



Australian Government

Future Fund

13 June 2018

Review Secretary
PGPA Act Review
Department of Finance
One Canberra Avenue
Forrest ACT 2603

By email: PGPAActReview@finance.gov.au

Dear Madam

Independent Review of the PGPA Act and Rule

I refer to the recently published Consultation Draft of the Independent Review of the Public Governance, Performance and Accountability Act 2013 and Rule (the "**Report**"). The publication sought written comments on the content in the draft report.

The Future Fund Management Agency (the "**Agency**"), which is a non-corporate Commonwealth entity, wishes to provide comments on certain of the draft recommendations presented in the Report. These are set out below.

Recommendations 29 and 31

The Agency's annual report includes annual audited financial statements for the combination of the Agency and the Future Fund. The Future Fund currently has financial assets of more than \$140 billion.

It would not be possible for the Future Fund to meet the proposed revised deadline of 30 September 2018 for presenting its Annual Report to Parliament (which would require presentation to the Finance Minister at least 7 days before that), without the risk of receiving a qualified audit report on the Future Fund's financial statements. Given the composition of the Future Fund's investment portfolio includes a material percentage of private market assets, it would not be possible to obtain 30 June balance day valuations for these assets and have these valuations subjected to the ANAO's audit processes in time for a 30 September 2018 publication. Thus if a 30 September 2018 deadline was mandatory, it would be highly likely the Future Fund's financial statements could be materially incorrect and thus the ANAO would be required to qualify their audit opinion in this regard.

Recommendation 31 suggests that the Senate consider amending Senate Standing Orders to require the provision of Annual Reports in time for Senate Supplementary Budget Estimates hearings. Whilst supportive of the recommendation, we refer to the issue noted above in terms of meeting any such mandated deadline.

Recommendation 34

The Agency supports a clear and consistent approach to disclosing executive remuneration. The Agency was one of the entities required to disclose the remuneration of key management personnel consistent with the disclosures provided by ASX listed companies. We believe that this is the most appropriate disclosure and should be applied consistently across the whole of government. This is widely accepted as best practice disclosure and we question the value of the additional recommended required disclosure of the average remuneration, by bands, of highly paid executives, given these are not key management personnel and that these type of disclosures are not made by ASX listed companies.

Recommendation 37

We contend that the recommended disclosures of expenditure on contracts and consultancies would be reproducing information that is already publically available on Austender.

Further, we question why this recommendation applies to non-corporate Commonwealth entities only, and refer to the comment made in the report that to extend the proposed reporting is not recommended for corporate Commonwealth entities as "this would impose unnecessary red tape on these entities". Presumably the same argument applies to non-corporate Commonwealth entities.

As a final note, we support the continued implementation of the 2015 Belcher Red Tape Review recommendations, as they relate to whole-of-government internal regulation under the PGPA Act and Rule. If the Belcher recommendations and principles are applied to all potential outcomes of the Report, this should help to promote more efficiency and appropriate risk management in the public sector.

Yours sincerely



David Neal
Chief Executive Officer