industrial Development Act 1963* preserves guarantees of borrowings of other bodies made under the *Industrial Development Act 1963-1981*. Guarantees are also given in respect of borrowings made by Co-operative Housing Societies which on-lend funds for home purchase.

The Queensland Government also guarantees all insurance policies issued prior to 1 December, 1996 by the Suncorp Insurance and Finance Corporation ("Suncorp"). Suncorp, together with Suncorp Building Society and Queensland Industry Development Corporation merged with Metway Bank Limited with effect from 1 December, 1996. Pursuant to the provisions of the State Government Institution and Metway Merger Facilitation Act 1996, all insurance policies (principally concerning life insurance, general insurance and superannuation) issued by Suncorp prior to 1 December, 1996 will continue to be guaranteed by the Queensland Government.

The State's contingent liabilities on account of guaranteed debt (other than the debt detailed under Queensland Treasury Corporation) equates to approximately \$3 billion as at 30 June, 2008.

### Exchange Rate of the Australian Dollar

Exchange rates for the major currencies in which debt of Queensland Treasury Corporation and Queensland is denominated, expressed as an Australian dollar against the foreign currency equivalent are shown in the table below:

Currency As at 30 June	2003-04	2004-05	2005-06	2006-07	2007-08
US Dollar .....	0.6889	0.7637	0.7433	0.8487	0.9626
Japanese Yen.....	74.82	84.1	85.11	104.70	101.93
Swiss Franc .....	0.8721	0.9778	0.9150	1.0453	0.9793
Pounds Sterling.....	0.3815	0.4224	0.4049	0.4236	0.4829
Euro .....	0.5702	0.6315	0.58410	0.6311	0.6096
NZ Dollar .....	1.0970	1.0907	1.2159	1.1025	1.2609

Source: Reserve Bank of Australia

*Outstanding Debt of the Issuer*

Set out below is a list of all outstanding debt issued by QTC as at 30 June 2008.

**OUTSTANDING DOMESTIC \$ INDEBTEDNESS AS AT 30 JUNE, 2008\***

**Domestic Debt**  
(Australian Financial Year)

Coupon Rate (% per annum)	Face Value (in dollars)	Market Value (in dollars)	Date of Maturity
6.00%	2,629,853,000	2,666,721,557	July 14, 2009
5.50%	4,277,995,000	4,170,049,867	May 14, 2010
6.00%	5,093,504,000	4,933,700,400	June 14, 2011
6.50%	2,043,000,000	2,019,958,451	April 14, 2012
6.00%	3,741,021,000	3,641,671,504	August 14, 2013
6.00%	2,681,660,000	2,559,473,394	October 14, 2015
6.00%	2,711,045,000	2,577,241,569	September 14, 2017
6.00%	656,780,000	606,382,568	June 14, 2021
6.50%	500,000,000	487,424,847	March 14, 2033
CIB	582,693,300	625,035,528	August 20, 2030
Zero	336,373,537	269,744,450	June 14, 2011
Tnote	1,000,000,000	998,022,530	July, 2008
Various	31,250,000	31,601,774	Various 2008
Various	36,750,000	36,527,318	Various 2009
Various	51,250,000	50,390,849	Various 2010
Various	73,501,000	72,730,341	Various 2011
Various	28,750,000	28,934,055	Various 2012
Various	89,549,535	89,295,080	Various
<b>Total Domestic A\$ Indebtedness</b>	<b>26,564,975,372</b>	<b>25,864,906,082</b>	

**OUTSTANDING FOREIGN CURRENCY DENOMINATED OFFSHORE INDEBTEDNESS OF QUEENSLAND TREASURY CORPORATION (CP'S)**

**As at 30 June, 2007**

(at Face Value)

