Question on Notice

No. 335

Asked on 31 March 2022

MR D JANETZKI ASKED TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

With reference to the Queensland Future Fund—

Will the Treasurer provide (a) details of the current financial structure and position of the fund, including (i) more detail surrounding its nature as a fixed-rate note, (ii) current assets and liabilities and (iii) projected revenue and expenses over the forward estimates (reported separately by financial year)?

ANSWER:

(a) The Debt Retirement Fund (DRF) is established under the *Queensland Future Fund Act 2020* (QFF Act 2020) with the purpose of debt reduction.

There has been no change to the structure of the Queensland Future Fund (QFF) DRF from that reported in Queensland Treasury's 2020-21 Annual Report.

(i) The QFF DRF investment on Queensland Treasury's balance sheet takes the form of a Fixed Rate Note with Queensland Treasury Corporation (QTC). It currently returns 6.5 per cent per annum, based on long run expected returns on the underlying investments managed by Queensland Investment Corporation that are held on QTC's balance sheet.

Returns from the DRF investments are quarantined and reinvested in the DRF investment portfolio.

The Long Term Assets Fixed Rate Note arrangement, similar to that being used for the QFF DRF, has been in place since 2008.

(ii) As discussed in (i) above, the Fixed Rate Note is an investment on Queensland Treasury's balance sheet and is therefore an asset (refer page 89 of Treasury's Annual Report). There is no liability component to the DRF on Queensland Treasury's balance sheet.

(iii) QFF DRF revenue comprises the majority of interest income for Treasury Administered, as shown on page 12 of the Service Delivery Statement in the 2021-22 Budget as per below:

Administered income statement

Queensland Treasury	2020–21 Adjusted Budget $'000	2020–21 Est. Actual $'000	2021–22 Budget $'000
INCOME			
Appropriation revenue	6,974,658	6,562,396	6,370,998
Taxes	11,230,946	12,771,102	14,172,027
User charges and fees	49,351	49,351	59,104
Royalties and land rents	2,443,069	2,480,755	3,126,298
Grants and other contributions	18,700,712	21,043,838	21,158,932
Interest and distributions from managed funds	61,655	29,155	530,043
Other revenue	510,923	516,308	634,776
Gains on sale/revaluation of assets	22,270	6,229,076	44,540
Total income	**39,993,584**	**49,681,981**	**46,096,718**

Interest income compounds at 6.5 per cent per annum over the Forward Estimates. There are no material expenses associated with the Fixed Rate Note.