New capital, new ambition

Annual Report
2022–23

Australian Government

$30.5b

capital allocation

Towards ZERO

The CEFC is an experienced and specialist investor with a deep sense of purpose: we're Australia's 'green bank', investing in our transition to net zero emissions by 2050.

Since we were established in 2012 we have been at the vanguard of Australia's clean energy transition, leading economy-wide investment in our decarbonised future. With access to more than $30 billion from the Australian Government, we're backing economy-wide decarbonisation, from renewable energy and natural capital to energy efficiency, alternative fuels and low carbon materials. In parallel, we're focused on transforming our energy grid, investing in sustainable housing and supporting the growth of our climate tech innovators.

We collaborate with co-investors, industry and government, recognising the urgency of the decarbonisation task. Investing with commercial rigour, we aim to deliver a positive return across our portfolio.

New capital, new ambition

Australia is targeting a 43 per cent fall in emissions by 2030 and the achievement of net zero emissions by 2050. It is widely understood that these targets require sustained effort. Perhaps less widely understood, is the very real economic benefits they will deliver.

New investment is already transforming our economy: from energy generation to large-scale property and infrastructure development; from transport to food production; from new investment models to innovative climate tech. These gains are a precursor to ongoing economic transformation, as we undertake economy-wide decarbonisation.

Against the considerable progress of our first decade, we recognise the urgency of the task in the decade ahead. In this context, the substantial lift in the CEFC capital allocation, to $30.5 billion, brings into sharp focus our role as a specialist investor in Australia's race to net zero.

We welcome the heightened expectations that come with these important changes, notably in Australia's transmission infrastructure. We also recognise and appreciate the shared commitment and considerable contribution of the investors, project proponents, industry and market participants, government and regulatory agencies, who work with us in addressing the urgent task of decarbonisation.

Australian Government

26 September 2023

Senator the Hon Katy Gallagher
Minister for Finance

The Hon Chris Bowen MP
Minister for Climate Change and Energy

Parliament House
CANBERRA ACT 2600

Dear Ministers,

Clean Energy Finance Corporation (CEFC) Annual Report 2022-23

On behalf of the Board and Management of the CEFC, I am pleased to present the *Clean Energy Finance Corporation Annual Report 2022-23*.

This Annual Report has been prepared for presentation to the Australian Parliament in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* and meets the requirements of the following Acts and their accompanying subordinate legislation:

- *Clean Energy Finance Corporation Act 2012*
- *Public Governance, Performance and Accountability Act 2013.*

This report is comprised of:

- A Report of Operations, including the additional information required by section 74 of the *Clean Energy Finance Corporation Act 2012*
- The audited Financial Statements and Notes and the Auditor's Report
- Mandatory reports under:
  - Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*
  - Schedule 2, Part 4, section 4 of the *Work Health and Safety Act 2011*
  - Section 9 of the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*.

This Annual Report was approved on 26 September 2023 in accordance with a resolution of the Board of the CEFC at its 126th meeting held on 19 September 2023.

There were no exemptions from reporting requirements sought or granted.

Yours sincerely,

Steven Skala AO

Clean Energy Finance Corporation
1300 002 332
info@cefc.com.au
Suite 1702, 1 Bligh Street
Sydney NSW 2000
cefc.com.au
ABN: 43 669 904 352

Acknowledgement of Country

The CEFC acknowledges the Traditional Owners and Custodians of this land, and we pay our respects to all Elders, past and present. We recognise their continuing connections to country, water and culture.

About this report

The CEFC Annual Report for 2022–23 provides detailed information about our investments, performance, financial statements and governance.

Read our Annual Report online
cefc.com.au

Artwork: *Creating a sustainable future* by Wiradjuri artist Jordana Angus.

Year in review: our investments

Forging the path to net zero

The 2022–23 year marked the start of our second decade, with important new investment commitments, the further development of our substantial portfolio and Australian Parliamentary approval for a significant expansion in our investment capacity.

Highlights 2022–23

First change to the CEFC Act, expanding our purpose to include:

Facilitate increased **flows of finance** into the clean energy sector

Facilitate the achievement of Australia's greenhouse gas **emissions reduction targets**

First increase to our capital allocation since we were established:

\$19b
Rewiring the Nation Fund

\$1b
Household Energy Upgrades Fund

\$500m
Powering Australia Technology Fund

New investment funds build on the original \$10 billion CEFC capital allocation

Investment activity: 2022–23

50
New and follow-on transactions

$1.9b
CEFC investment commitments

$11.7b
Total transaction value

Record private sector leverage

Lifetime to 30 June 2023

Technology impact

$7.0b
Unlocking renewable energy

$4.2b
Delivering energy efficiency

$1.4b
Backing low emissions technologies

Economic impact

>300
Transactions

$12.7b
CEFC commitments

$48.8b
Total transaction value

Investment portfolio

2020–21	$6.5b
2021–22	$7.1b
2022–23	$7.7b

On-risk portfolio after repayments and capital returns at 30 June 2023

Year in review: priorities, performance

CEFC investment activities are informed by Australian Government policy direction, the CEFC Act and market opportunities to support the transition to net zero emissions. Our key stakeholders include investors, asset developers, operators and owners, industry bodies, regulators and government agencies.

How we operate

Purpose

To facilitate increased flows of finance into the clean energy sector and the achievement of Australia's greenhouse gas emissions reduction targets.

- General Portfolio
- Rewiring the Nation Fund
- Household Energy Upgrades Fund
- Powering Australia Technology Fund
- Clean Energy Innovation Fund
- Advancing Hydrogen Fund

Investment priorities

Decarbonise energy

Drive cleaner, greener energy to underpin the net zero economy

Read more from page 32

Energy efficiency

Transform energy and resource use, increase energy performance

Read more from page 34

Natural capital, carbon sequestration

Make better use of our land to close the emissions gap

Read more from page 36

Market approach

Generation and transmission

Co-develop solutions to accelerate innovative grid transformation, national decarbonisation

Productivity

Drive economy-wide investment, including natural capital and climate tech for hard-to-abate sectors

Market liquidity

Deliver flexible investment approach, including structured investment products, to provide market liquidity

Transparency

Integrate climate scenario analysis, reporting standards and methodologies across the investment life cycle

Commercial rigour

Operate with commercial rigour to deliver a positive return across the portfolio

Performance measures

Refer to page 61

Quantitative performance indicators

Objective 1: Invest in clean energy technologies and enablers

1.1 Total capital committed to clean energy technologies

Not Met | Met | **Exceeded**

Objective 2: Catalyse and leverage private sector capital

2.1 Financial leverage – ratio of private sector capital to CEFC capital

Not Met | Met | **Exceeded**

2.2 Estimated emissions reduction per annum from new capital commitments

Not Met | Met | **Exceeded**

Objective 3: Continue to be financially sustainable over the long term

3.1 Total operating result normalised

Not Met | Met | **Exceeded**

Qualitative performance indicators

Objective 4: Qualitative performance factor

Demonstrate leadership in accelerating the energy transition with a strong focus on Australian Government climate and energy policy priorities

Not Met | Met | **Exceeded**

Progress on network and storage investments that contribute to delivery of the AEMO 2030 ISP Step Change scenario

Not Met | Met | **Exceeded**

A message from Chair Mr Steven Skala AO

Purpose, experience, commitment

Elevated ambition, clear-eyed realism

This time 12 months ago I was in the privileged position of reporting on the progress of the CEFC at the close of our first decade. In canvassing our performance as a market leading investor, I highlighted the importance of elevated ambition and clear-eyed realism as Australia transitions to net zero emissions. These factors have certainly characterised CEFC activities at the start of our second decade.

Elevated ambition saw the CEFC complete 50 new and follow-on investments across the economy in the 2022–23 year, despite the ripple effects of a war in Ukraine and the economic, inflationary and supply chain overhang of the pandemic. Notably, our investments attracted a record $5.02 of additional capital for each $1.00 of CEFC capital invested, driving $11.7 billion in additional investment Australia-wide.

Clear-eyed realism tells us that much more needs to be done, by us and by so many others. As a nation we require action at an even more accelerated pace and considerably larger scale, if we are to meet the Australian Government's 2030 targets and deliver on the 2050 net zero ambitions.

Australian Government direction

In that context, during the reporting year the CEFC received Australian Parliamentary approval of the first material change to the CEFC Act since we were established, a change to our objective that makes clear the strong expectations of the CEFC in contributing to the achievement of national decarbonisation targets. Parliament subsequently provided the CEFC with additional investment firepower of $20.5 billion to work at the forefront of this nation-building transformation, the organisation's first additional capital allocation since inception. In accepting the related Investment Mandate Direction 2023, the CEFC Board has set the organisation on a much-expanded pathway to delivery and performance.

At a Board level, we have instituted robust governance, risk and management arrangements to steer appropriate and commercially rigorous decision-making for the $19 billion Rewiring the Nation (RTN) Fund. CEFC RTN investments will help finance transmission projects necessary to deliver the renewable energy-powered grid of the future. Such investment will reflect the commercial rigour and market collaboration of our first decade.

Prudent investment approach

In backing the delivery of substantial, complex and long-dated infrastructure projects, we expect there will be higher levels of both concessionality and customer concentration risk than in our first decade. This will likely result in markedly different reported financial outcomes. In overseeing the RTN Fund, the Board will seek to balance a prudent investment approach within the larger challenge of accelerating investment in decarbonisation. The creation of a new Board sub-committee, the CEFC RTN Investment Advisory Committee, is an important part of this approach.

At an organisational level, the CEFC has appointed a Chief Investment Officer to lead a specialist RTN team, bringing together specific investment, financial, project and energy market expertise to underpin the delivery of RTN transactions. This specialist team will work alongside the broader CEFC organisation, which also includes experienced teams with carriage of the new Household Energy Upgrades Fund and the new Powering Australia Technology Fund.

During the year, the CEFC was pleased to provide strong assistance to government and its agencies in the development of net zero investment policy measures.

Consistent, sound performance

We approach the challenges and opportunities of our second decade with confidence, buoyed by the clear purpose and consistent, sound performance of the CEFC.

The year reflected constancy in our portfolio rate of return for the General Portfolio. It was also the first in which capital returned to the CEFC from the private sector, at $1.2 billion, exceeded new deployment, at $929 million. Record own-source revenues of $248 million reflected strong portfolio performance and the higher interest rate environment.

We were named a Responsible Investment Leader and an Inclusive Employer. Other accolades recognised the contribution of CEFC people, and the market-leading nature of our transactions. I invite you to read more in the pages of this report.

Board developments

During the reporting year we welcomed the appointment of Mr Tony Concannon to our Board and thanked outgoing Board member Ms Leeanne Bond for her important contribution. We also congratulated Board members Ms Nicola Wakefield Evans, Ms Samantha Tough and Ms Andrea Slattery on their reappointments to the Board.

I recognise and appreciate the conscientious contribution of my fellow Board members. In light of the expanded responsibilities of the CEFC, their deep market, governance, investment and legal expertise has become even more essential.

Our appreciation

From its earliest days, as a $10 billion organisation, the CEFC has drawn its strength from the shared purpose of its teams, reflected in a collaborative culture that extends to the market, industry, regulatory and government agencies with whom we work, including the Department of Climate Change, Energy, the Environment and Water and the Department of Finance. We extend our appreciation to all.

We also acknowledge and thank our responsible Ministers for their support and leadership in driving decarbonisation: the Hon Chris Bowen MP, Minister for Climate Change and Energy, and Senator the Hon Katy Gallagher, Minister for Finance, Minister for Women and Minister for the Public Service.

And finally, I acknowledge the outstanding leadership of our CEO Ian Learmonth and the Executive Team, and the energy, care and commitment demonstrated by our staff every day. The Board commends and has recognised the organisation on a very credible year all round.

Steven Skala AO
Chair, CEFC

A message from CEO Mr Ian Learmonth

Investing in our net zero transformation

Towards ZERO

By any measure, the 2022–23 year was a momentous one for our climate, for the decarbonisation agenda and for the CEFC. A new national commitment to reach net zero emissions by 2050, and reduce emissions by 43 per cent by 2030 from a 2005 baseline, spurred an economy-wide sense of urgency around decarbonisation. And the steady drumbeat of technological advance, both large and small, builds confidence we can confront the persistent challenges of decarbonisation.

As CEO of an organisation almost entirely focused on decarbonisation, the intersection of these factors was cause for optimism and action in 2022–23, reflected in the scale and pace of new investments, the diligent management of our $7.7 billion portfolio and our considerable efforts in building market capacity. In challenging market conditions, our teams completed 50 new and follow-on transactions, with CEFC commitments of $1.9 billion contributing to transactions with a total value of $11.7 billion, delivering substantial and targeted investment in our net zero future.

Energy decarbonisation

The CEFC invests where our capital can make the biggest impact. Economy-wide decarbonisation starts with the energy sector, underscoring the importance of our backing for 5.1 GW of new solar and wind generation capacity since we began investing.

In the most recent year, we committed a record $1.2 billion in renewable energy and grid-related transactions. Notably, new transactions were larger in terms of investment and carbon abatement, including the 300 MW Walla Walla Solar Farm, Stage 1 of the 756 MW Golden Plains Wind Farm and the 850 MW Waratah Super Battery.

We also have a responsibility to fill market gaps, using our capital to draw in additional investment, as well as accelerate project delivery. This saw us commit more than $300 million across six follow-on transactions in the large-scale renewable energy space in the 2022–23 year. Through these investment commitments we are using CEFC capital to help offset the impact of economic, inflationary and supply chain headwinds which may impede our energy transition.

Beyond energy

Of course, economy-wide decarbonisation extends beyond the electricity sector. New CEFC investment commitments in 2022–23 are improving energy efficiency in office and residential developments, backing the growth of climate tech innovators and addressing the challenges of a transitioning transport sector. Having delivered our first green home loan in 2020, we were pleased to continue this work with the backing of the CBA Green Home Offer. We also continued our earlier work in financing electric vehicles, which encouragingly represent an increasing share of new car sales in the passenger sector.

There is growing appreciation of our capacity to lift the sustainability of agricultural production while also capturing the benefits of carbon sequestration. As technologies improve, what is also needed is patient and committed capital at scale, particularly at the institutional level. Our work with CDPQ in creating the $200 million Wilga Farming sustainable agricultural platform shows leadership in the critical natural capital asset class.

Investment model

As Australia's 'green bank' there is considerable interest in our investment model. It is a model that has allowed us to make lifetime investment commitments of $12.7 billion from our original $10 billion capital allocation, with repayments and capital returns averaging close to $1 billion for each of the past four years. We forecast our 2022–23 commitments will abate 1.5 Mt CO_2-e annually, taking estimated lifetime emissions abatement to more than 240 Mt CO_2-e at 30 June 2023.

The commercial rigour of our first decade will underpin the approach of our second, where we have bigger and more challenging responsibilities and scope, underscored by our expanded $30.5 billion capital allocation. We are excited by the potential of the nation building Rewiring the Nation program, and welcome the early support we have received from market, regulatory and government participants in shaping transaction delivery. We are also confident of extending decarbonisation benefits via the Household Energy Upgrades Fund and the Powering Australia Technology Fund.

Accelerated action

The magnitude of Australia's net zero emissions goals has necessarily placed emphasis on our ability to deliver in a compressed time frame.

While there are obvious challenges in an economy-wide transformation of this scale, these pale in comparison to the benefits of a net zero economy.

We are encouraged by the shared strength of purpose around decarbonisation, and the commitment to accelerated action. As a specialist investor, we know only too well that action requires a clear and ambitious policy framework, matched by the available capital. The 2030 target of 82 per cent renewables is an important market signal, as is the broader net zero commitment. Getting decarbonisation right is a critical investment in Australia's future, with the promise of a $435 billion economic lift across our industrial base and export markets.[1]

Our commitment

The CEFC is proud to have a role in delivering on these opportunities. It is a task we approach with a clear sense of purpose, and a commitment to positive and effective collaboration across the economy. We appreciate the support of all those we work with at a market level, the leadership of our Chair Steven Skala AO and our Board, and of course the support of our responsible Ministers, the Hon Chris Bowen MP, Minister for Climate Change and Energy, and Senator the Hon Katy Gallagher, Minister for Finance, Minister for Women and Minister for the Public Service.

As CEO I would also like to thank the staff of the CEFC for their dedication, expertise and collaborative approach. They consistently inspire me in my role.

On behalf of everyone at the CEFC I can say our second decade brings an even stronger commitment to delivering on our purpose, in investing on behalf of Australians in our net zero future.

Ian Learmonth
Chief Executive Officer, CEFC

1. https://news.nab.com.au/news/all-systems-go-powering-ahead/.

Investment update 2022–23

The CEFC was established to drive investment in our clean energy transition, reflecting the essential role of both public and private sector capital in cutting emissions across our economy.

Working alongside co-investors, we have seen our initial $10 billion capital allocation deliver almost $50 billion in total transaction value. We are proud of the positive economic impact of these investments, as well as their contribution to the urgent task of lowering our emissions.

Investment update 2022–23

CEFC investment commitments in the 2022–23 year reached $1.9 billion, including 30 new and 20 follow-on transactions across a range of renewable energy, energy efficiency and low emissions technologies.

Net zero transition

Reflecting Australia's ambitious renewable energy goals, the CEFC made a record $1.2 billion in new commitments in renewables in the reporting year. This has included working with investors and project developers to help bring forward 14 large-scale solar, wind and storage projects with a total transaction value of $5.7 billion.

We saw continued growth in our well-established co-finance programs in 2022–23, with CEFC lifetime commitments exceeding $2 billion to 30 June 2023. Since we began investing, these programs have backed discounted finance for more than 53,000 eligible smaller-scale emissions reduction projects Australia-wide at 30 June 2023, up from 39,500 a year earlier.

Economy-wide reach

CEFC investment activities in 2022–23 capitalised on increasing market focus on achieving lower emissions, including in managing energy demand. This saw new investment in property, natural capital, electric vehicles, hydrogen and climate tech.

Together with domestic and international institutional investors, CEFC transactions are driving greater ambition at the asset owner level across multiple sectors, including mid-market infrastructure and infrastructure-like businesses in areas from healthcare and energy to transport and data centres.

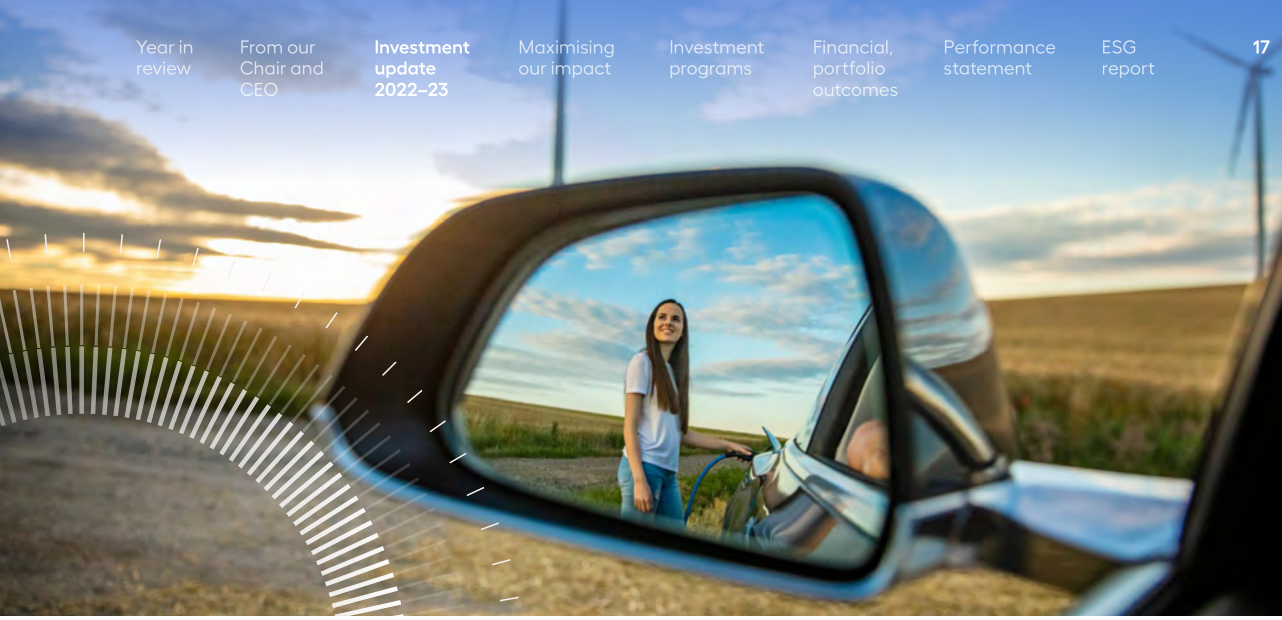
$580m
Transmission
CEFC lifetime commitment

$344.2m
Battery storage
CEFC lifetime commitment

Market-leading transactions

$222.5m
Victoria's 756 MW Golden Plains Wind Farm, single largest CEFC project financing

$100m
NSW Waratah Super battery, one of the largest batteries in the world



Investment impact

The CEFC was established to drive investment in our clean energy transition, reflecting the essential role of both public and private sector capital in cutting emissions across our economy.

Working alongside co-investors, we have seen our initial $10 billion capital allocation deliver almost $50 billion in total transaction value.

New record for Innovation Fund

The CEFC also invested a record $54.5 million in new and follow-on commitments via the Clean Energy Innovation Fund, which is now backing 27 portfolio companies. Each $1 of Innovation Fund capital attracted an additional $6.47 in private sector capital in the 2022–23 year, delivering a combined $407.3 million to emerging climate tech businesses.

Investing with commercial rigour

At 30 June 2023, the portfolio of on-risk investments reached $7.7 billion, with $1.2 billion in capital returned to the CEFC in the 2022–23 year, taking lifetime repayments and capital returns to more than $4.5 billion, to be available for reinvestment.

To 30 June 2023, we had drawn a net $4.93 billion from our original $10 billion funding allocation, including $6.46 billion drawn from, and $1.53 billion returned to, the CEFC Special Account. We expect to make investments drawing on the additional $20.5 billion capital allocation during the 2023–24 year.

We aim to deliver a positive return across our portfolio. This includes securing payments and returns on our investment commitments as our portfolio matures. This capital is then available for ongoing investment, extending the impact of our finance. Notably, repayments and returns to the CEFC have averaged almost $1 billion for each of the past four years.

$69m

First CEFC Timber Building Program commitment, for Melbourne's T3 Collingwood

$54.5m

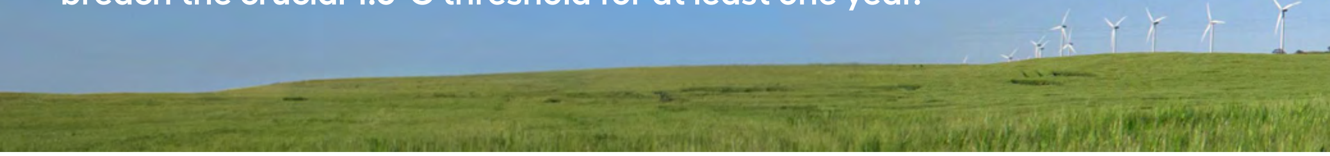
Record backing for emerging and early stage companies via the Clean Energy Innovation Fund

$50m

New sustainable agricultural platform alongside global investment group CDPQ

Progress on decarbonisation

The Australian Government has set national targets to cut emissions by at least 43 per cent by 2030, compared with 2005, and reach net zero emissions by 2050. The urgency of this task is clear. Latest forecasts from the World Meteorological Organization point to new record annual temperatures in the next five years, with the world highly likely to breach the crucial 1.5°C threshold for at least one year.



Abatement considerations

We consider those investments that have a direct abatement impact, such as in the volume of additional renewable energy generated, which offsets fossil fuel–based generation. Direct abatement is also realised through enhanced energy efficiency, the use of low emissions technologies, soil carbon solutions and measures to reduce embodied carbon levels, among others.

Indirect abatement impact is realised through large-scale transmission, energy storage and grid balancing projects that are a critical precursor to increasing renewable generation, underpinning economy-wide emissions reduction. The CEFC further supports indirect decarbonisation by backing the growth of sustainable finance investment opportunities, supporting the adoption of appropriate standards and contributing to the development of new investment products.

CEFC lifetime commitments across 23 sustainably themed green bonds reached $950.9 million at 30 June 2023, in transactions with a total value exceeding $4.8 billion. This includes green bonds that provide issuers with access to capital to finance a broad range of emissions reduction undertakings. Where aligned to credible taxonomies, climate-themed bonds contribute to the integrity of low emissions investment opportunities.

Over time, we expect to extend our reporting to include CEFC financed emissions. This is consistent with the proposed climate-related financial disclosure framework under consideration by the Australian Treasury,[1] Department of Finance and emerging global trends with respect to enhanced emissions disclosure by financial institutions.[2]

Our 2022–23 investment commitment in the Golden Plains Wind Farm is targeting our single largest emissions abatement

~770,000 tonnes CO_2-e

Average estimated annual abatement, or almost 23 million tonnes CO_2-e over the project's 30-year lifetime

1. https://treasury.gov.au/consultation/c2023-402245.
2. https://carbonaccountingfinancials.com/en/.

Portfolio emissions

Decarbonisation benefits are integrated in our investment analysis, approval processes and considered through the ongoing management of our portfolio. New investment commitments in 2022–23 are forecast to avoid emissions of some 1.5 Mt CO_2-e annually. Lifetime emissions abatement from all CEFC investments since we began investing in 2012 are expected to exceed 240 Mt CO_2-e. Both estimates are based on the forecast emissions intensity factors used for 2022–23 reporting. As in previous years, the CEFC is careful not to claim that this abatement occurs independently of other policy measures, such as government grants or procurement settings, or regulatory settings such as the Renewable Energy Target.

Organisational emissions

From an organisational perspective, the CEFC has committed to achieving net zero Scope 1 and 2 emissions by 2030, consistent with the Australian Public Service Net Zero 2030 policy.[3] This includes limiting CEFC actual Scope 1 and 2 emissions to less than 10 per cent of our reference year, and working across our value chain to identify opportunities to reduce our Scope 3 emissions. Reflecting this commitment, the CEFC has achieved carbon neutral certification under the Climate Active program for six consecutive years. Refer Appendix C.

~240 Mt CO_2-e

Lifetime abatement

6 successive years

Climate Active Carbon Neutral

3. https://www.finance.gov.au/government/aps-net-zero-emissions-2030.

New transaction commitments: 2022–23

The CEFC completed 30 new and 20 follow-on transactions in the 12 months to 30 June 2023, committing an additional $1.9 billion to transactions with a total value of $11.7 billion. Each $1 of CEFC capital attracted an additional $5.02 in private sector capital.

	New commitments	Purpose	CEFC $m
1.	TagEnergy	Victoria's 756.4 MW Golden Plains Wind Farm	175.0m
2.	Commonwealth Bank	Green Home Offer for home builders and renovators	125.0m
3.	BlackRock Private Markets	NSW 850 MW/1680 MWh Waratah Super Battery	100.0m
4.	FRV Australia	NSW 300 MW Walla Walla Solar Farm	100.0m
5.	Mulpha Australia	NSW Norwest Quarter sustainable urban precinct	80.0m
6.	Crescent Capital Partners	New private equity fund to decarbonise mid-market companies	80.0m
7.	Pacific Equity Partners	New private equity fund to decarbonise mid-market infrastructure assets	80.0m
8.	Mirvac	Cornerstone investment in new $1.8 billion build-to-rent sustainable housing venture	75.0m
9.	Paraway Pastoral Company	Natural capital investment to cut on-farm methane emissions by at least 30 per cent	75.0m
10.	Rino Recycling	Large-scale recycling facility in Brisbane for construction and demolition waste	75.0m
11.	ACEN Australia	8 GW portfolio of solar, wind, battery and pumped hydro assets	75.0m
12.	Octopus Investments	Cornerstone investment in OASIS renewable energy fund	75.0m
13.	Madigan Active Debt Fund	T3 Collingwood, one of Melbourne's tallest hybrid mass timber buildings	69.3m
14.	RATCH-Australia	Participation in landmark $495 million refinancing syndicate across renewable energy assets	48.3m
15.	Firstmac	Discounted finance for electric vehicles via Clean Green Cars program	40.0m

>300
Large-scale transactions

>53,000
Smaller-scale transactions financed

Lifetime to 30 June 2023

New commitments	Purpose	CEFC $m
16. **Plenti**	Green bond backing discounted consumer finance for renewables and electric vehicles	38.2m
17. **Neoen Australia**	100 MW Capital Battery, ACT	35.5m
18. **Adamantem Capital**	Cornerstone investment in new Environmental Opportunities Fund	35.0m
19. **MaxCap Group**	Refurbishment and redevelopment of Adelaide office building by Quintessential Equity	34.5m
20. **Palisade Investment Partners**	Cornerstone investment in new Intera Renewables renewable energy platform	22.7m
21. **Taurus**	Discounted finance for green car loans program	20.5m
22. **RCF Jolimont**	New private equity fund to lower emissions in private mining equipment, technology and services	20.2m
23. **University of Melbourne**	Green bond backing the construction of six energy efficient buildings	20.0m
24. **Splend**	Discounted finance for electric vehicles in the rideshare sector	20.0m
25. **Plenti**	Green bond backing discounted consumer finance for electric vehicles	7.6m
26. **SunDrive**	Backing for Australian startup commercialising copper-based solar cell technology	7.0m
27. **Gunn Agri Partners***	Cornerstone investment in sustainable agriculture platform, with CDPQ	3.4m
28. **Hydrogen Park Murray Valley**	10 MW green hydrogen production facility, in NSW	3.2m
29. **HydGene Renewables**	Backing for Australian startup converting biomass to green hydrogen	2.0m
30. **Wilga Farming***	Equity investment into a sustainable agricultural fund	0.4m

List excludes increases, refinancing and replacement of existing commitments and follow-on equity commitments.
* Represents drawn down portion only of total CEFC commitment.