Year of Issue	Currency	Amount	Coupon	Maturity	A\$ Market Valuation
2007	USD	25,000,000	4.42%	July 28, 2008	25,862,846
2008	AUD	214,000,000	7.23%	August 1, 2008	212,629,972
2008	USD	50,000,000	7.23%	August 29, 2008	51,598,763
2008	USD	50,000,000	2.20%	September 12, 2008	51,538,951
2007	USD	25,000,000	4.27%	October 30, 2008	25,660,648
2008	GBP	40,000,000	4.50%	March 6, 2009	79,307,786
<b>Total</b>					<b>446,598,967</b>

**GLOBAL A\$ BOND AUD**

**As at June 30, 2008**

Interest Coupon	Maturity Date	Face Value(A\$)	Market Value(A\$)
6%	July 14, 2009	2,829,678,000	2,869,347,953
5.50%	May 14, 2010	1,376,700,000	1,341,962,216
6%	June 14, 2011	2,983,037,000	2,889,447,504
6%	Aug 14, 2013	2,398,150,000	2,334,432,797
6%	Oct 14, 2015	3,224,276,000	3,096,529,605
6%	Sept 14, 2017	1,568,255,000	1,471,744,687
<b>Total</b>		<b>14,380,096,000</b>	<b>14,003,464,763</b>

**A\$ EURO MEDIUM TERM NOTES**

**As at June 30, 2008**

Year of Issue	Coupon Rate	Maturity Date	Currency	Face Value(A\$)	Market Value(A\$)
2005	5.01%	August 26, 2009	AUD	25,000,000	24,617,609
2003	12.00%	September 14, 2009	AUD	15,000,000	16,199,115
2003	0.50%	May 19, 2010	AUD	17,000,000	14,874,156
2005	12.00%	June 7, 2013	AUD	45,000,000	53,085,426
2007	7.125%	September 18, 2017	NZD	296,898,482	304,404,084
<b>Total</b>				<b>398,898,482</b>	<b>413,180,391</b>

## SUBSCRIPTION AND SALE

The Dealers have in an Amended and Restated Distribution Agreement dated 12 December, 2008 (the “Distribution Agreement” as amended, supplemented, novated and/or restated from time to time) agreed with the Issuer as to the basis upon which they or any of them may from time to time agree to purchase Notes. Notes may also be issued to persons other than Dealers. Dealers and such other persons are referred to as “Dealers”. Any such agreement for any particular purchase will extend to those matters stated under “*Conditions of the Notes*” and “*Form of the Notes*” above. In the Distribution Agreement the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Facility and the issue of the Notes. The Issuer or (as to itself) a Dealer may terminate the arrangements for the issue of Notes under the Facility by giving written notice to the Dealers or to the Issuer and the other Dealer(s), as the case may be.

### *United States*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“Regulation S Notes”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such Purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective Purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### *Public Offer Selling Restriction under the Prospectus Directive*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Facility will be required to represent and agree, that

with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

#### *United Kingdom*

Each Dealer has represented and agreed, and each further Dealer appointed under the Facility will be required to represent and agree, that:

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### *Japan*

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No.25 of 1948, as amended, the “FIEL”) and each Dealer has represented and agreed and each further dealer appointed under the Facility will be required to represent and agree that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

### *Australia*

No prospectus in relation to the Notes has been lodged with or registered by the Australian Securities and Investments Commission.

The Notes may not be offered or sold, directly or indirectly, in the Commonwealth of Australia, its territories and possessions. Each dealer has and each further Dealer appointed under the Facility will severally represent and agree with the Issuer that in connection with the distribution of the Notes:

- it has not directly or indirectly offered for subscription or purchase or issued invitations to subscribe for or buy nor has it sold any of the Notes;
- it will not directly or indirectly offer for subscription or purchase or issue invitations to subscribe for or buy or sell any of the Notes; and
- it has not distributed and will not distribute any draft or final form offering memorandum, advertisement or other offering material relating to any of the Notes,

in Australia or to any person that the employees of the Dealer acting in connection with the offer or sale know or have reasonable grounds to suspect is one of the Issuer’s Offshore Associates other than one acting in the capacity of a dealer, manager, or underwriter in relation to the placement of the Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme (within the meaning of the Corporations Act 2001 (Australia)).

