



Queensland Pipeline Report

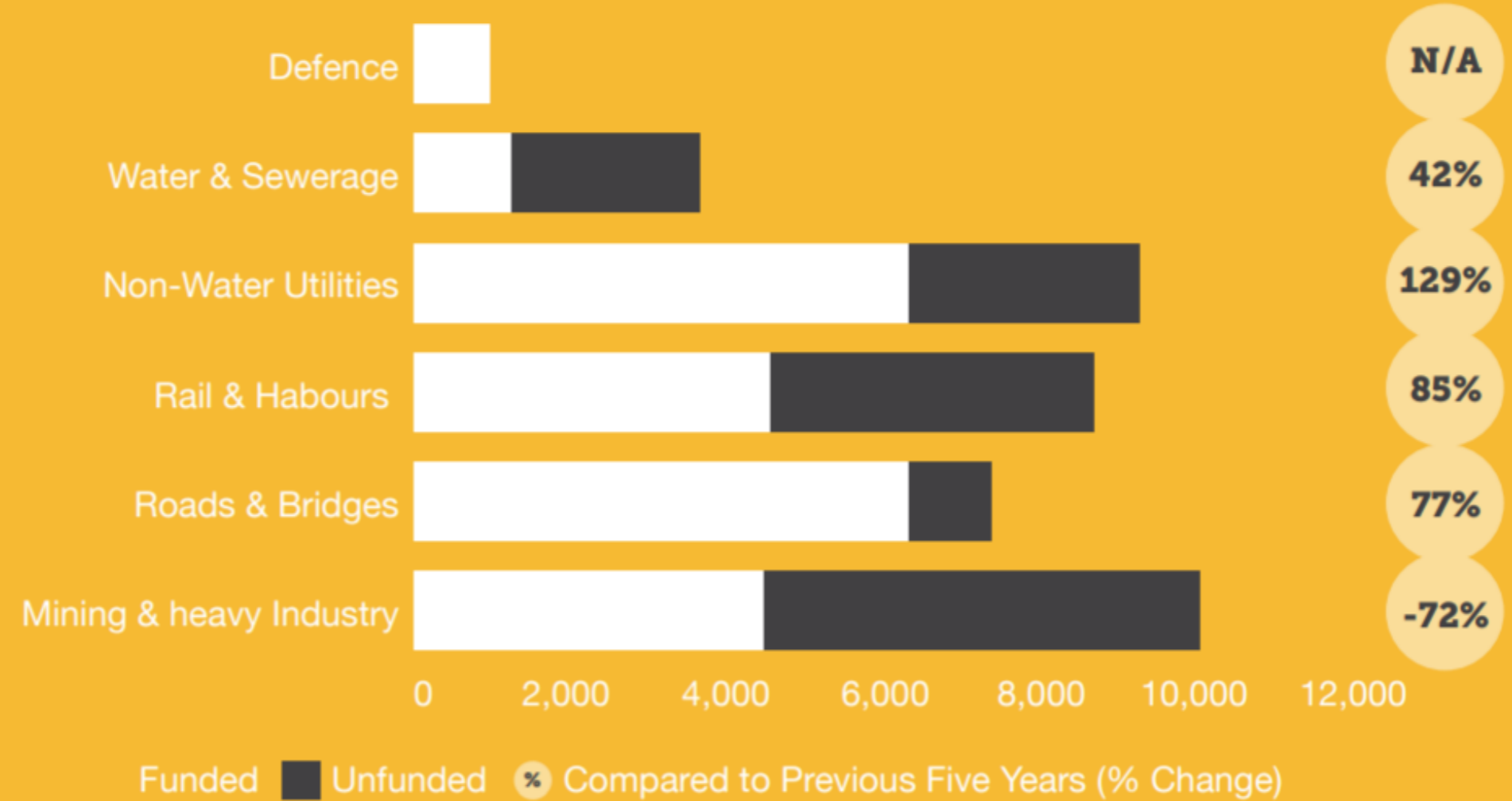
Developing
Queensland

Private
Equity

Consulting

Unsolicited
Proposals

Total Pipeline of Work Over the Next Five Years