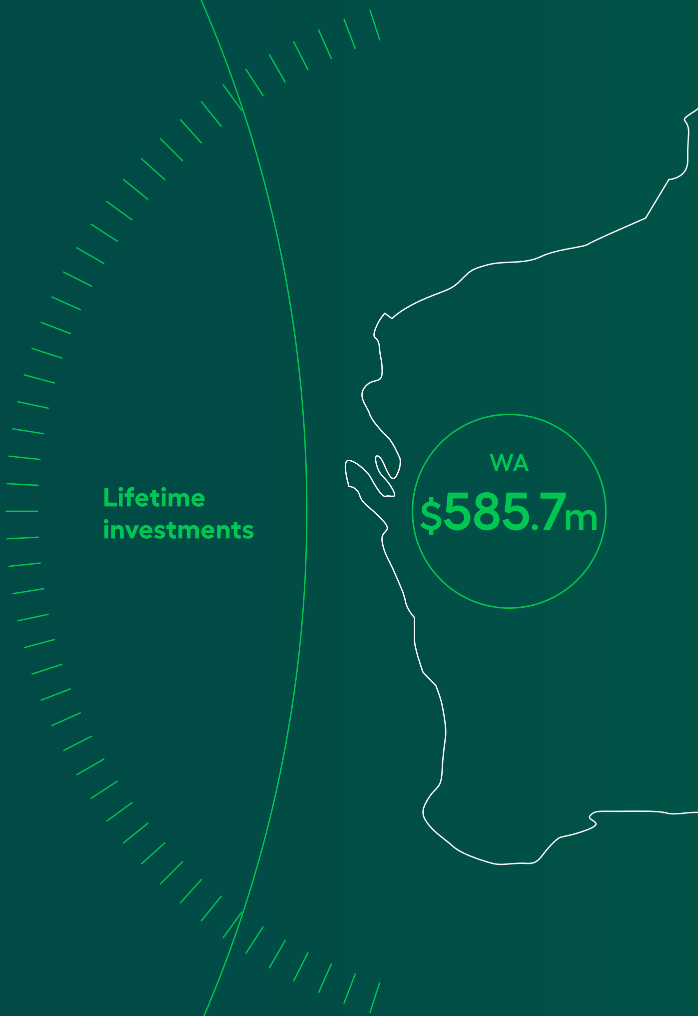
National focus and reach

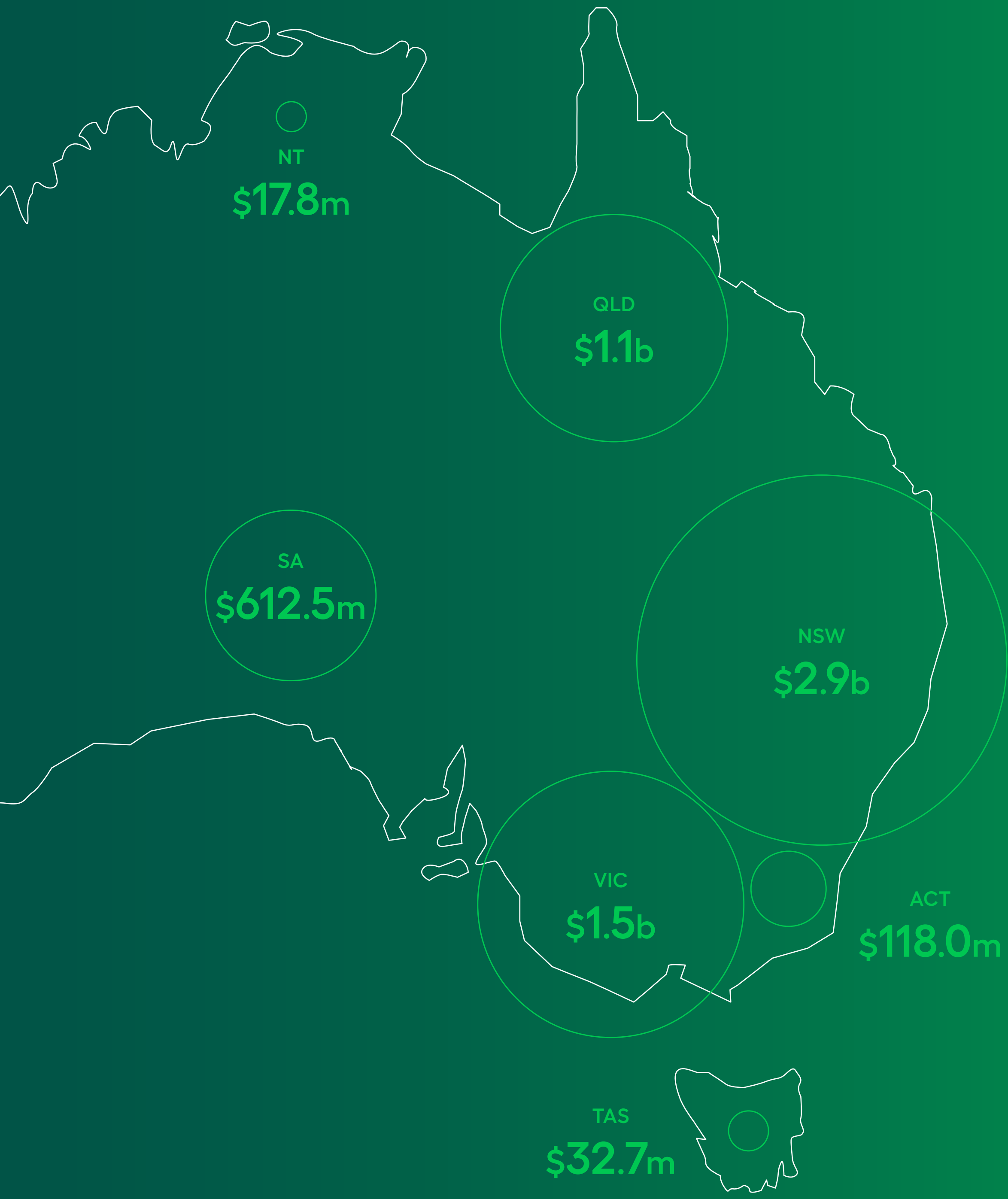
The CEFC operates with a national focus, with our investment portfolio stretching across Australia, including national and state-based investments, projects and programs.

Investment commitments with a state-based focus include projects and businesses with a specific geographic identity, and may occur across one or more geographic area. State-based commitments in the year to 30 June 2023 were $1.0 billion, taking lifetime state-based commitments to $6.9 billion.

Investment commitments with a national focus include those in managed equity funds, sustainably-themed green bonds and asset co-finance programs. National commitments in the year to 30 June 2023 were $900.1 million, taking lifetime national commitments to $5.8 billion.

CEFC lifetime investment commitments across national and state-based investments to 30 June 2023 were $12.7 billion.




NT
$17.8m
QLD
$1.1b
SA
$612.5m
NSW
$2.9b
VIC
$1.5b
ACT
$118.0m
TAS
$32.7m

Maximising our impact

The CEFC invests alongside private investors, innovators and industry leaders to help achieve our national goal of net zero emissions by 2050.

With a strong investment track record, we draw on our deep sector experience, investment expertise and portfolio strength to fill market gaps and maximise our impact.

Investment priorities

As a specialist investor with a focus on emissions, we invest in clean energy technologies and financial products and structures that work to support Australia's greenhouse gas emissions reduction targets.

Eligible technologies

Through the CEFC Act our eligible technologies are renewable energy, energy efficiency and low emissions. Through the Investment Mandate, the Australian Government provides the CEFC Board with additional direction on investment priorities.

Investment Mandate priorities

Unlock greater penetration of renewable energy and accelerate decarbonisation of Australia's electricity grid, while considering the potential impacts on reliability and security of electricity supply

Support the deployment of clean energy technologies in Australian industry

Support the **development of clean energy manufacturing and processing capabilities** in Australia

Support technologies and projects to assist Safeguard Mechanism facilities to reduce their emissions, consistent with Australia's national trajectory to net zero and while supporting their international competitiveness

Support greater uptake of **clean energy technology measures in residential dwellings**

How we invest

Our investments are delivered via the CEFC General Portfolio and five investment funds: Rewiring the Nation Fund; Household Energy Upgrades Fund; Powering Australia Technology Fund; Clean Energy Innovation Fund and Advancing Hydrogen Fund. Our tailored investment solutions may be in the form of direct debt or equity; listed and unlisted funds; sustainability-themed bonds and small-scale asset finance delivered via our co-financiers.

Flexible investment approach

The complexity and scale of the decarbonisation challenge requires a flexible investment approach. We work alongside investors, developers, governments and regulators to accelerate the transformation of our energy grid; deliver clean energy solutions to lift economic productivity; and create opportunities for businesses to tap into the growing investor preference for sustainable assets. We also bring our investment and market expertise to support the deployment of emerging climate tech solutions and the growth of innovative climate tech companies from startup to commercialisation.

Where we invest

Our strategic investment priorities, developed with the support of the Board, identify those areas where we can make the biggest impact, drawing on our investment and clean energy expertise and networks to accelerate decarbonisation efforts.

Market observations and trends

CEFC investment activities occur within a complex and rapidly changing environment. Government, investor and consumer sentiment is escalating decarbonisation commitments, aided by emerging technologies. At the same time, economic headwinds, high interest rates and supply chain constraints are having a dampening effect on investor activity and project delivery.

During the 2022–23 year, the effects of climate change were further highlighted by the Intergovernmental Panel on Climate Change, and rising temperatures, with July 2023 being the hottest month ever recorded.

Climate trends

Global temperatures are likely to surge to record levels in the next five years, fuelled by heat-trapping greenhouse gases and a naturally occurring El Niño event. Forecasts include:

- 66 per cent likelihood that the annual average near-surface global temperature between 2023 and 2027 will be more than 1.5°C above pre-industrial levels for at least one year
- Australia's climate has warmed by 1.47°C ± 0.24°C since 1910, with the eight years from 2013 to 2020 all ranking among the 10 warmest years on record.

WMO, May 2023 Update; CSIRO, BOM State of the Climate report, November 2022.

Emissions trends

Action across multiple national and international agencies is driving enhanced transparency and climate disclosure, while addressing greenwashing, including:

- National emissions declined from 621 million tCO_2-e in 2005 to 466 million tonnes in the year to March 2023, largely driven by emissions reduction in the electricity and land sectors
- Electricity generation is the largest source of emissions, at 32.8 per cent, ahead of stationary energy, excluding electricity (22.2 per cent), transport (20.9 per cent) and agriculture (17.5 per cent).

National Greenhouse Gas Inventory: March 2023.

Transformation tasks

The CEFC estimates that more than $120 billion of capital expenditure is needed to finance new solar, wind, hydro, transmission and storage to 2030–31 in the National Electricity Market alone:

- Industry modelling shows that combined investment in energy supply and abatement technologies in key industries, including in steel, chemicals and critical minerals, could be as high as $625 billion by 2050, or more than $20.8 billion annually
- While this represents a substantial commitment, it is less than 10 per cent of the total export value of the respective sectors and is comparable to investments made through other nation-building projects, including LNG ($305 billion) and the response to COVID-19 ($291 billion).

CEFC analysis; Australian Industry Energy Transitions Initiative.

Investor sentiment

ESG factors are increasingly influencing institutional investment preferences, driven by shareholder prioritisation of net zero goals:

- Institutional investors, including superannuation funds, sovereign wealth funds and asset managers report that climate change is increasingly defining portfolio construction, with high priority given to stewardship of investee companies, social considerations such as a just transition and setting climate targets
- The Australian Government is set to introduce a Sovereign Green Bonds program, enabling investors to back public projects that drive Australia's net zero transformation and boost the scale and credibility of Australia's green finance market.

IGCC 'State of Net Zero Investment in Australia', March 2023; Australian Office of Financial Management, June 2023.

Regulatory environment

Climate disclosure has moved front and centre in the 2022–23 year, with action across multiple national and international agencies to drive enhanced transparency and address greenwashing with respect to ESG-related matters. Key developments in Australia include:

- The Australian Government is moving to introduce standardised, internationally-aligned reporting requirements for businesses to make climate-related financial disclosures regarding governance, strategy, risk management, targets, metrics and emissions
- The Australian Securities and Investment Commission issued 23 corrective disclosures and 11 infringement notices, and commenced one civil penalty action, following greenwashing surveillance across the nine months to 31 March 2023.

Australian Treasury 'Climate-related financial disclosure: consultation paper', December 2022; 'ASIC's recent greenwashing interventions: Report 763', May 2023.

Building market capacity

Industry research

As a specialist investor, we're committed to sharing information about our investment experience and our rapidly changing market environment. This includes working with external analysts, industry groups and government agencies in developing research materials to increase understanding about technology and investment approaches to accelerate decarbonisation.

Buildings

A practical guide to electrification – For existing buildings: Developed by the Green Building Council of Australia and Cundall, together with the support of the NSW Government and the CEFC. Includes guidance on all-electric new and updated buildings.

Climate tech

Australian Climate Tech Industry Report 2023: Developed by the Climate Salad climate tech network, with industry and CEFC support. Extensive analysis of market trends, drawing on insights from 228 climate tech companies representing $4.12 billion in company valuation.

Manufacturing

Pathways to industrial decarbonisation – Positioning Australian industry to prosper in a net zero economy: Developed by the Australian Industry Energy Transition Initiative and backed by 18 of Australia's largest companies, including input from the CEFC. With strong ambition, coordinated action and government support, industry emissions could be reduced by up to 92 per cent by 2050, based on 2020 levels.

Mining and resources

The compelling case for decarbonisation – Mining in a low-emissions economy: Developed by the CEFC and the Minerals Research Institute of Western Australia. Practical information for mining executives, operational leads and sustainability teams.

Renewables

Generator Operations Series – Unlocking curtailed solar energy on the NEM through storage: Developed by ARENA with input from the CEFC. Estimates the potential generation, associated revenue and emissions reduction benefits of co-locating large-scale battery storage at 44 NEM-connected solar farms.

Investment insights

Large-scale solar and the race to net zero emissions

CEFC commitment

Highlighting market developments experienced in our first decade as a large-scale solar investor, including construction and connection issues arising from the unique characteristics of the Australian grid.

$1.9b

Private equity and the race to net zero emissions

Highlighting our work with Adamantem Capital in its 'cradle to grave' approach to decarbonisation in mid-market companies, such as consumer staples and healthcare.

$80m

Organic waste and the path to net zero emissions

Examining the progress of the South Eastern Organics Processing Facility in Melbourne, which uses a scalable, tailor-made solution to treat household organic waste.

$38m

Landmark buildings and greener industrial precincts

Exploring how developer and manager Hesperia used low carbon concrete to deliver a carbon neutral construction program at the Roe Highway Logistics Park in Perth.

$95m

Landmark buildings and the path to net zero emissions

Canvassing our work with the sustainability-focused Mirvac Wholesale Office Fund (previously AMP Capital Wholesale Office Fund) that provides investors with exposure to 11 premium and A-Grade office assets.

$100m

Investment priorities

Decarbonise energy

Drive cleaner, greener energy to underpin the net zero economy

CEFC investment activities span the energy sector, from new solar and wind generation to the installation of large-scale energy storage and the development of a transmission and energy grid better suited to renewable energy generation.

These energy-specific investments are essential to supporting the economy-wide transition from fossil fuels to renewable energy, for use by industry and households in heating, cooling, manufacturing, transportation and more. Similarly, we recognise the critical role of our minerals sector in the clean energy transition, with much of our low emissions economy of the future relying on what our mining sector produces – not least because of Australia's abundance of critical minerals.

CEFC commitments 2022–23

Backing large-scale renewables

14
Large-scale transactions

$933m
CEFC commitment

$5.7b
Total transaction value

Investment overview: 2022–23

For the CEFC, the 2022–23 year was characterised by supply chain shortages and grid constraints for the renewables sector, with our organisation working closely with investors and project proponents to deliver a continued flow of capital to eligible projects. This included responding to market headwinds in capex, interest rates and foreign exchange, with CEFC capital accelerating project delivery and underpinning offtake agreements to aid proponents in navigating challenging market conditions.

In this context, CEFC renewable energy investment commitments in the 2022–23 year focused on accelerating project delivery. We invested $933.4 million across 14 large-scale solar, wind and storage transactions in the year, including $300 million in six follow on commitments in large-scale renewable energy opportunities. We also made $230 million in renewable energy-related commitments in the infrastructure and property sectors, and in hydrogen and other innovative renewable energy technologies.

We observed an increase in the size of individual renewable energy projects, with CEFC finance increasingly backing larger renewable energy projects, in terms of capital and generation capacity, a positive signal of investor and developer appetite in the required large-scale investments. This contributed to the lifetime value of CEFC investments in large-scale renewables and transmission-related projects reaching $18.8 billion at 30 June 2023.

Case study

Biggest emissions abatement

The CEFC committed $222.5 million across two transactions in 2022–23 to develop Stage 1 of Victoria's 756 MW Golden Plains Wind Farm – our single largest commitment to a wind farm and our single largest emissions abatement project. TagEnergy estimates the project will generate enough clean energy to power more than 750,000 homes, the equivalent of every home in regional Victoria.

The Golden Plains Wind Farm is the first fully merchant wind farm in Australia to be financed by a consortium of commercial lenders, with the CEFC commercial debt package crowding in an additional $1.8 billion of private sector capital. This included 100 per cent of the initial equity from clean energy investor TagEnergy, in its first Australian investment. Debt financiers included Westpac, Bank of China, Mizuho, KfW, Commonwealth Bank and Danish Credit Export Agency EKF. By offering a pre-offtake contracting funding solution, our finance helped fast-track construction.

Read more online

Case study

Largest solar investment

In our largest single solar farm financing since we began investing, we committed $100 million to the 300 MW Walla Walla Solar Farm near Albury in NSW in the 2022–23 year. The project, being constructed by specialist renewables investor FRV Australia, has signed a 15-year power purchase agreement with Microsoft to provide renewable energy from the Walla Walla Solar Farm to its data centres in Australia, supporting the Microsoft goal of achieving 100 per cent renewable energy by 2025.

When complete, approximately 700,000 solar panels using single axis tracking technology are expected to produce the equivalent power requirements of some 90,000 NSW homes. The solar farm, which will connect to a strategic part of the NSW grid through existing transmission infrastructure, will co-exist with sheep grazing activities. FRV Australia noted that the CEFC debt facility was key to the company delivering its largest Australian solar farm despite the procurement challenges of the year. ING and Export Development Canada are co-financiers.

Read more online

Efficient use of energy and materials

Transform energy and resource use to lower emissions

Economy-wide benefits and opportunities

Energy efficiency and smart energy performance are key elements to the achievement of Australia's abatement ambitions. CEFC investment commitments are helping Australian homes and businesses electrify, as well as reduce their energy demand for both electricity and fossil fuels.

More broadly, we are backing the uptake and integration of electric vehicles, along with accessible recharging. We are also working to reduce demand for emissions-intensive products and facilitate recycling and the circular economy.

Materials use is also critical, with CEFC capital promoting the use of the lowest emissions materials feasible, and reducing the amount of materials that are used in buildings across residential, commercial and industrial Australia. To 30 June 2023, the CEFC had helped finance more than 3,900 EVs since we began investing, including via our co-finance programs, with a total transaction value exceeding $300 million. We had also made lifetime commitments of more than $62 million in direct finance to other EV-related projects.

Investment overview: 2022–23

One of the defining features of the net zero transition is the flow-on economic benefits. New investment in infrastructure, property and natural capital alongside the development of new energy sources, such as hydrogen and alternative fuels can contribute significantly to Australia's economy.

These trends are in evidence across CEFC transactions in 2022–23, with CEFC finance driving greater ambition at the asset owner level across multiple sectors. These critical sectors underpin our economy. Equally, they generate a substantial share of Australia's emissions. Investment in decarbonisation has the dual benefit of cutting emissions while enabling these businesses to compete in the low emissions economy of the future.

CEFC commitments 2022–23

22
Transactions

$832.7m
CEFC commitment

$5.5b
Total transaction value

Case study

Fast-tracking electric vehicles

Transport is on track to be Australia's largest emitting sector by 2030, highlighting the critical importance of improvements to the affordability of electric vehicles (EVs) as part of the decarbonisation agenda.

CEFC EV investment commitments: 2022–23

- $40 million to provide discounted finance for the retail Green Car Loan offered by Australian non-bank lender, Firstmac. It is expected to finance at least a further 900 EVs.

  Read more online

- $20.5 million to make green car loans cheaper through Taurus Motor Finance, to support an estimated $100 million of green finance for Australian consumers to purchase EVs.

  Read more online

- $20 million to Splend, an innovative car leasing company for rideshare drivers, to accelerate the transition of the national vehicle fleet and rideshare market to electric and low emissions hybrid vehicles. The CEFC investment is expected to enable Splend to double its EV and hybrid fleet to some 1,000 vehicles.

  Read more online

Case study

Investing in mining climate tech

The CEFC has committed up to $21 million to unlock and commercialise innovative technology solutions that will help mining operations decarbonise and reposition the sector to capture the benefits of the future low emissions economy.

The CEFC investment into the private equity fund RCF Jolimont Mining Innovation Fund II will back Australian companies working to develop the innovative solutions needed to reduce emissions in the hard-to-abate mining sector.

The Fund targets early- to late-stage private mining equipment, technology and services (METS) companies in Australia and internationally with strong growth potential. This includes clean energy businesses developing industry specific software and technology developments to improve energy efficiency, develop mine-specific renewable energy storage solutions and increase electrification of mine site vehicles.

Read more online

Investment priorities

Natural capital, carbon sequestration

Make better use of our land to close the emissions gap

Some 55 per cent of Australia's land mass is agricultural land, facing the twin challenges of declining arability per capita and increasing demand for food via population growth and changing consumption habits. Within the broader natural capital asset class, agriculture continues to be crucial to the Australian economy, with ABARES forecasting the value of production to reach ~$80 billion in 2023–24.

In this context, the CEFC invests alongside landowners to maximise the productive, sustainable use of natural capital assets, while also bringing in new sources of capital across diverse agricultural and land use activities.

Land use is responsible for a significant portion of Australia's greenhouse emissions, predominantly from agriculture and changes to land use and operations. Unlike other sectors, agriculture cannot be easily 'greened' as our electricity grid decarbonises. However, it has the potential to be our most effective carbon sink, with enormous sequestration potential to create negative emissions and help Australia achieve its net carbon abatement ambitions. The marine environment, while a longer dated opportunity, has similar potential.

Credible offsets

As Australian corporates pursue their abatement targets, credible offsets from eligible land use activities will be required to address unavoidable emissions, providing important new opportunities for sustainably-focused agricultural activities.

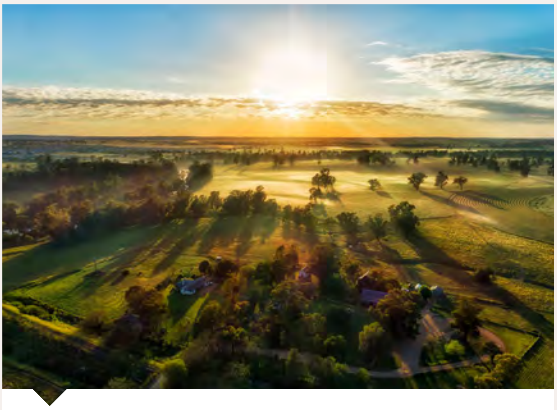
Offsets are expected to play a crucial role in closing the gap towards net zero emissions. Australian Government modelling suggests land sector sequestration could enable Australia to reduce net emissions by as much as 111 $MtCO_2$-e by 2050, 82 per cent below 2005 levels. The CEFC role in convening capital, and establishing and promoting best practice is critical to this highly fragmented sector.

CEFC commitments 2022–23

3
New transactions

4
Follow-on transactions

$226.6m
Total transaction value



Case study

Sustainable agriculture platform

The CEFC and global investment group CDPQ are creating a new sustainable agricultural platform to drive down emissions and improve sustainability across the sector. The $150 million CDPQ investment in Wilga Farming brings substantial new capital to spearhead the investment push needed to help Australian farming decarbonise while also boosting farm production.

With an additional $50 million investment commitment from the CEFC, the $200 million platform will be managed by Gunn Agri Partners, an established, mid-market sustainable agriculture manager with a strong commitment to improved sustainability across production systems and landscapes. Importantly, together, CDPQ and the CEFC have also acquired a minority stake in Gunn Agri Partners, to help shape future sustainable agriculture and natural capital strategies, catalysing the decarbonisation of Gunn Agri's extensive existing portfolio.

Read more online

Case study

Hybrid sustainable grazing model

The CEFC has committed up to $30 million to a hybrid sustainable grazing model, with the goal of delivering carbon credits alongside enhanced biodiversity protection and sustainable red meat production. The Wyuna Regenerative Agriculture Investment Fund also secured a $30 million commitment from global industrial property company Goodman Group, and $5 million from the Wyuna Founders.

Wyuna will seek to generate high-quality land-based Australian Carbon Credit Units (ACCUs), by changing, reducing or removing factors that suppress vegetation growth, including from land clearing and overgrazing. Co-locating sustainable livestock production with high integrity carbon projects creates operational and environmental synergies. The creation of an ACCU revenue stream can strengthen on-farm financial resilience while also delivering broader biodiversity and sustainability co-benefits for farming communities.

Read more online

Investment programs

Case study

Backing the technology for our 21st century grid

The CEFC is a key investor in the enabling technologies that will transform Australia's energy network, reflected in a $100 million investment commitment in the Waratah Super Battery (WSB) in 2022–23. The NSW battery, the largest standby network battery in the Southern Hemisphere and one of the largest in the world, is set to play a significant role in Australia's transition to net zero emissions.

The WSB, on the site of a decommissioned coal-fired power station on the state's Central Coast, means that since inception the CEFC has backed almost 2,400 MWh of large-scale battery storage capacity in three states and the ACT.

The WSB forms part of the Sydney Ring Project, identified as a priority project in the AEMO 2022 ISP. It will help support a secure and reliable energy supply for NSW energy consumers by contributing to a Systems Integrity Protection Scheme designed to act as a 'shock absorber' in the event of sudden power surges, including from bush fires or lightning strikes. BlackRock Private Markets raised more than $500 million from Australian and global institutional and sovereign co-investors, including NGS Super, to accelerate the development of the WSB.

Read more online

Investment programs

Rewiring the Nation Fund

The Australian Government has allocated an additional $19 billion to the CEFC to help deliver the Rewiring the Nation program, the centrepiece of the Powering Australia Plan.

CEFC RTN Fund objectives

- **Modernising Australia's electricity grid**, centred on implementing the Australian Energy Market Operator Integrated System Plan
- **Supporting the rollout of network infrastructure** in Western Australia and the Northern Territory
- **Enabling the energy transition**, including supporting Australia to achieve its net zero target.

Generational transformation

Through the CEFC RTN Fund, capital will help spearhead investment in a range of essential projects, including transmission, infrastructure, long-duration storage, electricity distribution network infrastructure and distributed energy resources. Other investments may range from electricity grid infrastructure to support hydrogen hubs and offshore electricity generation projects as well as demand management initiatives. These investments will build on previous CEFC investments in landmark grid, transmission and energy storage developments.

An RTN Investment Advisory Committee is providing additional oversight of the RTN program, bringing together the CEFC, the DCCEEW Rewiring the Nation Office (RTNO), AEMO and the Australian Energy Infrastructure Commissioner (AEIC).

This additional capital will enable the CEFC to make a significant contribution to the achievement of net zero emissions by 2050.

Capital intensive task

The RTN Fund is intended to reduce the funding costs of building the required grid electricity infrastructure needed to achieve Australia's energy transition. CEFC capital will be co-invested with private and public sector proponents. Concessional finance arrangements may be made on a case-by-case basis.

Subject to commercial considerations, the CEFC expects to make RTN-related investment decisions in the 2023–24 year. The timing of all CEFC investments is determined on a case-by-case basis. While RTN-related transactions are likely to be large and complex, it is important Australia moves swiftly to modernise the grid and related infrastructure in order to reach our renewable energy target of 82 per cent by 2030.

Rewiring the Nation Fund: overview

Consistent with the RTN policy objectives and the *CEFC Investment Mandate Direction 2023*, CEFC RTN-related investments may include proposals that support:

1

The development or achievement of an AEMO ISP project, or other electricity transmission project identified by the CEFC Board, that satisfies or otherwise aligns with RTN policy objectives

2

The development or achievement of a project required to enhance long duration grid storage, enhance electricity distribution network infrastructure (including distributed energy resources), or enhance electricity grid infrastructure to support a hydrogen hub or offshore electricity generation project

3

Reduction in greenhouse gas emissions, and/or support or strengthening of the security, reliability and affordability of Australia's electricity grids, including demand management projects

4

Opportunities to enhance benefits to electricity consumers, including additional renewable energy generation facilitated by RTN investments.

Case study

CEFC grid focus

The CEFC is already playing a key role in the transformation of Australia's energy infrastructure, an essential enabler of our transition to net zero emissions by 2050. RTN Fund investments will build on existing CEFC investments in landmark grid, transmission and energy storage developments, including:

- **EnergyConnect**, a vital piece of energy infrastructure spanning more than 900 kilometres, with CEFC capital of $295 million helping TransGrid build the NSW portion of the new 330 kV interconnector connecting the energy grids of NSW and SA, with an additional link to North West Victoria.

  Read more online

- **Southern Downs Renewable Energy Zone**, the first CEFC REZ investment, to connect multiple Queensland clean energy assets to the NEM with Powerlink. Our $160 million commitment will finance an additional 500 MW of new network hosting capacity, to unlock the MacIntyre Wind Farm which at 1000 MW will be one of the biggest in the country.

  Read more online

Household Energy Upgrades Fund

The new $1 billion Household Energy Upgrades Fund will provide discounted consumer finance to increase sustainability across the housing sector, including through investment in energy efficiency upgrades, high performing appliances and battery-ready solar PV for existing housing stock.

CEFC and household emissions

The CEFC has invested in a diverse range of cleaner, greener residential options. CEFC green home loan products, delivered through co-financiers, offer customers discounted finance for measures that will reduce their carbon footprint and lift the sustainability of their homes. We have also invested in community housing, build-to-rent and master-planned communities, seniors living and student accommodation. Best practice energy performance initiatives give property owners and managers the opportunity to unlock substantial energy savings, reduce emissions and potentially improve liveability for residents. We will outline the parameters of the Household Energy Upgrades Fund and how to put forward a proposal when these arrangements are in place. The CEFC expects to make commitments through the Household Energy Upgrades Fund in the 2023–24 reporting year.

Decarbonisation opportunity

Working with households to lower their carbon footprint is one important way we can cut national emissions:[1]

Australia's existing 11 million homes are responsible for more than 10 per cent of total emissions and more than 25 per cent of electricity consumption

An additional 5.5 million homes are expected to be built before 2050

Many Australian homes are inefficient in terms of energy consumption and thermal comfort, meaning that **a large number of householders live in energy poverty** and are vulnerable to extreme temperatures in their own homes.

1. https://www.climateworkscentre.org/project/renovation-pathways.

Household Energy Upgrades Fund: overview

Subject to industry consultation and program development, the CEFC expects the Household Energy Upgrades Fund will feature some or all of the following characteristics:

1. Diverse range of tailored green finance products suitable for residential buildings
2. Potential inclusion of green home loans, green personal loans, as well as other delivery options such as on-bill financing and loans targeted at strata residential building upgrades
3. Finance can be used for renovations, retrofits, knock-down rebuild properties and appliances. New construction will not be eligible
4. Finance to be delivered via CEFC co-financiers, which may include bank and non-bank lenders, similar to the well-established asset finance and green home loans programs
5. Potential to work with a cohort of niche lenders to provide finance to address specific consumer segments, such as low-income households, strata buildings, private rental stock, as well as diverse financial products to suit consumer preferences
6. As with the asset finance and green home loan programs, the Household Energy Upgrades Fund will be structured so that the benefits of the CEFC finance flow through to the household.

Case study

Built in sustainability

CEFC property-related investment commitments include 'demonstration' projects with the ability to deliver best-in-class performance around energy efficiency, along with the effective integration of renewable energy into new and existing buildings. New commitments in the 2022–23 year included:

- **$80 million green loan** to Mulpha Australia's Norwest Quarter, an ambitious new sustainable residential development in Sydney's Hills district, to help cut energy costs by as much as 50 per cent

  Read more online

- **$75 million cornerstone investment** in the new Mirvac Build to Rent Venture to lift the energy efficiency of Australian rental properties by building apartments in Sydney, Melbourne and Brisbane to be carbon neutral in operations.

  Read more online

These investment commitments drew on the CEFC General Portfolio and were made before the Household Energy Upgrades Fund was established.

Powering Australia Technology Fund

The new $500 million Powering Australia Technology Fund will invest in businesses and entities that are developing, commercialising and supporting the deployment of technologies with the potential to accelerate Australia's transition to net zero emissions by 2050.

Diverse potential

The Australian climate tech ecosystem is richly diversified across many technologies, industry sectors and stages of development. Reflecting this diversity, the Powering Australia Technology Fund will support the growth and expansion of projects and businesses driving the development, commercialisation and uptake of climate tech and other innovative solutions that facilitate the achievement of Australia's emissions reduction targets.