Each Dealer has agreed to co-operate with the Issuer with a view to ensuring that Notes are offered for sale in such a manner which will allow payments of interest or amounts in the nature of interest on the Notes to be exempt from Australian withholding tax under section 128F of the Income Tax Assessment Act 1936 (Australia), as amended.

An “Offshore Associate” is an associate (as defined in Section 128F) of the Issuer that is either a non- resident of the Commonwealth of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia or, alternatively, is a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside of Australia.

### *Canada*

The Notes will not be qualified for sale under the securities laws of any province or territory of Canada. Each Dealer has represented and agreed and each further Dealer appoint under the Facility will be required to represent and agree that it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with the applicable securities laws thereof. Each Dealer has also represented and agreed that it has not and will not distribute or deliver this Base Prospectus, or any other offering material in connection with any offering of Notes in Canada, other than in compliance with the applicable securities laws thereof.

### *Hong Kong*

Each Dealer has represented and agreed and each further Dealer appoint under the Facility will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business it is to buy or sell shares or debentures (whether as principal or agent) or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued, or had in its possession for the purposes of issue and will not issue, or have in its possession for the purposes of issue, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571) and any rules made thereunder.

### *New Zealand*

- (a) The Issuer does not intend that the Notes should be offered for sale or subscription to the public in New Zealand in terms of the Securities Act 1978.
- (b) Each Dealer shall:
  - (i) observe all applicable laws and regulations in any jurisdiction in which it may subscribe, offer, sell or deliver Notes; and
  - (ii) not subscribe, offer, sell or deliver Notes or distribute the Base Prospectus or any other offering material relating to the Notes, in any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations.
- (c) Without limiting paragraph (b):
  - (i) each Dealer represents that it is a person whose principal business is the investment of money or who, in the course of and for the purpose of its business, habitually invests money; and
  - (ii) no Dealer may offer, sell or deliver Notes nor distribute any advertisement or offering material relating to the Notes, in breach of any provision of the Securities Act 1978.

### *Singapore*

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “Securities and Futures Act”). Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Facility will be required to represent, warrant and agree that no Notes may be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of such Notes be circulated or distributed, whether directly or indirectly, any person in Singapore other than (1) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (2) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (3) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each Dealer has further represented, warranted and agreed to notify (whether through the distribution of this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes or otherwise) each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes from and through that Dealer, namely a person who is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;
- (ii) where no consideration is given for the transfer; or
- (iii) by operation of law.

### ***General***

Each Dealer has agreed and each further Dealer appointed under the Facility will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantor nor any other Dealer shall have any responsibility therefor.

None of the Issuer, the Guarantor or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche of Notes, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## TAXATION

### AUSTRALIAN TAXATION

#### *Australian Interest Withholding Tax*

Generally, interest paid by the Issuer to a non-resident of Australia, who does not derive the interest in carrying on business at or through a permanent establishment in Australia, is subject to interest withholding tax at the rate of 10 per cent.

Under the double taxation treaties between Australia and certain Contracting States (including the United States, the United Kingdom, Norway and Finland) no Australian interest withholding tax will be payable on interest derived by an entity which is entitled to the benefit of that treaty where, in general terms, that entity is a government body of the relevant Contracting State (including a body exercising governmental functions), a bank resident in the relevant Contracting State performing central banking functions or a financial institution resident in the relevant Contracting State which is unrelated to, and deals independently with, the Issuer. For these purposes, “financial institution” means a bank or other enterprise substantially deriving its profits by raising debt finance in the financial markets or by taking deposits at interest and using those funds in carrying on a business of providing finance. However, if the interest is derived as part of an arrangement involving back-to-back loans, Australian interest withholding tax will still be payable. From 1 January, 2009, the class of relevant Contracting States will include Japan.

