

The Hon Greg Hunt MP  
Minister for the Environment

Senator the Hon Mathias Cormann  
Minister for Finance

1 December 2015

Dear Ministers

Thank you for your correspondence of 30 November 2015 enclosing a consultation draft direction (Investment Mandate) for consideration of the CEFC Board, as required under section 66 of the *Clean Energy Finance Corporation Act 2012* (the CEFC Act). The Board welcomes the opportunity to be consulted and has asked that I respond on their behalf.

As you will be aware, the Board has had extensive opportunity to consider technology eligibility issues since the then responsible Ministers last issued a consultation draft in late June, and in respect of matters of risk and return, since the issue of the current *Clean Energy Finance Corporation (Investment Mandate) Direction 2015* in February.

The Board's view is that the approach adopted in this consultation draft Investment Mandate represents an appropriate approach that allows the CEFC to support Australian Government policy priorities while still allowing a measure of investment flexibility necessary to build a portfolio that in aggregate has an acceptable but not excessive level of risk appropriate to the sector.

The Board notes the consultation draft does not amend the Portfolio Benchmark Return. The Board's view remains that targeting such a high specific rate of return will require the CEFC to identify and contract out-of-market returns (as explained in my response to the issue of the current *Clean Energy Finance Corporation (Investment Mandate) Direction 2015*), and that this will remain a difficult return to achieve. However, we do understand from your letter that the matter is to be reviewed in early 2016 so we will defer further discussion on this point until that time.

We thank you again for consultation and the constructive and positive engagement that you and your offices have offered on the Investment Mandate. The Board acknowledges this direction and, once given will undertake all reasonable steps to ensure that the CEFC complies with the Investment Mandate and the CEFC Act.

Yours sincerely

**[SIGNED]**

**Jillian Broadbent AO**  
Chair  
Clean Energy Finance Corporation