

## **EXPLANATORY STATEMENT**

### **Issued by authority of the Treasurer**

*Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Act 2020*

*Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Amendment Rules 2021*

Section 8 of the *Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Act 2020* (the Act) provides that the Minister may by legislative instrument make rules prescribing matters required or permitted by the Act to be prescribed by the legislative rules.

The *Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Rules 2020* (the Rules) defines the term ‘SME entity’.

The purpose of the *Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Amendment Rules 2021* (the Amending Rules) is to amend the definition of SME entity in the Rules to accommodate for the businesses that will be eligible to apply for loans under the SME Recovery Loan Scheme.

The amended definition means that an entity is defined for the purposes of the Act to be an SME entity if the entity currently carries on a business or is currently a non-profit body and either or both of the following apply:

- the entity’s annual turnover is likely to be less than \$250 million in the current financial year; or
- the entity’s annual turnover was less than \$250 million in one of the previous two financial years where the entity carried on a business or was a non-profit body.

The Act specifies no conditions that need to be met before the power to make the Amending Rules is exercised.

Consultation was not undertaken on this instrument given the minor and machinery nature of the amendments. However, targeted consultation on the broader policy specification underlying the scheme has been undertaken.

The Amending Rules are a legislative instrument for the purposes of the *Legislation Act 2003*.

The Amending Rules commences on the day after the instrument was registered.

A statement of Compatibility with Human Rights is at [Attachment A](#).

**Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

**Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Amendment Rules 2021**

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

**Overview of the Legislative Instrument**

The purpose of the *Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Amendment Rules 2021* is to amend the definition of ‘SME entity’ to accommodate for the businesses that will be eligible to apply for loans under the SME Recovery Loan Scheme.

**Human rights implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms.

**Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.