A person who is not a resident of the Commonwealth of Australia within the meaning of the Income Tax Assessment Act 1936 (Australia) and who does not derive the interest in carrying on business at or through a permanent establishment in Australia and who has acquired or acquires any of the Notes will not incur or become liable for any Australian income tax (other than interest withholding tax) on interest, or amounts in the nature of interest, payable in respect of the Notes.

The terms of issue and the procedures for the issue of the Notes are intended to satisfy the conditions for exemption from interest withholding tax under Section 128F of the Income Tax Assessment Act 1936 (Australia), as amended.

Interest (or an amount in the nature of interest) paid by the Issuer is exempt from Australian withholding tax under section 128F if Notes are issued outside Australia by the Issuer and if a “public offer” test is satisfied. The public offer test is satisfied if the Notes are issued as a result of being offered for issue:

- (a) to at least 10 persons each of whom:
  - (i) was carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets; and
  - (ii) is not known, or suspected, by the Issuer to be an associate (as defined in section 128F) of any of the other nine such persons; or
- (b) to at least 100 persons whom it is reasonable for the Issuer to regard as having acquired instruments similar to the Notes in the past or being likely to acquire instruments similar to the Notes in the future; or
- (c) as a result of being accepted for listing on a stock exchange outside Australia, where the Issuer has entered into an agreement with a dealer, manager or underwriter in relation to the placement of the Notes requiring the Issuer to seek such a listing; or
- (d) as a result of negotiations being initiated publicly in electronic form, or in another form, that is used by financial markets for dealing in instruments similar to the Notes; or
- (e) to a dealer, manager or underwriter in relation to the placement of Notes who, under an agreement with the Issuer, offered the Notes for sale within 30 days in a way covered by any of paragraphs (a) to (d) above.

In relation to the issue of Notes in global form (a “Global Note”), the “public offer” test will be satisfied if the Global Note falls within the description of “global bond” in section 128F(10). Broadly speaking, this will be the case if the following requirements are satisfied:

- (i) the Global Note describes itself as a global bond or a global note; and
- (ii) it is issued to a clearing house (as defined in section 128F(9)) or to a person as trustee or agent for, or otherwise on behalf of, one or more clearing houses; and

- (iii) in connection with the issue of the Global Note, the clearing house or houses confer rights in relation to the Global Note on other persons and will record the existence of the rights; and
- (iv) before the issue of the Global Note, the Issuer or a dealer, manager or underwriter, in relation to the placement of debentures on behalf of the Issuer, announces that, as a result of the issue, such rights will be able to be created; and
- (v) the announcement is made in a way or ways covered by any of paragraphs (a) to (e) above (reading a reference in those paragraphs to “Notes” as if it were a reference to the rights referred to in paragraph (iv) above and a reference to the “Issuer” as if it included a reference to the dealer, manager or underwriter); and
- (vi) under the terms of the Global Note, interests in the Global Note are able to be surrendered, whether or not in particular circumstances, in exchange for other debentures issued by the Issuer that are not themselves Global Notes.

The public offer test is not satisfied if at the time of the issue the Issuer knows, or has reasonable grounds to suspect, that the Notes or an interest in the Notes was being, or would later be, acquired directly or indirectly by an Offshore Associate of the Issuer other than one acting in the capacity of a dealer, manager or underwriter in relation to the placement of the Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme (within the meaning of the Corporations Act 2001 (Australia)). Nor will the exemption from interest withholding tax apply if, at the time of the payment of interest to a person, the Issuer knows or has reasonable grounds to suspect that the Holder is an Offshore Associate of the Issuer other than one receiving the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (within the meaning of the Corporations Act 2001 (Australia)).

An “Offshore Associate” is an associate (as defined in Section 128F) of the Issuer that is either a non- resident of the Commonwealth of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia or, alternatively, is a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside of Australia.

To reduce the risk that the public offer test will not be satisfied the Issuer has identified its known associates and has requested that they do not acquire any of the Issuer’s securities which were issued outside Australia.

