

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2014-15

Finance Portfolio

Department/Agency: Future Fund
Outcome/Program: General
Topic: Travel Expenses

Senator: Ludwig

Question reference number: F223

Type of question: Written

Date set by the committee for the return of answer: Friday, 11 July 2014

Number of pages: 5

Question:

1. Please provide a detailed breakdown of the purpose of travel including destination and who was met
2. how many trips and how many associated meetings were held?
3. how many of these trips were conducted by Costello?
4. Please describe each instance of "engagement with existing and potential investment partners and peers" since September 7th.
5. Does the Future Fund record hospitality received? Please detail all hospitality received since September 7th, 2013 including but not limited to dinners, gifts, lunches, travel, access to sporting or cultural events?
6. Does the future fund have a register of conflicts of interest for its board and senior staff?
7. Please provide the conflicts of interest as declared of the board and senior staff.
8. Are reports required to be submitted following trips for all travel?
9. what is the process of approval of travel for senior staff?
10. what is the process of approval of travel for board members?
11. how much has been spent on board member travel since September 7th 2013?
12. what inspections of assets have been conducted by the future fund since September 7th?
13. Please detail and breakdown the costs of the travel which included the meeting in the UK on February 6th, 2014.
14. What meetings were held by Future Fund staff or Guardians?
15. What class of travel did Mr Costello travel?
16. What hotels did Mr Costello stay at?
17. Did the Australian High Commission provide assistance to any members of the future fund?
18. What assistance was provided?
19. Who travelled with the party?
20. What functions were attended?
21. How much money does each Guardian receive? (answer in Australian dollars)
22. Under the Remuneration Tribunal determination how much money does Peter Costello receive; please breakdown in annual and other payments.

23. How much has Mr Costello's travel and accommodation cost since appointment?
24. What Temporary personnel services have been contracted and for what purpose?

Answer:

1. It would be an unreasonable diversion of resources to provide this level of detail which would also need to be reviewed to ensure that commercially sensitive information was not provided. All travel is undertaken in accordance with the Future Fund's focus on effective management of the portfolio and with regard to international best practice for institutional investment.

2. For the period 18 September 2013 to 31 May 2014, Agency staff undertook 172 domestic trips and 142 international trips. It would be an unreasonable diversion of resources to provide an additional level of detail which would also need to be reviewed to ensure that commercially sensitive information was not provided. All travel is undertaken in accordance with the Future Fund's focus on effective management of the portfolio and with regard to international best practice for institutional investment. All international travel plans must be approved by the relevant manager and Managing Director prior to travel.

3. None.

4. The Fund maintains active engagement with its investment managers in Australia and overseas and this is an important part of the risk management work of the organisation. Meetings with existing and potential managers, as well as other market participants, is also an essential part of ensuring that the Fund is able to identify and take advantage of investment opportunities, as well as ensure it is operating with regard to international best practice as required by its mandate and legislation.

It would be an unreasonable diversion of resources to provide this level of detail which would also need to be reviewed to ensure that commercially sensitive information was not provided. All travel is undertaken in accordance with the Future Fund's focus on effective management of the portfolio and with regard to international best practice for institutional investment.

5. Yes. The Future Fund's policy is that hospitality received with a value of less than \$100 does not need to be recorded. Hospitality received with a value of between \$100 and \$250 must be approved by the relevant Manager and recorded in the Agency's register. Offers of hospitality valued at more than \$250 must be declined, unless the Managing Director provides approval in advance.

The Fund's policy is that staff should not accept gifts. Gifts received must be returned to the giver with an explanation of the Fund's policy. Exceptions to this are gifts that may assist research or learning such as academic books or research. Such gifts may be retained for common use. Where the return of a gift is not practicable, it will be recorded in the gift and hospitality register and given to charity. Where donation to charity is not appropriate the gift may be retained for common use.

An extract of the gift and hospitality register is attached.

6. Yes.

7. Declarations of conflicts of interest are made on a confidential basis by staff and Board members. Declarations made by Board members to the Board are considered by the Board in accordance with the provisions of Division 8 of Part 4 of the *Future Fund Act 2006*. Declarations by staff are considered by the Managing Director in accordance with the Agency's policy.

8. Yes.

9. Travel is budgeted for as part of the annual plan. Travel proposals by senior staff are considered by the next level manager. The Managing Director's approval is needed for all international trips.

10. Travel by Board members in connection with Future Fund business is arranged and booked through the Agency.

11. For the period from 7 Sept 13 to 31 May 14, \$99,761

12. It would be an unreasonable diversion of resources to provide this level of detail which would also need to be reviewed to ensure that commercially sensitive information was not provided. All travel is undertaken in accordance with the Future Fund's focus on effective management of the portfolio and with regard to international best practice for institutional investment.

