



FF 2025

Future Fund

Pillar 1: Legal

Legal framework, objectives, and coordination with macroeconomic policies

Principle 1

1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).

1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.

1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.

The legal framework for the Future Fund Board of Guardians (“Board of Guardians”) and its supporting management team in the Future Fund Management Agency (“Agency”), together with arrangements for the governance and operation of the public asset funds for which the Board of Guardians is responsible, are detailed in the *Future Fund Act 2006*, the *DisabilityCare Australia Fund Act 2013*, the *Medical Research Future Fund Act 2015*, the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*, the *Future Drought Fund Act 2019*, *Emergency Response Fund Amendment (Disaster Ready Fund) Act 2022*, and the *Housing Australia Future Fund Act 2023*.

Under the framework, the roles of the responsible Ministers, Board of Guardians and Agency are defined, along with the purposes of the Funds and arrangements for contributions to and withdrawals from them. The framework also sets out reporting and accountability arrangements.

The framework is designed specifically to establish the sound and effective operation of the organisation and the achievement of its objectives.

The legal basis and structure and the legal relationships between the Board of Guardians, the Agency and the Australian Government is detailed in the legislation, which is publicly available.

Additional detail and discussion of the basis and operation of the Board, the Agency, and the various public asset funds themselves are available in the Future Fund's annual reports and public website.

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Principle 2

2. The policy purpose of the SWF should be clearly defined and publicly disclosed.

The Future Fund was established to strengthen the Australian Government's long-term financial position.

The Medical Research Future Fund ("MRFF") was established to improve the health and wellbeing of Australians by providing grants of financial assistance to support medical research and medical innovation.

The Aboriginal and Torres Strait Islander Land and Sea Future Fund ("ATSILS") was established to fund the Indigenous Land and Sea Corporation, which assists Indigenous Australians to acquire and manage land resources.

The DisabilityCare Australia Fund ("DCAF") was established by legislation with the objective of reimbursing States, Territories and the Commonwealth for expenditure incurred in relation to the National Disability Insurance Scheme.

The Disaster Ready Fund ("DRF") was established to support communities in natural disaster resilience and risk reduction.

The Future Drought Fund ("FDF") was established to support initiatives that enhance the drought resilience of Australian farms and communities.

The Housing Australia Future Fund ("HAFF") was established to increase the supply of social and affordable housing and help address acute housing needs across Australia including in regional, rural and remote areas, with a particular focus on the needs of Indigenous communities and housing services for women, children and veterans.

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Principle 3

3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

The Australian Government is responsible for determining the timing and extent of withdrawals from the Future Fund, the MRFF, the ATSILS, the DCAF, the FDF, the DRF and the HAFF, subject to requirements

set out in legislation.

The Commonwealth's financial position, including the assets of the Future Fund, the Commonwealth's unfunded superannuation liabilities, and the assets and liabilities associated with other funds invested by the Future Fund Board of Guardians, is a matter for Government. Full details are published annually in the Australian Government Budget Papers and other related documents.

The Board of Guardians operates independently from the Australian Government. It frames its investment strategy around the Investment Mandate Directions issued by the responsible Ministers under the legislation. The Future Fund has no role in determining the projects and initiatives that are supported or in allocating funding to specific areas. That role sits with the Australian Government.

Based on its mandate the Board of Guardians develops and implements appropriate investment portfolios in line with the Investment Mandate Directions.

Principle 4

4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

4.1. The source of SWF funding should be publicly disclosed.

4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.

Legislation publicly sets out the funding, withdrawal, and spending arrangements and procedures for the funds including arrangements for Parliamentary oversight and public disclosure of funding, withdrawals and spending. The source of funding is publicly disclosed together with the approach to withdrawals and spending of monies. Details on planned contributions to and withdrawals from the funds are included in the Australian Government's annual Budget.

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www.finance.gov.au/investment-funds/

<https://www.finance.gov.au/government/australian-government-investment-funds>

www.budget.gov.au

Principle 5

5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

Statistical data is consolidated in national financial accounts, government financial statistics, the balance of payments, and the international investment position by the Australian Bureau of Statistics in accordance with its regular data collection and reporting arrangements. Data is also incorporated into the Government's budget statements.

Audited annual financial statements are tabled in Parliament and quarterly portfolio updates are released publicly.

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www.abs.gov.au

Pillar 2: Institutional

Institutional Framework and Governance Structure.

Principle 6

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

The roles and responsibilities of the Board of Guardians and Agency are detailed in the legislation. The Government, through the responsible Ministers is responsible for appointing members of the Board of Guardians based on the requirements set out in the legislation.

The Board of Guardians is responsible for deciding how to invest the capital of each fund while the Agency is responsible for assisting and advising the Board in its functions.

Further details are provided by the Investment Mandate Directions for each fund, and the Statement of Expectations and Statement of Intent exchanged between the Government and the Board of Guardians and the Agency.

Internal policies, procedures and protocols have been established to further delineate roles and responsibilities at the operational level.

