

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

This Supplement (the **Supplement**) to the Base Prospectus dated 11 February 2020, as supplemented on 22 April 2020 (the **First Supplement**) (as so supplemented, the **Base Prospectus**) constitutes a supplement to the Base Prospectus for the purposes of Article 23 of the Prospectus Regulation and is prepared in connection with the U.S.\$10,000,000,000 Euro Medium Term Note Facility established by Queensland Treasury Corporation (the **Issuer**). Terms defined in the Base Prospectus shall have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

The Issuer and the Government of Queensland accept responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer and the Government of Queensland (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The purpose of this Supplement is to add a section entitled "Recent Developments" in the Base Prospectus at the end of the section entitled "QUEENSLAND GOVERNMENT FINANCES" starting on page 119 of the Base Prospectus.

Updates to the Base Prospectus

By virtue of this Supplement, a new section entitled "Recent Developments" shall be added as follows at the end of the section entitled "QUEENSLAND GOVERNMENT FINANCES" starting on page 119 of the Base Prospectus:

"Recent Developments

Ministerial Media Statement - Update on Queensland Fiscal position

Thursday, July 23, 2020

Update on Queensland fiscal position

Queensland Budget Operating Deficit:

- 2019-20: \$5.9 billion
- 2020-21: \$8.5 billion

Queensland General Government Sector Gross Debt (inclusive of leases, securities and derivatives)

- 2019-20: \$43.8 billion

- 2020-21: \$59.4 billion

Queensland Future Fund initial asset tranche:

- At least \$5 billion in assets to offset debt with assets including:
 - Titles Registry (at least \$4 billion)
 - Cross River Rail precincts (at least \$160 million)
 - Defined Benefit Scheme (\$1 billion)

Queensland Treasurer Cameron Dick has provided an update on Queensland's fiscal position following the Fiscal and Economic Outlook provided by the Federal Treasurer.

"COVID-19 continues to wreak damage on economies around the world," the Queensland Treasurer said.

"The tightening of restrictions that we have seen in Victoria and New South Wales in the last week is clear evidence that Australia is not immune from this ongoing damage.

"The forecasts released today by Federal Treasurer Josh Frydenberg show that over the 2019-20 and 2020-21 financial years, GST receipts to Queensland will be cut by up to \$2.5 billion compared to our MYFER estimates.

"Combined with the \$1 billion fall in revenue from state taxes and royalties in the second half of FY 2019-20, the GST cuts mean that Queensland faces a fall in revenue since MYFER of at least \$6.5 billion over 2019-20 and 2020-21.

"As our revenues fall, our expenditure has grown through the \$6 billion in initiatives we have implemented over the last six months to protect Queenslanders health, Queensland jobs and Queensland businesses.

"While revenue will remain suppressed over the forward estimates, we remain committed to:

- Protecting and supporting Queensland jobs and businesses
- Delivering vital infrastructure
- Providing the essential frontline services Queenslanders deserve

"To further support Queensland businesses, we have ramped up our Buy Queensland program, with all government agencies now required to collectively meet a target of 25% of the value procurement to be undertaken by Queensland small and medium businesses."

The Federal Treasurer announced the Commonwealth would run an underlying cash deficit of \$85.8 billion in 2019-20 and \$184.5 billion in 2020-21.

After five consecutive surpluses from 2015 to 2019, Queensland had an operating deficit of \$5.9 billion in 2019-20, lower than the \$7.5 billion deficit for 2019-20 announced by earlier Victoria.

Queensland is forecast to have an operating deficit of \$8.4 billion in 2020-21.

Queensland General Government Sector Gross Debt was \$43.8 billion in 2019-20 and is forecast to be \$59.4 billion in 2020-21.

The debt of Queensland's Government Owned Corporations is broadly unchanged from MYFER forecasts, at \$40.2 billion for 2019-20 and \$41.3 billion for 2020-21.

“Currently, almost half of Queensland’s total borrowings are on the books of our publicly owned corporations – assets that the LNP tried to sell,” the Treasurer said.

“Asset sales have failed to help other states reduce their debt burdens.

“Before COVID-19, New South Wales was already on track to surpass \$100 billion in total government debt, even after selling its electricity generators.

“While Queensland is the first jurisdiction to provide this additional guidance on debt levels over the forward estimates, all other jurisdictions face similar challenges,” the Treasurer said.

