



## **Australian Government**

Australian Government response to the  
House Committee on Tax and Revenue report:

The Development of the Australian Corporate Bond  
Market: A Way Forward

May 2024





# Response to the recommendations

## Recommendation 1

The Committee recommends that the Australian Government ensures that investors have access to timely and useful information about corporate bonds to make informed decisions, and increase the transparency around corporate bonds trading, including non-rated bonds, to improve access to a wider range of investors.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 2

The Committee recommends that the Australian Government engages with universities and the financial advisory industry to educate and raise awareness about the benefits of corporate bonds, and retail corporate bonds in particular, both for investors and issuers.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 3

The Committee recommends lowering the minimum investment parcel to \$1,000 for corporate bonds to improve access to more investors and recommends that the Australia Government provides incentives for fixed income service providers to act as intermediaries for retail investors.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 4

The Committee recommends that the Australian Government reviews the licensing regime for credit rating agencies with a view to minimise access barriers for small and medium enterprises, issuers and retail investors.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 5

The Committee recommends that the Australian Government takes further steps to streamline and regularise disclosure requirements for the issuing of simple corporate bonds. This should ensure there is no duplication of requirements for listed entities that are already subject to continuous disclosure requirements.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 6

The Committee recommends that the Australian Government amends relevant regulations to allow for the early redemption of simple corporate bonds to enable issuers to refinance bonds prior to their maturity date.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 7

The Committee recommends that the Australian Securities and Investment Commission review its approach to financial ratios to maintain investor confidence in a standardised approach, while introducing more flexibility for bond issuers.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 8

The Committee recommends that the Australian Government reviews Chapter 2L of the Corporations Act 2001 (Cth) and other regulatory obligations applicable to trustees with the aim of increasing the availability of trustees for the retail bond market.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 9

The Committee recommends that the Australian Government review the regulatory reforms implemented in New Zealand's corporate bond market to further develop, broaden, deepen and make more liquid Australia's corporate bond market.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 10

The Committee recommends that the Australian Government investigate the impact of increasing tax incentives to support the development of the corporate bond market to create alternative sources of funding and increase opportunities for investors to diversify their investment portfolios.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 11

The Committee recommends that the Australian Government further engages with mature and sophisticated international capital markets to determine how Australia could adjust its taxation system to further enhance domestic and international investment through the growth of the corporate bond market.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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## Recommendation 12

The Committee recommends that the Australian Government investigate options to remove barriers inhibiting the investment of superannuation in the Australian corporate bond market.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

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