

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Additional Estimates Hearing – February 2010

Department of Finance and Deregulation

Finance and Deregulation Portfolio

Outcome 1, Program 1.1

Topic: The Future Fund Management Agency – Ministerial Direction

Question reference number: F27

Type of Question: Hansard F&PA 51, 9 February 2010

Date set by the committee for the return of answer: 26 March 2010

Number of Pages: 2

Senator Ryan asked:

If you are still a Telstra shareholder and you had to vote in a Telstra general meeting on a particular issue, can the minister direct?

If he changed his mind, is such a direction made public?

Answer:

Under subclause 8(1) of Schedule 1 to the *Future Fund Act 2006* (the Act), the responsible Ministers (Minister for Finance and Deregulation and the Treasurer) may give directions to the Future Fund Board of Guardians (the Board) regarding assets transferred to the Future Fund, whether in relation to Commonwealth-owned financial assets or assets transferred for no monetary or non-monetary payment. Directions may be given at the time the financial assets are transferred or some time after.

A direction may relate to voting rights being exercised in a certain way by the Board.

Any directions given by the responsible Ministers must be published on the Internet by the Chair as soon as practicable after they are given.

Only one Ministerial Direction has been issued. On 28 February 2007 the then Minister for Finance and Administration issued a direction to the Board regarding the transfer of a shareholding in Telstra. This direction established the “lock-up period” for the Telstra shareholdings, restricting the Board from selling any of the Telstra shareholding for a period of 24 months, except in specified circumstances. The direction is available on the Future Fund website at http://www.futurefund.gov.au/investment/investment_mandate.

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The Minister for Finance and Deregulation, the Hon Lindsay Tanner MP, stated in a speech to the National Press Club on 25 November 2009 that:

“...the Government will not be directing the Board in relation to its Telstra shareholdings as is allowed under the *Future Fund Act*, including the exercising of its voting rights in relation to any shareholder vote on structural separation”.