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Time to Wind Down the CEFC: Australia’s Energy Fund Has Outlived Its Purpose

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The Clean Energy Finance Corporation (CEFC) was created with the aim of accelerating Australia’s shift toward renewable energy. Over a decade later, there are growing calls to wind down the fund, as private investment now dominates the clean energy landscape and fiscal pressures mount.

Established in 2012 under the Gillard government, the CEFC was set up to invest public funds in clean energy projects at a time when access to capital was limited and technology risks were high. Initially seeded with $10 billion in borrowed capital, it has since grown to manage nearly $30 billion, including a $19 billion commitment to the *Rewiring the Nation* program, a large-scale upgrade to Australia's electricity grid.

The CEFC is expected to operate on commercial terms, with a target return of 2–3% above the five-year government bond rate. However, public reporting falls short of demonstrating whether it consistently meets this benchmark. Transparency remains a concern, particularly given the scale of taxpayer-backed investment.

Although the CEFC is classified as an off-budget entity, meaning its debts do not appear on the federal balance sheet, its activities still contribute to Australia's broader debt obligations. Ratings agency S&P Global has raised concerns that off-budget spending may be masking the country's true fiscal position, particularly as net debt nears $1 trillion.

The investment climate today is markedly different from when the CEFC was founded. Private capital is now actively funding renewable projects, and investor appetite for low-emissions technologies is robust. In such an environment, government intervention risks distorting markets or duplicating private-sector efforts.

Another key issue is the lack of clear evidence linking CEFC investments to measurable environmental outcomes. The fund references Australia's net-zero 2050 goals, but does not publish consistent data proving its impact on reducing emissions. This raises questions about whether it is delivering on its core mission or simply expanding with limited accountability.

Economist Milton Friedman once observed that "nothing is so permanent as a temporary government program." The CEFC appears to fit that mold, its remit fulfilled, yet its footprint is expanding. As Australia faces rising interest payments and urgent calls for fiscal discipline, a phased closure of the CEFC would be a prudent step toward responsible economic management.

The time has come to reassess whether taxpayer funds are best used to sustain a program whose purpose has arguably been overtaken by the private sector. Redirecting those resources toward reducing national debt may serve the public interest more effectively.