Section 126 of the Income Tax Assessment Act 1936 (Australia) imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on Notes payable to bearer if the Issuer fails to disclose the names and addresses of the holders of those Notes to the Australian Taxation Office. Section 126 does not apply to the payment of interest on Notes held by non-residents who do not carry on business at or through a permanent establishment in Australia where the issue of those Notes satisfied the requirements of Section 128F or where interest withholding tax is payable. However, the operation of section 126 in relation to Notes held in some circumstances is unclear. Section 126 will not apply in any circumstances if the name and address of the holder of the relevant Notes is disclosed to the Australian Taxation Office. The Issuer intends to comply with Section 126 without withholding in relation to any of the Notes by advising the Australian Taxation Office of the name and address of Euroclear and Clearstream as the holders of the relevant Notes.

If the Issuer is obligated by law at any time to withhold or deduct an amount in respect of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision or authority thereof or therein having the power to tax, it will, subject to certain exceptions set out under Condition 7, pay such additional amounts as will result in the payment to the Holder concerned of the sum which would otherwise have been payable on the Notes.

#### *Income and Other Taxes*

Under Australian law as currently in effect, a person who is a non-resident and who is a holder of Notes will not by reason only of that ownership incur or become liable for any Australian taxes or duties of whatsoever nature in respect of principal of or (except as described in “*Australian Interest Withholding Tax*” above, noting the exemption from that tax afforded by Section 128F where its requirements are complied with) interest, or amounts in the nature of interest (including original

issue discount, or premium, if any), in respect of, the Notes, provided that no such interest, amount in the nature of interest, or premium is derived in carrying on business through a permanent establishment in Australia.

Under Australian law as currently in effect, no Australian income or other tax is payable on any profit on sale of the Notes which are held by non-residents except if the Notes are purchased with the intention of deriving that profit by resale, or the Notes are trading stock of the vendor or if an ordinary incident of the vendor's business is the sale of securities for a profit and, in any case, the profit from the sale has a source in Australia. The profit will generally only have a source in Australia if the business is conducted in Australia, if the Notes are sold in Australia or the Notes are physically held in Australia.

Notwithstanding that a profit from a sale of Notes is *prima facie* assessable in Australia in the circumstances referred to above, if the vendor is a resident of a country with which Australia has a double taxation agreement, then depending on the circumstances of the case and the terms of the relevant treaty, relief from Australian tax may nevertheless be available under the treaty.

#### *Inheritance Taxes*

Under Australian law as currently in effect, no Australian state or Federal estate duty or other inheritance taxes will be payable in respect of Notes held at the date of death regardless of the holder's domicile at the date of death.

### **LUXEMBOURG TAXATION**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

#### *Withholding Tax*

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June, 2005 (the "Laws") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June, 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "Territories"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or certain Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 20 per cent. and will be levied at a rate of 35 per cent as of 1 July, 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 20 per cent.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December, 2005 (the "Law") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

#### **EU SAVINGS DIRECTIVE**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “EU Savings Directive”), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Directive, which included the Commission’s advice on the need for changes to the EU Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the EU Savings Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the EU Savings Directive, they may amend or broaden the scope of the requirements described above.

## GENERAL INFORMATION

### LISTING AND ADMISSION TO TRADING

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Facility to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

### SIGNIFICANT OR MATERIAL CHANGE

There has been no material adverse change in the financial position or prospects of the Issuer or the Guarantor and there has been no significant change in the financial or trading position of the Issuer or the Guarantor since 30 June, 2008, being the date of the end of the Issuer's and the Guarantor's last fiscal year.

