

LABOR SENATORS' ADDITIONAL COMMENTS

Labor Senators are of the view that the governance arrangements for the Future Fund do not meet the Government's 2005 Budget commitment that the Fund will be managed by an independent statutory board and that the Board will be free to set the investment strategy and the strategic asset allocation of the Fund.

The Board of Guardians do not have the same legal protections afforded to Commonwealth superannuation Boards. In addition, the power to direct the Board is general and goes beyond maximising long-term returns and extends to 'such other matters as the responsible Ministers consider relevant (Subclause 18(2)'. This exposes the Fund to a higher level of Ministerial interference than would be the case if the Board's functions were limited to maximising the return on the Fund across a balanced investment portfolio.

The legislation empowers the Ministers to dismiss Board members for 'inadequate performance'. This extremely broad and ill-defined power adds to the risk of undue political interference in investment decisions of the Fund.

Senator Ursula Stephens
Deputy Chair

Senator Ruth Webber

