

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2011-2012

Finance and Deregulation Portfolio

Department/Agency: Future Fund Management Agency
Outcome/Program: Management of the Future Fund
Topic: Nuclear Weapons - treaties

Senator: Ludlam

Question reference number: F34

Type of question: Hansard F&PA, Page 20, 26 May 2011

Date set by the committee for the return of answer: Friday, 8 July 2011

Number of pages: 1

Question:

Senator Ludlam:...I am going to draw your attention to a couple of instruments and treaties that Australia is a party to that relate directly to the issue of nuclear weapons, and directly contradict the statements that your spokesperson has made in the press today. If those statements were inaccurately quoted I am happy for you to contradict them or clarify them. The key one really is the nuclear non-proliferations treaty, and specifically article VI. The South Pacific Nuclear Free Zone Treaty Act 1986 and the Weapons of Mass Destruction (Prevention of Proliferation) Act 1995 explicitly prohibit the economic activity of manufacturing nuclear weapons in Australia. That contradicts one of the statements that has been made.Were any of those treaty obligations discussed by the fund before the decision was made to make the statements that were made this morning?

Answer:

The Board makes investments in accordance with the *Future Fund Act 2006* and the associated Investment Mandate Directions issued by the government. The legislation and mandate require the Board to seek to maximise returns with an acceptable but not excessive level of risk and set a benchmark return target of at least CPI +3.5 to 5.5% per annum over the long term.

In accordance with the legislation and mandate the Board has developed an investment strategy designed to meet these risks and return objectives in a manner consistent with international best practice for institutional investment.

The Board has made a distinction between investments in companies that may be involved in the manufacture of cluster munitions and land mines and those that may be involved in the manufacture of nuclear weapons. This distinction is a result of the application of the Board's Statement of Investment Policies and its consideration of the Conventions. The Board is satisfied that its investments are consistent with relevant laws and its own policies.