In developing investment strategies and criteria for the Powering Australia Technology Fund, the CEFC expects to consider a broad range of investment opportunities, ranging from seed- to late-stage venture capital, as well as development capital, growth equity and fund investments. We expect to make commitments through the Powering Australia Technology Fund in the 2023–24 reporting year. These commitments will complement our investments via the CEFC General Portfolio and the Clean Energy Innovation Fund.

Powering Australia Technology Fund: overview

We expect the Powering Australia Technology Fund will focus on some or all of:

1. Energy generation, distribution, storage and consumption, including solar, wind, battery storage, low- and no-carbon fuels
2. The built environment and circular economy, including energy efficient building materials, modular buildings and building management systems
3. Transport and mobility systems, including businesses and business models that accelerate the uptake of electric vehicles and other forms of low emissions mobility
4. Sustainable land use and land management technologies, methods and practices.

Case study

Unlocking climate tech

With no single solution to the complex challenge of economy-wide emissions reduction, industry analysis points to the diversity and scope of climate tech solutions, from directly reducing or removing emissions to improving natural capital and increasing climate adaptation and resilience. Positive investor sentiment about the potential for climate tech investments in the 2023 year, at 61 per cent of investors surveyed, is more than double that of the next most positive, being artificial intelligence and big data.[1]

CEFC investment commitments in the 2022–23 year demonstrate this sentiment among private equity funds focused on using climate tech solutions to deliver market-leading emissions reduction across a diverse range of investee companies.

Climate tech commitments: 2022–23

- $80 million into the $1.4 billion Pacific Equity Partners Secure Assets Fund II, to reduce emissions in value-add mid-market infrastructure and infrastructure-like businesses, while also transforming their scale and contractual position to secure underlying cash flows

  Read more online

- $80 million into a new $1 billion private equity fund managed by Crescent Capital Partners to drive ambitious emission reduction, via partner and controlling investments into middle market businesses

  Read more online

- $35 million cornerstone investment in the new Adamantem Capital Environmental Opportunities Fund, which made its first investment in PAC trading, an environmentally friendly food packaging business.

  Read more online

These investment commitments drew on the CEFC General portfolio and were made before the Powering Australia Technology Fund was established.

1. https://australianstartupfunding.com/; https://www.climatesalad.com/climate-tech-industry-report

Investment programs

Clean Energy Innovation Fund

The Clean Energy Innovation Fund invests in pre-seed to growth-stage technology companies focused on decarbonisation.

Clean Energy Innovation Fund

$211.6m
CEFC commitment

$1.1b
Total transaction value

Lifetime investment commitments to 30 June 2023.
Innovation Fund investments beyond the notional $200 million capital allocation are made via the Powering Australia Technology Fund.

Record year of investments

The CEFC invested a record $54.5 million in new and follow-on commitments via the Innovation Fund in 2022–23. Each $1 of Innovation Fund capital attracted an additional $6.47 in private sector capital in the reporting year, delivering a combined $407.3 million to emerging climate tech businesses.

CEFC lifetime commitments across 27 Innovation Fund portfolio companies, funds and incubators reached $211.6 million at 30 June 2023. While investment commitments via the Innovation Fund have exceeded the initial notional capital allocation to the Fund of $200 million, the CEFC continues to invest in innovative climate tech opportunities. Together with CEFC capital, Innovation Fund portfolio companies have benefited from $1.1 billion in new investment since we began investing.

Virescent Ventures

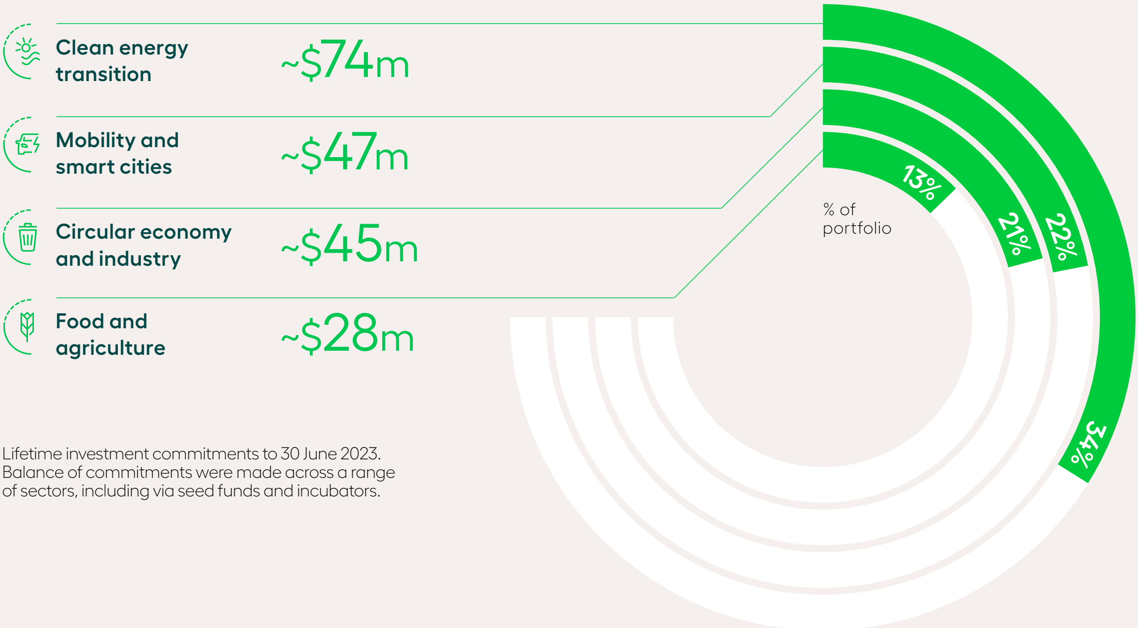
The Innovation Fund is managed by **Virescent Ventures**, a specialist climate tech fund manager in which the CEFC has a 30 per cent shareholding. The decision to establish Virescent Ventures as an independent investment management firm allows the CEFC to catalyse and attract significantly more private sector investors into Australian climate tech.

Despite challenging market conditions in early-stage investment funds in the reporting year, good progress was made on the launch of a new fund, with Virescent confident of achieving a capital raise in the 2023–24 year. Fund II is expected to be cornerstoned by the CEFC and continue a similar investment mandate to the Innovation Fund. Fund II will also target superannuation funds, institutional investors, large financial institutions and sophisticated wholesale investors. The goal of Fund II is to deploy a further $200 million or more into climate technologies over the next five years, complementing the focus of the Innovation Fund.

Virescent
Ventures

Innovation Fund decarbonisation priorities

The Innovation Fund investment strategy focuses on four key thematics aimed at addressing global climate transition and decarbonisation challenges. The sub sectors, technologies, and processes underpinning these four thematics span a broad spectrum of software and hardware, infrastructure, chemical-industrial processes, and biologicals.



Lifetime investment commitments to 30 June 2023. Balance of commitments were made across a range of sectors, including via seed funds and incubators.

Case study

Green hydrogen innovation

Australian company HydGene Renewables has developed an alternative green hydrogen solution to turn biomass into hydrogen in a process that is both renewable and carbon negative. HydGene uses novel biocatalysts to convert the sugars from organic and agricultural waste into valuable products like hydrogen. The HydGene-designed modular plants enable localised green hydrogen production in rural and remote areas, avoiding high transport costs. Backed by $2 million from the Innovation Fund, the $6 million HydGene seed raise also attracted $2.5 million from Agronomics, a specialist UK investor. HydGene will draw on the additional capital to establish a pilot plant, expand its team and conduct further research.

Read more online

Investment programs

Clean Energy Innovation Fund continued

Case study

SunDrive supercharges solar

A CEFC investment in Australian company SunDrive will help commercialise revolutionary solar technology that replaces silver with copper to improve solar panel efficiency and reduce costs. At nearly 100 times cheaper than silver and far more abundant, the switch to copper has the potential to improve solar panel uptake by driving down costs.

Leading the $21 million Series A round alongside Main Sequence Ventures, the $7 million CEFC commitment is made through the Innovation Fund, managed by Virescent Ventures. The raise has also attracted the support of private investors, including Blackbird Ventures and Grok Ventures.

SunDrive's patented technology uses copper as the conductive material to pull the electrical current from the cells, instead of the industry standard silver. The technology has set solar efficiency world records, further expanding its commercial potential.

Read more online

Backing portfolio growth

During the year the CEFC was pleased to support the continued growth of a number of Innovation Fund portfolio companies through follow-on investments, increasing their capacity to reach scale and capitalise on market opportunities.

Fund	Lifetime CEFC commitment
AgriWebb Improving the sustainability of grazing and livestock management	$6.0m
Hysata Advanced electrolyser technology for green hydrogen	$10.7m
Loam Bio Improving drought resilience in soil, removing atmospheric carbon	$15.1m
Morse Micro Improving long-range low-power wireless connectivity	$13.4m
Novalith Technologies Developing low carbon lithium extraction technology	$7.8m
Relectrify Delivering new and second-life battery solutions for homes, business and grid storage	$6.2m
Samsara Eco Australia's infinite plastic recycling company	$9.1m
Zoomo A world leader in light electric vehicles and after-market servicing for delivery riders	$21.7m

Advancing Hydrogen Fund

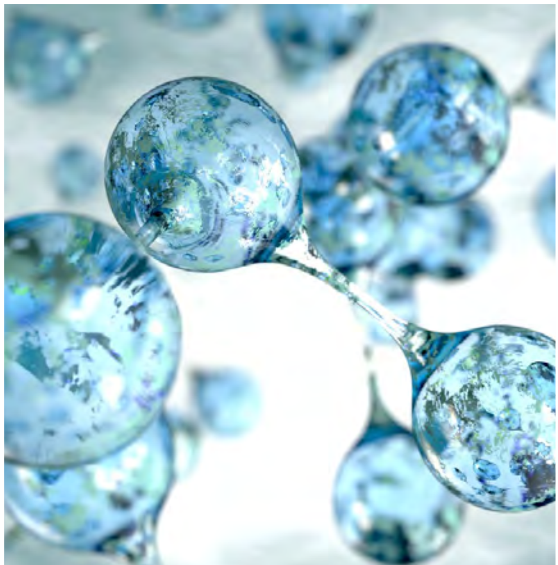
Through the $300 million Advancing Hydrogen Fund the CEFC is working to support the growth of a clean, innovative, safe and competitive Australian hydrogen industry.

Renewable hydrogen can enable the deep decarbonisation of difficult-to-abate sectors of our economy, particularly in transport and industry, while accelerating the contribution of renewable energy and contributing to energy efficiency. Market interest in the decarbonisation potential of hydrogen, particularly with respect to the industrial sector, heightened during the 2022–23 year. We have noted growing market awareness of the potential role of green hydrogen in the transition to net zero emissions due to its potential application across industry, climate tech, grid-firming, chemicals, steel and beyond.

The CEFC invests in hydrogen related opportunities via the Advancing Hydrogen Fund and the Clean Energy Innovation Fund. CEFC lifetime commitments via these two funds, across four hydrogen-related transactions, reached $28.5 million in the 2022–23 year, contributing to lifetime transaction value of $119.6 million.

Hydrogen Headstart

A key market development during the 2022–23 year included the announcement of the Australian Government $2 billion Hydrogen Headstart program, to be co-developed by ARENA. Hydrogen Headstart aims to deliver a step change in Australia's renewable hydrogen production by underwriting some of the largest electrolyser deployments in the world. The program is intended to bridge the commercial gap for early projects and put Australia on course for up to a gigawatt of electrolyser capacity by 2030. The CEFC worked closely with relevant agencies and ARENA on the development of the Headstart program, and will seek to provide complementary equity and debt financing for relevant projects.



Case study

Finance for hydrogen electrolyser

The Hydrogen Park Murray Valley electrolyser project in Victoria will be the equal largest renewable hydrogen production facility in Australia. CEFC finance will support the development of a 10 MW electrolyser and related infrastructure. Included in the ARENA Renewable Hydrogen Deployment Funding Round, the project is owned and operated by the Australian Gas Infrastructure Group. The project will deliver renewable hydrogen to start decarbonising the Albury-Wodonga gas network, which supplies energy to more than 40,000 residential, commercial and industrial customers. It is ideally located to supply renewable hydrogen to any future hydrogen refuelling stations along the Hume Highway and supports a potential pathway to the decarbonisation of gas across the Australian economy. The CEFC committed $3.2 million to the project via the Advancing Hydrogen Fund.

Read more online

Financial, portfolio outcomes

We are pleased to report repayments and capital returns have averaged close to $1 billion for each of the past four years, reflecting the strength of the CEFC model.

This demonstrates the crowding in of private sector banks and investors, allowing us to continue to reinvest capital from our original $10 billion allocation, alongside new commitments drawing on the additional $20.5 billion allocation announced in the reporting year.

Financial outcomes

The CEFC takes a commercially rigorous approach to our investment activities as well as the operation of our own business, guided by our investment policies and prudent risk management. This has been an enduring characteristic of the CEFC investment approach since we first began investing.

Capital deployment

$929m

Deployment

We deployed $929 million in capital during the 2022–23 year, taking lifetime deployment to $10.08 billion through 30 June 2023.

Repayments and returns of capital

$1.2b

Repayments and capital returns

Repayments and returns of capital through sale and maturity of investments in the 2022–23 year were $1.2 billion, with lifetime repayments and returns reaching $4.52 billion at 30 June 2023. This capital is available for reinvestment by the CEFC. This is the first year since we began investing that repayments and returns have exceeded deployments, pointing to the growing scale and maturity of our portfolio.

Clean energy technologies

53.7%

Investments in renewable energy technologies

The CEFC is required to ensure that, at any time on or after 1 July 2018, at least half of CEFC funds are invested in renewable energy technologies. At 30 June 2023, investments in renewable energy technologies represented 53.7 per cent of the CEFC on-risk portfolio.

On risk portfolio

$7.7b

On-risk portfolio

The on-risk portfolio was $7.7 billion at 30 June 2023 ($7.15 billion 2021–22), reflecting repayments and returns on lifetime investment commitments of $12.7 billion. To 30 June 2023, the CEFC had drawn a net $4.93 billion from the original $10 billion funding allocation, including $6.46 billion drawn from, and $1.53 billion returned to, the CEFC Special Account.

Capital leverage

$5.02:$1.00

Private sector leverage

Private sector leverage reached an all-time high in 2022–23, with each $1 of CEFC capital attracting an additional $5.02 in private sector capital, influenced by large-scale transformational investments. With lifetime leverage of $2.82: $1.00 on $12.7 billion in CEFC commitments, the total transaction value was $48.8 billion at 30 June 2023.

Operating performance

$174.9m

Operating surplus

We returned an operating surplus of $174.9 million (normalised $167.5 million) in 2022–23, down from the $189.5 million (normalised $261.7m) reported in 2021–22. Higher revenues in 2022–23 were offset by a reduction in the fair value gains from mark to market of equity investments, from $146.5 million in 2021–22 to $26.4 million in 2022–23, largely as a result of the increased interest rate environment.

Portfolio Benchmark Return

4.24%

Lifetime annualised PBR

The *Investment Mandate Direction 2023* set a targeted Portfolio Benchmark Return (PBR) for the General Portfolio as the weighted average five-year Australian Government bond rate plus two to three per cent. The annualised PBR target for the General Portfolio from inception to 30 June 2023 was 3.90–4.90 per cent, with an annualised cumulative return of 4.24 per cent. Notably, this is the first time the CEFC has achieved the target PBR.

Impairment provisions

As a specialist investor, the CEFC recognises the challenges faced by companies bringing new technologies and greenfield projects to market. CEFC impairment provisions were $135.7 million at 30 June 2023 ($165.8 million at 30 June 2022). This provision included $89.9 million (2022: $90.8 million) based on a statistical probability scenario analysis and specific provisions for certain loans where full recovery is less certain amounting to $45.8 million (2022: $75.1 million).

Note: All figures relate to CEFC commitments drawing on the original $10 billion capital allocation to the CEFC. The CEFC expects to make investment commitments which also draw on the additional $20.5 billion capital allocation from the 2023–24 year.

Portfolio outcomes

The CEFC has a substantial and diverse portfolio with $7.7 billion on-risk commitments at 30 June 2023. We actively manage our investments, consistent with our commitment to accelerating decarbonisation while investing to deliver a positive return across our portfolio.

Portfolio highlights

Interest rates

Generally, our borrowers are largely protected in a rising interest rate environment. We are predominantly a fixed rate lender and/or our major project exposures tend to be hedged.
A significant proportion of our investments are also able to pass on inflationary increases to mitigate adverse impacts on their cash flows.
Despite this, we remain vigilant in monitoring the implications for debt serviceability and project delivery.

Construction exposure

Approximately 20 per cent of the CEFC on-risk commitments had a direct material exposure to construction at 30 June 2023.
A number of projects are progressing well towards completion while more recent commitments are in the earlier stages.
Projects also benefit from counterparties with the capability and resources to address issues and appropriate protection mechanisms.

Market volatility

The CEFC has a prudent approach to transaction structuring, asset and risk management that has mitigated volatility (including on valuations). This is apparent in renewables where lower merchant pricing, economic and grid curtailment and connection have been challenging, as well as commercial property given the benefits of a diversified portfolio. The CEFC has worked constructively with stakeholders in response to project specific challenges.

Refinancing

Large-scale renewable projects are attracting new investors upon being de-risked on refinancing. Collector Wind Farm was refinanced by commercial lenders, having secured offtake contracts, including from Iberdrola and ALDI. The CEFC was the sole lender during project construction on a fully merchant basis, demonstrating the success of our 'bridge to contracting' strategy in accelerating project delivery.

Portfolio structure

As a specialist investor, our portfolio management approach covers asset, sector, financial, risk and ESG considerations, among others, across the investment life cycle. This approach has contributed to the CEFC securing more than $4.5 billion in repayments and returns to 30 June 2023, on lifetime commitments of $12.7 billion, with this capital available for reinvestment.

Portfolio composition

66% Debt

34% Equity

To 30 June 2023. Equity includes managed funds.

Capital returns

$4.5b
repayments and returns

To 30 June 2023.

Key themes

Market maturity in the renewables sector

Major sponsors are increasingly undertaking asset refinancings on a de-risked portfolio basis. This is well supported by lenders who are showing increasing appetite for green assets, strengthening confidence in investment models.

CEFC impact

Early repayments on wind farms post-construction in 2022–23 enables the CEFC to recycle our capital for reinvestment in new projects.

Risk of greenwashing

Heightened scrutiny by investors and regulators relating to ESG investment practices and climate risk disclosures.

CEFC impact

We are leveraging our position, and engaging with counterparties and market participants to foster the uptake of credible, recognised reporting standards and methodologies.

Greater focus on the value chain

The increasing prevalence of net zero targets and climate risk assessments/disclosures is influencing action by businesses, investors and governments. This includes driving decarbonisation behaviours and practices with suppliers and customers to deliver on their own commitments.

CEFC impact

Embodied carbon and the circular economy are becoming more prominent. The CEFC is encouraging this via our Timber Building Program and investment commitments in the property, infrastructure and waste sectors.

Social licence

Businesses, investors and governments are focused on the importance of engaging with key stakeholders as part of project and/or investment processes.

CEFC impact

This is most apparent in CEFC activities across the transmission, renewables and natural capital sectors.

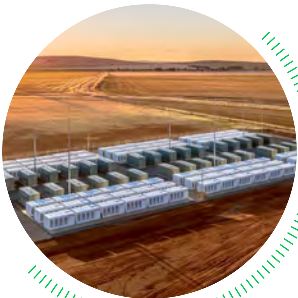
Portfolio awards

	CEFC commitment
Golden Plains Wind Farm Global Trade Review *Best Deals of the Year list*, recognising the complexity of the $1.8 billion financing arrangement.	$222.5m
Collins Arch Melbourne Global Council on Tall Buildings and Urban Habitat *Best Tall Mixed-Use Building.*	$100m
Quay Quarter Tower, Sydney *International High-Rise Award* for the world's most innovative building (part of the former AMP Capital Wholesale Office Fund).	$100m
Altius Asset Management KangaNews *Australian Sustainability Fund Manager of the Year* for the Australian Unity Green Bond Fund.	$70m
NBN Co KangaNews *Australian Sustainability Issuer of the Year* for Australian-first green bond.	$50m
RATCH-Australia IJ Global Asia-Pacific *Refinance Deal of the Year – Portfolio* for $495 million refinancing syndicate for large-scale renewables.	$50m
Samsara Eco InnovationAus *Australian Hero*, 2022 Awards for Excellence.	$9.1m

Portfolio outcomes

Portfolio milestones

	CEFC commitment
RATCH-Australia Opened the NSW Collector Wind Farm, with 54 turbines generating enough energy to save approximately 215,000 tonnes of CO_2-e emissions annually.	$175m

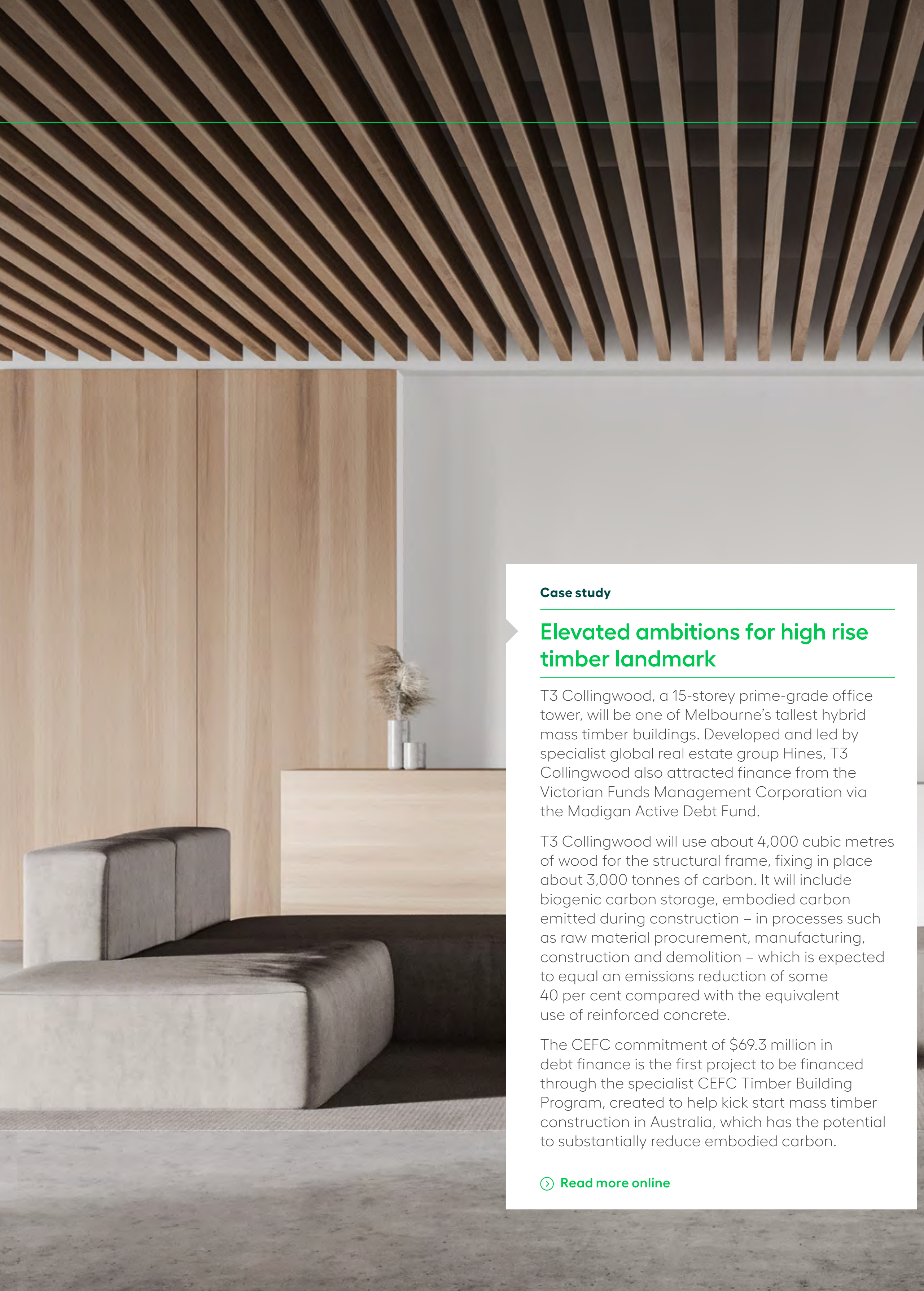


Hornsdale Power Reserve Secured AEMO approval to deliver inertia services to the NEM, becoming the first big battery in the world to deliver grid-scale inertia services, using the pioneering Tesla Virtual Machine Mode technology.	$50m

Orica Kooragang Island Decarbonisation Project became fully operational, with the Australian-first tertiary abatement technology reducing emissions at three nitric acid plants by at least 98 per cent.	$25m

Loam Bio Launched two projects into the Australian market, CarbonBuilder and SecondCrop, to help farmers capture carbon and increase the productivity of their land.	$15m

Performance statement



Case study

Elevated ambitions for high rise timber landmark

T3 Collingwood, a 15-storey prime-grade office tower, will be one of Melbourne's tallest hybrid mass timber buildings. Developed and led by specialist global real estate group Hines, T3 Collingwood also attracted finance from the Victorian Funds Management Corporation via the Madigan Active Debt Fund.

T3 Collingwood will use about 4,000 cubic metres of wood for the structural frame, fixing in place about 3,000 tonnes of carbon. It will include biogenic carbon storage, embodied carbon emitted during construction – in processes such as raw material procurement, manufacturing, construction and demolition – which is expected to equal an emissions reduction of some 40 per cent compared with the equivalent use of reinforced concrete.

The CEFC commitment of $69.3 million in debt finance is the first project to be financed through the specialist CEFC Timber Building Program, created to help kick start mass timber construction in Australia, which has the potential to substantially reduce embodied carbon.

Read more online

Performance statement and analysis

The CEFC Board, as the accountable authority of the CEFC, presents the 2022–23 Annual Performance Statements, as required under section 39(1)(a) of the PGPA Act. The Annual Performance Statements are based on properly maintained records, accurately reflect the performance of the CEFC and comply with section 39(2) of the PGPA Act.

Our Purpose

The purpose of the CEFC is reflected in the object of the CEFC Act:

To facilitate increased flows of finance into the clean energy sector and to facilitate the achievement of Australia's greenhouse gas emissions reduction targets.

Role of the CEFC

The CEFC delivers on our purpose across the breadth of our activities. This includes our investment commitments, drawing in capital from other investors, consistent with the CEFC Act, Investment Mandate and Investment Policies. Our work with industry, stakeholders and government further supports national decarbonisation objectives, including building market awareness about decarbonisation opportunities and contributing to the development and use of relevant standards and transparency.

As discussed in Section 2, the CEFC Act was amended in the reporting year, with the inclusion of the explicit reference to emissions reduction in our object as part of the Climate Change (Consequential Amendments) Bill 2022.

Figure 1: Performance outcome summary

Quantitative performance measures

Objective 1: Invest in clean energy technologies and enablers	Objective 2: Catalyse and leverage private sector capital	
1.1 Total capital committed to clean energy technologies	2.1 Financial leverage – ratio of private sector capital to CEFC capital	2.2 Estimated emissions reduction per annum from new capital commitments
Exceeded	Exceeded	Exceeded

Performance measures

The 2022–23 performance was measured against the performance targets established in the 2022–23 Corporate Plan. These targets were also included in the 2022–23 Portfolio Budget Statements, except for the qualitative performance measure which only appears in the Corporate Plan.

The 2022–23 Corporate Plan consolidates a number of performance measures, from nine in 2021–22 to five in 2022–23. This was done to increase alignment across the organisation in pursuing the most important outcomes. The Board approved four quantitative performance measures and one qualitative performance measure for 2022–23, against which CEFC performance was evaluated.

Evaluation process, approach

The CEFC Board and its non-executive sub-committees monitor the performance of the CEFC throughout the year, in addition to conducting a full-year performance evaluation. The Board approved the Corporate Plan 2022–23, outlining three specific strategic objectives for the CEFC:

1. Invest in clean energy technologies and enablers
2. Catalyse and leverage private sector capital
3. Continue to be financially sustainable over the long term.

Objective 3: Continue to be financially sustainable over the long term

3.1 Total operating result normalised energy technologies

Exceeded

Qualitative performance measures

Objective 4: Qualitative performance factor

Demonstrate leadership in accelerating the energy transition with a strong focus on Australian Government climate and energy policy priorities

Exceeded

Progress on network and storage investments that contribute to delivery of the AEMO 2030 ISP Step Change scenario

Exceeded

Performance statement and analysis

Quantitative performance indicators

Objective 1: Invest in clean energy technologies and enablers

Performance measure 1.1

Total capital committed to clean energy technologies

Exceeded

Performance targets and results

Target	$1.2b–$1.5b
2022–23	**$1.9b**
2021–22	$1.45b
2020–21	$1.37b[1]

Performance analysis

New investment commitments of $1.9 billion were made in the 2022–23 year. This exceeded the performance target range by 26.7 per cent and compares favourably with the $1.45 billion and $1.37 billion of new investment commitments in the previous financial years.

These new commitments included $1.2 billion in commitments to renewable energy technologies that are critically important for Australia's energy transition. There was $125 million of discounted finance for households to invest in a range of emission reduction initiatives along with $262 million committed to clean energy initiatives in the property sector.

A record $54.5 million in new and follow-on investments through the Innovation Fund, including further backing for Hysata, an advanced electrolyser technology company with world-leading hydrogen electrolyser technology, and a new investment in Australian company SunDrive that will help commercialise revolutionary solar technology, which replaces silver with copper, to improve solar panel efficiency and cost reduction.

1. $1.37b is the comparable figure for the 2020–21 year. $1.78b of capital commitments was reported in the 2020–21 Performance Statement. The $1.78b included $410m of refinancing activity that occurred during COVID-19, however refinancing commitments were excluded from the performance measure in 2021–22 and 2022–23.

Objective 2: Catalyse and leverage private sector capital

Performance measure 2.1

Financial leverage – ratio of private sector capital to CEFC capital

Exceeded

Performance targets and results

Target	$2.50–$3.00
2022–23	**$5.46[2]**
2021–22	$2.30
2020–21	$2.68

Performance analysis

Financial leverage measures the ratio of private sector capital to CEFC capital across each new investment commitment[3]. The 2022–23 result, of $5.46: $1, significantly exceeded the top end of the target range of $3: $1.

The strong result was driven by commitments across multiple sectors, including $195 million to managed equity funds that was matched by $2.4 billion of private sector capital. In addition, when compared with previous years, the proportional amount of capital committed to large-scale renewable energy and storage projects (around 48 per cent of commitments in 2022–23) increased and those projects collectively generated financial leverage of $5.29:$1.

While the CEFC reports leverage at the primary point of investment, it should be noted that secondary leverage also occurs as additional investors replace CEFC capital as our financing or investments mature.

2. Bank aggregation programs were excluded from this metric in 2022–23. If these are included, as was the case in the previous financial years, the 2022–23 result would have been $5.10, still well above the top end of the target range.
3. New investment commitment for performance metric purposes excludes commitments as a result of refinancings or restructurings.

Performance measure 2.2

Estimated emissions reduction (CO_2-e) per annum for new investment commitments

Exceeded

Performance targets and results

Target	0.6Mt–1.0Mt
2022–23	1.5Mt
2021–22	1.4Mt
2020–21	0.8Mt

Performance analysis

New investment commitments in 2022–23 were estimated to achieve emission reduction of 1.5 Mt CO_2-e per annum, being 50 per cent higher than the top end of the target range.