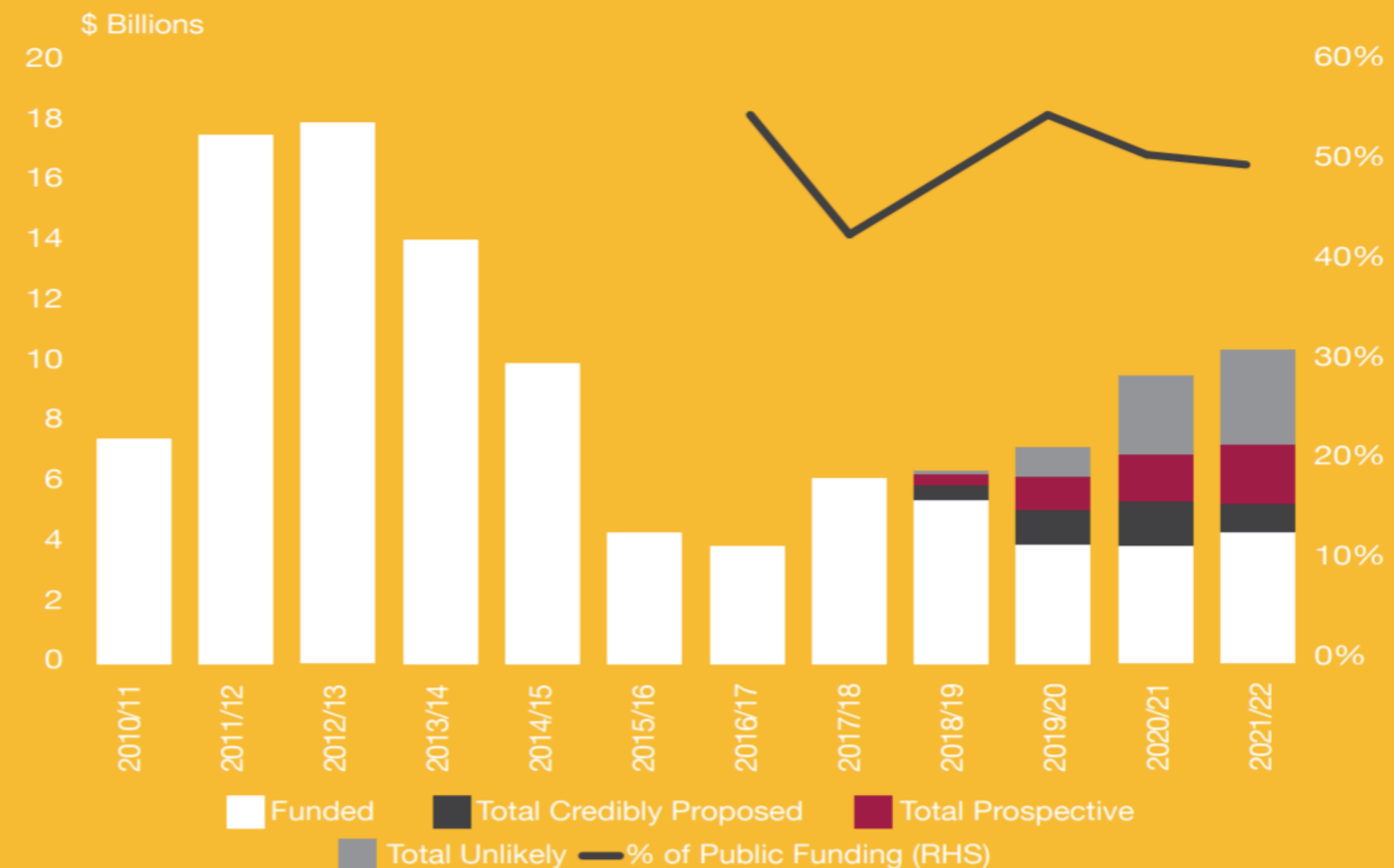
Pipeline Comments

- Total 5 year pipeline of \$39.9b
 - \$6.9 B Unlikely
 - \$5.1b Prospective
 - **Credibly Proposed \$4.1B**
- \$7.1b in recurring infrastructure spend