13. Flights: \$7,600.52. Accommodation: \$2,019.04. Land transport: \$553. Meals and hospitality: \$82.42. Other costs: \$30.99

14. Mr Costello travelled alone and held the following meetings:

6 February 2014	Meeting with the Right Honourable David Cameron MP, Prime Minister of the United Kingdom, other UK government Ministers and Cabinet Secretary, Sir Jeremy Heywood.
6 February 2014	Meeting with Mr Michael McGhee, Partner, Global Infrastructure Partners
6 February 2014	Meeting with Mr Rame Sousou, Found and Co-Chief Executive Officer, TowerBrook International
7 February 2014	Meeting with Mr Michael Dobson, Chief Executive Officer, Schroders
7 February 2014	Meeting with Dr Mark Carney, Governor, Bank of England.

15. Business class

16. Sofitel St James London.

17. No

18. N/A

19. Mr Costello travelled alone.

20. Refer 14.

21. Remuneration is determined by the Remuneration Tribunal. Determination 2014-03 sets remuneration for Board members at \$99,180 per annum. Remuneration for the Chair is set at \$198,310 per annum.

22. Refer to 21.

23. For the period from 11 January 2014 to 31 May 2014 - \$14,507

24. Please refer to QoN138.

EXTRACT FROM FUTURE FUND GIFT AND HOSPITALITY REGISTER - 7 September 2013 to 31 May 2014							
Ref	Description of gift/benefit	Gifts (G)/Hospitality (H)	Date of Gifting/Date of event	Name of Recipient	Name of Donor	Approximate monetary value	Comments
13	Dinner - PIMCO , R&D Kitchen	H	09-Oct-13	Name of recipient has been removed for privacy reasons.	PIMCO	USD 45.00	
14	Lunch Meeting - Armundi	H	25-Oct-13		Armundi	\$80/person	
15	Dinner - i3 Global Investment Strategy Forum - Beijing	H	15-Oct-13		Deutsche Bank	AUD 100	
16	Lunch - enNetworks	H	05-Nov-13		enNetworks	GBP35	
17	Dinner - Quilvest	H	12-Nov-13		Quilvest	HKD 875	
18	Lunch - FountainVest Partners	H	12-Nov-13		FountainVest Partners	HKD 385	
19	Dinner - HarbourVest Partners	H	13-Nov-03		HarbourVest Partners	HKD 750	
20	Lunch - Fosun Capital	H	13-Nov-13		Fosun Capital	HKD 800	
21	1 x night accommodation & dinner - Schroders	H	13-Nov-03		Schroders	\$400	
22	Celebration Dinner - 40 years - Egon Zehnder	H	28-Nov-13		Egon Zehnder	\$170/person	
23	Dinner - Tel Aviv - Apax Partners	H	28-Nov-13		Apax Partners	ILS 450	
24	Dinner - London - Vitruvian Partners	H	02-Dec-13		Vitruvian Partners	GBP 100	
25	Lunch - London - Towerbrook Capital Partners	H	04-Dec-13		Towerbrook Capital Partners	GBP 45	
26	Book - "The Most Important Thing - Illuminated" H Marks	G	12-Dec-13		JCP Investment Partners	\$20	Gift of modest value and cost of returning would be more than value of product
27	Book - "The Most Important Thing - Illuminated" H Marks	G	13-Dec-13		JCP Investment Partners	\$30	Gift of modest value and cost of returning would be more than value of product
28	Book - "The Most Important Thing - Illuminated" H Marks	G	13-Dec-13		JCP Investment Partners	\$20	Gift of modest value and cost of returning would be more than value of product
29	Book - "The Most Important Thing - Illuminated" H Marks	G	13-Dec-13		JCP Investment Partners	\$20	Gift of modest value and cost of returning would be more than value of product
30	Book - "The Most Important Thing - Illuminated" H Marks	G	13-Dec-13		JCP Investment Partners	\$20	Gift of modest value and cost of returning would be more than value of product
31	Food Hamper	G	05-Dec-13		Turiya Capital	\$200	Donated to charity wishing tree at 101 Collins St (13/12/13)
32	Book - "The Most Important Thing - Illuminated" H Marks	G	18-Dec-13		JCP Investment Partners	\$30	Gift of modest value and cost of returning would be more than value of product
33	3 x books "The Great Escape", "The Invisible Hand", "Conspicuous Consumption"	G	23-Dec-13		Global Thematic Partnes	\$36	Gift of modest value that facilitates research/learning and has been retained