Emissions abatement achieved through direct CEFC investment commitments to renewable energy projects, account for 1.3 Mt or 88 per cent of total estimated emission reductions. This strong result was driven by increased investment in renewable energy as compared with the previous year.

It should be noted that CEFC investment commitments in grid enhancements and energy storage are not included in the estimate of direct emissions reduction under this performance metric. However, these investments are critical in unlocking the additional investment in renewable energy required to create a low emissions electricity grid in the future.

Objective 3: Continue to be financially sustainable over the long term

Performance measure 3.1

Total operating result adjusted for concessionality, loan modification charges, loan and bond revaluations and Innovation Fund revaluations[4]

Exceeded

Performance targets and results

Target	$120m–$140m
2022–23	$166.0m
2021–22	$219.6m
2020–21	$178.8m

Performance analysis

Total adjusted operating result for the year was $159.5 million, nearly 14 per cent above the top end of the target range. The adjusted operating result included $240.4 million of revenue and gains on the sale of equity investments, reduced by negative net fair value adjustments on equity investments and derivatives of $20.9 million, and $60 million in operating expenses.

Revenues were higher than planned, largely attributable to higher interest and fee income as a result of higher market interest rates and fees associated with the higher than planned investment commitments. The higher interest and fee income was partially offset by higher negative fair value adjustments compared with planned performance.

4. Adjusted operating result is a self-defined corporate performance metric and is calculated as the statutory operating result, adjusted for (1) administrative funding received from Government (2) Clean Energy Innovation Fund gains and losses, (3) concessionality and loan modification charges and unwinds, and (4) loan and bond mark-to-market revaluations.

Performance statement and analysis

Qualitative performance indicators

4. Qualitative performance factor

Performance measure 4.1

Qualitative evaluation in addition to quantitative factors

Exceeded

Performance targets and results

The Board established the following qualitative performance factor for 2022–23:

1. The extent to which the organisation demonstrates leadership in accelerating the energy transition with a strong focus on delivering the government's climate and energy policy priorities.
2. Progress on network/storage investments that will contribute to delivering the ISP Step Change scenario (including storage projects and anticipated and actionable network investments).

Performance analysis

The CEFC non-executive Board and its sub-committees reviewed the performance of the CEFC and concluded that performance had exceeded expectations in leadership and the progress of grid infrastructure and storage investments. Key considerations in the Board evaluation included:

- The Australian Government legislating for the CEFC to receive $19 billion to help deliver the Rewiring the Nation program
- Collaborating with ARENA to assist the Australian Government with the development of the Hydrogen Headstart Program announced in the May 2023 budget
- Engagement with other electricity market bodies and regulators, as all parties work toward removing barriers to investment in the energy transition
- Knowledge sharing activities, resulting from investments in the property sector that helped to inform decision makers of best practice, and positively contributed to increased minimum energy efficiency standards
- CEFC staff and leadership being recognised as leaders by the industries in which we invest
- $135.5 million in new investment commitments to storage projects along with the ongoing work on energy infrastructure investments including transmission lines and Renewable Energy Zones.

ESG report

Case study

Backing green home loans reaches $350 million

The CEFC has made a $125 million commitment to support the CBA Green Home Offer, to help cut emissions in the housing sector and improve energy efficiency in new and renovated homes.

The Green Home Offer encourages homeowners to build or renovate homes to meet sustainability standards aligned with the Green Star home standard established by the Green Building Council of Australia (GBCA), by offering a discount on the bank's standard variable home loans.

Discount green home loan initiatives are an important tool in driving down emissions, reducing energy use and creating homes that are fit for the future.

The CBA investment brings total CEFC commitments to green home finance to $350 million since 2020, including the $120 million for the Bank Australia Clean Energy Home Loan and a $108.5 million commitment to the Firstmac Green Home Loan.

Read more online

Environmental, Social and Governance

The CEFC considers Environmental, Social and Governance matters across investment, portfolio management and operational activities.

Our core focus is on decarbonisation, consistent with the CEFC Act and Investment Mandate. But this is not the limit of our ESG approach. Given the scale and reach of our investment portfolio, we seek to amplify our impact across a range of material ESG factors, working with our co-investors and counterparties across the investment life cycle, from pre-screening through to exit.

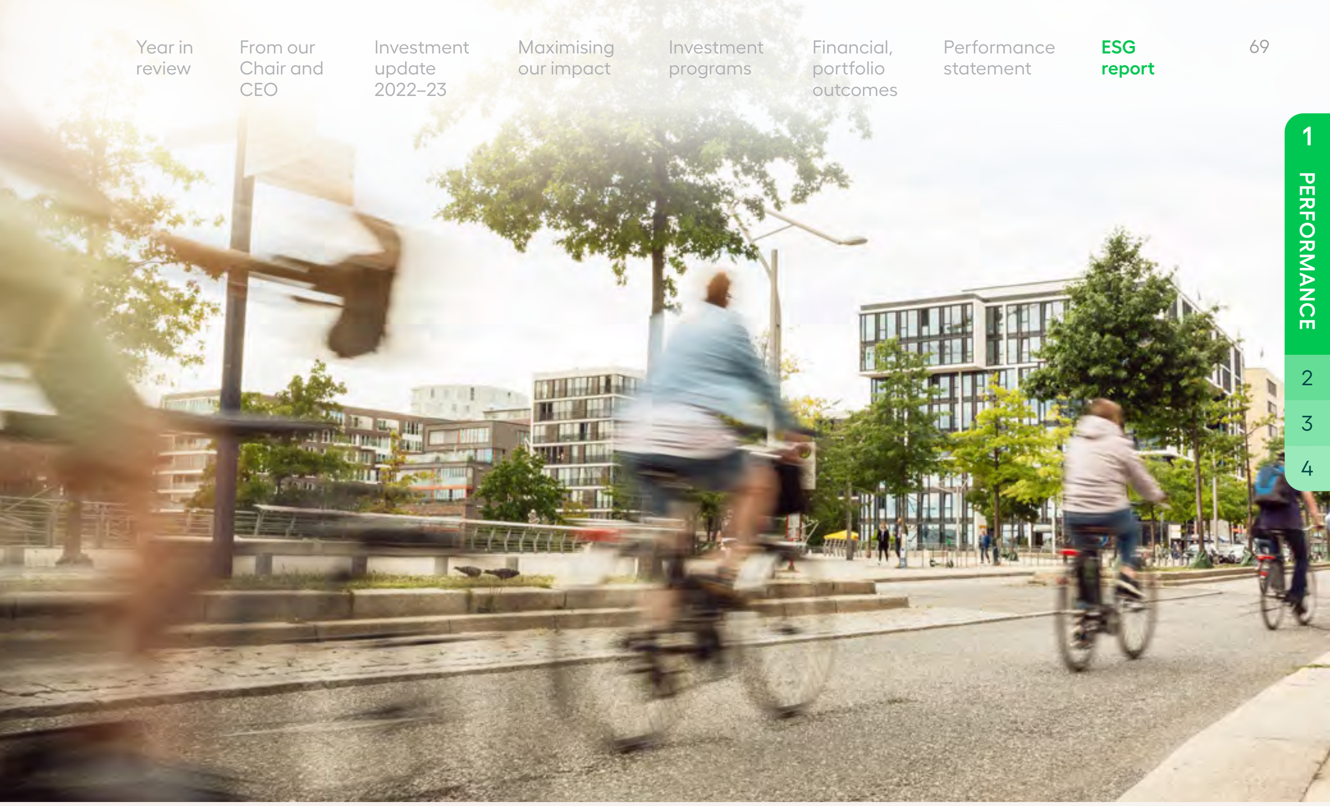
ESG assessment 2022–23

ESG activities during the 2022–23 year focused on investment and corporate outcomes, consistent with the CEFC ESG Policy. Of the 30 new investment commitments in the 2022–23 year, all were assessed as contributing to decarbonisation. In addition, we identified 66 instances where transactions could address material ESG factors, notably climate risk disclosure (16 transactions), industry engagement and collaboration (15) and local job creation and social economic impacts (13).

Environment

	Climate risk disclosures	Industry engagement, collaboration	Resource efficiency, circular economy	Great Barrier Reef Catchment Area
Transactions assessed				
2022–23	16	15	4	0
2021–22	10	22	5	3
CEFC commitment				
2022–23	$952m	$754m	$226m	–
2021–22	$410m	$954m	$238m	$214m

Note: Transactions may be represented across multiple categories.



Social

Governance

	Local job creation, socioeconomic impacts	First Nations and social engagement	Community connection	ESG performance
2022–23	13	2	7	9
2021–22	15	5	4	9
2022–23	$908m	$298m	$763m	$690m
2021–22	$691m	$540m	$120m	$638m

Environmental factors

Climate risk disclosure

Investments

The CEFC encourages the adoption of international best-practice climate risk disclosures and the setting of emissions reduction targets from its investments. This year more than half (16) of our new investments disclosed climate risks in accordance with recognised international standards. These had a combined CEFC commitment value of more than $950 million and a total transaction value of $6 billion, substantially extending the positive impact of our finance. This includes nine projects aligned to the Task Force on Climate-related Financial Disclosures (TCFDs), seven with net zero commitments and five committing to achieving Climate Active certification.

For example, the CEFC jointly set decarbonisation targets for its investment in the Pacific Equity Partners' Secure Assets Fund II where each fund asset is targeting net zero Scope 1 and 2 emissions by 2040; and in the Crescent Capital Partners' VII where each fund asset is targeting net zero Scope 1 and 2 within 10 years of acquisition. Both funds have declared commitments to comprehensive TCFD reporting in line with a 1.5°C scenario, consistent with the Paris Agreement.

Corporate

The CEFC continues to adopt leading practices for climate risk disclosures. For the sixth consecutive year, we were certified as carbon neutral by Climate Active. Our organisational footprint for the 2021–22 year (the most recent year available) was 828 t CO_2-e.

We are committed to reducing absolute Scope 1 and Scope 2 emissions to net zero by 2030, and to further progress reductions in Scope 3 emissions. As a Corporate Commonwealth entity, our ongoing decarbonisation approach will reflect the Australian Public Service policy to reach net zero by 2030 as well as proposed mandatory climate risk disclosure from 2024–25, consistent with the International Sustainability Standards Board (ISSB) protocols, and planned Commonwealth Climate Disclosure.

Ecological impact

Investments

We invest alongside landowners to drive enhanced sustainability outcomes for our natural capital assets. Investment commitments aim to maximise productive and sustainable land use, with a key focus on sector leadership.

Case study

Cutting on-farm methane

The CEFC is targeting cuts to on-farm methane emissions, together with the Paraway Pastoral Company, one of Australia's largest pastoral operators. The CEFC commitment, through an agricultural fund managed by Macquarie Asset Management, will see Paraway aim to reduce its methane intensity by at least 30 per cent by 2030, aligned with the principles of the Global Methane Pledge. Operating pastoral and cropping farms over more than 4.5 million hectares across Australia, Paraway will trial new technologies and practices to cut emissions and enhance emissions measurement.

Read more online

Industry engagement and collaboration

Investments

The CEFC seeks to demonstrate leadership through market-first investment commitments. In the 2022–23 year our commitment was more than $753.6 million for seven market-first initiatives across a range of sectors, including property, natural capital and alternative fuels.

We also continued to contribute to building market capacity, via enhanced understanding about investment trends and opportunities, technology developments and progress towards emissions reduction. These activities play an important role in our efforts to lift investment in the emissions transition and occur in the context of an increasingly active market, with new organisations, analysts and commentators lifting their activity across research and market reports, events, conferences and sponsorships.

Great Barrier Reef Catchment Area

Investments

CEFC investments in the Reef Catchment Area seek to deliver indirect benefits to the Reef through decarbonisation and reducing impacts from climate change. The CEFC did not directly make any new investments in the Reef Catchment Area in the reporting year, reflecting market conditions and limited investment opportunities; however, we continued to have an impact via our existing portfolio.

We indirectly financed more than 1,100 smaller-scale asset finance projects in the Reef Catchment Area during the year, facilitating more than $18 million invested via our well-established co-finance programs. In addition, we refinanced a portfolio of renewable energy assets that are benefiting the energy transition in central Queensland, including the Mount Emerald Wind Farm and the Collinsville Solar Farm. Given these projects were already operational, the CEFC did not record any additional impact (including decarbonisation).

Resource efficiency and circular economy

Investments

The CEFC has a focus on projects and technologies with the potential to make a material reduction to Australia's waste-related emissions. This reporting period, we made four direct resource efficiency and circular economy commitments totalling $226.3 million, with a total project value of $558.2 million.

Case study

Brisbane recycling flagship

The CEFC committed $75 million in debt finance to develop what will be Queensland's flagship construction and demolition (C&D) recycling facility, substantially boosting Australia's recycling sector and expanding our onshore recycling capabilities. Operated by Rino Recycling, the facility is expected to deliver an estimated 55,000 t CO_2-e of carbon abatement annually, equivalent to taking almost 12,000 cars off the road. The new integrated plant – one of Australia's largest for throughput volume under one roof – will be able to process more than one million tonnes of C&D waste annually. The CEFC investment is the single largest to be made via the $100 million Australian Recycling Investment Fund. Refer to Appendix H.

Read more online

Social factors

Modern slavery

Investments

The CEFC Modern Slavery Statement outlines our commitment to identify, assess and address modern slavery risks that may arise via our investment commitments, supply chains and CEFC operations. Relevant activities in the 2022–23 year included:

- In screening all new transactions, we were pleased to note heightened awareness about modern slavery risks, particularly with respect to supplier selection. The majority of transactions were assessed as low risk. Appropriate risk management measures were put in place with respect to one transaction rated high risk.
- In reviewing the modern slavery practices of 28 new and existing CEFC transactions with fund managers, we found high levels of transparency: 17 published public modern slavery statements; 11 reported under the Australian *Modern Slavery Act 2018*; three reported under the UK *Modern Slavery Act 2015*; and three published voluntary statements.

Corporate

All non-investment contracts were assessed for modern slavery risks in the 2022–23 year, with none identified as high risk. CEFC staff received training on the potential for modern slavery risks associated with non-investment contract processes to assist in risk assessment and management.

Local job creation and socioeconomic impacts

Investments

CEFC investment commitments support job creation, training and reskilling opportunities, particularly with respect to property-related developments and renewable energy projects. As an investor, the CEFC does not have direct responsibility for job creation. With respect to 2022–23 commitments, our counterparties estimated the creation of more than 160 full-time equivalent operational roles and more than 4,000 construction jobs.

First Nations and social engagement

Investments

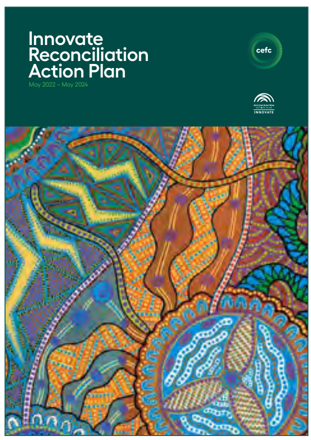
We apply the CEFC First Nations investment screening approach to all investments, with consideration given to potential First Nations benefits and impacts, and avoidance or mitigation of potential negative impacts. In this context, as part of our investment in the Golden Plains Wind Farm, TagEnergy is developing a First Nations engagement strategy in the project area, with a commitment to annual progress reporting.

Corporate

We conducted a number of activities consistent with our Innovate Reconciliation Action Plan (RAP) in the 2022–23 year, including:

- Participated in Reconciliation Week and NAIDOC
- Reviewed recruitment practices and relevant policies from a First Nations perspective
- Purchased ACCUs with First Nations co-benefits to offset CEFC operational emissions. Refer to Appendix C
- Developed actions relating to cultural learning, engagement protocols, clean energy sector partnerships and RAP governance
- Collaborated with the Responsible Investment Association Australasia (RIAA).

Refer to our Innovate Reconciliation Action Plan via **cefc.com.au**



Community connection

Investments

CEFC counterparties, particularly in the renewables sector, undertake a range of measures to extend the benefits of new investment to local communities. This includes through the creation and delivery of tailored community funds to support local priorities, such as facilities development. In the case of the Darlington Point Solar Farm, Octopus Australia is financing a smart watering system for council parks and gardens as part of a local solar farm development, while TagEnergy is also creating long-term community fund associated with the Golden Plains Wind Farm development.

Diversity and inclusion

Corporate

The CEFC has established a Diversity, Equity and Inclusion (DEI) Working Group, responsible for collating employee feedback and developing a draft DEI strategy (2023–2025) that is currently being communicated across the business. Regular employee feedback is key to monitoring performance in EEO, diversity and inclusion. In September 2022, the CEFC participated in the Inclusion@Work Index, supported by the Diversity Council of Australia (DCA). Based on the workplace inclusion and exclusion experiences reported by our employees in the survey, the CEFC performed better than the Australian workforce benchmark on all six measures of inclusion and, as a result, was acknowledged as an Inclusive Employer for 2022–2023 by the DCA. Refer to Appendix B.

Labour practices and employee health and safety

Corporate

The CEFC offers a confidential employee assistance program that provides counselling support for employees and coaching for managers. As a valuable step towards a culture of care that encourages people to talk openly about mental health, 10 staff members were certified as Mental Health First Aid Officers during the year. This was established with the aim of improving mental health awareness, support and early intervention initiatives for employees. The CEFC also supports an agile working environment that supports flexible working, including working from home on average two days per week. The CEFC conducts ergonomic and WHS audits of home workspaces for all new hires, and offers existing employees optional follow-up ergonomic workstation assessments on an annual basis. Refer to Appendix D.

Equality and remuneration

Corporate

The CEFC conducts a gender pay analysis each March and July. The March analysis is used to inform pay decisions during the annual remuneration review in June, and the July analysis evaluates the impact of these decisions on gender pay equity. The March 2023 analysis showed the average gender pay gap at the organisational level was 19.8 per cent (in favour of men), calculated using the average of all salaries for men and women (excluding the CEO). This result presents a narrowing of the gender pay gap by 4.74 per cent compared with the previous reporting, and compares favourably with the overall gender pay gap for the financial and insurance sector (at 28.6 per cent) reported by the Workplace Gender Equality Agency. The CEFC gap is due to a larger proportion of men being in the most senior roles, which attract higher remuneration levels. A more precise measure of gender pay equity is a like-for-like pay comparison. Based on the March 2023 analysis, the CEFC met its objective to reduce gender pay gaps for like-for-like positions to less than five per cent on average across 13 positions where a gender pay gap could be calculated, compared with the previous 5.14 per cent gap in March 2022.

Governance factors

ESG compliance and ESG performance

Investments

As an active manager, we monitor ESG compliance and performance over time, consistent with the CEFC ESG Policy and risk management considerations. Where required, we may institute additional monitoring requirements to address particular matters.

In 2022–23, three of our project investments demonstrated commitment to leading ESG performance through ESG policies and third-party verification including TagEnergy (Golden Plains Wind Farm), Macquarie Asset Management (Paraway Pastoral Company) and Hines (T3 Collingwood).

Corporate

During the 2022–23 year, we commenced a comprehensive review of the ESG Policy, taking into account evolving market expectations, sustainability best practice, disclosure standards and Australian Government initiatives. We also considered the implications of changes to the CEFC Act, Investment Mandate Direction 2023 and additional capital allocation.

Additional analysis extended to recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD); Global Reporting Initiative Standards – Financial Services; Partnership for Carbon Accounting Financials and the work of the Sustainability Accounting Standards Board and the ISSB. CEFC performance against the updated ESG Policy will be reflected in the 2023–24 Annual Report.

Governance

CEFC overview

The CEFC is a corporate Commonwealth entity, established under the *Clean Energy Finance Corporation Act 2012* (CEFC Act), with access to $30.5 billion in capital to invest on behalf of the Australian Government.

The CEFC Act sets out the purpose and functions of the CEFC, and establishes arrangements for the Board, CEO and staff.

The object of the CEFC is to "facilitate increased flows of finance into the clean energy sector and to facilitate the achievement of Australia's greenhouse gas emissions reduction targets".

Approach

As a specialist investor the CEFC works to fill market gaps and collaborate with investors, innovators and industry leaders to spur substantial investment where it will have the greatest impact. This requires deep sector experience, investment expertise and portfolio strength. In operating within the parameters of the CEFC Act and Investment Mandate directions, the CEFC seeks to anticipate and respond to the environment and market conditions in which we operate. This means retreating where the private sector is operating effectively, and stepping up our investment activity to fill market gaps where the private sector is absent. We also play an important role in supporting the energy system transition, working with governments, industry, regulators, project sponsors, businesses and private sector financiers to provide the finance required.

Creating a sustainable future by Wiradjuri artist Jordana Angus.

CEFC Board

The CEFC is governed by an independent Board whose members are jointly appointed by its two responsible Ministers. The Board reports to the Australian Parliament through the responsible Ministers.

In the 2022–23 reporting year, the Hon Chris Bowen MP, Minister for Climate Change and Energy and Senator The Hon Katy Gallagher, Minister for Finance, Minister for Women, Minister for the Public Service announced the appointment of Mr Anthony Concannon to the Board, and re-appointed Board members Ms Nicola Wakefield Evans, Ms Samantha Tough and Ms Andrea Slattery. Ms Leeanne Bond stood down from the CEFC Board in October 2022.

Members

Steven Skala AO

Mr Skala has a distinguished career on the boards of public, private, not-for-profit and government organisations, with more than 40 years' experience in law, business and banking. He is Chairman of Investment Banking Coverage and Vice Chairman, Australia of Deutsche Bank AG, a Member of the Foreign Investment Review Board and a legal consultant at EMT Partners. Mr Skala served as a partner focusing on commercial, corporate and corporate financing law in two leading Australian law firms for more than 20 years. A former Chairman of Film Australia Ltd, The Island Food Company Ltd, Wilson Group Ltd and Hexima Ltd, Mr Skala is also a former Acting Chairman and Director of the ABC, a Director of the Channel Ten Group, Max Capital Group Ltd, the Walter & Eliza Hall Institute of Medical Research and the Australian Ballet, and a founding panel member of Adara Partners (Australia) Pty Ltd. Mr Skala currently Chairs the Heide Museum of Modern Art, is Honorary Life Governor of the General Sir John Monash Foundation, a Director of The Centre for Independent Studies and a Member of the International Council of the Museum of Modern Art, New York. Mr Skala holds BA and LLB (Hons) degrees from the University of Queensland and a BCL from the University of Oxford. Mr Skala was appointed an Officer of the Order of Australia in 2010 in recognition of his service to the arts, business and commerce and to the community.

Re-appointed 7 August 2022 for five years.

Anthony Concannon

Mr Concannon is an experienced executive and non-executive director with more than 35 years' experience within the power sector. He is a chartered power engineer with international experience in governance, investor relations, operations management, finance and risk management. Mr Concannon is Managing Director and CEO of Reach Solar, a company he founded in 2015 to develop large-scale grid-connected solar PV and energy storage projects. As a Board member of the Australian Energy Market Operator (AEMO) since 2017, he serves on its People and Remuneration, and Technical and Regulatory Committees. He is also Chair of Zema Energy studies scholarship at Monash University. Mr Concannon was a member of the Tasmanian Government Energy Security Taskforce during 2016. Mr Concannon's previous corporate roles include Executive Director for UK-listed International Power plc; CEO, IPR Australia and CEO Asia Pacific, GDF SUEZ Energy. He also represented Australia's largest energy producers as Chair of the Electricity Supply Association of Australia (now the Australian Energy Council). Mr Concannon has a Bachelor of Science (Honours) from Aston University in the UK. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Mechanical Engineers and a Member of the global Institution of Engineering and Technology.

Appointed 5 October 2022 for five years.

CEFC Board

Matthew Howell

Mr Howell has more than 37 years' experience in metals and manufacturing and recycling, including base and precious metals smelting, capital intensive operations and energy intensive manufacturing. He is a Non-executive Director with Mineral Carbonation International Pty Ltd. Mr Howell was previously Chief Executive Officer of Tomago Aluminium, having led its transformation into the largest and most efficient aluminium smelter in the Asia Pacific region. He has also been a Director of the board of the Australian Aluminium Council. Mr Howell has held senior and diverse roles in the resources sector in Australia, the United States and Europe. This includes a range of management roles at Nyrstar (now Trafigura), a global multi-metals business with a market leading position in zinc and lead. Mr Howell is a former President of Zinifex Clarksville Inc., the former General Manager of Australian Refined Alloys Pty Ltd and General Manager at Nyrstar Port Pirie Smelters. Mr Howell has a Bachelor of Science (Honours) from the University of Tasmania.

Appointed 14 May 2022 for five years.

David Jones AM

Mr Jones has more than 30 years' experience in investment markets and has served on numerous private and public boards. He is Chair of VGI Partners Global Investments Limited and a Director of Regal Asian Investments Limited. Mr Jones is also a member of the Investment Committees of Aviron Investment Management and EMR Capital, Chair of both DTS Capital and the Derwent Search Advisory Board and an advisor to Alium Capital Management. Mr Jones was previously a Managing Director at CHAMP Private Equity, Executive Director and Country Head of UBS Capital and an executive with both Macquarie Bank Private Equity and McKinsey & Company. Mr Jones was formerly Chair of the National Museum of Australia, and the Australian Private Equity and Venture Capital Association. He also served on the board of the Cape York Partnership and as a Director of Regal Partners Limited. In 2021 Mr Jones was appointed a Member of the Order of Australia for significant service to the museums and galleries sector, and to the community. Mr Jones has a Bachelor of Mechanical Engineering (First Class Honours) from the University of Melbourne and a Master of Business Administration from the Harvard Business School.

Appointed 8 April 2022 for five years.

Andrea Slattery

Mrs Slattery is a recognised leader in Australia's financial services, environment and energy transition, infrastructure and investment sectors. As an experienced global independent non-executive director, Mrs Slattery has served on boards, committees and statutory entities in the public, private and government sectors. Mrs Slattery is a Non-executive Director of AMP Limited and AMP Bank and ESG and Sustainability Advisory Group Chair. She previously chaired the AMP Limited and AMP Bank Audit Committees. Mrs Slattery is a Non-executive Director of Infrabuild Limited and Co-Chair of the Audit & Risk Committee; Deputy Chair of the Woomera (Prohibited) Area Advisory Board and a member of the AMP Foundation. Mrs Slattery was previously on the boards of Argo Global Listed Infrastructure, Centrepoint Alliance, AMP Life, National Mutual Life and the South Australian Cricket Association. As the founding CEO and Managing Director of the Self-Managed Super Fund Association she led the sector's seven-fold transformational growth. Mrs Slattery has a Bachelor of Accounting, a Masters of Commerce, is a fellow of Certified Practising Accountants Australia, a fellow of CAANZ, a fellow of SMSF Specialist Advisor, a fellow of the Australian Institute of Company Directors and holds a Global Competent Boards ESG Designation. She was named Australian Woman of the Year in the Australian Women in Financial Services Awards in 2014.

Reappointed 5 October 2022 for five years.

Samantha Tough

Ms Tough is Pro Vice Chancellor Industry and Commercial at the University of Western Australia and combines that with key industry board roles including Chair of Horizon Power and the National Energy Selection Panel. Ms Tough is a Director of Aurizon Holdings Limited and Rumin8 Pty Ltd. Ms Tough's previous roles have included Chair Retail Energy Market Co, Structerre, Aerison, Southern Cross Goldfields Ltd and Director of Synergy, Saracen Mineral Holdings Ltd, Fluence Corporation Ltd, Mineral Carbonation International Pty Ltd, Cape LLC, Strike Resources Ltd, Murchison Metals Ltd and Ox Mountain. Ms Tough has held executive roles at Woodside Energy, Hardman Resources, Commonwealth Bank and Pilbara Power Project. She has a Bachelor of Laws and a Bachelor of Jurisprudence from the University of Western Australia and is a Fellow of the Australian Institute of Company Directors.

Reappointed 5 October 2022 for five years.

Nicola Wakefield Evans AM

Ms Wakefield Evans is a Non-executive Director of Macquarie Group Limited and Macquarie Bank Limited, Lendlease Corporation, Metlife Insurance and Viva Group Energy. She is a member of the Takeovers Panel, on the board of the University of NSW Foundation and a Director of the Goodes O'Loughlin Foundation. She was previously Non-executive Director of Chief Executive Women, the national board of the Australian Institute of Company Directors, BUPA, Asialink and Asialink Business. As a partner of King & Wood Mallesons, Ms Wakefield Evans held a variety of management positions, including responsibility for the development and growth of the international practice and the Hong Kong, China and London offices. Ms Wakefield Evans' key areas of industry expertise include resources and energy, infrastructure, airports, financial services, technology and media and communications. She was made a Member of the Order of Australia for significant service to business, law and diversity in January 2023.

Reappointed 5 October 2022 for five years.

CEFC Board

Operations

The functions of the CEFC Board are prescribed in the CEFC Act, including to:

- Decide strategies and policies to be followed by the CEFC
- Ensure the proper, efficient and effective performance of the CEFC functions
- Perform any other functions conferred on the Board by the CEFC Act.

The Board has power to do all things necessary or convenient to be done for or in connection with the performance of these functions.

Refer Board Charter via **cefc.com.au**

Committees

Audit and Risk Committee

The Audit and Risk Committee (ARC) advises and assists the Board on financial governance, financial performance, audit, annual reporting, compliance and all aspects of risk management. The ARC undertakes a quarterly assessment of the performance of the investment portfolio against Board guidelines and limits. It also maintains regular oversight of the Anti-Money Laundering and Counter-Terrorism (AML/CTF) compliance program, the application of CEFC Investment Policies and the risk management function.

Key matters considered in 2022–23 year:

- Reviewed CEFC risk management arrangements in the context of the expanded Investment Mandate Direction 2023, particularly with respect to the additional $19 billion capital allocation for Rewiring the Nation, including guidance in the creation of the RTN Investment Advisory Committee and RTN Risk Appetite Statement.
- Completed the annual review of the CEFC Risk Appetite Statement, consistent with Australian Prudential Regulation Authority (APRA) and relevant regulatory guidelines.
- Considered CEFC preparedness in the context of external market factors, including those related to cyber security and business continuity.

Refer ARC Charter via **cefc.com.au**

People and Culture Committee

The People and Culture Committee (PCC) advises and assists the Board in establishing people, culture and remuneration strategies, policies and initiatives. This includes setting, monitoring and evaluating achievement against the annual corporate key performance indicators (KPIs), setting the KPIs of the CEO, and considering executive remuneration decisions.

Key matters considered in 2022–23 year:

- During 2022–23, the Executive Team worked closely with the PCC to agree on appropriate remuneration market positioning given the inflationary environment and the increasing demand for clean energy sector investment skills across the private sector. The PCC also provided oversight of Executive Team appointments, the 2022–23 High Performance Incentive Plan during its first year of operation and undertook an analysis of diversity and gender pay equity at the CEFC.
- The PCC paid particular attention to the establishment of the RTN team to ensure the requisite skillsets are in place to support the specific features of transmission financing. To this end the PCC sponsored the development of a skills matrix that identified 10 core capabilities required for the success of the RTN program.
- Current skillsets were assessed against these capabilities by taking a holistic view of the team of specialists who will be contributing to the RTN program, including the RTN transaction team, CEFC functional specialists, the Board and Committees as well as third-party consultants and government advisors. The skills matrix contributed valuable insights that will inform future training and recruitment activities.

Refer PCC Charter via **cefc.com.au**

RTN Investment Advisory Committee

The CEFC RTN Investment Advisory Committee was established in the reporting period to assist the Board in discharging its responsibilities relating to the CEFC role in contributing to the delivery of Australian Government RTN policy objectives.

