EXPLANATORY STATEMENT

Issued by the Authority of the Treasurer and the Minister for Finance and Deregulation

Future Fund Act 2006

Future Fund (Balance day – Telstra shareholding) Declaration 2008

Subclause 6 (1) of Schedule 1 to the Future Fund Act 2006 (the Act) provides that Commonwealth-owned financial assets may be transferred to the Future Fund Board of Guardians provided that the transfer does not increase the balance of the Future Fund above the target asset level that is in place at the time of the transfer.

The target asset level declaration for the Future Fund for the 2008-09 financial year was issued by the Designated Actuary under the Act, in accordance with Schedule 3 to the Act, on 8 May 2008.

To correctly establish the balance of the Future Fund, for comparison against the target asset level, a ‘balance day’ must be declared by the responsible Ministers (the Treasurer and the Minister for Finance and Deregulation). The balance day is administrative in nature and is used as a reference date for measurement of the starting position of the Future Fund and for the valuation of financial assets to be transferred to the Future Fund.

The purpose of this Future Fund (Balance day – Telstra shareholding) Declaration 2008 is to set the balance day for the transfer of the Government’s remaining Telstra shareholding to the Future Fund. The Declaration sets 1 September 2008 as the balance day for this purpose under subparagraph 6(2)(a)(i) of Schedule 1 to the Act.

The Declaration takes effect from the day when it is made.