

DRAFT



INDICATIVE DRAFT

Australian Business Securitisation Fund Investment Mandate Directions 2019

I, Josh Frydenberg, Treasurer, make the following directions.

Dated 2019

Josh Frydenberg [**DRAFT ONLY—NOT FOR SIGNATURE**]
Treasurer

DRAFT

Contents

Part 1—Preliminary	1
1 Name.....	1
2 Commencement	1
3 Authority.....	1
4 Definitions	1
5 Purposes of instrument.....	1
Part 2—Directions	2
6 Investment strategies and policies.....	2
7 Investment decision-making criteria	2
8 Investment risk and return.....	2

Part 1—Preliminary

1 Name

This instrument is the *Australian Business Securitisation Fund Investment Mandate Directions 2019*.

2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this instrument	The day after this instrument is registered.	

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under subsection 13(1) of the *Australian Business Securitisation Fund Act 2019*.

4 Definitions

In this instrument:

Act means the *Australian Business Securitisation Fund Act 2019*.

financial asset has the same meaning as in the *Future Fund Act 2006*.

SME securitisation market means the market for debt securities that relate to credit provided to small and medium enterprises.

5 Purposes of instrument

For the purposes of subsection 13(1) of the Act, Part 2 of this instrument sets out directions about the exercise of the Minister's powers under section 12 of the Act.

Part 2—Directions

6 Investment strategies and policies

In making investments, the Minister must prioritise the following:

- (a) investments in underdeveloped sectors of the SME securitisation market;
- (b) investments that assist the long-term development of the SME securitisation market;
- (c) investments that encourage investment in the SME securitisation market by the private sector;
- (d) investments that are likely to promote competition in the market for providing credit to small and medium enterprises;
- (e) investments in debt securities that do not relate wholly or predominantly to credit provided for investments in financial assets or residential property.

7 Investment decision-making criteria

In making an investment, the Minister must consider the following:

- (a) whether the making of the investment will be consistent with the strategies and policies in section 6;
- (b) the potential of the investment to affect other participants or prospective participants in the SME securitisation market, having regard to the strategies and policies in section 6;
- (c) if the investment will be made at a rate of return that is less than the market rate—whether such an investment is reasonably required, having regard to:
 - (i) the strategies and policies in section 6; and
 - (ii) the other decision-making criteria in this section;
- (d) whether the investment will affect the ability of the Fund to exit the SME securitisation market in the long-term without causing significant market dysfunction;
- (e) whether the making of the investment will be appropriate, having regard to the matters relating to risk and return mentioned in section 8;
- (f) whether the making of the investment will be consistent with the Act (including the objects of the Act).

8 Investment risk and return

In making investments, the Minister must:

- (a) ensure that the investments of the Fund have an acceptable but not excessive level of risk, having regard to the objects of the Act; and
- (b) aim to achieve over the medium-term a net financial return on the investments of the Fund that is not lower than the corresponding return on the Bloomberg AusBond Treasury 0-1 Yr Index.

Note: Paragraph (b) accounts for variability in business and market conditions.