34	Book - "The Great Escape" - A Deaton	G	23-Dec-13		Global Thematic Partnes	\$20	Gift of modest value that facilitates research/learning and has been retained
35	Book - "The Great Escape" - A Deaton	G	23-Dec-13		Global Thematic Partnes	\$20	Gift of modest value that facilitates research/learning and has been retained
36	3 x books "The Great Escape", "The Invisible Hand", "Conspicuous Consumption"	G	23-Dec-13		Global Thematic Partnes	\$36	Gift of modest value that facilitates research/learning and has been retained
37	Book - Investing in Credit Hedge Funds	G	06-Jan-14		PAAMCO	\$74	Gift of modest value that facilitates research/learning and has been retained
38	Book - Investing in Credit Hedge Funds	G	06-Jan-14		PAAMCO	\$74	Gift of modest value that facilitates research/learning and has been retained
39	Tin of California Pistachio nuts	G	06-Jan-14		Walton Street Capital	\$26	Gift of modest value that facilitates research/learning and has been retained
40	Book by Howard Marks	G	06-Jan-14		Lexington Partners	\$19	Gift of modest value that facilitates research/learning and has been retained
41	Book	G	07-Jan-14		Castle Harlan inc	\$29	Gift is of modest value
42	Dinner - Rockpool, Sydney	H	13-Jan-14		DARA, Nadir Maruf	\$100	
43	Book - " The Battle of Breton Woods"	G	30-Jan-14		AXA Investmenet Managers	\$23	Gift of modest value that facilitates research/learning and has been retained
44	Book - "Outliers The Story of success"	G	03-Feb-14		AXA Investmenet Managers	\$23	Gift of modest value that facilitates research/learning and has been retained
45	Dinner - Gazi	H	04-Feb-14		Clearpoint NZ	\$145	
46	Dinner meeting with Cit (M Woodruff)	H	05-Feb-14		Citi	\$125	
47	Book - "What it takes" by C Ellis	G	17-Feb-14		Capital International	\$27	Gift of modest value that facilitates research/learning and has been retained
48	Exhibition Showing	H	19-Feb-14		Norton Rose	<\$100	An Opportunity to network
49	Book - "Duty - Memoirs of a Secretary at War"	G	20-Feb-14		Everest Captial	\$21	Gift of modest value that facilitates research/learning and has been retained
50	Dinner with Northern Trust (Rohan Singh)	H	28-Nov-13		Northern Trust	\$150	
51	Northern Trust Investment Conference Gala Dinner	H	12-Feb-14		Northern Trust	\$158	
52	Northern Trust Investment Conference Gala Dinner	H	12-Feb-14		Northern Trust	\$158	
53	Northern Trust Investment Administration Conference	H	12-Feb-14		Northern Trust	\$761	
54	Northern Trust Investment Administration Conference	H	12-Feb-14		Northern Trust	\$761	
55	Notepad/folder x2, USD, 3 x sml bottles alcohol, paper holderx1, bottle top x1, pen x	G	05-Mar-14		Reps from Peruvian delegation - Embassy of Peru	\$50	Cost to return gift greater than cost of gift itself
56	Dinner - Berkshire Property Advisors	H	11-Feb-14		Berkshire Property Advisors	\$120pp	
57	Dinner meeting with Bridgewater	H	19-Mar-14		Bridgewater	\$100 pp	
58	Dinner meeting with AQR	H	18-Mar-14		AQR	\$80pp	
59	Book	G	07-Apr-14		Aitken Advisors	\$30	Gift is of modest value that facilitates research learning and has been retained
60	Easter gift made of chocolate	G	10-Apr-14		Randstad	\$10	Gift was perishable, too small/minimal value to donate
61	Book	G	16-Apr-14		Aitken Advisors	\$30	Gift is of modest value that facilitates research learning and has been retained
62	Corporations Legislation - hard copy	G	05-May-14		Allens	\$100	Gift is of modest value that facilitates research learning and has been retained
63	Milken Global Conference 2014 - sponsored invitation	H	27-Apr-14		Principal global Investors	value unknown	Relationship management, opportunity for education & networking
64	See's candles	G	05-May-14		Altrinsic	\$10	Perishable item
65	Dinner with Goldman Sachs - London	H	06-May-14		Goldman Sachs	\$145	
66	Budget Briefing Luncheon - AMP Capital Investors - Grand Hyatt Melb	H	15-May-14		AMP Capital Investors	\$130	
67	Budget Briefing Luncheon - AMP Capital Investors - Grand Hyatt Melb	H	15-May-14		AMP Capital Investors	\$130	