



Terminate the Climate Solutions Fund	
Party:	Australian Greens
Summary of proposal: The proposal would abolish the Climate Solutions Fund (CSF) and return all uncommitted funds to the budget. The proposal would have effect from 1 July 2022.	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$47.3 million over the 2022-23 Budget forward estimates period. This impact is largely due to a decrease in administered expenses.

The proposal would have an impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-33 is provided at Attachment A.

Because of commercial sensitivities, the Department of Industry, Science, Energy and Resources (DISER) advised that:

- contractually committed funds are not-for-publication on an annual basis
- total funds (contractually committed and uncommitted) are not-for-publication on an annual basis beyond 2025-26.

So that an annual profile cannot be derived, Table A1 presents the total amount of uncommitted funds for the period 2026-27 to 2032-33 as equally distributed across each financial year.

The financial implications in this response are sensitive to the level of funds allocated to the CSF. Market interest rates, credit investment spreads, abatement activity schedules, regulatory activity, and the policy environment (particularly in relation to renewable assets and generation) are some factors that could affect the level of funds allocated to the CSF.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	6.0	13.8	13.9	13.6	47.3
Underlying cash balance	6.0	13.8	13.9	13.6	47.3

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing the proposal.

- Funds that are uncommitted as at the 2022-23 Budget would remain uncommitted until the proposal start date.
- Departmental expenses for the CSF would be returned to the budget.

Methodology

The financial implications of the proposal were estimated as the sum of administered and departmental funds that are expected to be uncommitted as at 1 July 2022. These funds were calculated based on information provided by DISER and smoothed by the PBO to avoid commercial sensitivities.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

The Department of Industry, Science, Energy and Resources provided the funding profile for the Climate Solutions Fund as at 4 April 2022.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – Terminate the Climate Solutions Fund – financial implications

Table A1: Terminate the Climate Solutions Fund – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Expenses													
Administered													
<i>Terminate the Climate Solutions Fund</i>	6.0	12.0	12.0	12.0	196.1	196.1	196.1	196.1	196.1	196.1	196.1	42.0	1,415.0
Total – administered	6.0	12.0	12.0	12.0	196.1	196.1	196.1	196.1	196.1	196.1	196.1	42.0	1,415.0
Departmental													
<i>Department of Industry, Science, Energy and Resources</i>	-	1.8	1.9	1.6	1.5	1.6	1.6	1.4	1.4	0.7	1.7	5.3	15.2
Total – departmental	-	1.8	1.9	1.6	1.5	1.6	1.6	1.4	1.4	0.7	1.7	5.3	15.2
Total – expenses	6.0	13.8	13.9	13.6	197.6	197.7	197.7	197.5	197.5	196.8	197.8	47.3	1,430.2
Total (excluding PDI)	6.0	13.8	13.9	13.6	197.6	197.7	197.7	197.5	197.5	196.8	197.8	47.3	1,430.2

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Terminate the Climate Solutions Fund – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Fiscal balance	0.1	0.3	0.6	0.9	3.6	8.7	14.4	20.7	27.6	35.1	43.4	1.9	155.4
Underlying cash balance	0.1	0.3	0.6	0.9	3.2	8.1	13.7	19.9	26.8	34.2	42.4	1.9	150.2

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the tables above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)