

Senate Finance & Public Administration Committee:
Answers to written Questions on Notice Supplementary Budget Estimates 2013-14
Parliamentary Departments Portfolio
November 2013

Department: Parliamentary Budget Office

Topic: Clean Energy Finance Corporation

Senator: Senator Wong

Question reference number: 60

Type of question: Written

Question

Senator WONG: I am just asking about the coalition saving that you costed for the abolition of the CEFC—the Clean Energy Finance Corporation. I was just confirming the difference between the underlying cash and the fiscal balance figures. The note I have done is \$5.29 billion fiscal balance and \$1.01 billion UCB. You can take that on notice if you want.

Mr Bowen: We can do that. I did not quite understand the figures, and the reason for that is that the costing you are talking about actually covers more than simply the abolition of the Clean Energy Finance Corporation. The major impact of abolishing the Clean Energy Finance Corporation is on headline cash. It has a small impact on underlying cash and fiscal balance, but, because—

Senator WONG: I think the fiscal balance save that you identified was quite significant, actually.

Mr Bowen: That is from a range of measures, not simply from the abolition of the Clean Energy Finance Corporation. Essentially, what is being abolished with the abolition of the corporation is the injections of equity into the corporation, which would no longer take place.

Senator WONG: Yes, I understand that.

Mr Bowen: That hits the headline cash and, hence, reduces public debt interest on the reduced debt, but that of itself does not hit underlying cash or fiscal. There are some small amounts, I believe, but not the large amount.

Senator WONG: Because of the time I will put on notice some of the questions. I was just clarifying the difference between the UCB and the fiscal balance.

Mr Bowen: We will provide that for you.

Answer

The PBO estimated that the Coalition's election commitment to abolish the Clean Energy Finance Corporation (CEFC) would increase the headline cash balance by \$5.5 billion, increase the fiscal balance by \$700 million and reduce the underlying cash balance by \$85 million over the 2013-14 Budget forward estimates period (Post-election report of election commitments, costing reference COA004, p 122).

The increase in the headline cash balance reflects the reversal of budgeted cash outflows associated with loans to and equity investments in the CEFC (\$5.6 billion), and operating and capital expenses of the CEFC (\$70 million), partially offset by the reversal of budgeted receipts from investment income from the CEFC (\$160 million).

The increase in the fiscal balance reflects the reversal of the budgeted concessional loans expense (\$1.06 billion) and other operating and capital expenses of the CEFC (\$80 million), partially offset by the reversal of the budgeted revenue from investment income (\$440 million).

The reduction in the underlying cash balance reflects the reversal of the budgeted cash receipts from investment income from the CEFC (\$160 million), partially offset by the reversal of the budgeted cash outflows on operating and capital expenses of the CEFC (\$75 million).