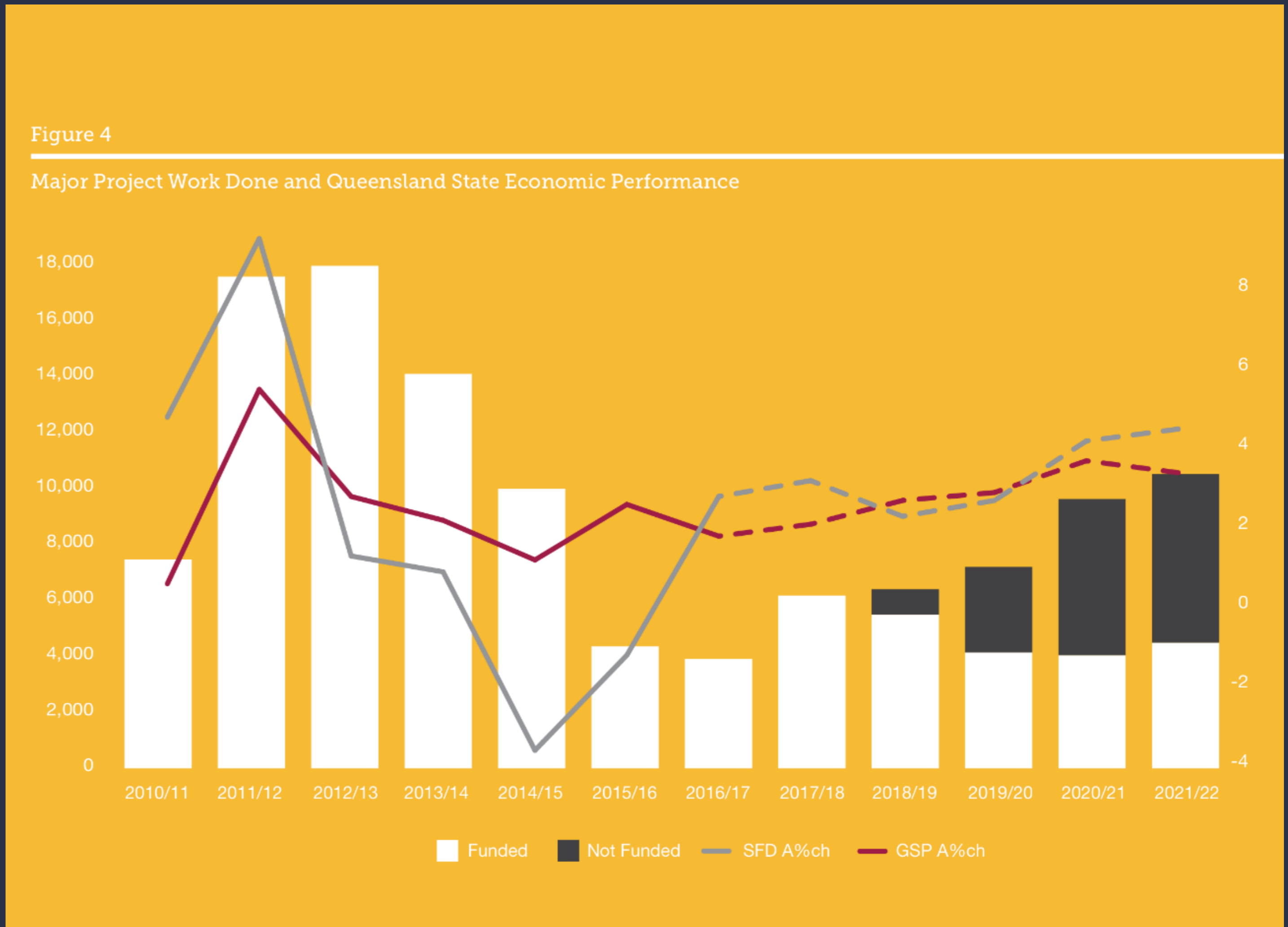
Market Comments

- Mining is back – for now!
- Water and Utilities are growing – ageing infrastructure is becoming a problem.
- Non Asset solution planning is coming to a peak (bubble licences)
- Since 2016 spending has been under \$4b for major projects raising mostly where federal government funding exceeded 50% of the commitment.
- Still operating at the \$4b but more projects are being announced.
- If Fitch do downgrade the Queensland Government, this time there will be more consequences.
- Mostly when we do get a downturn, the access to capital markets will be very difficult.

Major Projects Work Done: All Segments



- Unfunded projects are growing but the Gross State Product is starting to drop.
- NSW projects have driven market conditions – talent drain in Queensland
- Public funding solutions – good time for taking debt on at record low levels however in Queensland State Debt to State Product is worrying.
- Policy of QTC lending to GOC's is going to be interesting to watch – several regulatory issues will be interesting to watch.
- The current policy settings are to drive large scale projects however Cross River and Queens Wharf will have the large single project focus (noting the large unfunded portions of CRR).
- The middle ground will be rich pickings for analysis.



Market Led Proposals (~~Messy Lethargic Pains~~)

- It's a great idea; it is being carried out by well intentioned and clever teams but...it's government
 - Shifting to State Development is a start but it's still a way to go
 - Audit General conducting an assessment currently – findings will be interesting.
- Issue 1 – Culture
 - The Private sector may make money – not too keen on that idea
 - Treasury are normally the scaring ones in the corner – now they want to help; hmmttttt
- Issue 2 – MOG
 - I have finally got \$200m to build a school/prison/tafe why would I now help someone else
 - Rationality of Reason philosophy – I exist to maintain the problem not solve it
- Issue 3 – Politics
 - What is a good idea politically is usually really hard (i.e. many stakeholders, no money)
 - Where are the votes in boring activities
 - Time poor politicians and staffers

IC View of the world

- New projects for recycling are limited – low pipeline of larger projects for institutional capital remain hard to find in a cost of equity shoot out
- The UK examples show that foreign privatisation has led to a loss in social licence – it was Macquarie in Thames so it was fairly easy to see what happened.
- Focusing on project origination (greenfield risk) to arbitrage and transact.
- Water, Food, Agribusiness – linking regional resources to logistics hubs

