

October 2009

Future Fund Board of Guardians - Statement of Intent

This Statement of Intent provides the framework for how the Future Fund Board of Guardians (the Board) will meet the Government's expectations as provided within the Statement of Expectations issued by the Minister for Finance and Deregulation (the Minister), as the nominated Minister on behalf of the Australian Government.

1. The Board will continue to manage the investments of the Future Fund, the Building Australia Fund, the Education Investment Fund, the Health and Hospitals Fund and any other Australian Government investments funds as required (the Funds) in accordance with:
 - a. the Future Fund Act 2006, the Nation-building Funds Act 2008, as well as other Acts that address the functions of the Board;
 - b. the Future Fund Investment Mandate Directions 2006, the Building Australia Fund Investment Mandate Directions 2009, the Education Investment Fund Investment Mandate Directions 2009, the Health and Hospitals Fund Investment Mandate Directions 2009 and any other Directions that articulate the Australian Government's directions about the performance of the Board's investment functions.
 - c. any regulations or directions issued by the Australian Government under the Future Fund Act, the Nation-building Funds Act and other Acts that address the functions of the Board;
 - d. any other statutory and legal obligations of the Board.
2. The Board will implement and maintain appropriate standards of corporate governance consistent with its statutory obligations and with regard to international best practice for institutional investment. The Board has established a Board-Agency Authorisation Protocol, consistent with the Board's statutory obligations, to define the nature and extent of the Future Fund Management Agency's (the Agency) authorisation to provide assistance, information and advice to the Board and to give effect to the Board's decisions and directions.
3. The Board, and each member of the Board, will comply fully with the duties set out in the Future Fund Act and Nation-building Funds Act and other Acts that address the functions of the Board. The Board is developing a framework of policies, procedures and guidelines to support the Board collectively, and Board members individually, in fulfilling the duties and obligations detailed in the legislation.
4. The Board acknowledges that the Chair, on behalf of the Board, will be the main conduit for information between the Board and the Minister and that this will include

parallel provision of information to the Treasurer and provision of information to the Secretary of the Department of Finance and Deregulation.

5. The Chair will inform the Minister as soon as practicable after the end of each quarter about the performance outcomes of the funds and the asset classes invested in consistent with expectations set out in the Investment Mandates for each fund and the reporting obligations of the Board in the Future Fund Act 2006, the Nation-building Funds Act 2008 and other Acts that address the functions of the Board.
6. The Board makes investment decisions independently, in accordance with the Investment Mandates and legislation, and without reference to Government. The Board, through the Chair, will inform the Minister in an appropriately timely manner of any sensitive issues resulting from decisions or in connection with the portfolio that are likely to impact on the reputation of the Board, the Agency or the Australian Government including in relation to:
 - a. investment decisions and investment performance;
 - b. legal proceedings;
 - c. conduct by Board members, staff of the Agency and consultants; and
 - d. compliance with Investment Mandates and legislation.

Statement of Intent – Future Fund Management Agency

The Chief Executive of the Agency will:

1. Manage the affairs and staff of the Agency in accordance with the Financial Management and Accountability Act 1997 (FMA Act) and regulations, orders and guidelines made under the FMA Act, the Public Service Act 1999 (the PS Act) including promoting and upholding the Australian Public Service values and code of conduct, the values of the Future Fund Management Agency and other relevant legislation.
2. Consistent with the FMA Act and PS Act, delegate various functions to the General Manager of the Agency or other officers.
3. Through a Board-Agency Authorisation Protocol which defines the nature and extent of the Agency's services and support to the Board and is reviewed by the Board and Agency annually, review (with the Board) Agency performance in giving effect to the decisions of the Board and acting in accordance with the policies and directions of the Board on an ongoing basis and at least annually as part of the annual budgeting, planning and performance review processes.
4. Ensure that the Minister and the Department are informed, in advance where practicable, of significant events, and provided with responses to Parliamentary Questions on Notice and other parliamentary and ministerial briefings as required from time to time.
5. Comply with the Agency's obligations under the Legal Services Directions to consult with Finance and share legal advice sought by the Agency in respect of legislation administered by Finance.