### DOCUMENTS AVAILABLE

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the specified office of the Paying Agent for the time being in Luxembourg:

- (a) the Statutory Bodies Financial Arrangements Act 1982;
- (b) the Queensland Treasury Corporation Act 1988;
- (c) the Issuer's consolidated annual reports for the two years ended 30 June, 2008 and 30 June, 2007 (which have been audited without qualification by the Auditor-General of Queensland) and the Independent Audit Reports prepared in connection therewith by the Auditor-General of Queensland;
- (d) any future annual and interim reports published by the Issuer together with the Issuer's annual and interim consolidated financial statements for those periods;
- (e) the consolidated financial statements of the Guarantor for the two years ended 30 June, 2008 and 30 June, 2007 and the budget papers of the Guarantor for the 2008-2006 fiscal year;
- (f) the most recently annual and interim consolidated financial statements of the Guarantor for those periods;
- (g) the Distribution Agreement;
- (h) the Agency Agreement;
- (i) the Deed of Covenant;
- (j) the forms of the temporary global, permanent global and definitive Notes;
- (k) the Deed of Guarantee;
- (l) a copy of this Base Prospectus;
- (m) any future prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (n) in the case of each issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

## **AUTHORISATION**

The establishment of the Facility by the Issuer and the subsequent increases in its nominal amount were made pursuant to section 18 of the Queensland Treasury Corporation Act 1988. The giving of the Guarantee by the Guarantor was approved by the Governor in Council of the State of Queensland by Executive Council Minute dated 27 January, 1994. The update of the Facility was approved by the Chief Executive of the Issuer on 28 November 2008.

## **CONSENTS**

There are no governmental or regulatory consents required for the execution and performance by the Issuer and, where relevant, the Guarantor of the Distribution Agreement, the Agency Agreement, the Deed of Covenant and the Deed of Guarantee.

## **LITIGATION**

There are no and nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had during the last twelve months prior to the date of this Base Prospectus a significant effect on the financial position or profitability of the Issuer or the Guarantor.

## **AUDITOR**

The Auditor-General of Queensland, Glenn Gordon Poole, has audited the Issuer's financial statements, without qualification, in accordance with generally accepted auditing standards in Australia for each of the financial years ended 30 June, 2007 and 2008. The Auditor-General of Queensland has no material interest in the Issuer or the Guarantor. The Auditor-General of Queensland is a member of CPA Australia. The address of the Auditor-General of Queensland is Level 11, Central Plaza One, 345 Queen Street, Brisbane, Queensland 4000, Australia.

## **CLEARING SYSTEMS**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, 22nd Floor, New York, NY 10041-0099.

## **AUSTRALIAN EXCHANGE CONTROL RESTRICTIONS**

The written approval of the Australian Minister for Foreign Affairs is required for transactions involving the control or ownership of assets by persons or entities linked to terrorist activities and identified by the United Nations and the Commonwealth of Australia under the Charter of the United Nations (Anti- terrorism – Persons and Entities) List, as published from time to time in the Commonwealth Government Gazette. This includes individuals or entities linked with the former Iraqi regime, Al-Qaeda, Jemaah Islamiyah, the Taliban, Usama bin Laden and other terrorist organisations. Transactions involving persons published in the Gazette without the permission of the Minister are a criminal offence.

Transactions involving individuals associated with the regime of former President of Yugoslavia Slobodan Milosevic, certain ministers and senior officials of the Government of Zimbabwe and senior management of state owned enterprises of Zimbabwe, certain entities and individuals associated with the Democratic People's Republic of Korea, the Burmese regime or Iran are prohibited under the Banking (Foreign Exchange) Regulations 1959 (Cth). The Reserve Bank of Australia publishes changes to prohibited parties and variations in the restrictions on those parties from time to time in the Commonwealth Government Gazette.

#### **CONDITIONS FOR DETERMINING PRICE**

The price and amount of Notes to be issued under the Facility will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

#### **POST-ISSUANCE INFORMATION**

The Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.

#### **THIRD PARTY SOURCE**

Where identified as such, certain information in this Base Prospectus has been sourced from a third party. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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**Citigroup Global Markets Limited**  
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**The Royal Bank of Scotland PLC**  
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