

Renewable energy

Coalition considers plan to merge climate bodies and fund them with loans

Exclusive: Cabinet committee to review plan to combine Clean Energy Finance Corporation and Arena - agencies that Abbott government had sought to abolish



 The Abbott government had sought to abolish the CEFC - which could now be merged with Arena - and banned the body from making investments in wind farms. Photograph: Martin Ollman/Getty Images

The Turnbull government is considering a plan to combine two major climate bodies - the Clean Energy Finance Corporation (CEFC) and the Australian Renewable [Energy Agency](#) (Arena) - with both to be financed by borrowings rather than from federal budget allocations.

The option - to be considered by the expenditure review committee of cabinet as soon as Tuesday - would provide some certainty to the organisations after the Abbott government sought to abolish them, and then to ban the CEFC from wind farm investments and to cut Arena’s funding and make no new appointments to its board.



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Soon after his election in 2013 Abbott said: “The Coalition does not support the CEFC nor its expenditure of \$10bn of borrowed money on projects that the private sector deems too risky to invest in” and former treasurer [Joe Hockey](#) labelled the CEFC a “giant \$10bn slush fund”.

The legislation to abolish the CEFC has been twice rejected by the Senate and is, technically, a double dissolution trigger, but [Malcolm Turnbull](#) said on Monday he would not use the bill as a trigger and the government has indicated it will keep the CEFC in some form.

After Turnbull became prime minister the anti-wind farm directive [was softened to a request](#) that the CEFC focus on “offshore wind technologies” as well as cities and the built environment. The

environment minister, Greg Hunt, has said abolishing the investment bank is still the government’s “long-term” policy but was not likely to pass the Senate.

The CEFC was always been “off balance sheet” - set up as part of the former Labor government’s carbon pricing package effectively as a bank to finance, at commercial rates, proven clean energy projects that the major banks were not funding.

Arena has been funded by the budget and provides grants to emerging renewable technologies.

In its first budget, the Abbott government announced it would axe Arena, but in a deal with the Palmer United party to get its Direct Action climate policy through the Senate, announced it would keep the agency, but cut or defer almost \$1bn of its funding.

The terms of all appointed board members of Arena have now expired and they have not been replaced, [leaving it governed by the secretary of the Department of the Environment](#).

Hunt has said the new [Office of Climate Change and Renewables Innovation](#), inside the Department of the Environment, “will bring a fresh focus to the role of innovation in supporting emerging renewable and low emissions technologies that will drive down emissions”.



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