



Budget Estimates – May 2017

Statement by Paul Mann, Chief Financial Officer of the Future Fund, to the Senate Finance and Public Administration Committee

Budget Estimates, 23 May 2017, Parliament House, Canberra

In late April we released our regular update on the performance and positioning of the five funds for which the Board is responsible. I will provide a short summary of the key points.

The Future Fund has exceeded its benchmark return over both short and long-term time horizons, generating returns of 9.9%, 11.0% and 9.8% pa over 3, 5 and 7 year periods to 31 March 2017. Since inception, the portfolio has achieved a return of 7.7% ahead of its benchmark of 6.9%.

The Future Fund now stands at A\$129.6bn. Since the Fund was established in 2006 investment returns have added over A\$69bn more than doubling the original contributions from government which were valued at A\$60.5bn at the time of transfer.

At 31 March 2017 the Medical Research Future Fund stood at A\$4.6bn. The Fund is performing in line with its mandate and we will continue to diversify the portfolio over time.

At the end of March the DisabilityCare Australia Fund stood at A\$6.2bn and the two Nation-building Funds, the Education Investment Fund and the Building Australia Fund, each stood at A\$3.8bn. We continue to invest these funds in accordance with their low risk mandates.

The Future Fund Board of Guardians now invests A\$148bn across the five public asset funds for benefit of future generations of Australians.

Looking more broadly at the organisation, we are focussed on delivering our business strategy which focuses on three key initiatives, designed to drive the quality of what we do and our ability to generate sustainable value add for the Commonwealth. The three broad initiatives include upgrading our investment data, systems and analytics capability, driving greater efficiency and effectiveness across our business processes, and investing in our people and culture, recognising that the capability of our staff is at the heart of our success.

The delivery of these initiatives will support the investment and safekeeping of nearly A\$150bn for the Commonwealth and contribute to our ability to deliver strong returns while prudently managing risk.

Finally, I note that the Government has indicated it intends to reduce the Future Fund Investment Mandate and to delay withdrawals from the Fund. These decisions provide additional clarity for our Board and management team as we pursue our objective to invest for the benefit of future generations of Australians and to strengthen the Commonwealth's long-term financial position.

Senate F&PA Committee

Tabled Document

I welcome your questions.

Inquiry: Budget Estimates 2017-18
Date/Time: 24/5/17
Witness Name: Mr Paul Mann
Organisation: Future Fund Management Agency