The Committee provides an additional level of review and evaluation of the more complex and large-scale transactions likely to be considered for potential investment by the CEFC RTN Fund. The Committee will assess the risks and mitigants of a particular transaction, and whether a proposed transaction is consistent with Australian Government policy objectives, taking into account matters such as project delivery risk, proposed financing structures and financial modelling and sensitivities. The CEFC Board retains overall responsibility for investment decisions, including those related to the RTN.

Key matters considered in 2022–23 year:

- Committee Charter: Developed to set out the role, responsibilities, membership and operations of the Committee, including investment review and evaluation, and pipeline review.
- RTN Risk Appetite Statement: The RTN Risk Appetite Statement canvasses a range of relevant portfolio-specific matters, such as transaction size, regulatory, construction and logistics risk, and financial risk. It recognises that RTN investment commitments may include significant concessional financing, where either financeability issues exist or the project or consumer costs need to be reduced. The RTN Risk Appetite Statement complements the existing CEFC Risk Appetite Statement, which applies across the balance of the CEFC investment portfolio.

Refer Committee Charter via cefc.com.au

Committee membership

All CEFC Board members are non-executive members. Committee meetings are open to all Board members, with only Committee Members having voting rights.

Figure 2: Board committee memberships 2022–23

Board Member	Audit and Risk Committee	People and Culture Committee	RTN Investment Advisory Committee
Steven Skala AO (Chair)			Chair: from 13 Dec 2022
Leeanne Bond		Member: until Oct 2022	
Anthony Concannon		Member: from 13 Dec 2022	Member: from 13 Dec 2022
Matthew Howell		Member: 12 May 2022 – 12 Dec 2022 Chair: from 13 Dec 2022	
David Jones AM	Member		
Andrea Slattery	Member	Member	
Samantha Tough		Chair: until 13 Dec 2022	Member: from 13 Dec 2022
Nicola Wakefield Evans AM	Chair		Member: from 13 Dec 2022

CEFC Board

Meeting attendance

During the year, the CEFC Board held nine meetings, the Audit and Risk Committee held five meetings, the People and Culture committee held four meetings and the RTN Investment Advisory Committee held two meetings.

Figure 3: Board member meeting attendance 2022–23

	Board		Audit and Risk Committee		People and Culture Committee		RTN Investment Advisory Committee	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Steven Skala AO (Chair)	9	9	5*	5	4^	4	2	2
Leeanne Bond	3	3	1*	1	1	1	0	0
Anthony Concannon	5	6	0*	3	2^	4	0	2
Matthew Howell	9	9	3*	5	4	4	2*	2
David Jones AM	9	9	5	5	4*	4	2*	2
Andrea Slattery	9	9	5	5	3>	4	2*	2
Samantha Tough	9	9	0*	5	2#	4	2	2
Nicola Wakefield Evans AM	9	9	5	5	1*	4	1	2

* Represents non-committee members, whose attendance is optional.

^ Includes one meeting as committee member (the remainder attendance was optional).

Attended two meetings as Chair (the remainder two meetings attendance was optional).

> Attended three meetings as a member (the remainder one meeting attendance was optional).

Remuneration and allowances

Under the CEFC Act and the *Remuneration Tribunal Act 1973*, remuneration and travel allowances for Board members are independently determined by the Australian Government Remuneration Tribunal.

Figure 4: Remuneration Tribunal Determinations 2022–23

Determinations: Remuneration and Allowances	Date of effect	Status	Notes
Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2022 (as amended from time to time)	1 July 2022– 10 June 2023	Ceased 10 June 2023	No change to Board member remuneration during the period
Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2023 (as amended from time to time)	10 June 2023	Remains in effect	No change to Board member remuneration during the period
Remuneration Tribunal (Official Travel) Determination 2019 (as amended from time to time)	25 August 2019– 28 August 2022	Ceased 28 August 2022	
Remuneration Tribunal (Official Travel) Determination 2022 (as amended from time to time)	28 August 2022	Remains in effect	

Under the *Determinations: Remuneration and Allowances*, Board members received an annual fee (rather than per day or by meeting). Superannuation is payable in addition to these amounts at the rate of 10.5 per cent in accordance with the *Superannuation Guarantee Charge Act 1992*. Actual amounts paid to Board members during the reporting period are disclosed in Note 5.2 in the Financial Statements. Non-executive Board members who are members of the Audit and Risk Committee, the People and Culture Committee and/or the RTN Investment Advisory Committee do not receive additional remuneration for their membership of these committees.

Figure 5: Board remuneration 2022–23

Office	Annual remuneration
Chair	$113,910
Board member	$56,960

Travel and expense reimbursement

Board members, the Executive Team and staff are indemnified and reimbursed for reasonable travel and work-related expenses incurred in the performance of their duties, based on verified claims and in accordance with relevant CEFC policies and Remuneration Tribunal determinations for Board members.

Related entity transactions

The CEFC considers matters regarding potential conflicts and related entity transactions in accordance with the CEFC Act and the PGPA Act. The CEFC has policies and procedures in place to manage these matters. This includes the requirement that the Board, Executive Team, staff and consultants declare material personal interests that relate to the affairs of the CEFC. The Board, Executive Team and staff must comply with a personal trading policy that prohibits trading in entities with which the CEFC may be doing business and/or holding material non-public price sensitive information. Declarations of any new material personal interests are a standing agenda item at each committee meeting.

The Audit and Risk Committee reviews all related entity transactions disclosed in accordance with the relevant accounting standards at Note 5.3 within the Financial Statements.

Indemnities and insurance premiums

The CEFC has provided certain indemnities and insurances to 'officers' of the CEFC, including Board members and senior managers.

Figure 6: Indemnities and insurance premiums for officers 2022–23

Indemnity/insurance	Officers covered	Coverage period	Premium/fees
Comcover Insurance for Directors' and Officers' Liability	All Board members and Officers	1 July 2022 to 30 June 2023	$18,947
Deed of Access, Indemnity and Insurance	All Board members, the Executive Team and staff appointed by the CEFC to an external board	Date of execution until seven years after ceasing to be either a Director or Officer of the CEFC, or appointed by the CEFC to an external board	Nil: indemnity only
Comcare Workers' Compensation Insurance	All Board members and Officers	1 July 2022 to 30 June 2023	$53,080
Indemnification for reasonable travel and expenses	All Directors, Officers and staff	Ongoing	Nil: indemnity only

Comcover and Comcare insurance

Insurances provided by Comcover and Comcare have general application that includes Board members, the Executive and staff as per the ordinary insurances required of Commonwealth entities.

Values and ethics

Our values explain how we approach our work and our Code of Conduct and Ethics outlines the principles that guide the way we make decisions, whether as a Board member, executive, employee or contractor.

Values

We're driven to make a positive impact

We're clear about the difference our investments make and the benefits they bring. Our decisions and the way we influence others today have a positive and sustainable impact for generations to come. We share our experience and insights to encourage others to follow our lead.

We harness the power of many

We value diverse ideas, backgrounds, deep experience and expert delivery. We are open to different perspectives, embracing new solutions and clean energy technologies that transform lives and behaviour. We bring together people committed to making a positive impact.

We work openly and honestly

We earn trust through our integrity, transparency, accountability, performance and respect for others. Our commercial rigour, insights and expertise provide the foundation for our risk appetite.

We're explorers of new frontiers

We face challenges and opportunities with confidence. This philosophy inspires us to lead with courage and enthusiasm. We work to capitalise on our investment expertise and innovative technologies to accelerate Australia's transition to a lower emissions economy.

Code of Conduct and Ethics

Key elements of the Code of Conduct and Ethics commit us to:

Behave in a professional manner that fosters trust, confidence and goodwill with our clients, stakeholders, colleagues, suppliers and the community

Act with due care, judgement, skill and diligence to promote and protect the reputation of the CEFC

Behave honestly, fairly and with integrity and treat others with respect and equity

Identify and manage conflicts of interest and ensure that our personal and business interests never interfere with our ability to make sound, objective decisions on behalf of the CEFC

Respect and maintain privacy and confidentiality

The Code of Conduct and Ethics is available on our website: cefc.com.au

CEFC Executive

Executive Team

Ian Learmonth
Chief Executive Officer

Mr Learmonth has more than 30 years' experience as a financier and investor, having worked in Australia, Asia and Europe across asset finance, clean energy and major infrastructure projects, as well as pioneering Australian social impact investing. Prior to his appointment as CEO for the CEFC, Mr Learmonth established Social Ventures Australia's Impact Investing business, which included raising venture capital and affordable housing funds as well as launching Australia's first Social Impact Bond in 2013. Previously an Executive Director of Macquarie Group for 12 years, Mr Learmonth has extensive global investment banking experience establishing various Macquarie businesses, notably European renewable energy and carbon credit investing as well as cross-border asset and structured finance and securitisation in Asia and Europe. Mr Learmonth has degrees in Law and Commerce from the University of Queensland. He is a director of venture capital firm Virescent Ventures and has been a long-standing director of Sydney's Belvoir Street theatre company.

Sara Leong
Chief Asset Management Officer

Ms Leong has responsibility for the management of the diverse CEFC portfolio of debt, equity, fund and early-stage/venture capital investments, as well as oversight of the organisation's environmental, social and governance function. Ms Leong has extensive experience in infrastructure, project and structured finance and asset, portfolio and funds management. Prior to joining the CEFC, Ms Leong worked at Deutsche Bank, Macquarie Group and ANZ Bank, in Australia and the UK and held non-executive directorships for portfolio companies in the utilities and infrastructure sectors. Ms Leong has a Master of Laws (Corporate and Commercial) from the University of NSW, a Bachelor of Laws (First Class Honours) and a Bachelor of Business (Finance) from the University of Technology, Sydney. She is a Graduate Member of the Australian Institute of Company Directors.

Rory Lonergan
Chief Investment Officer – Infrastructure and Alternatives

Mr Lonergan leads the CEFC team responsible for the origination and execution of investments in infrastructure and alternatives, which includes the new $500 million Powering Australia Technology Fund. Mr Lonergan works on direct investment opportunities as well as on indirect investments via third-party fund managers across multiple sectors, including property, infrastructure, natural capital, private equity and early-stage investments. Mr Lonergan has more than 30 years' experience in the equity investment and wider funds management sectors, having worked at PwC, Zurich Capital Markets and Challenger Limited, where he was Head of Transaction Structuring. He has originated and structured investments in both private and public vehicles both in Australia and offshore, across all asset classes, including infrastructure, property, fixed income and renewables. In his 10 years at the CEFC, he has led the development of the CEFC Infrastructure, Natural Capital, Impact Capital and Private Equity platforms. Mr Lonergan is a Fellow of the Institute of Chartered Accountants in Ireland and a Graduate Member of the Australian Institute of Company Directors. Mr Lonergan was appointed to the Executive Team on 16 January 2023.

CEFC Executive

Executive Team continued

Paul McCartney
Chief Investment Officer – Rewiring the Nation

Mr McCartney leads the specialist Rewiring the Nation, Alternative Fuels and WA/Resources teams, focused on unlocking investment critical to Australia's clean energy transition via large-scale nation building projects. His focus includes large-scale grid, Renewable Energy Zones, hydro power, critical minerals, green hydrogen, sustainable fuels and distributed energy resources. Mr McCartney has over 30 years' experience working across clean energy, commercial property, funds management and IT services. He has worked in the mergers and acquisitions area, in addition to holding chief financial officer roles for listed and unlisted companies. Mr McCartney is a Certified Practising Accountant and holds a Bachelor of Accountancy from RMIT University. He is a Graduate Member of the Australian Institute of Company Directors.

Leanne McDonald
Chief People and Culture Officer

Ms McDonald leads people and culture initiatives to ensure that the talent, capability and workplace culture is in place to enable the CEFC to make a positive impact. Ms McDonald has more than 25 years' experience across senior human resource roles in the energy, resources, financial services, IT and telecommunications sectors. She has designed and implemented large change initiatives that have accelerated the execution of business strategy within Australian and global organisations. As a management consultant, Ms McDonald led strategic initiatives for clients in the financial services, manufacturing and public sectors. Ms McDonald was a 2017 Chief Executive Women (CEW) Scholar, holds a Bachelor of Science with Honours in Psychology and a Master of Commerce in Organisational Behaviour from the University of NSW.

Monique Miller
Chief Investment Officer – Renewables and Sustainable Finance

Ms Miller leads the CEFC team responsible for the origination and execution of investments in renewables and sustainable finance, overseeing transactions in the areas of renewable energy, storage and debt markets. This includes the new $1 billion Household Energy Upgrades Fund. Ms Miller has more than 20 years' experience in clean energy and environmental finance. Since joining the CEFC at its inception in 2013, Ms Miller has played a role in the growth of the organisation; in particular, development of the $3 billion CEFC renewable energy portfolio, which is accelerating the delivery of more than 5,000 MW of new generation capacity. Prior to joining the CEFC, Ms Miller worked at Macquarie Bank and Baker McKenzie in Sydney and London, with extensive experience in renewables and carbon investment and structuring, international emissions trading and policy advice. Ms Miller holds a Bachelor of Arts/Law degree with Honours from the Australian National University and is a Graduate Member of the Australian Institute of Company Directors. Ms Miller was appointed to the Executive Team on 16 January 2023.

Andrew Powell
Chief Financial Officer

Mr Powell has more than 35 years' business experience, working within industry and public accounting both in Australia and the United States. Mr Powell is experienced in all aspects of financial accounting, as well as mergers and acquisitions, public listings and transaction and deal structuring. Mr Powell was founding Chief Financial Officer and Company Secretary of Low Carbon Australia Limited, where he also contributed to strategic direction. Mr Powell has previously held the role of Senior Vice President of Finance for then NASDAQ-listed Symyx Technologies, Inc. and senior roles with EY (Ernst & Young) in both Australia and the United States. Mr Powell is a Chartered Accountant, holds a Bachelor of Economics degree from Macquarie University, and is a Graduate Member of the Australian Institute of Company Directors.

Jay Tolson
General Counsel and Company Secretary

Mr Tolson provides legal and company secretary support to the Board and Executive with respect to CEFC investments, corporate legal matters, governance and reporting. Mr Tolson is an experienced leader within the financial services industry. Prior to joining the CEFC, he was General Counsel for Credit Suisse in Australia, where he worked across a broad range of complex financing, investment banking and capital markets transactions. He previously held senior legal positions with National Australia Bank and Commonwealth Bank of Australia. In private practice, Mr Tolson worked for Linklaters as a banking and finance solicitor in London and Singapore. Mr Tolson completed his legal studies in England and is admitted to practice in New South Wales, England and Wales.

Craig Whalen
Chief Risk Officer

Mr Whalen has responsibility for internal and external risk management, credit analysis and risk assessment on new and existing CEFC investment commitments. Mr Whalen has more than 25 years' experience in finance, including transaction origination and execution, as well as portfolio management. He has served on the boards of several renewable energy projects, as well as Flinders Ports, where he was Treasury Committee chair. Prior to joining the CEFC, Mr Whalen was an Executive Director at Infrastructure Capital Group for more than 13 years where he was a member of the Board and Investment Committee. He also held positions at ANZ, Macquarie Group, Bankers Trust and King & Wood Mallesons. Mr Whalen holds Bachelor of Commerce and Law degrees from the University of Queensland, was admitted to the Supreme Court of Queensland in 1993 and is a Graduate Member of the Australian Institute of Company Directors.

CEFC Executive

Role of Executive

The CEFC Executive Team is responsible for development and execution of the CEFC strategy, investment and portfolio management functions and financial performance, in addition to core operational activities. Members of the Executive Team have deep investment, financial, technical and industry expertise, reflecting the scale and scope of the CEFC. The CEO has responsibility for the day-to-day management of the CEFC, assisted by the Executive Team and its specialist committees.

- **Executive Investment Committee**: considers investment proposals
- **Asset Management Committee**: considers portfolio management and performance
- **Executive Risk Committee**: considers investment and organisational risk
- **Impact Investment Committee**: considers early-stage and growth-stage debt and equity investments
- **Joint Investment Committee**: considers investment and performance of the Clean Energy Innovation Fund.

Terms of employment

The CEFC operates in a competitive employment market, requiring a diverse range of specialist skills. Terms of employment are shaped accordingly.

The CEO is a statutory officer appointed by the Board, in consultation with the responsible Ministers. The balance of the Executive Team and staff are employed under terms and conditions determined by the Board. Employment relationships are formalised via individual employment agreements based on the National Employment Standards. Non-executive employees are covered by the *Australian Government Industry Award 2016.*

CEFC employees receive a fixed remuneration package reviewed annually and benchmarked against data from the Financial Industry Remuneration Group. Eligible employees are invited to participate in the CEFC High Performance Incentive Plan.

Organisational structure

The CEFC is structured to maximise performance consistent with the CEFC Act and Investment Mandate. This includes investing $30.5 billion in decarbonisation on behalf of the Australian Government, operating with commercial rigour with the aim of delivering a positive return across the portfolio. After 10 years as a specialist investor, the CEFC is also responsible for managing an extensive portfolio, which stood at $7.7 billion at 30 June 2023.

Key organisational activities include investment origination and transaction execution, alongside ongoing portfolio, asset and risk management.

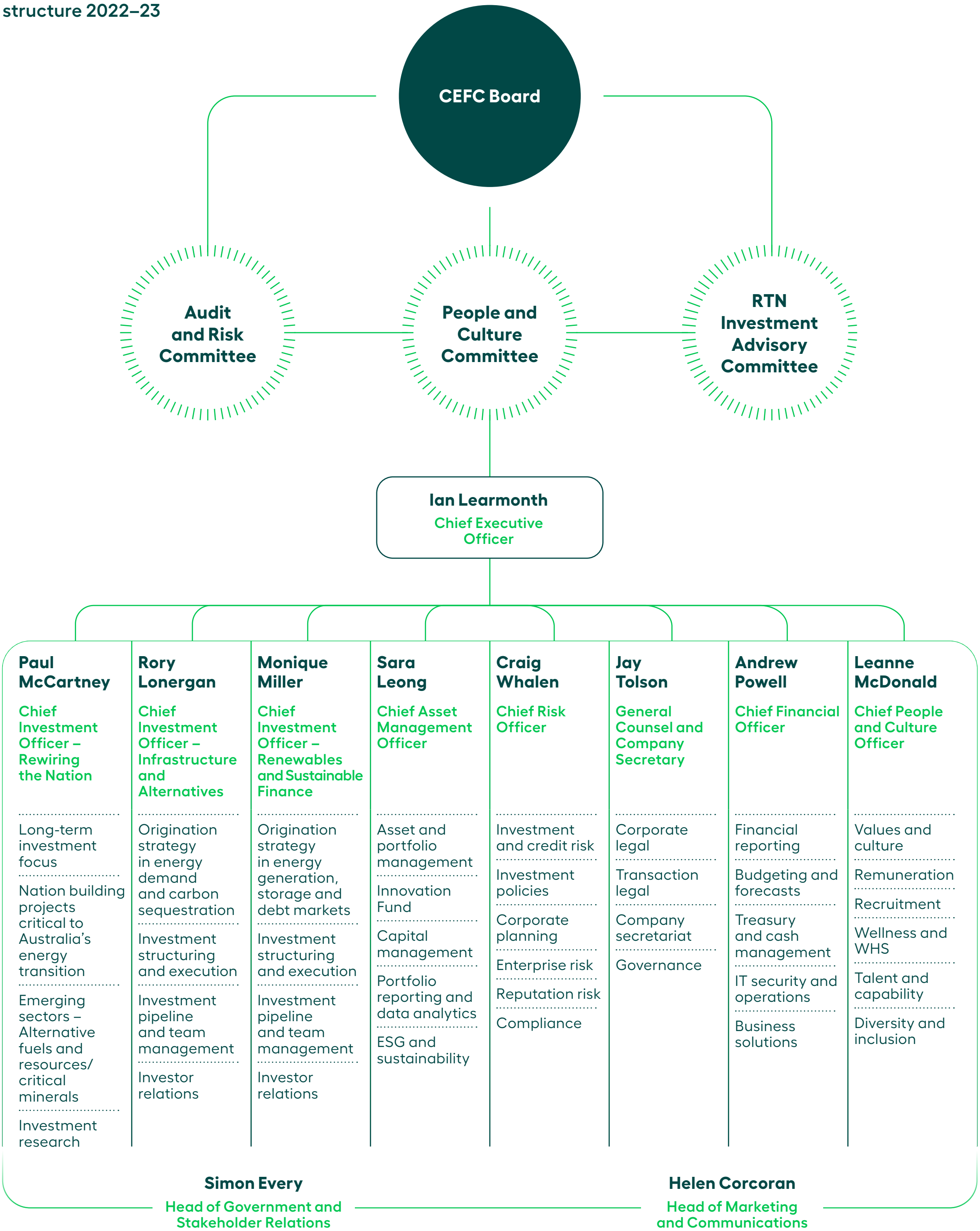
These activities benefit from the contribution of a diverse range of specialist areas, including finance, data and technology, legal and corporate services, people and culture, sustainability and market engagement.

During the 2022–23 year the CEFC structure was strengthened to reflect a change to the CEFC Act and Investment Mandate. This included expanded capabilities in risk management and governance, as well as the appointment of specialist teams under the leadership of three Chief Investment Officers:

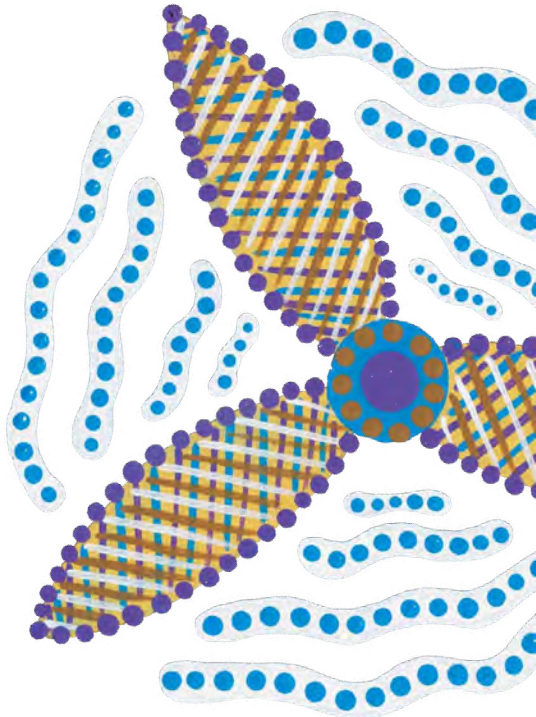
1. Rewiring the Nation team, focusing on deployment of the $19 billion RTN Fund, in addition to opportunities in critical minerals, sustainable fuel and green hydrogen
2. Renewables and Sustainable Finance team, including responsibility for the $1 billion Household Energy Upgrades Fund
3. Infrastructure and Alternatives team, including responsibility for the $500 million Powering Australia Technology Fund.

The CEFC holds 100 per cent of the issued share capital in two subsidiaries: CEFC Investments Pty Limited (ACN 616 070 430) and Clean Energy Investment Management Pty Limited (ACN 628 443 854).

Figure 7: CEFC organisational structure 2022–23



CEFC Executive



Reconciliation Action Plan

The CEFC vision for Reconciliation is one that ensures Aboriginal and Torres Strait Islander peoples have equal opportunities to participate in our transition to a net zero emissions economy, both as custodians of this land and as beneficiaries of a more sustainable future.

In committing to our Reconciliation Action Plan, an internal CEFC working group is guided by an external Advisory Committee, bringing First Nations experiences and perspectives to our activities. Through our Innovate RAP, we have committed to:

- Developing strong and lasting **relationships** between the wider Australian community and First Nations peoples
- Building **respect** for First Nations communities, cultures and histories across our major project locations and with our stakeholders
- Promoting **opportunities** to improve First Nations employment, economic and social outcomes within the CEFC and our major project locations.

CEFC market recognition

We were delighted to receive a number of international and Australian accolades during the 2022–23 year, reflecting the depth and expertise of our people across the range of our activities.

Our organisation

RIAA Responsible Investment Leader for the second year

Inclusive Employer in the Diversity Council Australia 2022–23 Inclusive Employers Index

Agri Investor Institutional Investor of the Year (Asia Pacific), finalist in both Institutional Investor of the Year (global) and Sustainable Investor of the Year (global)

Gold, Communication and Public Sector Awards, Australasian Reporting Awards.

Our people

Ian Learmonth was named by *The Australian* newspaper as a Green Power Player for 2023

CIO – Renewables and Sustainable Finance, Monique Miller was named a Women of Influence by the *Australian Financial Review* for her leadership in sustainability and energy

Executive Director – Debt Markets, Richard Lovell was named one of the 2022 Market People of the Year in the 2022 KangaNews Awards

Head of Consumer Finance, Grace Tam received a prestigious Eisenhower Fellowship

Director, Ryan Rathborne was acknowledged as a Green Star Champion by the Green Building Council of Australia

Head of Natural Capital, Heechung Sung was named an Agri Investor Personality of the Year in the 2022 Agri Investor Awards.

Risk management

The CEFC has a robust approach to risk management, reflecting our role in investing $30.5 billion on behalf of the Australian Government. Our Board-led approach promotes transparent decision-making and extends across investment and organisational activities, supported by internal policies, training and compliance, underpinned by the CEFC Code of Conduct and Ethics.

Core elements

In considering risk, we comply with the CEFC Act, PGPA Act, Investment Mandate and other relevant legislation. We are also informed by evolving regulatory and industry approaches. The core elements of our approach include:

- Sound risk governance and culture
- The interaction and alignment of strategy and risk appetite
- Timely risk analysis
- Implementation of cost-effective controls
- Regular assurance activities.

Risk management framework

The CEFC recognises that a heightened level of risk, beyond what may be deemed acceptable by a commercial financier, may be appropriate for the CEFC in specific circumstances in pursuit of our broader public policy objectives.

Consistent with section 68 of the CEFC Act, the Board has established a Risk Management Framework, encompassing the systems, structures, policies, processes and roles within the organisation required to identify, assess, monitor and mitigate both internal and external sources of risk. This extends across strategic, investment, financial, reputational, operational and regulatory risks.

Three lines of defence

We apply the 'three lines of defence' risk management model, as recommended by the Australian Prudential Regulation Authority:[1]

1 All staff
Accountable for managing operational and regulatory risk

2 Credit, risk and compliance team
Responsible for developing, maintaining and enhancing risk management activities

3 Internal audit function
Conducts independent assurance activity, reporting directly to the ARC.

Risk Appetite Statements

The Board, together with the Executive Team, has approved the following:

1. CEFC Risk Appetite Statement, establishing the risk boundaries, including limits and tolerances, for both financial and non-financial risk consequences across the General Portfolio
2. RTN Risk Appetite Statement, establishing the risk boundaries with respect to the activities of the $19 billion RTN Fund.

Culture and conduct

We reinforce a culture of effective risk management through training and development programs, performance evaluation and remuneration and recognition practices. This is aided by members of the CEFC credit, compliance and risk team, who are experienced in risk management, particularly with respect to the large-scale and diverse nature of CEFC investment commitments and the application of relevant legislative and regulatory requirements.

1. https://www.apra.gov.au/news-and-publications/how-to-manage-compliance-risk-and-stay-out-of-headlines.

Legislative and Government information

CEFC Act

The CEFC Act establishes the CEFC, sets out the CEFC object and functions, and establishes arrangements for the Board, CEO and staff. The object of the CEFC under the CEFC Act is to:

Facilitate increased flows of finance into the clean energy sector and to facilitate the achievement of Australia's greenhouse gas emissions reduction targets.

Specified functions include:

- Invest, directly and indirectly, in clean energy technologies, via the investment function
- Liaise with relevant individuals, businesses, agencies and State and Territory governments to facilitate the CEFC investment function
- Perform any other functions conferred by the CEFC Act or any other Commonwealth law
- Do anything incidental or conducive to the performance of the investment function or the other CEFC functions.

Technologies

Clean energy technologies are broadly defined in the CEFC Act to be energy efficiency, renewable energy and low emission technologies. The CEFC Act expressly excludes CEFC investment in carbon capture and storage, nuclear technology and nuclear power.

Changes to the Act

During 2022–23 there were amendments to CEFC enabling legislation.

On 14 September 2022 the *Climate Change (Consequential Amendments) Act 2022* expanded the statutory object of the CEFC Act to also include "*to facilitate the achievement of Australia's greenhouse gas emissions reduction targets*".

While the CEFC investment function has consistently achieved emissions reduction outcomes, via investments in clean energy technologies, the effect of this amendment is to introduce the timeframes of Australia's greenhouse gas emissions reduction targets as a critical investment factor for the CEFC to consider.

On 24 June 2023, the *Treasury Laws Amendment (2022 Measures No. 4) Act 2023* further modified the CEFC Act to:

- Directly enable the CEFC to receive an additional $11.5 billion in funds to implement the Rewiring the Nation Fund and the Powering Australia Technology Fund[1]
- Streamline the ability of the Australian Government to provide the CEFC with additional funds in the future by way of other new appropriations
- Clarify CEFC governance arrangements in specifying its nominated Minister is the Minister administering the CEFC Act (unless the responsible Ministers determine in writing that the nominated Minister is the Finance Minister).

1. Effective 4 July 2023, an additional $8 billion towards the $19 billion RTN Fund and the first $70 million towards the $1 billion for the Housing Energy Upgrades Fund were also credited to the CEFC Special Account and made available for draw by the CEFC to fund projects under these programs.

Responsible and nominated Ministers

Under the CEFC Act, the CEFC has two responsible Ministers. During the 2022–23 reporting period these were the Minister for Climate Change and Energy and the Minister for Finance. The Minister for Climate Change and Energy is also the nominated Minister, with additional functions under the CEFC Act. The Minister for Climate Change and Energy delegated some functions to the Assistant Minister for Climate Change and Energy, including in policy areas relevant to the role of the CEFC.

Figure 8: Responsible, nominated and Assistant Ministers: 2022–23

Date	Responsible Minister
1 July 2022 to 30 June 2023	**Senator the Hon Katy Gallagher** Minister for Finance
	The Hon Chris Bowen MP* Minister for Climate Change and Energy
	Senator the Hon Jenny McAllister^ Assistant Minister for Climate Change and Energy

Notes
* Is also the nominated Minister.
^ Delegated additional functions with respect to the CEFC.

Ministerial powers of direction

The CEFC Act is structured in such a way as to maximise operational independence, particularly with respect to investment decision-making.

Investment Mandate Directions

Ministerial powers to direct the CEFC Board are primarily limited to Investment Mandate Directions, issued by responsible Ministers under sub-section 64(1) of the CEFC Act. Mandate Directions provide instruction as to the policies to be pursued by the CEFC in performing its investment function, provided this does not have a purpose of directing the CEFC to make or not make a particular investment and is not inconsistent with the CEFC Act (including the object of the CEFC Act).

The *Clean Energy Finance Corporation Investment Mandate Direction 2020*, which came into effect from 2 May 2020, remained in place throughout the 2022–23 reporting period. After the reporting period, on 20 July 2023, the responsible Ministers issued the *Clean Energy Finance Corporation Investment Mandate Direction 2023* under sub-section 64(1) of the CEFC Act, coming into effect 22 July 2023.

The 2023 Mandate provided new directions relating to the Rewiring the Nation Fund, the Powering Australia Technology Fund and the Household Energy Upgrades Fund. The 2023 Mandate provides CEFC with the legal framework to administer the programs announced or confirmed in the October 2022 and May 2023 Budgets. It also reduced the target rate of return for the General Portfolio. The Mandate Direction 2023 repeals the Mandate Direction 2020.

