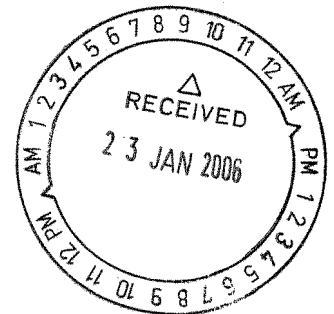


Investment & Financial Services Association Ltd

ACN 080 744 163

19 January 2006

Peter Hallahan  
Secretary  
Senate Economics Legislation Committee  
Suite SG.64, Parliament House  
Canberra ACT 2600



Dear Secretary

### **Inquiry into the provisions of the Future Fund Bill 2005**

The Investment & Financial Services Association (IFSA) wishes to accept your invitation to provide a written submission on the Future Fund Bill 2005 (the Bill).

IFSA represents the retail and wholesale superannuation, funds management and life insurance industries. IFSA has over 120 members who are responsible for investing over \$920 billion, on behalf of more than nine million Australians. As a result, IFSA is in a unique position to comment on the Bill as its members carry out similar functions to those which the Future Fund will be required to provide.

IFSA is supportive of the Bill and the underlying policy aim of ensuring inter-generational economic fairness.

It is our view that the Bill appropriately balances the need for high-level Government direction and day to day control and administration by the Board and Future Fund Management Agency.

Furthermore, we believe the Bill has appropriate corporate governance arrangements in place to deal with: Board member duties and conflicts of interest; Board member remuneration; the requirement to prepare and table in Parliament an annual report; and transparency in relation to investment activities and mandates.

However, I note that one such area where the Bill and Explanatory Memorandum are silent is in relation to a Proxy Voting Policy. It would be desirable for this to be clarified and, where possible, for the Future Fund to adopt a position consistent with that contained in the "Blue Book" (IFSA Guidance Note 2.0: Corporate Governance: A Guide for Investment Managers and Corporations) – which we believe represents industry best practice.

To this end, if the Committee is of the view that the Bill and/or Explanatory Memorandum requires bolstering in this regard, an amendment could be made to require the Future Fund to act in accordance with generally accepted best practice in respect of corporate governance for fund managers as investors in public companies.

For your information we have attached a copy of the Blue Book. We believe the majority of the principles contained in the Blue Book can apply equally to the Future Fund and request that you give this issue further consideration.

Yours sincerely



**Richard Gilbert**  
Chief Executive Officer