

**Senate Standing Committee on Environment and Communications
Legislation Committee**

Answers to questions on notice
Environment and Energy portfolio

Question No: 306
Hearing: Supplementary Budget Estimates
Outcome: Outcome 2
Program: Clean Energy Finance Corporation (CEFC)
Topic: CEFC Funding
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Question Type: Spoken

Senator Moore, Claire asked:

Senator MOORE: ... Was the CEFC consulted prior to the government's decision to transfer \$800 million from the fund following the agreement between Labor and the government on the omnibus bill?

Mr Yates: From our perspective I cannot say, to be honest. From our own side, we were operating this jointly anyway. The money did not leave or come from the CEFC, it was just an allocation of the existing CEFC money as a recognition that we could do higher-risk activity—that there was an expectation of a high-risk position.

I do not know whether the department has any particular view, but, certainly from my own recollection, I am not sure whether it was an area of significant concern to me, or an area of significant negotiation. We actually think that the strategy makes sense. It currently fits within the CEFC portfolio, and the extent to which we can work together and leverage ARENA's skills. And then from my perspective, whether it is \$200 million or \$800 million does not make any difference. It is very hard to deploy money sensibly, and if we need more then we will come around to the government and say, 'Well, we've done this with the \$200 million. This is how we've invested it. Do you think we should change that allocation? Would you like to make a higher allocation?' But at this stage we are only just starting.

Senator MOORE: I know there has been a lot of discussion about the definition of consultation, and that will continue to happen. I just want to know whether you knew before it actually happened that there was going to be this transfer of \$800 million within the fund?

Mr Yates: I cannot actually say whether or not I did know, so I do not think there was a lot of consultation in relation to the amount. But it was not something that I was particularly worried about. I was looking at the idea that this fund was actually a good part of an overall strategy, and even \$200 million to deploy in early-stage venture transactions is an effort. I am sure that if we started to show success we would be able to talk to the government about whether they wanted to do more.

Senator MOORE: Allowing for that high risk element?

Mr Yates: Yes.

Senator MOORE: If you can find any more information about what you knew, that would be good.

Answer:

Policy in relation to the Investment Mandate is set at the political level and does not require consultation with the CEFC.

The responsible Ministers, being the Finance Minister and the Environment and Energy Minister, are required to consult with the CEFC Board on the draft investment mandate under section 66 of the CEFC Act, and have done so with the most recent version of the mandate.