In addition, the Investment Mandate Direction 2023 removed directions relating to the Sustainable Cities Investment Program, the Reef Funding Program, and the Australian Recycling Investment Fund. The Explanatory Statement to the Mandate Direction 2023 noted: *"These funds restricted the Corporation to certain investment areas without providing adjusted return or risk requirements, which inhibited the efficient function of the Corporation. Repealing these funds therefore allows the Corporation to better deliver on its objectives and focus areas. The Board is still able to support projects consistent with the policy objectives of these programs through its General Portfolio. The Board has been directed to continue to seek out investments that support the Government's Reef 2050 Long-Term Sustainability Plan and the National Waste Policy Action Plan 2019."*

No substantive changes were made to the Advancing Hydrogen Fund or the Clean Energy Innovation Fund.

Legislative and Government information

CEFC Special Account directions

Ministers may also direct the CEFC to pay surplus funds to the CEFC Special Account. During the 2022–23 reporting period, no such directions were issued as to managing surplus money in accordance with section 54 of the CEFC Act. Additional information about movements into and out of the Special Account can be found in Section 3.

Government Policy Orders

The PGPA Act allows the Australian Government to issue directions to the CEFC by means of a Government Policy Order (GPO). No GPOs applied to the CEFC during 2022–23.

Statement of compliance

The CEFC had no instances of non-compliance with Ministerial Directions (including the Investment Mandate) or GPOs in the 2022–23 year.

Judicial decisions and parliamentary committees

On 25 November 2022, the Hon Virginia Bell AC provided the Prime Minister, the Hon Anthony Albanese MP with a report of the Inquiry into the appointment of the then-Prime Minister, the Hon Scott Morrison MP to administer multiple departments. These included both the Department of Finance and then-Department of Industry, Science, Energy and Resources, and the inquiry specifically included statutory bodies such as the CEFC. The report made no specific findings about the CEFC.[1]

There were no particular reports about the CEFC made by the Commonwealth Ombudsman or the Office of the Australian Information Commissioner during the 2022–23 reporting period. The most recent Commonwealth Ombudsman Annual Report for 2021–22 reported the CEFC as an agency that had not received any disclosures under the *Public Interest Disclosure Act 2013*.[2]

The CEFC was mentioned in the following reports of Parliamentary Committees:

- **Standard reporting**: CEFC appearances at Senate Estimates proceedings of the Environment and Communications Legislation Committee, including May 2023 Budget Estimates
- **March 2023**: Senate Economics Legislation Committee report on the inquiry into the *Treasury Laws Amendment (2022 Measures No. 4) Bill 2022 [Provisions]*
- **March 2023**: Senate Economics Legislation Committee report into the *National Reconstruction Fund Corporation Bill 2022 [Provisions]*
- **August 2022**: Senate Environment and Communications Legislation Committee report into the *Climate Change Bill 2022 [Provisions]* and the *Climate Change (Consequential Amendments) Bill 2022 [Provisions]*

Passing references to the CEFC were made in the following Parliamentary reports:

- **May 2023**: Senate Standing Committee on Rural and Regional Affairs and Transport report into the *Northern Australia Infrastructure Facility Amendment (Miscellaneous Measures) Bill 2023 [Provisions]*
- **November 2022**: Joint Standing Committee on Treaties report No. 201: Free Trade Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland
- **October 2022**: Senate Environment and Communications Legislation Committee 2022–23 Budget Estimates Hearing (October/November) Report.

Parliamentary Committee reports are available at www.aph.gov.au

1. The Hon Virginia Bell AC 'Report of the Inquiry into the Appointment of the Former Prime Minister to Administer Multiple Departments' (25 November 2022) pages 2 and 3.
2. Commonwealth Ombudsman '2021–22 Annual Report' (October 2022) Appendix 8, Table 32, page 129.

Other legislation, policies

PGPA Act

As a Corporate Commonwealth entity, CEFC activities are governed by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and its subordinate instruments. The PGPA Act imposes various duties, responsibilities and accountabilities on the CEFC Board, both as a collective and as individuals, and on the Executive Team and employees. Note 1 to the Financial Statements contains information about how the PGPA Act impacts the financial governance of the organisation and the preparation of the accounts. There were no significant issues of non-compliance with finance law identified and reported to the responsible Ministers in the 2022–23 reporting period.

Other government policy

The CEFC works closely with the Department of Climate Change, Energy, the Environment and Water (DCCEEW), and several other departments and portfolio agencies, including ARENA, to contribute to the delivery of Australian Government policy initiatives relating to emissions reduction.

During 2022–23, notable examples included assisting DCCEEW, and other relevant departments and portfolio agencies with aspects on the formulation of the Rewiring the Nation Fund, the Household Energy Upgrades Fund, the Powering Australia Technology Fund, the Hydrogen Headstart program, the Safeguard Mechanism, the Powering the Regions Fund and the National Reconstruction Fund.

As a Corporate Commonwealth entity, the CEFC is not formally bound by other Australian Government policies, including the *Public Service Act 1999*. However, the CEFC pays due regard to policy guidance that is issued by the Australian Government when considering the implementation of CEFC operations, as appropriate. During the 2022–23 reporting period, this was evident with respect to the *Performance Bonus Guidance: Principles governing performance bonus use in Commonwealth entities and companies (2021)*, and *Public Sector Interim Workplace Arrangements (2022)*.

Other statutory requirements

As a Corporate Commonwealth entity, the CEFC complies with a range of other statutory reporting requirements. Refer to Appendix A for the index of Annual Reporting Requirements.

Procurement

Commonwealth Procurement Rules are not applicable to the CEFC. Procurement occurs via the most efficient, effective, economical and ethical means possible, which can involve direct engagement of service providers based on quotes, select tenders, engagement of external advisors, and in some instances joining Australian Government procurement arrangements. Under section 74 of the CEFC Act, the CEFC must specify in the Annual Report the details for each procurement contract on foot within the financial year valued at above $80,000. Refer to figure 9.

Other legislation, policies

Figure 9: CEFC procurement contracts in place: 2022–23

Contract date	Value $	Expensed $	Contracting party	Purpose of contract
May 2017	4,130,671	310,124	Riverside Development Pty Ltd	Lease of premises at Level 25, 71 Eagle Street, Brisbane from 18 May 2017 to 31 October 2022
March 2021	5,890,131	1,178,147	Dexus Property Group/Perpetual Trustee Company Limited	Lease of premises at Level 17, 1 Bligh Street, Sydney from 1 March 2021 to 28 February 2026
June 2021	143,712	47,865	Australian City Properties Pty Ltd	Lease of premises at Level 14, 191 St Georges Terrace, Perth from 1 June 2021 to 31 May 2024
February 2022	2,294,891	200,067	Valmont (QLD) Pty Ltd	Design, construction and fit-out of CEFC Brisbane office
July 2022	205,238	205,238	Australian Government Comcover	General, professional indemnity, D&O, property including business interruption and travel insurance for the period 1 July 2022 to 30 June 2023
July 2022	279,662	279,662	Bloomberg Australia Pty Ltd	Bloomberg terminal and NEF All Insight Package Level III
July 2022	357,283	159,274	CyberCX Pty Limited	Master Services Agreement for IT services and SoW for period August 2022 to August 2024 for: 1) Digital Forensics and Incident Response (DFIR) Retainer; and 2) Managed SOC/SIEM Service Subscription services for: 1) Phriendly Phishing for 3 years from 27 April 2023; and 2) Splunk Cloud for 2 years from 26 June 2023
July 2022	452,933	452,933	Datacom Systems Pty Ltd	IT support, applications and hardware for the period 1 July 2022 to 30 June 2023, including provision of an onsite resource for part of the year
July 2022	214,157	214,157	Designate Group Pty Ltd	Design, development and production of the 2021–22 CEFC Annual Report and development of marketing-related materials
July 2022	87,197	87,197	Energetics Pty Ltd	Provision of consulting services for Australian Carbon Credit Unit (ACCU) price projections
July 2022	230,038	230,038	Glass and Co Pty Ltd	Provision of information technology outsourced consulting services, in accordance with individual statements of work
July 2022	1,022,958	1,022,958	Herbert Smith Freehills	Legal fees incurred for various investment projects for the period 1 July 2022 to 30 June 2023
July 2022	211,203	211,203	King & Wood Mallesons	Legal fees incurred for various investment projects and advice on the Renewable Energy Threshold for the period 1 July 2022 to 30 June 2023

Contract date	Value $	Expensed $	Contracting party	Purpose of contract
July 2022	114,000	114,000	King & Wood Mallesons – Singapore	Legal fees incurred for various investment projects for the period 1 July 2022 to 31 August 2022
July 2022	87,157	87,157	Macquarie Telecom Pty Ltd	Provision of telecommunications, data and hosting for the period 1 July 2022 to 30 June 2023
July 2022	280,500	280,500	Pricewaterhouse Coopers	Internal Audit engagement for the period 1 July 2022 to 30 June 2023
July 2022	897,418	897,418	QBT Pty Ltd	Work travel (airfares and accommodation) and incidental costs for period 1 July 2022 to 30 June 2023 under the whole of government travel procurement program
July 2022	291,644	291,644	Technology One Ltd	Annual maintenance and support, Application Managed Service (AMS) program, ongoing development costs and fees for software and cloud services
July 2022	113,285	113,285	The Hong Kong and Shanghai Banking Corporation Limited	Bond custody fees for the period 1 July 2022 to 30 June 2023
July 2022	99,932	99,932	Thesoco Pty Ltd trading as SOCO	Software support services and enhancements to automated workflows
July 2022	4,950,000	3,300,000	Virescent Ventures Pty Ltd	Investment Management Services for CEFC Innovation Fund investments for the period 1 July 2022 to 31 December 2023
September 2022	1,261,257	144,460	MPA Construction Group Pty Ltd	Design, construction and fit-out of CEFC Melbourne office
September 2022	212,657	41,480	One Diversified (Aust.) Pty Ltd trading as Diversified	Installation of audio-visual equipment for the fit-out of the Brisbane and Melbourne offices
October 2022	5,648,017	803,639	GPT Funds Management 2 Pty Ltd as trustee for GPT RE Limited	Lease of premises at Level 52, 111 Eagle Street, Brisbane from 1 October 2022 to 30 September 2029
November 2022	1,923,330	348,051	Dexus Wholesale Management Limited as trustee for 80 Collins Street Trust	Lease of premises at Level 37, 80 Collins Street, Melbourne from 1 November 2022 to 31 October 2027
November 2022	89,870	89,870	DQT Systems Pty Ltd	Technical web support systems
January 2023	89,008	39,749	Reval.com Inc	One year licence fee renewal, maintenance and support for Loan Management System commencing January 2023
June 2023	198,000	198,000	Australian National Audit Office	Audit of financial statements for year ended 30 June 2023
Total	**$31,776,149**	**$11,448,048**		

Financial information

Summary financial data

Figure 10: New commitments, deployment and capital returned ($m)

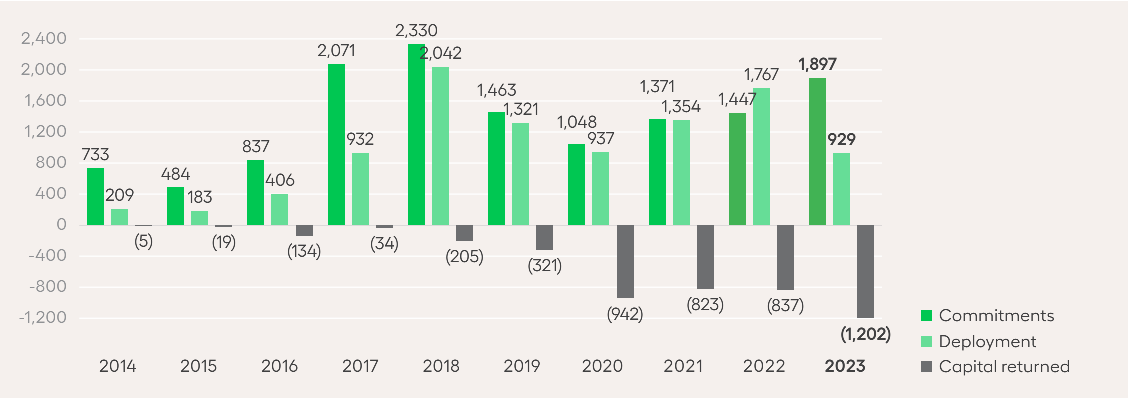


Figure 11: Deployed portfolio balance at 30 June ($m)

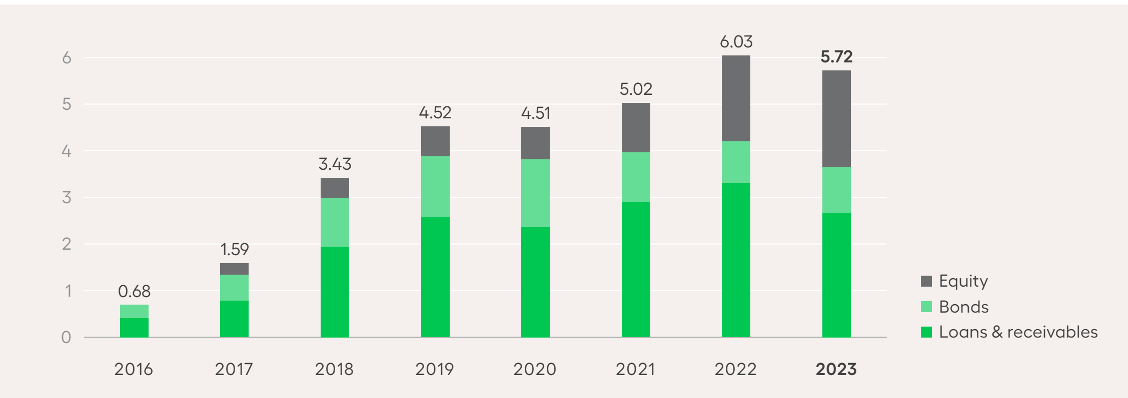


Figure 12: Revenue ($m)

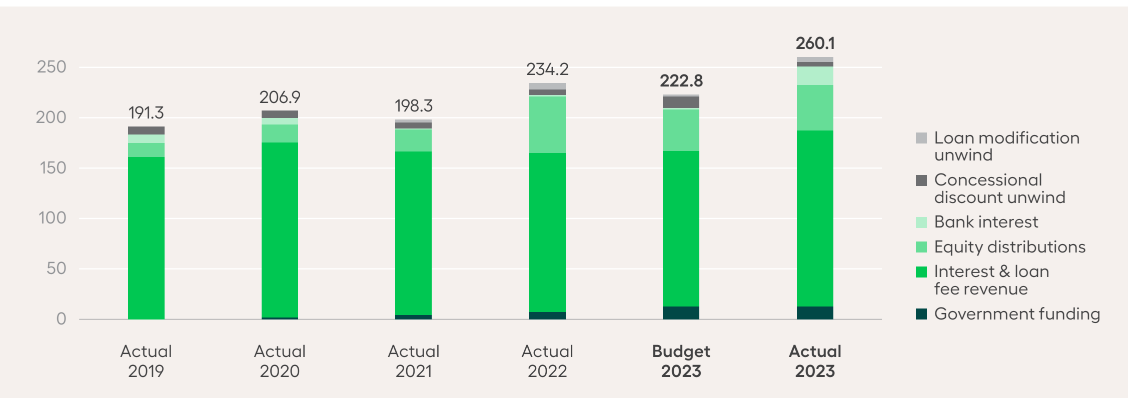


Figure 13: Operating expenses, impairment, concession, modification ($m)

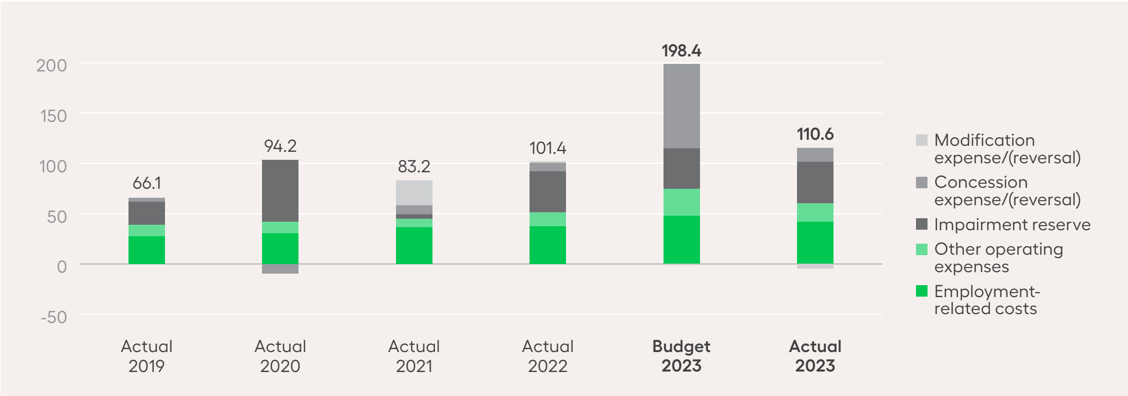


Figure 14: Normalised surplus from operations ($m)

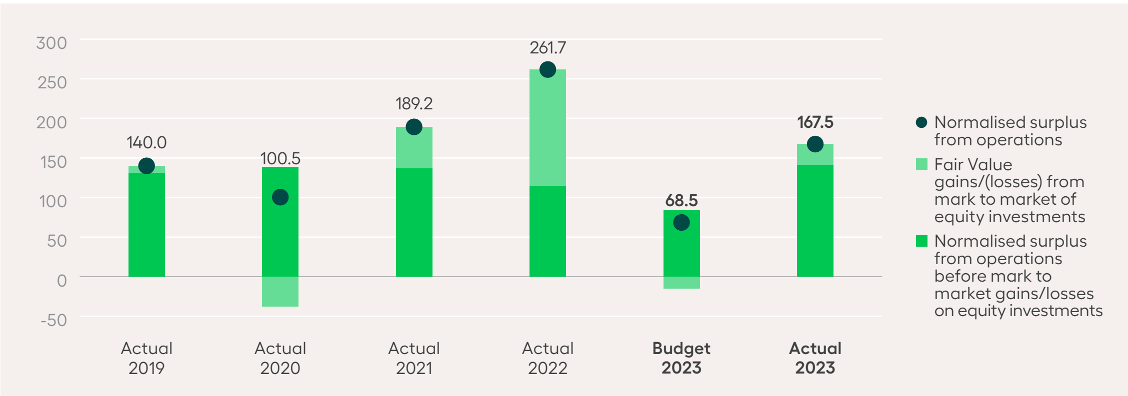


Figure 15: Reconciliation of surplus from operations to normalised surplus from operations ($m)

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Budget 2023	Actual 2023
Reported surplus from operations	218.8	153.8	144.5	189.5	9.4	174.9
Less: Funding received from the Australian Government	–	(1.9)	(4.3)	(7.2)	(12.6)	(12.6)
Less: Fair value (gains)/losses from loans and bonds at Fair Value through Profit & Loss (FVTPL) net of realised gains on sale	(75.1)	(34.7)	23.9	81.4	1.0	5.4
Less: Concessional discount unwind	(7.6)	(7.3)	(6.0)	(5.3)	(11.4)	(4.6)
Add: Concessional expense	3.9	(9.4)	9.2	8.4	83.7	13.7
Less: Loan modification unwind	–	–	(2.7)	(6.2)	(1.5)	(4.5)
Add: Loan modification expense	–	–	24.5	1.1	(0.1)	(4.8)
Normalised surplus from operations	140.0	100.5	189.2	261.7	68.5	167.5

Notes
Normalised surplus from operations represents the underlying financial performance of the CEFC and excludes:
a. Operational funding received from the Australian Government.
b. The non-cash concessional and loan modification charges together with the unwind of these as revenue.
c. The impact of fair value gains and losses arising from the mark-to-market of loans and bonds, since these movements are largely a function of changes in market interest rates and not a good indicator of the underlying financial performance of the CEFC.

Summary financial data

Figure 16: CEFC General Portfolio benchmark return (PBR)[1] (%)

	30 June 2023 Actual	30 June 2023 Normalised
Cumulative return[2]	4.24[3,4]	4.22[3,4]
PBR target	3.90–4.90	3.90–4.90
Annualised return	3.61[5,6]	3.71[5,6]
Annualised PBR target	3.50–4.50	3.50–4.50

Notes
1. The targeted portfolio benchmark return for the general portfolio, established in the Investment Mandate Direction 2023, is the 5 year bond rate + 2–3 %).
2. Since inception.
3. Includes 0.59% fair value gains on equity investments at FVTPL.
4. Net of 0.62% relating to impairment allowance for portfolio losses.
5. Includes 0.32% fair value gains on equity investments at FVTPL.
6. Net of 0.40% relating to impairment allowance for portfolio losses.

Figure 17: Clean Energy Innovation Fund portfolio benchmark return (PBR)[1] (%)

	30 June 2023
Cumulative return[2]	8.32
PBR target	2.74
Annualised return[3]	0.93
Annualised PBR target	2.80

Notes
1. The Clean Energy Innovation Fund targeted Portfolio Benchmark Return (PBR), established in the Investment Mandate Direction 2023, is the 5 year bond rate + 1%.
2. Lifetime returns include 6.51% of net gains in estimated fair value of early-stage equity investments that are still in the portfolio.
3. Annualised returns include 0.93% of net gains in estimated fair value of early-stage equity investments that are still in the portfolio.

Figure 18: Advancing Hydrogen Fund portfolio benchmark return (PBR)[1] (%)

	30 June 2023
Cumulative return[2]	0.58
PBR target	1.55
Annualised return	0.59
Annualised PBR target	1.55

Notes
1. The Advancing Hydrogen Fund targeted Portfolio Benchmark Return (PBR), established in the Investment Mandate Direction 2023, is the 5 year bond rate + 1%.
2. The first hydrogen project was committed and funded in the quarter ended 30 September 2021, and therefore this return is from that date through 30 June 2023.

Independent auditor's report

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Climate Change and Energy

Opinion

In my opinion, the financial statements of the Clean Energy Finance Corporation and its subsidiaries (together the 'Consolidated Entity') for the year ended 30 June 2023:

(a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Consolidated Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended.

The financial statements of the Consolidated Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

- Statement by the Accountable Authority, Chief Executive Officer and Chief Financial Officers;
- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Changes in Equity;
- Consolidated Cash Flow Statement; and
- Notes to the consolidated financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Consolidated Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Consolidated Entity, the Members of the Board ('Board') are responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation

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Phone (02) 6203 7300

Independent auditor's report

of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the ability of the Consolidated Entity to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Consolidated Entity audit. I remain solely responsible for my audit opinion.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

Bradley Medina
Executive Director
Delegate of the Auditor-General

Canberra
22 August 2023

Statement by the Accountable Authority, Chief Executive and Chief Financial Officers

Clean Energy Finance Corporation

Statement by the Accountable Authority, Chief Executive and Chief Financial Officers

In our opinion, the attached financial statements for the year ended 30 June 2023 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* ('PGPA Act'), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Clean Energy Finance Corporation will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the directors.

Steven Skala AO Chair of the Board	Nicola Wakefield Evans AM Board Member	Ian Learmonth Chief Executive Officer	Andrew Powell Chief Financial Officer
22 August 2023	22 August 2023	22 August 2023	22 August 2023

Consolidated Statement of Comprehensive Income
for the year ended 30 June

	Notes	2023 $'000	2022 $'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits	2.1A	42,110	36,567
Suppliers	2.1B	14,462	11,647
Depreciation and amortisation	3.2A	3,605	3,308
Finance costs	2.1F	213	11
Concessional loan charges	2.1C	15,748	9,269
Impairment loss allowance on financial assets	2.1D	41,373	40,452
Losses from sale of assets	2.2D	1,983	4,985
Total expenses		**119,494**	**106,239**
OWN-SOURCE INCOME			
Own-source revenue			
Interest and loan fee revenue	2.2A	201,992	170,731
Distributions from trusts and equity investments	2.2B	45,523	56,368
Total own-source revenue		**247,515**	**227,099**
Gains and losses			
Fair value losses on financial instruments	2.1E	(80,936)	(84,419)
Fair value gains on financial instruments	2.2C	110,670	150,790
Gain on reversal of prior period/(loss) on modification of financial assets	2.1G	4,831	(1,064)
Reversal of prior period concessional loan charges	2.1C	2,081	901
Total net gains/(losses)		**36,646**	**66,208**
Total own-source income		**284,161**	**293,307**
Net contribution by services		**164,667**	**187,068**
Revenue from Government	2.3	12,610	7,139
Share of associates and joint ventures	3.1F	(2,344)	(4,704)
Surplus from continuing operations		**174,933**	**189,503**
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Share of associates and joint ventures asset revaluation reserve	2.4A	7,626	–
Items subject to subsequent reclassification to net cost of services			
Share of associates gains on financial assets at fair value through other comprehensive income	2.4A	524	9,958
Net fair value gains/(losses) in cash flow reserves	2.4A	(1,602)	2,453
Total comprehensive income		**181,481**	**201,914**

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
as at 30 June

	Notes	2023 $'000	2022 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	3.1A	553,831	603,629
Trade and other receivables	3.1B	26,576	20,291
Loans and advances	3.1C	2,537,073	3,143,362
Other debt securities	3.1D	957,087	889,997
Equities and units in trusts	3.1E	1,583,260	1,388,331
Equity accounted investments	3.1F	496,027	438,030
Derivative financial assets	3.1G	14,915	10,544
Total financial assets		**6,168,769**	**6,494,184**
Non-financial assets			
Property, plant and equipment	3.2A	13,936	6,427
Computer software	3.2A	–	14
Prepayments		1,921	1,752
Total non-financial assets		**15,857**	**8,193**
Total assets		**6,184,626**	**6,502,377**
LIABILITIES			
Payables and deferred revenue			
Suppliers		3,498	4,302
Deferred revenue	3.3A	26,829	32,992
Other payables	3.3B	13,543	12,234
Derivative financial liabilities		–	7,472
Total payables and deferred revenue		**43,870**	**57,000**
Interest bearing liabilities			
Leases	3.4	9,646	4,768
Total interest-bearing liabilities		**9,646**	**4,768**
Provisions			
Employee provisions	5.1	5,345	4,621
Other provisions	3.5	20,532	12,236
Total provisions		**25,877**	**16,857**
Total liabilities		**79,393**	**78,625**
Net assets		**6,105,233**	**6,423,752**
EQUITY			
Contributed equity	4.1	5,013,363	5,513,363
Reserves	2.4A	17,531	10,983
Retained surplus		1,074,339	899,406
Total equity		**6,105,233**	**6,423,752**

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the year ended 30 June

	Retained surplus		Reserves		Contributed equity		Total equity	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Opening balance								
Balance carried forward from previous year	899,406	709,903	10,983	(1,428)	5,513,363	4,913,363	6,423,752	5,621,838
Comprehensive income								
Surplus for the year	174,933	189,503	–	–	–	–	174,933	189,503
Other comprehensive income	–	–	6,548	12,411	–	–	6,548	12,411
Total comprehensive income	**174,933**	**189,503**	**6,548**	**12,411**	**–**	**–**	**181,481**	**201,914**
Transactions with owners								
Contributions by owners								
Equity injection from CEFC Special Account	–	–	–	–	–	600,000	–	600,000
Return of equity to CEFC Special Account	–	–	–	–	(500,000)	–	(500,000)	–
Total transactions with owners	**–**	**–**	**–**	**–**	**(500,000)**	**600,000**	**(500,000)**	**600,000**
Closing balance as at 30 June	**1,074,339**	**899,406**	**17,531**	**10,983**	**5,013,363**	**5,513,363**	**6,105,233**	**6,423,752**

The above statement should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

for the year ended 30 June

	Notes	2023 $'000	2022 $'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government		12,610	7,139
Interest and fees		187,200	165,460
Income distributions from trusts and equity investments		44,030	57,068
Total cash received		**243,840**	**229,667**
Cash used			
Employees		39,922	35,110
Suppliers		16,333	12,429
Interest payments on lease liabilities		213	11
Total cash used		**56,468**	**47,550**
Net cash from operating activities		**187,372**	**182,117**
INVESTING ACTIVITIES			
Cash received			
Principal loan repayments received		865,450	475,509
Sale of other debt securities		190,351	300,933
Sale of equities and units in trusts		33,740	20,912
Sale of investment in associates and joint ventures		66,273	–
Distributions from associates and joint ventures		26,770	5,329
Total cash received		**1,182,584**	**802,683**
Cash used			
Loans made to other parties		288,592	891,627
Purchase of other debt securities		261,497	204,670
Purchase of equities and units in trusts		188,617	469,285
Investment in associates and joint ventures		174,509	187,784
Purchase of property, plant and equipment		4,030	280
Purchase of computer software		–	72
Total cash used		**917,245**	**1,753,718**
Net cash from/(used by) investing activities		**265,339**	**(951,035)**
FINANCING ACTIVITIES			
Cash received			
Contributed equity		–	600,000
Total cash received		**–**	**600,000**
Cash used			
Return of equity		500,000	–
Principal payments of lease liabilities		1,935	2,116
Total cash used		**501,935**	**2,116**
Net cash from financing activities		**(501,935)**	**597,884**
Net increase/(decrease) in cash held		**(49,224)**	**(171,034)**
Cash and cash equivalents at the beginning of the reporting period		603,629	774,351
Effect of exchange rate movements on cash and cash equivalents at beginning of reporting period		(574)	312
Cash and cash equivalents at the end of the reporting period	**3.1A**	**553,831**	**603,629**

The above statement should be read in conjunction with the accompanying notes.

Notes to Consolidated Financial Statements

TABLE OF NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes to Consolidated Financial Statements

Note 1: Overview

1.1: Objectives of the Corporation

The Clean Energy Finance Corporation ('CEFC' or 'the Corporation') was established on 3 August 2012 under the *Clean Energy Finance Corporation Act 2012* (Cth) ('the CEFC Act') and is classified as a corporate Commonwealth entity. It is a not-for-profit Australian Government controlled entity with medium to long-term portfolio benchmark return targets (before operating expenses).

Working with co-financiers, the Corporation's objective is to facilitate increased flows of finance into the clean energy sector and to facilitate the achievement of Australia's greenhouse gas emissions reduction targets, by:

- Applying commercial rigour, invest, directly and indirectly, in solely or mainly Australian-based clean energy technologies and projects, which can be any one or more of the following:
  - Renewable energy technologies and projects, which include hybrid technologies that integrate renewable energy technologies and technologies (including enabling technologies) that are related to renewable energy technologies;
  - Energy efficiency technologies and projects, including technologies that are related to energy conservation technologies or demand management technologies (including enabling technologies); and
  - Low emissions technologies and projects.
- Liaising with relevant persons and bodies, including the Australian Renewable Energy Agency ('ARENA'), the Clean Energy Regulator, other Commonwealth agencies and State and Territory governments, for the purposes of facilitating its investment function;
- Working with industry, banks and other financiers, and project proponents, to accelerate Australia's transformation towards a more competitive economy in a carbon constrained world, by acting as a catalyst to increase investment in the clean energy sector; and
- Doing anything incidental or conducive to the performance of the above functions.

Under s64 of the CEFC Act, the responsible Ministers may give the Board directions (i.e. an **Investment Mandate**) about the performance of the CEFC's investment function.

During the year ended 30 June 2023, no new Investment Mandates were received, however, effective 24 July 2023 the responsible Ministers gave the Board a new Investment Mandate – the *Clean Energy Finance Corporation Investment Mandate Direction 2023* (**Investment Mandate 2023**).

