

# Report on a page

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## The Queensland Future Fund was established to offset the state's debt

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The Queensland Future Fund was established in 2020. The Queensland Future Fund is a framework under which funds may be created. The first of these funds, the Debt Retirement Fund, was established this year. The underlying assets supporting the Debt Retirement Fund are held in several investment trusts. Investments and returns from the Debt Retirement Fund can only be used to reduce state debt. The establishment of the Queensland Future Fund and its Debt Retirement Fund impacted the investments and assets of several government entities. Each entity has reported on its individual financial impacts, but the overall impact across government is not captured in one place. This could be addressed by having separate financial statements for the Queensland Future Fund. Separate financial statements would be comparable to practices in other jurisdictions (such as New South Wales).

## Assets contributed to the Debt Retirement Fund

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The government transferred assets valued at \$7.7 billion into the Debt Retirement Fund in 2020–21. They included the Queensland Titles Registry business (which manages the land and water titles registries in Queensland and collects fees for managing these registries), shareholdings in Aurizon (formerly QR (Queensland Rail) National), and surplus assets from the defined benefits fund (investments held to meet future superannuation obligations and other long-term liabilities of the state). Not all of the ownership of the Queensland Titles Registry was included in the Queensland Future Fund. Twenty-five per cent of the returns from the Queensland Titles Registry will be used to deliver three initiatives.

## Subsequent changes to assets owned by the fund

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After the establishment of the Debt Retirement Fund, QIC Limited sold a portion of the Aurizon shares. On the same date as the Queensland Titles Registry business was transferred in, part of the ownership in it was transferred to government superannuation assets and a statutory body in exchange for other more liquid investments. A \$2.1 billion loan was also taken out against the Queensland Titles Registry business. This was to provide liquidity to the fund and support the state's credit rating. On 30 June 2021, the Debt Retirement Fund had a value of \$7.7 billion, which is reported in Queensland Treasury's financial statements and the *Report on State Finances*.

## Impact on the Queensland Titles Registry

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The Queensland Titles Registry shifted from being part of a government department to being a separate company, owned indirectly by multiple government entities. This move was completed through the passing of the *Queensland Future Fund (Titles Registry) Act 2021*. Employees transferred with the business and can choose to move back to the public sector for a period after this move. The ownership of the business could continue to change over time.

## It is too early to determine if the fund has met its objectives

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The Treasurer set out the objectives of the fund in the 2021–22 state budget. The fund met the objective of having assets of \$7.7 billion as at 30 June 2021 and improving the net debt to revenue ratio for the state. Other objectives will be measured in the medium to long term.