Further governance information can be found in the Future Fund's annual reports.

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Principle 7

7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

The objective for each fund, the procedures for the appointment of the Board of Guardians by Government, and arrangements for the exercise of oversight while maintaining the investment independence of the Board of Guardians, are detailed in the legislation. Individuals are not eligible for appointment to the Board of

Guardians unless they have substantial experience or expertise and professional credibility and significant standing in the fields of investing in financial assets, managing investments in financial assets, or corporate governance.

Oversight is maintained through regular reporting to the Ministers including the tabling of audited financial statements and reports in Parliament.

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Principle 8

8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

The Board of Guardians is bound by the legislation and Investment Mandate Directions set by government to pursue the investment objectives detailed in the legislation and to act in good faith. The legislation also provides the Board of Guardians with the necessary powers to undertake its mandated activities and sets out the experience, expertise and credibility required of appointees to the Board of Guardians.

The Statement of Expectations from the Government sets out the expectation that the Board be required to adhere to the highest standards of governance, performance, accountability and transparency.

They also outline the expectation that the Chair should periodically review the appropriateness of the Board's capabilities and provide a broad matrix and recommended Board succession plan to the responsible Ministers annually.

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Principle 9

9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

The Board of Guardians is responsible for investing the assets of the funds in accordance with the legislation and makes decisions independently of Government. The legislation establishes the Agency to provide support and advice to the Board of Guardians and to assist in giving effect to its decisions.

Clear internal policies, procedures and protocols have been established to further delineate roles and responsibilities at the operational level.

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Principle 10

10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

Accountability arrangements, including the requirement for publication of an annual report and arrangements for the provision of reports and information to the Responsible Ministers, are detailed in the legislation.

Members of the Board of Guardians are held accountable through the requirements imposed on them through the legislation, with civil and criminal penalties applying for breach of specific duties and obligations, including in relation to care and diligence, acting in good faith, use of position, and use of information.

Further accountability is also provided through the operation of the *Public Governance, Performance and Accountability Act 2013* which governs the establishment and operation of Special Accounts for each fund.

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Principle 11

11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

An annual report (prepared in accordance with the requirements of the *Future Fund Act 2006* and the *Public Governance, Reporting and Accountability Act 2013* and audited financial statements are prepared in accordance with the Australian Commonwealth's Public Governance, Performance and Accountability (Financial Reporting) Rule.

The legislation requires that the annual report and audited financial statements are presented to the responsible Minister by 31 October and tabled in Parliament prior to the October Estimates Hearings each year. The annual report and financial statements are also published online once they have been tabled in Parliament. The 2023-24 Future Fund Annual Report was published on 28 October 2024, and the 2024-25 Future Fund Annual Report was published on 21 October 2025.

The financial statements have been prepared in accordance with the Financial Reporting Rules ("FRR") (being the Public Governance, Performance and Accountability Rule 2015) for reporting periods ending on or after 1 July 2024, and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that apply for the reporting period.

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Principle 12

12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.

Internal audit services are provided by an external firm reporting to the Audit & Risk Committee of the Board of Guardians. The Australian National Audit Office is responsible for conducting an annual independent external audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards.

Principle 13

13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.

The duties and obligations of members of the Board of Guardians are detailed in the legislation together with arrangements for the management of conflicts of interest. The legislation also includes details of the civil and criminal penalties that apply to breaches of specific duties and obligations.

Persons are eligible for appointment to the Board of Guardians only if the Responsible Ministers are satisfied that the person has substantial experience or expertise and professional credibility and significant standing in investing in financial assets, managing investments in financial assets, or corporate governance.

Staff of the Agency are employed under the *Public Service Act 1999* and are bound by the Australian Public Service Values and Code of Conduct. Details of these obligations are included in internal policies and training activities.

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www.apsc.gov.au/values/conductguidelines.htm

Principle 14

14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

The approach to engaging third parties, including advisors and investment managers, by the Board of Guardians and the Agency is outlined in a Statement of Investment Policies available on our website. Engagement of third parties is based on economic and financial grounds.

The purchase of goods and services by the Agency is consistent with the Commonwealth Procurement Guidelines and governed by clear internal policies and procedures to encourage value for money, open and effective competition, and fair dealing and ethics.

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Principle 15

15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

The Board of Guardians requires that all investment activities are undertaken in accordance with applicable regulatory and disclosure requirements. Detailed due diligence and reporting is in place to monitor compliance. The legislation requires the Board of Guardians to act in a way that is unlikely to cause any diminution of the Australian Government's reputation in international financial markets.

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Principle 16

16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.

The governance framework and objectives of the Board of Guardians and the Agency are set out in the legislation and in public annual reports. The framework clearly establishes the independence and accountability arrangements for each Fund, the Board of Guardians, and the Agency.

In particular, the Investment Mandate Directions cannot be changed by Government without consultation with the Board of Guardians. Where the Board of Guardians provides input to any such consultation it must be made public. The operations of the Board and the Agency are funded from the assets of the funds, meaning that the organisation is not reliant on appropriations from government for its activities.