Therefore, throughout the year, the *Clean Energy Finance Corporation Investment Mandate Direction 2020* (**Investment Mandate 2020**) was in effect. Among other things, the Investment Mandate 2020 required the Corporation to:

- make available up to:
  - \$1 billion of investment finance over 10 years for a Reef Funding Program (RFP) in support of The Reef 2050 Plan
  - \$1 billion of investment finance over 10 years for a Sustainable Cities Investment Program (SCIP)
  - \$100m for an Australian Recycling Investment Fund with the same risk and return settings as the core fund (similar to the RFP and the SCIP)
  - \$200 million for debt and equity investment through the Clean Energy Innovation Fund (**Innovation Fund**), which (unlike the notional reserves above) has a greater risk and a lower Portfolio Benchmark Return target than the CEFC's core fund
  - \$300m for an Advancing Hydrogen Fund for concessional finance designated in respect of hydrogen technologies with risk and return settings similar to the Innovation Fund.
- Include in its investment activities a focus on technologies and financial products as part of the development of a market for firming intermittent sources of renewable energy generation, as well as supporting emerging and innovative clean energy technologies. In supporting clean energy technologies, the Corporation is strongly encouraged to prioritise investments that support reliability and security of electricity supply.
- Take into consideration the potential effect on reliability and security of supply when evaluating renewable energy generation investment proposals, and if commercially feasible, consider investment in proposals that support reliability or security of supply.

During the year, the Government announced that the CEFC Special Account would be appropriated with an additional $19 billion to fund investments under Rewiring the Nation (RTN), $1 billion for the Household Energy Upgrades Fund (HEUF) and $0.5 billion for the Powering Australia Technology Fund (PATF).

With the passing of the amendments to the CEFC Act in the *Treasury Laws Amendment (2022 Measures No. 4) Act 2023*, which took effect on Monday 26 June 2023, the first $11bn of Rewiring the Nation and $0.5bn of Power Australia Technology Fund monies were credited to the CEFC Special Account. Subsequent to balance date, effective 4 July 2023, a further $8bn for Rewiring the Nation and the first $70m toward the $1bn for Household Energy Upgrades Fund were credited to the CEFC Special Account.

1.2: Basis of preparation of the financial statements

The consolidated financial statements of the Clean Energy Finance Corporation (the parent) and its subsidiaries (collectively, the Group) are required by:

- section 42 of the PGPA Act; and
- section 74 of the CEFC Act.

The consolidated financial statements have been prepared in accordance with:

- the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 ('FRR'); and
- Australian Accounting Standards ('AAS') and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board ('AASB') that apply for the reporting period, with more extensive disclosures for Financial Instruments.

The consolidated financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain financial assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The accounting policies adopted in the preparation of these financial statements are consistent with the prior year's financial statements.

The consolidated financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Further disclosures about the parent company and its subsidiaries can be found at Note 7.

1.3: Market and supply chain impacts

There is an increasing concentration risk in the sectors in which the CEFC invests. A large investment is required across the world to meet net zero commitments, and this is increasing the competition for equipment, materials and appropriately skilled labour required to build out electricity networks, new renewable generation, manufacture of energy efficient assets and the equipment required to transition to a lower emissions economy.

Given its interplay at the nexus of energy and finance, the CEFC considers that there may be some impacts on the current portfolio and pipeline of future investments. This will likely include inflationary pressures on both construction and project finance costs as well as possible delays in supply of equipment to borrowers for use in the construction of grid and generation assets in particular, however, it is not possible to make a completely informed judgement as to the duration and extent of these impacts.

Notes to Consolidated Financial Statements

Note 1: Overview continued

1.4: Taxation

The Corporation is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). The Corporation's wholly owned subsidiaries, CEFC Investments Pty Limited and Clean Energy Investment Management Pty Ltd, are not exempt from income tax, however, they have accumulated income tax losses at 30 June 2023, and have no certainty as to whether any benefit from those losses would ever be realised.

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST payable to the Australian Taxation Office is included as part of the payables or commitments.

The financial statements have been prepared on the basis that the Corporation is generally not entitled to input tax credits for GST included in the price of goods and services acquired because financial supplies, such as loans, are input taxed.

1.5: New Accounting Standards

New Australian Accounting Standards and amendments to Australian Accounting Standards that are either effective in the current financial year or have been early adopted.

Standard/Interpretation	Application date for the Group
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 July 2022

This Standard amends AASB 101 Presentation of Financial Statements (July 2015) as a consequence of the issuance of International Financial Reporting Standard Classification of Liabilities as Current or Non-current (Amendments to IAS 1) by the International Accounting Standards Board (IASB) in January 2020.

The Group has disclosed current/non-current assets and liabilities in Note 8.1 to these financial statements.

New Australian Accounting Standards and amendments to Australian Accounting Standards and Interpretations that are not yet effective for the financial year.

Standard/Interpretation	Application date for the Group
AASB 2021-2: Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023 earlier application is permitted (and on an individual standard basis)
AASB 2021-6: Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	1 January 2023 earlier application is permitted
AASB 2022-10: Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	1 January 2024 earlier application is permitted
AASB 2023-3: Disclosure of Non-current Liabilities with Covenants: Tier 2	1 January 2024 earlier application is permitted

Accounting standards and interpretations issued but not yet effective are not expected to have a material impact on the Group's financial disclosures.

1.6: Events after the reporting period

Effective 4 July 2023, an additional $8bn for Rewiring the Nation and the first $70m toward the $1bn for Household Energy Upgrades Fund were credited to the CEFC Special Account maintained by the Department of Climate Change, Energy, the Environment and Water (DCCEEW) and made available for draw by CEFC to fund projects under those programs.

Effective 22 July 2023 the responsible Ministers gave the Board a new Investment Mandate – the Clean Energy Finance Corporation Investment Mandate Direction 2023 (**Investment Mandate 2023**). Investment Mandate 2023 included directions in relation to:

- how the CEFC will invest new budget allocations of $20.5 billion for Rewiring the Nation, the Household Energy Upgrades Fund and the Powering Australia Technology Fund;
- repeal of the Sustainable Cities Investment Program, the Reef Funding Program and the Australian Recycling Investment Fund; and
- changing the benchmark rate of return for the General Portfolio (previously informally known as the "core" fund) from an average return of 3 per cent to 4 per cent above the 5-year Australian Government bond rate per annum, to an average of 2 per cent to 3 per cent above the 5-year Australian Government bond rate per annum, over the medium to long term.

There is no financial impact on the CEFC's 30 June 2023 accounts from these changes to the Investment Mandate.

There have been no other significant events subsequent to balance date.

Notes to Consolidated Financial Statements

Note 2: Financial performance

This section analyses the financial performance of the Group for the year ended 30 June 2023.

2.1: Expenses

	2023 $'000	2022 $'000
2.1A: Employee benefits		
Wages and salaries	38,472	33,909
Superannuation		
Defined contribution plans	2,472	2,152
Leave and other entitlements	725	476
Separation and redundancies	441	30
Total employee benefits	**42,110**	**36,567**

Accounting policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits due within 12 months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Group is estimated to be less than the annual entitlement for sick leave.

When an employee has rendered service to the Group during the period, the Group recognises the undiscounted amount of short-term benefits expected to be paid in exchange for that service as a liability, calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Group's employer superannuation contribution rates.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Group recognises a provision for termination when it has developed a detailed formal plan for the termination and has informed the affected employees.

Superannuation

The Group's staff are members of various defined contribution plans to which the Group must contribute in accordance with the Superannuation Guarantee (Administration) Act 1992 (Cth). The liability for superannuation recognised as at 30 June represents outstanding contributions for the final payroll period of the year.

	2023 $'000	2022 $'000
2.1B: Suppliers		
Goods and services supplied or rendered		
Annual Report	144	250
Consultants and contractors	1,601	2,351
Custody, facility, filing and investment management fees	4,726	3,203
Data feeds and other subscriptions	991	866
Facility services and outgoings	470	467
Financial statement audit fees	213	112
Information technology services	1,483	1,076
Insurance	205	162
Internal audit services	265	322
Legal fees	517	312
Marketing and communications	518	331
Recruitment services	529	561
Staff training and development	358	428
Telecommunications	165	159
Travel and incidentals	1,366	401
Other	803	608
Total goods and services supplied or rendered	**14,354**	**11,609**
Goods supplied	423	205
Services rendered	13,931	11,404
Total goods and services supplied or rendered	**14,354**	**11,609**
Other suppliers		
Rental expense – external parties	59	(6)
Workers compensation expenses	49	44
Total other suppliers	**108**	**38**
Total suppliers	**14,462**	**11,647**

Notes to Consolidated Financial Statements

Note 2: Financial performance continued

Leasing commitments

The Group has entered into operating leases for office premises which expire between May 2024 and September 2029. Payments in connection with these rental agreements are disclosed as follows.

	2023 $'000	2022 $'000
Rental paid is recognised as:		
Rental expenses	59	(6)
Finance cost	213	11
Reduction in lease liability	1,895	2,116
Total premises lease payments	**2,167**	**2,121**
The amount expensed for premises rental is recognised as:		
Rental expenses	59	(6)
Finance cost	213	11
Depreciation of right of use asset	2,390	2,051
Total premises lease expense	**2,662**	**2,056**

Financial statement audit services

Audit fees payable to the Australian National Audit Office for the audit of the consolidated financial statements of the Group and the financial statements of one wholly-owned subsidiary are as follows:

	2023 $'000	2022 $'000
Australian National Audit Office	198	215

	2023 $'000	2022 $'000
2.1C: Concessional loan charge/(reversal)		
Concessional loan charges on commitments during the year	15,748	9,269
Reversal of concessional loan charges on prior period commitments, due to expiration or early termination of concessional loan arrangements	(2,081)	(901)
Total concessional loan charge/(reversal)	**13,667**	**8,368**

Accounting policy

The Group is required to record a non-cash concessional loan charge when it makes a loan at a discount to the prevailing market equivalent rates or terms. This non-cash charge is recorded as a liability at loan origination and offset to loans and advances when the loan is drawn down. The charge will unwind over the term of the underlying loan and be shown as concessional loan income. Over the full life of the loan, the impact on the reported profit or loss of the Group from the charge and income will net to $Nil. When a concessional loan is terminated earlier than anticipated and therefore the full amount of concession is no longer being granted, any unamortised concessional charge is reversed against the concessional loan charge.

Accounting judgements and estimates

For each investment, the Group will attempt to maximise its return and provide only the level of discount from market rates/terms that is required to ensure the project proceeds, however, this may involve the Group taking a position that is not generally offered by other market participants (e.g. longer term fixed-rate debt, subordinated debt or unsecured debt, lending to thinly capitalised entities or companies with less strong credit ratings, etc.) and at rates that are below those that an equivalent market participant would require. The Group is required to record a concessional loan discount in relation to such loans and this requires extensive judgement in determining the 'market equivalent rate' so as to ascertain the extent of the implicit discount attached to the loan. This involves benchmarking to market rates for similar facilities and adjusting for specific differences in tenor, creditworthiness, security, etc. Further judgement is also required to be exercised in relation to the anticipated pattern under which loans will be drawn down, as well as the rate at which they are expected to amortise, so the extent of concessionality being offered in the transactions can be estimated.

	2023 $'000	2022 $'000
2.1D: Impairment loss allowance on financial assets		
Impairment charge on loans carried at amortised cost	22,595	39,063
Impairment charge on other debt securities carried at amortised cost	26	1,389
Impairment charge on loans and debt securities carried at amortised cost	**22,621**	**40,452**
Impairment charge on interests in associates and joint ventures	18,752	–
Total impairment on financial assets	**41,373**	**40,452**

Notes to Consolidated Financial Statements

Note 2: Financial performance continued

Accounting judgements and estimates

Impairment charge on loans and debt securities carried at amortised cost

The Group reviews its individually significant loans carried at amortised cost at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and other debt securities at amortised cost that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. The calculation of the impairment provision under AASB 9 includes judgements about:

- Shadow Credit Ratings (SCR) and Forward-looking macro-economic indicators, from which the Probability of Default (PD) is derived;
- Loss given default (LGD);
- Future cashflows, used to determine Exposure at Default (EAD);
- Performance rating and indicators of a Significant Increase in Credit Risk (SICR), which determines whether an asset is moved to provisioning Stage 2;
- Portfolio segmentation; and
- Scenarios and their relative weighting.

The Group has selected a combination of Performance Rating (PR) and change in Shadow Credit Rating (SCR), beyond predetermined thresholds, as the primary indicators of SICR.

Loans and other debt securities with the following performance ratings are deemed to have a SICR for the purpose of calculating AASB 9 statistical impairment provision:

- PR2 or worse for loans with current SCR BB+ and below
- PR3 or worse for loans with current SCR AAA to BBB-

The current SCR of each debt instrument is compared with the SCR at origination and the following notch downgrades are taken as indicators of SICR:

- 3 notch downgrade in loans with origination SCRs of AAA to A+
- 2 notch downgrade in loans with origination SCRs of A to BBB+
- 1 notch downgrade in loans with origination SCR of BBB and below

All significant loans carried at amortised cost are also assessed for other indicators of a SICR which may not (yet) be reflected in a downgrade of either the PR or SCR ratings, and where appropriate are advanced to provisioning Stage 2.

The Group's impairment provisioning methodology is discussed further in Note 3.1.

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Impairment charge on interests in associates and joint ventures

At the end of each reporting period, Management reviews the Group's investments in associates and joint ventures for indicators of impairment. Where there is an indicator of impairment, the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying value. Impairment losses are recognised in the impairment loss allowance. A reversal of a previously recognised impairment loss is recognised only to the extent that the investment's carrying value does not exceed the carrying amount that would have been determined (including consideration of any equity accounted losses) if no impairment loss had been recognised.

	2023 $'000	2022 $'000
2.1E: Fair value losses on financial instruments		
Fair value losses on other debt securities carried at FVTPL	6,627	79,377
Fair value losses on equities and units in trusts carried at FVTPL	76,394	3,822
Fair value losses on derivatives for investment carried at FVTPL	–	758
Reversal of prior years' fair value gains now realised on disposal (refer Note 2.2D)	1,067	462
Reversal of prior years' fair value losses now realised on disposal (refer Note 2.2D)	(3,726)	–
Foreign exchange loss	574	–
Total fair value losses on financial instruments	**80,936**	**84,419**

Accounting judgements and estimates

Fair value losses on loans and financial investments carried at FVTPL

Loans and financial investments carried at FVTPL are individually revalued (marked-to-market) each period-end with any decrease in value recorded as a Fair value loss.

Further information on the valuation methodology can be found at Note 2.2C: Fair value gains on financial instruments.

	2023 $'000	2022 $'000
2.1F: Finance costs		
Interest on lease liabilities	213	11
Total finance costs	**213**	**11**

The above lease disclosures should be read in conjunction with Notes 2.1B and 3.4.

	2023 $'000	2022 $'000
2.1G: Loss/(reversal) on modification of financial instruments		
Loans measured at amortised cost	–	1,064
Reversal of prior period modification loss of financial instruments	(4,831)	–
Total loss/(reversal) on modification of financial instruments at amortised cost that were not derecognised	**(4,831)**	**1,064**

Notes to Consolidated Financial Statements

Note 2: Financial performance continued

Accounting policy

The Group accounts for substantial modification of terms of an existing asset or part of it as an extinguishment of the original financial asset and the recognition of a new asset. Further information on derecognition can be found at Note 3.1.

Where the Group exchanges, with the existing borrower, one debt instrument into another one without substantially different terms, such exchange is accounted for as a modification of the original financial asset rather than an extinguishment and recognition of a new financial asset.

If the modification is not substantial, the difference between: (1) the carrying amount of the asset before the modification; and (2) the present value of the cash flows after modification, discounted at the effective interest rate of the original facility is recognised in the Statement of Comprehensive Income as a modification gain or loss within other gains and losses.

The loan modification is unwound as interest and loan fee revenue, using the effective interest rate method, over the life of the modified facility.

Accounting judgements and estimates

For all loan modifications we consider if either, or both, of the following two tests are met, as they are indicators of a 'substantial' modification under AASB 9:

- Quantitative assessment or '10% test' – the net present value of cash flows, including any fees under the new terms, discounted at the original effective interest rate is at least 10% different from the carrying amount of the original debt; and
- Qualitative assessment – a significant change in the terms and conditions that is so fundamental that immediate de-recognition is required with no additional quantitative analysis.

The qualitative assessment of what constitutes a significant change in the terms and condition is subjective by nature and requires the exercise of significant judgement. The quantitative assessment is less subjective, but given the CEFC is often a fixed rate lender and also may be a sole financier, the quantitative assessment is not viewed in isolation of the qualitative assessment.

2.2: Own-source revenue and gains

	2023 $'000	2022 $'000
2.2A: Interest and loan fee revenue		
Interest and fees from loans and advances	137,697	134,555
Interest from other debt securities	36,983	23,231
Interest from cash and short-term investments	18,225	1,401
Unwind of concessional interest rate discount	4,567	5,330
Unwind of loan modification loss	4,520	6,214
Total interest and loan fee revenue	**201,992**	**170,731**

Accounting policy

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method as set out in AASB 9 Financial Instruments. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Deferred income received in cash at the start of a loan is brought to income on an effective yield basis over the life of the loan by reducing the carrying amount.

Interest revenue on assets held at FVTPL is calculated with reference to the amortised cost of the asset, ignoring the impact of fair value gains and losses on the asset's carrying value.

Establishment fees

Establishment fees relating to the successful origination or settlement of a loan are deferred and recognised as an adjustment to the effective interest rate on the loan.

Commitment fees

Commitment fees are recognised on an accrual basis over the period during which the credit is made available to the customer but is not drawn down.

	2023 $'000	2022 $'000
2.2B: Distributions from trusts and equity investments		
Distributions from trusts and equity instruments	45,523	56,368
Total distributions from trusts and equity investments	**45,523**	**56,368**

Accounting policy

Distributions from trusts and equity investments are recognised as revenue upon the Group becoming irrevocably entitled to the relevant distributions.

	2023 $'000	2022 $'000
2.2C: Fair value gains on financial instruments		
Fair value gains on other debt securities carried at FVTPL	1,402	–
Fair value gains on equities and units in trusts carried at FVTPL	104,729	146,742
Fair value gains on derivatives for investment carried at FVTPL	4,371	–
Reversal of prior years' fair value losses now realised on disposal (refer Note 2.2D)	–	4,048
Reversal of prior years' fair value gains now realised on disposal (refer Note 2.2D)	(874)	–
Foreign exchange gain	1,042	–
Total fair value gains on financial instruments	**110,670**	**150,790**

Notes to Consolidated Financial Statements

Note 2: Financial performance continued

2.2: Own-source revenue and gains continued

Accounting judgements and estimates

Loans, Other debt securities (comprising bank and other bonds) and Equities and units in trusts carried at FVTPL are individually revalued to their fair value each period-end with any increase in value recorded as a fair value gain.

In revaluing these assets, the Group uses publicly-quoted prices (for example from Bloomberg in the case of bank and other publicly traded bonds) at the period end where available.

Where quoted prices are not available for a particular asset the Group adopts an internally generated valuation. Judgement is applied in selecting some of the variables applied in arriving at a valuation.

For non-publicly traded bonds and loans, the valuation is determined by applying the most appropriate market interest rate curve to the predicted future cashflows from the instrument.

For unquoted equities valuations are undertaken consistent with the APRA Prudential Practice Guide SPG 531 – Valuation and the International Private Equity and Venture Capital Valuation Guidelines recommended by the Australian Investment Council (formerly Australian Private Equity and Venture Capital (AVCAL)).

	2023 $'000	2022 $'000
2.2D: (Loss)/profit from sale of assets		
Realised gains on sale of financial investments carried at FVTPL		
Investments in trusts and equity instruments	1,941	1,026
Investments in debt securities	8	113
Realised losses on sale of financial investments carried at FVTPL		
Investments in trusts and equity instruments	–	(4,048)
Investments in debt securities	(3,932)	(2,076)
Net (Loss)/profit on sale of investments	**(1,983)**	**(4,985)**

$3.7m of the loss on sale of assets (2022: $4.0m) had been recognised in prior years through the Statement of Comprehensive Income as fair value losses. Refer Note 2.1E and 2.2C.

$1.9m of the profit from sale of assets (2022: $0.5m) had been recognised in prior years through the Statement of Comprehensive Income as fair value gains. Refer Note 2.1E and 2.2C.

Accounting policy

In accordance with AASB 9, financial assets carried at FVTPL are measured at fair value with unrealised gains or losses recognised as fair value gains/(losses) on financial instruments until the asset is derecognised, at which time the cumulative gain or loss is recognised as a profit/(loss) on disposal of assets.

2.3: Revenue from Government

	2023 $'000	2022 $'000
Contribution from Department of Climate Change, Energy, the Environment and Water/Department of Industry, Science, Energy and Resources towards operating costs of the proposed:		
– Grid Reliability Fund	1,066	4,532
– Low Emissions Technology Commercialisation Fund	–	2,607
– Powering Australia Technology Fund	3,514	–
– Rewiring the Nation	8,030	–
Total revenue from Government	**12,610**	**7,139**

2.4: Gains/(losses) included in other comprehensive income and reserves

2.4A: Reconciliation of unrealised gains in reserves at 30 June 2023

	Share of associates and joint ventures			
	Asset revaluation reserve $'000	Gains/(losses) on financial assets at FVOCI $'000	Cash flow hedge reserves $'000	Total $'000
Unrealised gains included in reserves, 1 July 2022	–	9,381	1,602	10,983
Unrealised gains/(losses) recorded in other comprehensive income during 2023	7,626	524	(1,602)	6,548
Unrealised gains included in reserves, 30 June 2023	**7,626**	**9,905**	**–**	**17,531**

Notes to Consolidated Financial Statements

Note 3: Financial position

This section analyses the Group's assets used to conduct its operations and the operating liabilities incurred as a result. (Employee-related information is disclosed in the People and relationships section).

3.1: Financial assets

Accounting policy for financial assets

Classification

The Group classifies its financial assets into the following categories:

- Amortised cost;
- Fair value through profit or loss ('FVTPL'); and
- Fair value through other comprehensive income ('FVOCI').

The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. The two principal tests applied in determining which of the above categories a financial asset falls into are:

- The Business Model test and
- The Cash Flows test

The Business Model test considers whether or not an asset is held in a business model where the objective is to hold financial assets in order to collect contractual cash flows.

The Cash Flows test considers whether or not the future cash flows from an asset are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet both the Business Model and the Cash Flows test are classified as amortised cost. The Group has classified financial assets which do not meet these tests as FVTPL. The Group does not currently have any financial assets recognised at fair value through other comprehensive income.

Recognition and measurement

Financial assets at amortised cost are initially recognised at their fair value after taking into account any concessionality. After initial recognition, they are measured at amortised cost using the effective interest method less any impairment recorded. Interest is recognised by applying the effective interest rate.

Financial assets at FVTPL are carried at fair value with any gains or losses resulting from a change in fair value recorded in as a gain/(loss) in the Statement of Comprehensive Income.

Purchases of financial assets are accounted for at settlement date.

The Group may use derivative financial instruments to manage exposures to interest rate and foreign exchange risk. These include foreign exchange contracts, interest rate and cross-currency swaps, futures contracts and forward rate agreements. Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives are carried as assets when their fair value is positive (in the money) and as liabilities when their fair value is negative (out of the money). Any gains and losses arising from changes in the fair value of derivatives, except those that qualify for hedge accounting, are recorded in the Statement of Comprehensive Income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- the Group has transferred substantially all the risks and rewards of the asset, or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Gains or losses on the disposal of a financial asset are recorded in the Statement of Comprehensive Income.

Impairment of financial assets held at amortised cost

The Group adopts a three-stage approach to impairment provisioning as follows:

- Stage 1 – the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;
- Stage 2 – lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and
- Stage 3 – lifetime expected credit losses for financial instruments which are credit impaired.

Refer to Note 2.1D for further information on the impairment provisioning stages.

Judgements and estimates

The Group is required to ascertain the extent to which its loans and other debt securities held at amortised cost are likely to be recoverable. Given the risk position that may be assumed by the Group in its various loans (e.g. senior debt, unsecured debt, subordinated or mezzanine debt, longer terms, policy risk in relation to the Renewable Energy Target, electricity price volatility, etc) it is considered possible that the Group will not fully recover 100% of the principal relating to all the loans it makes. A specific impairment provision is raised where the Group has identified individual loans that are not expected to be fully recoverable at the reporting date.

At the end of each reporting period the Group assesses whether there is objective evidence that a financial asset or group of financial assets is in default and impaired and, therefore, falls under Stage 3 of the AASB 9 impairment provisioning methodology. A financial asset or a group of financial assets is impaired (and impairment charges are recognised) if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The expected credit loss (ECL) of assets at provisioning Stage 3 is measured as the difference between the contractual and expected future cash flows from the individual exposure, discounted using the effective interest rate for that exposure.

Notes to Consolidated Financial Statements

Note 3: Financial position continued

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. These assets are classified as being in either:

- Stage 1 – the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition; or
- Stage 2 – lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition.

For loans at Stage 1, ECL is measured as the product of the 12-month Probability of Default (PD), the Loss Given Default (LGD) and Exposure at Default (EAD), adjusted for forward-looking information.

For loans at Stage 2, ECL is measured as the product of lifetime PD, LGD and EAD, adjusted for forward-looking information.

Loans that are in Stage 3 and, therefore, individually assessed for impairment are not included in a collective assessment of impairment.

The statistically calculated impairment provision for each financial asset is determined with reference to the EAD net of any concessionality balance at the period end.

The expected credit loss also considers forward looking information to recognise impairment allowances earlier in the lifecycle of an investment.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. The Group has further stratified its amortised cost portfolio into Corporate Loans and Project Finance and into Electricity, Financial Services, Infrastructure, Property and Other sectors for impairment provisioning purposes.

The Group has identified the following as forward-looking macro-economic risk indicators for different segments within our amortised cost loan portfolio:

- Electricity prices
- Foreign exchange rate
- Interest rates
- GDP growth rate
- Property prices

The Group's impairment provisioning model uses four scenarios, with a probability assigned to each of them, in calculating the impairment provision. The impairment provision adopted is based on the weighted average of the provisions calculated under each of these scenarios:

Scenario	Weighting 2023	Weighting 2022
Base case	55%	55%
Upside	10%	10%
Downside	30%	30%
Electricity price collapse	5%	5%
Total statistically calculated provision	**100%**	**100%**

The assumptions in each scenario have been updated at 30 June 2023. This change in assumptions includes higher electricity price forecasts, the current GDP and interest rate forecasts and updates to interest rate and property price expectations.

The provision at 30 June 2023, under each of these scenarios would have been between $53.4 million and $210.8 million and has been calculated on a weighted average basis as $89.9 million as follows:

	Key Assumptions at 30 June 2023	Statistical provision $m	Weighted value $m
Base case	– **Electricity prices:** Most recent quarterly forecast of bundled wholesale prices sourced from an independent consultancy in both 2023 and 2022. 2023 forecasts are lower than 2022. – **Foreign Exchange rate:** June quarterly forecasts sourced from a financial information service at 30 June 2023 and 2022. – **Interest rates:** Average June quarterly forecasts sourced from a financial information service at 30 June 2023 and 2022. – **GDP growth rate:** Real GDP forecast sourced from a financial information service at 30 June 2023 and 2022. – **Property prices:** In line with market expectations.	80.1	44.1
Upside	Electricity prices are assumed to be 20% higher than the Base case from 1 July 2024 onwards. Property prices increase by 2% more than the Base case GDP and interest rates are the same as the Base case.	53.4	5.3
Downside	Electricity prices are 35% lower than the Base case. Property prices are from 10% to 25% lower than market expectations. Interest rates increase at twice the pace of Base case up to 8% with no decrease. GDP growth is 50% of Base case.	99.8	30.0
Electricity price collapse	As for Downside scenario, however, bundled electricity prices drop to $40/MWh and remain at that level.	210.8	10.5
Total provision calculated with reference to above scenarios (AASB 9 stages 1 and 2)			**89.9**
Specific provision for financial instruments considered to be credit impaired (AASB 9 stage 3)			45.8
			135.7

Notes to Consolidated Financial Statements

Note 3: Financial position continued

The total impairment provision of $135.7m is disclosed as $133.9m against loans and advances (refer Note 3.1C) and $1.8m against other debt securities (refer Note 3.1D):

In addition to the statistically modelled output, two Management adjustment overlays have been applied. These are a model overlay and a sector-specific risk overlay. The purpose of these overlays is to compensate for the unique risks of the Group's portfolio as well as specific model and data limitations. The sector specific risk overlay relates to financial risks specific to electricity generation projects (such as fluctuations in wholesale electricity prices, delays being experienced in construction and in connection to the network and some failures of and difficulties experienced by EPC contractors) that impact multiple loans but have not resulted in a SICR for any specific loan and this has been calculated with reference to a number of modelled scenarios.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience. When a loan or a part of a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the charge for loan impairment in the statement of comprehensive income. If, in a subsequent period, the amount of the impairment charge decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment charge is reversed by adjusting the provision account. The amount of the reversal is recognised in the statement of comprehensive income.

3.1A: Cash and cash equivalents

	2023 $'000	2022 $'000
Cash on hand or on deposit	553,831	603,629
Total cash and cash equivalents	**553,831**	**603,629**

Accounting policy

Cash is recognised at its nominal amount as this is considered fair value. Cash and cash equivalents includes:

- cash on hand; and
- demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, and demand deposits in bank accounts with an original maturity of three months or less, to maintain liquidity.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

	2023 $'000	2022 $'000
3.1B: Trade and other receivables		
Goods and services receivables		
Trade debtors – external parties	–	–
Other receivables		
Interest and fees	21,298	16,052
Dividends and distributions	4,943	3,475
Accrued revenue	**26,241**	**19,527**
Unbilled receivables	335	283
Other receivables	–	481
Total other receivables	**26,576**	**20,291**
Total trade and other receivables (gross)	**26,576**	**20,291**
Less: Impairment allowance	**–**	**–**
Total trade and other receivables (net)	**26,576**	**20,291**

Credit terms for goods and services were within 30 days (2022: 30 days).

Interest receivable is due monthly, quarterly or upon maturity, depending on the terms of the investment.

	2023 Amortised cost $'000	2023 FVTPL $'000	2023 Total $'000
3.1C: Loans and advances			
Gross funded loans and advances	2,676,482	10,050	2,686,532
Concessional loan discount on drawn loans	(7,441)	(778)	(8,219)
Unamortised loan modification charge	(7,314)	–	(7,314)
Funded loans, net of concessionality and modification discount	**2,661,727**	**9,272**	**2,670,999**
Less impairment allowance	(133,926)	–	(133,926)
Net loans and advances	**2,527,801**	**9,272**	**2,537,073**

Notes to Consolidated Financial Statements

Note 3: Financial position continued

	2022 Amortised cost $'000	2022 FVTPL $'000	2022 Total $'000
Gross funded loans and advances	3,330,554	50	3,330,604
Concessional loan discount on drawn loans	(13,252)	(50)	(13,302)
Unamortised loan modification charge	(9,806)	–	(9,806)
Funded loans, net of concessionality and modification discount	**3,307,496**	**–**	**3,307,496**
Less impairment allowance	(164,134)	–	(164,134)
Net loans and advances	**3,143,362**	**–**	**3,143,362**

Maturity analysis loans and advances, net of concessionality and modification discount:

	2023 $'000	2022 $'000
Overdue or impaired	171,698	142,545
Due in 1 year	251,449	614,552
Due in 1 year to 5 years	1,271,017	1,512,950
Due after 5 years	976,835	1,037,449
Funded loans, net of concessionality and modification discount	**2,670,999**	**3,307,496**

Concentration of risk

The largest single exposure in the loan portfolio at 30 June 2023 was for an amount of $295.0 million (2022: $295.0 million). The following table shows the diversification of investments in the loan portfolio at 30 June:

	2023			2022		
	No. of loans	**Loan value $'000**	**%**	No. of loans	Loan value $'000	%
<$10m	17	69,773	3%	18	55,828	2%
$10m – $50m	26	675,815	25%	27	709,214	21%
$50m – $100m	16	1,246,269	47%	17	1,303,777	39%
> $100m	4	679,142	25%	8	1,238,677	38%
Funded loans, net of concessionality and modification discount	**63**	**2,670,999**	**100%**	**70**	**3,307,496**	**100%**

The following table shows the diversification of investments within the loan portfolio at 30 June by credit quality. Since the loans made by the Group are (in the main) to entities that will not have a formal credit rating, the Corporation has developed a Shadow Credit Ratings ('SCR') system. These are internal risk indicators used by the Group to assess the default risks of its debt instruments. The SCR assesses the probability of seeing the counterparty default under its obligations. The SCR is determined by a risk matrix based on internal risk assessments of the counterparty involved, the business risk it faces and the financial risk it has as a result of the debt it carries (including all new debt proposed in the investment opportunity).

