

DisabilityCare Australia Fund Investment Mandate Directions 141

*DisabilityCare Australia Fund Act 2013*

We, J.B. HOCKEY, Treasurer, and MATHIAS HUBERT PAUL CORMANN, Minister for Finance, give these Directions under subsection 29(1) of the *DisabilityCare Australia Fund Act 2013.*

Dated 1 JULY 2014

J.B. HOCKEY MATHIAS HUBERT PAUL CORMANN

Treasurer Minister for Finance

Part 1 Preliminary

1 Name of Directions

 These Directions are the *DisabilityCare Australia Fund Investment Mandate Directions 2014*.

2 Commencement

 These Directions commence on the 15th day after they are given.

*Note*Section 42 of the *Legislative Instruments Act 2003* (which deals with the disallowance of legislative instruments) does not apply to this instrument: see section 44 of that Act. Part 6 of that Act (which deals with the sunsetting of legislative instruments) does not apply to this instrument: see section 54 of that Act.

3 Definitions

 In these Directions:

***Act*** means the *DisabilityCare Australia Fund Act 2013.*

***Board*** means the Future Fund Board of Guardians.

***Fund*** means the DisabilityCare Australia Fund.

***responsible Ministers*** has the same meaning as in the Act.

4 Object of these Directions

 (1) The DisabilityCare Australia Fund is a financing source to enhance the Commonwealth’s ability to reimburse the States and Territories and the Commonwealth for the expenditure incurred in relation to the *National Disability Insurance Scheme Act 2013.*

 (2) The object of these Directions is to give guidance to the Board in relation to its investment strategy for the Fund. The Board is required by the Act to seek to maximise the return earned on the Fund, consistent with international best practice for institutional investment, subject to its obligations under the Act and any directions given by the responsible Ministers under the Act.

 (3) These Directions are given under subsection 29(1) of the Act to articulate the Government’s expectations for how the Fund will be invested and managed by the Board.

 (4) The responsible Ministers may review these Directions, in consultation with the Board, including after any request by the Board in the context of any material changes to either the prevailing investment conditions or the cashflow position of the Fund.

Part 2 Directions

5 Investment Objectives

* 1. The Board should invest in such a way as to minimise the probability of capital losses over a 12 month horizon.
	2. Subject to the Board’s obligations under section 23 of the Act and to (1) above, the Board is to adopt a benchmark return on the Fund of the Australian three month bank bill swap rate + 0.3 per cent per annum, calculated on a rolling 12-month basis (net of fees).

6 The Board must consider impacts from its investment strategy

 In undertaking its investment activities, the Board must act in a way that:

1. minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets; and
2. is unlikely to cause any diminution of the Commonwealth Government’s reputation in Australian and international financial markets.

**Note**

1. All legislative instruments and compilations are registered on the Federal Register of Legislative Instruments kept under the *Legislative Instruments Act 2003.* See http://www.frli.gov.au.