

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

17 October – 18 October 2012

Question: SBT 14

Topic: Clean Energy Finance Corporation (CEFC)

Hansard Page: pg 65-66, Thursday 18 October 2012

Senator LUDLAM asked:

Senator LUDLAM: Could we get a few moments with somebody representing the Clean Energy Finance Corporation?

CHAIR: Sure.

Ms McCulloch: The Clean Energy Finance Corporation, as you know, is a separate entity, but policy responsibility rests in my division.

Senator LUDLAM: I am also aware that it is in the process of establishment. From the point of view of the committee's work, will we ever be in a position to get direct representatives of the CEFC here—people from the board, for example? Is that somebody that this committee can legitimately call?

Senator Wong: We will check that. I would think so.

Senator LUDLAM: Before I get all outraged and on my soap box, I will just wait and you can let us know.

Senator Wong: There has not been a conscious decision to deny it.

Senator LUDLAM: That is all right. Next time. I suspect you will be able to help me out because these are fairly general questions anyway. An implementation plan was handed to the government this March and a board was appointed in August. Industry has certainly expressed concerns to us about the pace, the speed, of the establishment of the CEFC and has expressed concerns that it will not be ready to start investing, as scheduled, on 1 July next year. Could you provide a progress report and a timetable on the remaining steps to get the CEFC fully on its feet?

Ms McCulloch: I will give you a general answer and then we will see what you are particularly interested in.

Senator LUDLAM: Great.

Ms McCulloch: Senator, as you know, the CEFC is not due to start investing until post 1 July 2013, so the period leading up to that is the implementation and transition phase. The act commenced on 3 August, the five-member board was appointed on 7 August and the board has met three times since August. Recruitment of a CEO is well advanced and we are expecting to have an outcome on that in the near future. Consideration of accommodation options for the CEFC to be located in Sydney is well advanced. There are three phases to the implementation of the CEFC. At the moment, while the CEFC has a board, it does not have staff. Treasury is providing admin support on a fee-for-service basis for the CEFC.

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There is a letter of understanding between Treasury and the board, which is an agreement about what services we provide where we are absorbing indirect costs, staffing costs et cetera but where the CEFC are reimbursing us for direct costs.

Senator LUDLAM: Got it. So when would you expect that this entity will have a physical location and staff of its own?

Ms McCulloch: On the basis of our current planning—and we have developed some detailed project plans that we have worked on with the board—early next year there should be a physical and stand-up of the CEFC.

Senator LUDLAM: Early next year in Sydney. I suspect we are short of time, although the chair has not pulled me up yet. I wonder whether you could table anything on activities and milestones for the execution of the implementation plan and give us a sense of your work plan—or of CEFC's work plan, such as it is—between now and 1 July next year.

Ms McCulloch: There is a whole range of administrative steps that need to be put in place before they can officially take control of their money and so forth—things like audit committees and those sorts of things.

Senator LUDLAM: If it is not some grievous breach of national security—and I do not want you to spell it out for me now—can you put on the table for us what those steps are and, to the best of your knowledge, in what order and when they occur.

Ms McCulloch: We can take that on notice.

Senator LUDLAM: Much appreciated; thank you very much.

Answer:

A CEFC Representative Appearing Before the Committee

Consistent with the power of the Senate and its Committees to summon witnesses under Senate Standing Order 176 and the Senate Resolution of 9 December 1971 (Journal 846), the Committee is entitled to call for evidence from officers of the CEFC.

Ms Jillian Broadbent AO, was appointed the chair of the CEFC Board by the Government on 7 August 2012. The CEFC Board has announced the appointment of Mr Oliver Yates as the inaugural Chief Executive Officer (CEO) for the CEFC. Mr Yates commenced this role on 26 November 2012.

CEFC Implementation Plan

A table setting out the key implementation tasks involved in the establishment of the CEFC and target dates for completion of these tasks are set out below. Work on the “stand-up” of the CEFC is well advanced. It is intended that the CEFC will develop a potential pipeline of investments to ensure it is well-positioned to commence its investment function as soon after 1 July 2013 as possible.

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Key tasks involved in the implementation of the Clean Energy Finance Corporation (CEFC)

Completed
Letter of Understanding between Treasury and the CEFC for pre stand-up services
CEFC Board remuneration determined by the Remuneration Tribunal
ABN and common seal established
Announcement of a CEO
December 2012
CEFC website launched
Organisational structure developed
February 2013
CEFC Board Indemnities and Insurance determined
Establish committees, such as an audit committee, to advise or assist in the performance of Board or CEFC functions
Board to determine remuneration in relation to committee membership for those who are not Board members
Investment Strategy published
Investment Mandate published and tabled in Parliament
Risk management framework for the CEFC's investments published
Investment benchmarks and standards for the CEFC published
Produce and publish guidelines setting out the matters to which the Board will have regard in satisfying itself that a technology is a low-emission technology
Produce and publish guidelines setting out circumstances, conditions or other matters to which the Board will have regard in satisfying itself that an investment is solely or mainly Australian-based
Nominated Minister and CEFC to agree, for the purposes of section 52 of the <i>Clean Energy Finance Corporation Act 2012</i> , on how requests for payment are to be made
March 2013
Transactional banking services in place
Internal frameworks, guidelines and policies in place
Key Performance Indicators and mission statement published
On-going
Stakeholder engagement
Recruitment of CEFC senior executive and support staff

Note: Work has commenced on the majority of the tasks listed in the table above. The months are indicative for planning purposes only.