“This morning, Federal Treasurer Josh Frydenberg revealed Australian Government gross debt is forecast to balloon to \$851.9 billion this financial year.

“As the Prime Minister has said, the best way to raise revenue is to get people back into jobs and the economy moving again.

“That’s why creating jobs, supporting businesses and delivering infrastructure remain so central to our plan to Unite and Recover.

“We must ensure that every dollar we spend is assessed against our key priorities and achieve savings where possible across Government to meet our \$3 billion savings target.

“But the last thing our economy needs is to be throttled by austerity measures.

“Austerity would mean winding back job creation initiatives.

“Austerity would mean creating a cycle of generational unemployment, instead of creating catalytic infrastructure.”

Across all jurisdictions, Governments are currently prudently using additional borrowings to support health responses and economic recovery measures, a position recognised by ratings agencies.

The Treasurer also revealed that Queensland’s Titles Registry will be part of the initial tranche of publicly-owned assets to be transferred to the Queensland Future Fund, with an estimated value of at least \$4 billion.

“Borrowing more is not my first choice as Treasurer, but faced with the alternative of austerity measures, it may be the only decision.

“We will make sure that we maximise the value of our balance sheet by having our publicly-owned assets work as hard as they can for Queensland taxpayers.

“While other states have sold off their registries, Queensland will keep ours in public hands, in a way that ensures its contribution to offsetting debt is recognised by ratings agencies,” the Treasurer said.

“The transfer of the Titles Registry will not affect the working conditions or entitlements of public servants employed there.

“We will commence consultation immediately on the best way to transition the Titles Registry.

“We will also transfer the Cross River Rail Station Precincts at Boggo Road, Woolloongabba, Albert Street and Roma Street into the Queensland Future Fund, with an estimated land value of \$160 million, that will grow with further investment.

“Again, this keeps these assets in public hands but ensures that as returns grow, the benefits grow for Queensland taxpayers.

“Given the historic turmoil and volatility that has beset global financial markets, we will reduce the Queensland Future Fund contribution from the Defined Benefit Fund to \$1 billion, while ensuring the Defined Benefit Fund remains in surplus.

“The legislation I introduced last week to create the Queensland Future Fund includes a rock-solid guarantee that the Defined Benefit Scheme will remain in surplus. Queensland will continue to be the only jurisdiction with a fully funded scheme.

“To diversify the holdings of the Queensland Future Fund is prudent and responsible.

“With the other assets announced today and due diligence being undertaken on further assets, I am confident we will reach the Queensland Future Fund’s target balance of \$5 billion.

“The challenges ahead of us are as great as any that Queensland has faced.

“Whatever the global economy looks like when we eventually emerge from COVID’s shadow, it will be vastly different to what it was before.

“The measures I announce today continue Queensland’s sensible, accountable response to that uncertainty, giving Queensland the economic weapons necessary to adapt to whatever we face.”

Update on Queensland’s Fiscal Position

On 23 July 2020, the Queensland Government provided an update on Queensland’s fiscal position following the Economic and Fiscal Update provided by the Federal Treasurer. This included updates and forecasts on Queensland’s operating position and General Government Sector Gross Debt for 2019-20 and 2020-21.

Funding Update

Since the release of the 2019-20 indicative borrowing program of A\$9.9 billion, QTC raised net A\$19.2 billion as at 30 June 2020. The outcome of client borrowings and term debt refinancing during the 2019-20 financial year totalled A\$13.4 billion.

With the information available to date, and including pre-funding undertaken in 2019-20, QTC anticipates a funding requirement of A\$19 billion to A\$22 billion for 2020-21. Since 1 July 2020, QTC has raised approximately A\$1.3 billion towards this requirement.

The Queensland Government will publish its COVID-19 Fiscal and Economic Review (19-FER) in September 2020. The C19-FER will provide detailed forecasts for 2020-21 and the forward estimates. Following its release, QTC will provide a full borrowing program update.”

General Information

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement and the First Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

Copies of all documents incorporated by reference in the Base Prospectus and copies of this Supplement can be obtained from the website of the Issuer at: <https://www.qtc.com.au/institutional-investors/news-and-publications/euro-medium-term-note-program-supplementary-disclosures/>.