
Explanatory Statement for the *Emergency Response Fund Investment Mandate Amendment (Disaster Ready Fund) Direction 2023*

Objective of the Direction

- 1 As stated in the *Emergency Response Fund Amendment (Disaster Ready Fund) Act 2022* (the ERF Amendment Act) Explanatory Memorandum, the Government has established the Disaster Ready Fund (the DRF) by amending the *Emergency Response Fund Act 2019* (ERF Act) to become the *Disaster Ready Fund Act 2019* (DRF Act). The DRF aims to improve Australia's disaster readiness by investing up to \$200 million per annum to build resilience to, prepare for or reduce the risk of future natural disasters, and build the long-term sustainability of communities that are at risk of being affected by a future natural disaster.
- 2 Subsection 4(1) of the ERF Amendment Act gives authority to amend the *Emergency Response Fund Investment Mandate Direction 2020* (ERF Investment Mandate) to reflect the change to the name of the Emergency Response Fund (the ERF) to the DRF and the ERF Act to the DRF Act. The *Emergency Response Fund Investment Mandate Amendment (Disaster Ready Fund) Direction 2023* (ERF Investment Mandate Amendment) makes the amendments to the ERF Investment Mandate.

Notes on the Sections

Part 1 - Preliminary

Section 1 - Name

- 3 The name of this direction follows the Office of Parliamentary Counsel's Drafting Direction No 1.1A, reissued 1 July 2022.

Section 2 - Commencement

- 4 This section provides that this direction commences at the same time as the commencement of Schedule 1 to the ERF Amendment Act. Schedule 1 to the ERF Amendment Act will commence on a day to be fixed by Proclamation, or if it has not commenced by 29 May 2023, it will commence on 30 May 2023, which is the day after six months from the day the ERF Amendment Act received the Royal Assent.
- 5 An instrument made under subsection 4(1) of the ERF Amendment Act must not take effect before the commencement of Schedule 1 to the ERF Amendment Act. This is in place as the updated names of the DRF and DRF Act will not occur until Proclamation and allows the DRF Act and the Investment Mandate to be aligned.

Section 3 - Authority

- 6 This section provides that the ERF Investment Mandate Amendment is made under subsection 4(1) of the ERF Amendment Act.
- 7 The ERF Investment Mandate Amendment is a legislative instrument that is not subject to disallowance or sunseting, pursuant to the *Legislation (Exemption and Other Matters) Regulation 2015* made under the *Legislation Act 2003*. The ERF Investment Mandate Amendment will be tabled in the Parliament and published on the Federal Register of Legislation.
- 8 The responsible Ministers must consult on this direction as required by subsection 4(3) of the ERF Amendment Act, which applies the consultation requirements in section 42 of the DRF Act to this instrument. This requires the Ministers to invite the Future Fund Board of Guardians (Board) to make a submission on the draft ERF Investment Mandate Amendment and to consider any submission so made. Any submission made by the Board on the draft ERF Investment Mandate Amendment must be tabled in the Parliament.

Section 4 - Schedules

- 9 This section provides that each instrument that is specified in a Schedule to this ERF Investment Mandate Amendment is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to the ERF Investment Mandate Amendment has effect according to its terms.

Part 2 - Direction

Item 1 - Section 1 Name

- 10 This item updates the name of the ERF Investment Mandate as the *Disaster Ready Fund Investment Mandate Direction 2020* as provided for in paragraph 4(1)(c) of the ERF Amendment Act.

Item 2 - Section 3 Authority

- 11 This item updates the name of the Act that provides the authority to make the ERF Investment Mandate (renamed by item 1 of this Schedule to the *Disaster Ready Fund Investment Mandate Direction 2020*) from the ERF Act to the DRF Act. This amendment is required as a consequence of the renaming of the ERF Act to the DRF Act by the ERF Amendment Act, and is provided for in paragraph 4(1)(d) of that Act.

Item 3 and Item 4 - Section 4 Definitions

- 12 Items 3 and 4 amend the definitions of *Act* and *Fund* to reflect the changed name of the DRF Act and the DRF, as provided for in paragraphs 4(1)(e) and (f) of the ERF Amendment Act respectively.

Consultation

- 13 The Board has been consulted prior to making this ERF Investment Mandate Amendment, in accordance with subsection 4(3) of the ERF Amendment Act. This is consistent with the consultation provision under section 42 of the DRF Act which requires the responsible Ministers to consult the Board prior to issuing an investment mandate direction under subsection 39(1) of the DRF Act.