Further, members of the Board of Guardians are selected on the basis of their expertise and experience in the fields of investing, investment management, and corporate governance. A person is not eligible for appointment to the Board of Guardians if they are an employee of the Commonwealth, an employee of a statutory authority of the Commonwealth, an employee of a Commonwealth company, or the holder of a full-time office under a law of the Commonwealth.

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Principle 17

17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

An annual report and audited annual financial statements are tabled in Parliament and published via the Future Fund's website. The organisation also issues public quarterly updates on performance and asset allocation and routinely provides updates on its operations and the performance of the various funds during formal public hearings before a Committee of the Senate.

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Pillar 3: Investment

Investment and Risk Management Framework.

Principle 18

18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.

18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

18.3. A description of the investment policy of the SWF should be publicly disclosed.

A Statement of Investment Policies, published on the website as required by legislation, details the investment strategy and risk tolerance of the Board of Guardians and its application of portfolio investment principles. Annual reports and regular public speeches and briefings provide additional insight and discussion of the investment strategy.

The Board is prohibited from borrowing under Section 23 of the *Future Fund Act*.

These documents and communication activities address matters relating to financial risk, leverage, and the use of and extent of the activities and authority of internal/external managers, as well as the process for their appointment and monitoring of their performance.

The policies and practices detailed by these documents and communications are consistent with the obligations contained in the legislation.

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Principle 19

19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.

19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.

The Board of Guardians is obliged by legislation to seek to maximise risk-adjusted financial returns. Return and risk parameters for each fund are detailed through Investment Mandate Directions created under relevant legislation.

The Board's Responsible Investment Policy details its approach to governance, stewardship and exclusions, and is consistent with the Board's focus on maximising long-term investment returns.

The updated Investment Mandate requests that the Board should have regard to national priorities in making investment decisions; however, the Mandate also explicitly states that the Board's primary focus must remain on maximising risk-adjusted returns.

The Board of Guardians is required to operate in a manner consistent with international best practice for institutional investment.

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Principle 20

20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

The Board of Guardians does not seek or have a right of access to privileged information from, or inappropriate influence by, the Government in competing with private entities.

Under the statutory governance framework, the Board of Guardians operates and makes decisions independently of Government. Policies and processes are in place to restrict and coordinate engagement with the Government in relation to matters concerning the Board of Guardians and the Agency.

Board members are not permitted to be employees of the Commonwealth or to be holders of a full-time office under a law of the Commonwealth. Agency staff are bound by the Australian Public Service Code of Conduct.

The Investment Mandate Directions also requires the Board of Guardians, when undertaking its investment activities, to act in a way that is unlikely to cause any diminution of the Government's reputation in Australian and international financial markets.

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<https://www.apsc.gov.au/>

Principle 21

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

The Board of Guardians is required to have regard to international best practice for institutional investment in determining its approach to corporate governance principles, including in relation to its approach to proxy voting.

Its approach to the exercise of ownership and voting rights is detailed in the Statement of Investment Policies. The Board of Guardians is an active owner and exercises its voting rights in public listed companies in Australia and overseas.

A series of voting principles have been developed and published to communicate the Board's corporate governance expectations. The exercise of voting rights is supported by engagement with companies where appropriate.

The annual report discusses the application of this policy including reporting in aggregate of how voting rights have been exercised for the prior financial year period. A detailed report on the exercise of voting rights in Australian listed entities is published annually on the website.

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Principle 22

22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.

22.2. The general approach to the SWF's risk management framework should be publicly disclosed.

Consistent with the legislation, Investment Mandate Directions, and the obligation to have regard to international best practice for institutional investment, the Board of Guardians and the Agency have established a framework for the identification, assessment, and management of the risks of its operations, including appropriate reporting and monitoring arrangements.

Policies and procedures are in place to support the risk management framework.

The approach to risk management is detailed in the Statement of Investment Policies and in annual reports.

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Principle 23

23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

The assets and investment performance of the funds, including performance against the benchmarks established in the Investment Mandate Directions, are reported to the Responsible Ministers, and publicly through quarterly portfolio updates, and in annual reports (including audited financial statements) which are tabled in Parliament.

Further, comprehensive reporting requirements introduced by the Government in October 2023 have provided the Future Fund with a framework for disclosing the Board's investments.

These regulations complement the Fund's existing disclosure practices, including appearing at public Senate Estimates hearings three times a year, responding to FOI requests and parliamentary questions on notice, delivering public speeches, and publishing our annual report and audited financial statements through Parliament and on our website.

Consistent with the rules, we publish periodic investment reports on our website twice a year as at 31 December and 30 June.

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Principle 24

24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.

The Board of Guardians undertakes regular reviews of its implementation of the Santiago Principles. It also contributes to IFSWF reports on the application of the Santiago Principles.

The Board and Agency also regularly participate in workshops and discussions with other members of the IFSWF on best-practice approaches to the investment and governance of SWFs.

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www.ifswf.org