	2023		2022	
	Loan value $'000	%	Loan value $'000	%
Corporation's Shadow Credit Rating				
AAA	6,482	0%	5,828	0%
AA+ to AA-	44,305	2%	29,553	1%
A+ to A-	296,785	11%	336,907	10%
BBB+ to BBB-	590,287	22%	670,168	20%
BB+ to BB-	1,643,683	62%	2,122,751	64%
B+ to B-	89,457	3%	142,289	5%
Total loans and advances, net of concessionality and modification discount	**2,670,999**	**100%**	**3,307,496**	**100%**

Risk factors are discussed further in Note 6.2.

Notes to Consolidated Financial Statements

Note 3: Financial position continued

Impairment allowance

Reconciliation of the impairment allowance

Movements in relation to loans and advances:

	2023 Stage 1 (12-month ECL)	2023 Stage 2 (lifetime ECL)	2023 Stage 3	**2023 Total $'000**
As at 1 July 2022	**53,934**	**35,084**	**75,116**	**164,134**
Increase recognised in impairment loss allowance on financial instruments	3,367	968	18,260	22,595
Change from stage 1 to stage 2	(5,515)	5,515	–	–
Change from stage 2 to stage 1	12,049	(12,049)	–	–
Change from stage 2 to stage 3	–	(5,229)	5,229	–
Utilised for impaired loans	–	–	(52,803)	(52,803)
Closing balance at 30 June 2023	**63,835**	**24,289**	**45,802**	**133,926**

	2022 Stage 1 (12-month ECL)	2022 Stage 2 (lifetime ECL)	2022 Stage 3	2022 Total $'000
As at 1 July 2021	**43,603**	**61,185**	**20,284**	**125,072**
(Decrease)/increase recognised in impairment loss allowance on financial instruments	(1,788)	(10,690)	51,540	39,062
Change from stage 1 to stage 2	(2,808)	2,808	–	–
Change from stage 2 to stage 1	14,927	(14,927)	–	–
Change from stage 2 to stage 3	–	(3,292)	3,292	–
Closing balance at 30 June 2022	**53,934**	**35,084**	**75,116**	**164,134**

The Group did not have any amounts past due but not impaired at 30 June 2023 or 30 June 2022.

Changes from stage 1 to stage 2 relate to project finance loans that are identified as having a SICR due to circumstances arising during the current year.

Changes from stage 2 to stage 1 relate to loans that had been identified as having a SICR at 1 July being cured during the current financial year.

Changes from stage 2 to stage 3 relate to loans considered to be credit impaired at 30 June.

3.1D: Other debt securities

	2023 Amortised cost $'000	2023 FVTPL $'000	**2023 Total $'000**
Gross funded debt securities	380,055	613,435	993,490
Concessional loan discount	(1,418)	(2,395)	(3,813)
Cumulative amortisation of bond discount/(premium)	1,043	2,181	3,224
Cumulative fair value adjustments	–	(34,051)	(34,051)
Debt securities before impairment allowance	**379,680**	**579,170**	**958,850**
Less impairment allowance	(1,763)	–	(1,763)
Net Other debt securities	**377,917**	**579,170**	**957,087**

	2022 Amortised cost $'000	2022 FVTPL $'000	2022 Total $'000
Gross funded debt securities	341,240	585,027	926,267
Concessional loan discount	(1,844)	(2,686)	(4,530)
Cumulative amortisation of bond discount/(premium)	967	1,582	2,549
Cumulative fair value adjustments	–	(32,552)	(32,552)
Debt securities before impairment allowance	**340,363**	**551,371**	**891,734**
Less impairment allowance	(1,737)	–	(1,737)
Net Other debt securities	**338,626**	**551,371**	**889,997**

Maturity analysis of debt securities:

	2023 $'000	2022 $'000
Overdue or impaired	–	–
Due in 1 year	107,769	23,798
Due in 1 year to 5 years	631,620	493,424
Due after 5 years	219,461	374,512
Other debt securities before impairment allowance	**958,850**	**891,734**

Notes to Consolidated Financial Statements

Note 3: Financial position continued

Concentration of risk – Other debt securities

Other debt securities are primarily investments in bank and corporate bonds. During the financial year, the Group recorded an increase in the impairment charge of $0.26 million (2022: impairment charge of $1.39 million) in respect of its holding of other debt securities.

The largest single exposure in the other debt securities at 30 June 2023 was for an amount of $145.9 million (2022: $75.9 million).

The following table shows the diversification of other debt securities at 30 June:

	2023			2022		
	No. of securities	Investment value $'000	%	No. of securities	Investment value $'000	%
<$10m	9	66,356	7%	6	53,374	6%
$10m – $50m	22	575,673	60%	19	583,186	65%
$50m – $100m	3	170,912	18%	4	255,174	29%
> $100m	1	145,909	15%	–	–	0%
Total other debt securities	**35**	**958,850**	**100%**	**29**	**891,734**	**100%**

The following table shows the diversification of Other debt securities at 30 June 2023 and 2022 by SCR:

	2023		2022	
	Value $'000	%	Value $'000	%
Corporation's Shadow Credit Rating				
AAA	33,482	3%	4,716	1%
AA+ to AA-	232,407	24%	299,714	34%
A+ to A-	192,748	20%	267,845	30%
BBB+ to BBB-	460,986	48%	280,323	31%
BB+ to BB-	39,227	4%	39,136	4%
Total loans and advances, net of concessionality and modification discount	**958,850**	**100%**	**891,734**	**100%**

Risk factors are discussed further in Note 6.2.

Impairment allowance – Other debt securities

	2023 $'000	2022 $'000
As at 1 July	1,737	347
Increase recognised in impairment loss allowance on financial instruments	26	1,390
Closing balance at 30 June	**1,763**	**1,737**

All Other debt securities are in impairment provisioning stage 1 (12 months ECL).

3.1E: Equities and units in trusts

	2023 $'000	2022 $'000
Gross funded equities and units in trusts	1,353,826	1,185,291
Cumulative fair value adjustments	229,434	203,040
Equities and units in trusts	**1,583,260**	**1,388,331**

All equities and units in trusts are held at FVTPL in 2023 and 2022.

Concentration of risk and impairment – Equities and units in trusts

Investments in shares in publicly-listed entities, units in unincorporated unit trust structures or direct holdings in unlisted companies where the Group is not deemed to have significant influence are classified as Equities and units in trusts.

The largest single exposure in the Equities and units in trusts portfolio at 30 June 2023 was for an amount of $163.6 million (2022: $156.8 million).

The following table shows the diversification of Equities and units in trusts at 30 June:

	2023			2022		
	No. of securities	Investment value $'000	%	No. of securities	Investment value $'000	%
<$10m	27	87,594	6%	27	76,501	5%
$10m – $50m	11	241,041	15%	5	123,538	9%
$50m – $100m	10	694,404	44%	8	572,637	42%
> $100m	4	560,221	35%	5	615,655	44%
Total Equities and units in trusts	**52**	**1,583,260**	**100%**	**45**	**1,388,331**	**100%**

The Group does not assign a SCR to investments in Equities and units in trusts.

Notes to Consolidated Financial Statements

Note 3: Financial position continued

3.1F: Equity accounted investments

	2023 $'000	2022 $'000
Balance at 1 July	426,360	258,024
Investments made during the year	165,704	176,473
Distributions received during the year	(27,320)	(5,009)
Share of income/(loss) of associates and joint ventures		
– through Profit and Loss	(2,344)	(4,704)
– through Other Comprehensive Income (Note 2.4A)	8,150	9,958
Disposals made during the year	(65,812)	–
Impairment charge	(18,752)	–
Reclassifications from FVTPL	11,762	–
Reclassifications to FVTPL	(22,650)	(8,382)
Balance of equity accounted investments at 30 June	**475,098**	**426,360**
Loans to associates and joint ventures	20,929	11,670
Total interest in associates and joint ventures	**496,027**	**438,030**

	2023		2022	
	Carrying value $'000	Ownership %	Carrying value $'000	Ownership %
Equity accounted investments				
Octopus Australia Sustainable Investments	77,311	33.0%	–	0.0%
Morrison Growth Infrastructure Fund	70,779	25.9%	70,468	25.9%
My Specialised Accommodation Solutions Holdings	61,248	24.9%	53,984	24.9%
Kiamal Solar Farm	37,467	42.5%	50,065	42.5%
Ellerston 2050 Fund	37,110	49.7%	23,540	49.5%
Transforming Farming Trust	33,093	50.0%	16,768	50.0%
Australian Hospitality Opportunity Fund II	31,574	33.0%	35,236	33.0%
IFM Growth Partners LP	26,953	36.8%	17,748	36.8%
EG Delta – ESG Property Fund	26,893	43.1%	34,393	43.1%
Mirvac Australian BTR Club – A	–	0.0%	66,313	43.0%
Ross River Solar Farm	–	0.0%	18,640	25.0%
Clean Energy Innovation Fund investments	53,402	21.1% – 37.6%	29,366	21.7% – 37.0%
Other investments	19,268	25.0% – 46.2%	9,839	40.0% – 46.2%
Total investments accounted for using the equity method	**475,098**		**426,360**	

The following table summarises the Group share of the aggregated financial information of the above equity accounted investments.

	2023 $'000	2022 $'000
Statement of financial position		
Current assets	102,535	84,056
Non-current assets	635,370	554,983
Current liabilities	37,282	24,284
Non-current liabilities	204,086	192,931
Statement of comprehensive income		
Revenue	43,763	56,019
Net (deficit)/surplus	(2,344)	(4,704)
Other comprehensive income	8,150	9,958
Total comprehensive income	**5,806**	**5,254**

Loans to associates and joint ventures at 30 June 2023 of $20.9m (2022: $11.7m). There are no guarantees on behalf of associates and joint ventures outstanding at 30 June 2023 (2022: $Nil).

At 30 June 2023 the Group had committed to invest up to a further $266 million (2022: $268 million) in the above equity accounted investments.

Accounting policy

Investments in associates

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, investments in the associates are carried in the Group's statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment. After the application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the net investment in associates.

Jointly controlled entities

Interests in jointly controlled entities in which the entity is a venturer (and so has joint control) are accounted for using the equity method.

3.1G: Derivative financial assets

	2023 $'000	2022 $'000
Derivative financial assets held for investment purposes (FVTPL)	14,915	10,544
Derivative financial assets	**14,915**	**10,544**

Accounting policy

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income and later reclassified to profit or loss when the hedge item affects profit or loss.

Notes to Consolidated Financial Statements

Note 3: Financial position continued

3.2: Non-financial assets

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and computer software

Reconciliation of the opening and closing balances of property, plant and equipment and computer software for 2023

	Land and buildings $'000	Plant and equipment $'000	Computer software $'000	Total $'000
As at 1 July 2022				
Gross book value	8,417	3,475	520	12,412
Accumulated depreciation and amortisation	(3,843)	(1,622)	(506)	(5,971)
Total as at 1 July 2022	**4,574**	**1,853**	**14**	**6,441**
Additions:				
By purchase or internally developed	6,815	4,285	–	11,100
Depreciation and amortisation expense	(2,391)	(1,200)	(14)	(3,605)
Disposals:				
Gross book value	(2,416)	(389)	(42)	(2,847)
Accumulated depreciation and amortisation	2,416	389	42	2,847
Total as at 30 June 2023	**8,998**	**4,938**	**–**	**13,936**
Total as at 30 June 2023 represented by:				
Gross book value	12,816	7,371	478	20,665
Accumulated depreciation and amortisation	(3,818)	(2,433)	(478)	(6,729)
Total as at 30 June 2023	**8,998**	**4,938**	**–**	**13,936**

Land and buildings comprise ROU assets recognised for office leases.

No other property, plant or equipment or computer software are expected to be disposed of within the next 12 months.

No indicators of impairment were found for property, plant and equipment or computer software.

Accounting policy

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the Group where an obligation exists to restore premises to original condition. These costs are included in the value of the Group's leasehold improvements with a corresponding provision for the 'make good' recognised.

The Group's computer software comprises purchased software for internal use. These assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value. The valuation is based on internal assessment by Management to ensure that the carrying amount of the assets do not differ materially from their fair values. As at 30 June 2023, the carrying amount of property, plant and equipment approximates their fair value.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of 'asset revaluation reserve' except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation and amortisation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Group using, in all cases, the straight-line method of depreciation.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

Property, plant and equipment	
Right of use assets	the duration of the lease
Office equipment	3 to 5 years
Leasehold improvements	5 years (or the remaining lease period if shorter)
Furniture and fittings	5 years (or the remaining lease period if shorter)
Computer equipment	2 to 3 years
Computer Software	straight-line basis over anticipated useful lives (typically 2 to 3 years)

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

An item of software is derecognised when the license expires or when no further future economic benefits are expected from its use or disposal.

Notes to Consolidated Financial Statements

Note 3: Financial position continued

3.3: Payables and deferred revenue

	2023 $'000	2022 $'000
3.3A: Deferred revenue		
Deferred establishment fees income	26,829	32,725
Loan commitment and line fees received in advance	–	267
Total deferred revenue	**26,829**	**32,992**

	2023 $'000	2022 $'000
3.3B: Other payables		
Wages and salaries	13,243	11,992
Superannuation	258	213
FBT liability	6	7
Other	36	22
Total other payables	**13,543**	**12,234**

Accounting policy

Initial recognition and measurement

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised upon 'trade date'.

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings and trade creditors/accruals, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade creditors and accruals and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3.4: Interest bearing liabilities

	2023 $'000	2022 $'000
Lease liability falling due within 1 year	2,130	1,400
Lease liability falling due between 1 and 5 years	6,364	3,368
Lease liability falling due after 5 years	1,152	–
Total interest bearing liabilities	**9,646**	**4,768**

The lease liability relates to office premises leases which expire between May 2024 and September 2029. Information on repayments and expenses booked during the year can be found in Note 2.1B and information on the corresponding right-of-use asset can be found in Note 3.2.

Committed future lease payments, on an undiscounted basis, at 30 June 2023 are $10.2m (2022: $4.84m).

3.5: Other provisions

	Provision for concessional investments $'000	Provision for make good $'000	Total $'000
As at 1 July 2022	**11,898**	**338**	**12,236**
Additional provisions made	10,956	256	11,212
Amount reversed upon cancellation of loan facilities	–	–	–
Offset to Loans and advances and Other debt securities	(2,916)	–	(2,916)
Total at 30 June 2023	**19,938**	**594**	**20,532**

Provision for concessional investments relates to the cumulative concessional loan charge, discussed in Note 2.1C, that has been recognised for commitments that have not yet been funded. The provision is offset against loans and advances as they are funded.

Notes to Consolidated Financial Statements

Note 4: Funding

This section identifies the Group's funding structure.

4.1: Contributed equity

CEFC Special Account

During the year, the Department of Climate Change, Energy, the Environment and Water maintained the CEFC Special Account established in accordance with section 45 of the CEFC Act.

	2023 $'000	2022 $'000
Appropriations credited to the CEFC Special Account in prior financial years	10,000,000	10,000,000
Appropriations credited to the CEFC Special Account during the year:		
– for Powering Australia Technology Fund	500,000	–
– for Rewiring the Nation	11,000,000	–
Total appropriated to 30 June	**21,500,000**	**10,000,000**

As disclosed in Note 1.6 Events after the reporting period, an additional $8bn for Rewiring the Nation and the first $70m toward the $1bn for Household Energy Upgrades Fund were credited to the CEFC Special Account effective 4 July 2023.

Contributed equity

	2023 $'000	2022 $'000
Equity from CEFC Special Account		
Opening balance of equity drawn from CEFC Special Account – 1 July	5,426,000	4,826,000
Funds drawn as an equity contribution from the CEFC Special Account	–	600,000
Funds returned to the CEFC Special Account	(500,000)	–
Net amount (returned to)/drawn from the CEFC Special Account in the year	**(500,000)**	**600,000**
Closing balance of equity drawn from CEFC Special Account – 30 June	4,926,000	5,426,000
Equity from restructuring of administrative arrangements		
Net assets received from restructuring of administrative arrangements in prior periods	87,363	87,363
Closing contributed equity balance – 30 June	**5,013,363**	**5,513,363**

Accounting policy

The Corporation's investment funds are provided for by a special appropriation under section 46 of the CEFC Act. Funds credited to the CEFC Special Account are held by the Department of Climate Change, Energy, the Environment and Water and are released to the Corporation in accordance with the CEFC Act when the CEFC identifies investments that it intends to make. Surplus funds are returned to the Special Account for reinvestment by the CEFC or payment of a dividend to ARENA in accordance with the CEFC Act.

Equity injections

Amounts received from the Australian Government as drawings out of the CEFC Special Account are designated as 'equity injections' and recognised directly in contributed equity in that year.

Other distributions to owners

The CEFC Act provides that any amounts returned to the Commonwealth must be retained in the CEFC Special Account and may only be used to make payments to the Corporation, or to make payments to ARENA from retained earnings of the Corporation if requested by the Corporation and authorised by the nominated Minister. Amounts returned to the CEFC Special Account will be designated as either a return of equity in the case of capital being returned or a distribution of profits in the case of accumulated profits being transferred to the CEFC Special Account.

Restructuring of administrative arrangements

Net assets received from or relinquished to another Australian Government entity under restructuring of administrative arrangements are adjusted directly against contributed equity.

Note 5: People and relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

5.1: Employee provisions

	2023 $'000	2022 $'000
Annual and long service leave		
Expected to be settled within 12 months	4,250	3,584
Expected to be settled in more than 12 months	1,095	1,037
Total employee provisions	**5,345**	**4,621**

Notes to Consolidated Financial Statements

Note 5: People and relationships continued

5.2: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group has determined the key management personnel to be the non-executive Board members (comprising seven members with one resignation and one appointment during the year), and the Executive team comprising the Chief Executive Officer, Chief Financial Officer, General Counsel, the three Chief Investment Officers (including one resignation and two appointments during the year), the Chief Risk Officer, the Chief Asset Management Officer and the Chief People and Culture Officer.

	2023 $	2022 $
Short-term employee benefits		
Non-executive Board member fees	460,413	445,891
Executive base salaries	3,829,762	3,363,710
Performance based compensation	1,485,948	1,304,575
Annual leave (paid)/accrued, net	53,341	73,763
Total short-term employee benefits	**5,829,464**	**5,187,939**
Post-employment benefits		
Superannuation contributions on behalf of Board members and executives	258,658	237,742
Total post-employment benefits	**258,658**	**237,742**
Other long-term employee benefits		
Performance based compensation	741,860	531,053
Long service leave (paid)/accrued, net	130,881	65,590
Total other long-term employee benefits	**872,741**	**596,643**
Termination benefits		
Separation and redundancy payments	205,532	–
Total termination benefits	**205,532**	**–**
Total key management personnel remuneration expenses	**7,166,395**	**6,022,324**

The total number of key management personnel that are included in the above table are:

	2023 No.	2022 No.
Summary of key management personnel		
Non-executive Directors	8	9
Executives	10	9
Total key management personnel	**18**	**18**

5.3: Related party disclosures

A related party is a person or entity that is related to the entity that is preparing its financial statements. The Group has determined its related parties include:

The Responsible Ministers

The Hon Chris Bowen MP
Senator the Hon Katy Gallagher

Board Members

Mr Steven Skala AO
Ms Leeanne Bond until 4 October 2022
Mr Tony Concannon from 5 October 2022
Mr Matt Howell
Mr David Jones AM
Mrs Andrea Slattery
Ms Samantha Tough
Ms Nicola Wakefield Evans AM

Key management personnel

Mr Ian Learmonth, CEO
Ms Sara Leong
Mr Roger (Rory) Lonergan from 16 January 2023
Mr Paul McCartney
Ms Leanne McDonald
Ms Monique Miller from 16 January 2023
Mr Andrew Powell
Mr Ludovic Theau until 16 January 2023
Mr Saxon (Jay) Tolson
Mr Craig Whalen

Other Australian Government agencies

Investments that are classified as associates and joint ventures as disclosed in Note 3.1F: Equity accounted investments.

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2022: $Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Group has not entered into any direct transactions with key management personnel other than in relation to remuneration for services provided, as disclosed in Note 5.2.

Notes to Consolidated Financial Statements

Note 5: People and relationships continued

Transactions with Director-related entities

Ms Nicola Wakefield Evans AM is an independent non-executive director of Lendlease Corporation Limited and Lendlease Responsible Entity Limited, where the CEFC has an equity investment with a carrying value of $90m at 30 June 2023 (2022: $100m) in Lendlease Real Estate Investments Limited managed Australian Prime Property Fund Commercial Active and Australian Prime Property Fund Commercial Passive (stapled entity).

Ms Nicola Wakefield Evans AM is also an independent voting director of Macquarie Group Limited and Macquarie Bank Limited. The CEFC has entered into the following transactions which are related to Macquarie:

- invested in fixed rate bonds with a carrying value of $25m as at 30 June 2023 (2022: $50m).
- the Group has invested $58m (2022: $48m) and committed a further $29m of equity at 30 June 2023 (2022: $39m) in My Specialised Accommodation Solutions Holding Trust and MSAS Services Trust (stapled entity). CEFC's carrying value for this investment at 30 June 2023 is $61m (2022: $54m). The Group also has an equity investment with a carrying value of $157m at 30 June 2023 (2022: $120m) in Macquarie Agriculture Fund – Crop Australia and an equity investment with a carrying value of $74m at 30 June 2023 (2022: $86m) in Macquarie Australian Infrastructure Trust (MAIT) both of which are managed by Macquarie Infrastructure and Real Assets. The Group also has investments of $52m (2022: $Nil) in Macquarie Pastoral Fund 1 and Macquarie Pastoral Fund 2 (stapled entities) managed by Macquarie Agricultural Funds Management Limited which is part of Macquarie Asset Management, a division of Macquarie Group Limited.
- debt facility in the amount of $89m at 30 June 2023 (2022: $90m) to the Avertas Energy Kwinana project, a co-development between Macquarie Capital and Phoenix Energy, and owned by Macquarie Capital and Dutch Infrastructure Fund.
- invested in Xpansiv Limited with a carrying value of $17m at 30 June 2023 (2022: $20m), to which Macquarie had also provided debt funding. This debt was subsequently retired and consequently ceased to be director-related in December 2022.

Ms Andrea Slattery is an independent non-executive director of AMP Limited. AMP Capital Investors Limited, a controlled entity of AMP Limited, had been the trustee of the AMP Capital Wholesale Office Fund. The incumbent trustee was replaced with Mirvac Funds Management Australia Limited on 30 September 2022 and the fund renamed as the Mirvac Wholesale Office Fund. AMP Limited ceased to have a material interest and consequently the transaction ceased to be director-related as of 30 September 2022. CEFC has an equity investment with a carrying value of $63m at 30 June 2023 (2022: $71m) in the Mirvac Wholesale Office Fund.

Mr Tony Concannon has been a non-independent, non-executive director on the board of the Australian Energy Market Operator (AEMO) since May 2017.

The directors named above took no part in the relevant decisions of the CEFC board in regards to these related party transactions.

The CEFC is not aware of any trading transactions entered with director-related parties during the financial year ended 30 June 2023 (2022: Nil).

Transactions with other related entities

During the year the Corporation has loaned funds to a subsidiary, CEFC Investments Pty Ltd, on commercial terms. Balances arising from these transactions are disclosed in the Corporation's stand-alone financial statements in Note 7 and have been eliminated in these consolidated financial statements.

The CEFC has an Investment Management Agreement (IMA) with Virescent Ventures, an entity in which it holds a 30% interest, for the management of the Clean Energy Innovation Fund investments on CEFC's behalf. Under this IMA the CEFC paid $3.3m for investment management services provided during the year ended 30 June 2023 (2022: 1.2m) and an additional $0.8m (2022: $0.8m) for the quarter ending 30 September 2023. During the year to 30 June 2023, Virescent paid $30k (2022: $11k) rent to the CEFC for use of office space.

Note 6: Managing uncertainties

This section analyses how the Group manages financial risks within its operating environment.

6.1: Contingent assets and liabilities

Quantifiable contingencies

The Group had no significant quantifiable contingencies as at 30 June 2023 or 2022 that are not disclosed elsewhere in these accounts.

Unquantifiable contingencies

At 30 June 2023 and 2022 the Group had no significant unquantifiable contingencies.

Accounting policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not more than likely and contingent liabilities are disclosed when settlement is greater than remote.

Concessionality that may arise in relation to contingent credit facilities, in the situation where the Group has retained discretion as to whether it will fund these future commitments (i.e. they are subject to the occurrence of future uncertain events), is not recorded until such time as the loan commitments become non-contingent.

Financial guarantee contracts are accounted for in accordance with AASB 9 *Financial Instruments*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

6.2: Financial instruments

6.2A: Categories of financial instruments

Financial assets

Financial assets 30 June 2023	Amortised cost $'000	FVTPL $'000	FVOCI $'000	2023 Total $'000
Cash and cash equivalents	**553,831**	**–**	**–**	**553,831**
Trade and other receivables	**26,576**	**–**	**–**	**26,576**
Financial investments				
Loans and advances	2,527,801	9,272	–	2,537,073
Other debt securities	377,917	579,170	–	957,087
Equities and units in trusts	–	1,583,260	–	1,583,260
Derivative financial assets	–	14,915	–	14,915
Total financial investments	**2,905,718**	**2,186,617**	**–**	**5,092,335**
Carrying amount of financial assets	**3,486,125**	**2,186,617**	**–**	**5,672,742**

Notes to Consolidated Financial Statements

Note 6: Managing uncertainties continued

Financial Assets 30 June 2022	Amortised cost $'000	FVTPL $'000	FVOCI $'000	2022 Total $'000
Cash and cash equivalents	**603,629**	**–**	**–**	**603,629**
Trade and other receivables	**20,291**	**–**	**–**	**20,291**
Financial investments				
Loans and advances	3,143,362	–	–	3,143,362
Other debt securities	338,626	551,371	–	889,997
Equities and units in trusts	–	1,388,331	–	1,388,331
Derivative financial assets	–	10,544	–	10,544
Total financial investments	**3,481,988**	**1,950,246**	**–**	**5,432,234**
Carrying amount of financial assets	**4,105,908**	**1,950,246**	**–**	**6,056,154**

Financial liabilities

Financial liabilities 30 June 2023	**Amortised cost $'000**	**FVTPL $'000**	**FVOCI $'000**	**2023 Total $'000**
Trade creditors and accruals	3,498	–	–	3,498
Provision for concessional investments	–	19,938	–	19,938
Carrying amount of financial liabilities	**3,498**	**19,938**	**–**	**23,436**

Financial liabilities 30 June 2022	Amortised cost $'000	FVTPL $'000	FVOCI $'000	2022 Total $'000
Trade creditors and accruals	4,302	–	–	4,302
Provision for concessional investments	–	11,898	–	11,898
Derivative financial liabilities	–	–	7,472	7,472
Carrying amount of financial liabilities	**4,302**	**11,898**	**7,472**	**23,672**

6.2B: Net gains or losses on financial assets

	2023 Amortised cost $'000	2023 FVTPL $'000	2023 Total $'000	2022 Total $'000
Cash and cash equivalents				
Interest from cash and short-term investments	18,225	–	18,225	1,401
Foreign exchange loss	(574)	–	(574)	–
Net gains on cash and cash equivalents	**17,651**	**–**	**17,651**	**1,401**
Loans and advances				
Interest income and fees	136,767	930	137,697	134,555
Unwind of concessional interest rate discount	7,157	18	7,175	8,617
Foreign exchange gain	1,042	–	1,042	–
Reversal of prior period concessional loan charges	1,710	–	1,710	367
Net gains on loans and advances	**146,676**	**948**	**147,624**	**143,539**
Other debt securities				
Interest income from debt securities	12,095	24,888	36,983	23,231
Unwind of concessional interest rate discount	426	1,486	1,912	2,927
Loss on sale	–	(3,932)	(3,932)	(2,076)
Profit on sale	–	8	8	113
Fair value gains	–	1,402	1,402	–
Fair value losses	–	(2,900)	(2,900)	(79,377)
Reversal of prior period concessional loan charges	–	371	371	534
Net gains on other debt securities	**12,521**	**21,323**	**33,844**	**(54,648)**
Equities and units in trusts				
Income distributions from equities and units in trusts	–	45,523	45,523	56,368
Loss on sale	–	–	–	(4,048)
Profit on sale	–	1,941	1,941	1,026
Fair value gains	–	103,855	103,855	150,790
Fair value losses	–	(77,461)	(77,461)	(4,284)
Net gains on equities and units in trusts	**–**	**73,858**	**73,858**	**199,852**
Derivative financial assets				
Fair value gains	–	4,371	4,371	–
Fair value losses	–	–	–	(758)
Net gains on derivative financial assets	**–**	**4,371**	**4,371**	**(758)**
Net gains on financial assets	**176,848**	**100,499**	**277,347**	**289,386**

The total income from financial assets not at fair value through profit or loss was $176,848,000 (2022: $153,967,000).

Notes to Consolidated Financial Statements

Note 6: Managing uncertainties continued

6.2C: Credit risk

Credit risk arises from the possibility of defaults on contractual obligations, resulting in financial loss.

The Group manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Group has policies and procedures that guide employees' debt recovery techniques.

The Group evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Group upon extension of credit, is based on Management's credit evaluation of the counterparty. Collateral held will vary, but may include:

- a floating charge over all assets and undertakings of an entity, including uncalled capital and called but unpaid capital;
- specific or inter-locking guarantees;
- specific charges over defined assets of the counterparty; and
- loan agreements which include affirmative and negative covenants and in some instances, guarantees of counterparty obligations.

The Group monitors exposures to counterparties and has set exposure limits for each counterparty.

Credit quality of financial instruments not past due or individually determined as impaired:

		Not past due nor impaired		Past due or impaired		Total	
	Note	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Cash and cash equivalents	3.1A	553,831	603,629	–	–	553,831	603,629
Trade and other receivables	3.1B	26,576	20,291	–	–	26,576	20,291
Financial assets at:							
Amortised cost:							
Loans and advances	3.1C	2,356,103	3,000,817	171,698	142,545	2,527,801	3,143,362
Other debt securities	3.1D	377,917	338,626	–	–	377,917	338,626
FVTPL:							
Loans and advances	3.1C	9,272	–	–	–	9,272	–
Other debt securities	3.1D	579,170	551,371	–	–	579,170	551,371
Equities and units in trusts	3.1E	1,583,260	1,388,331	–	–	1,583,260	1,388,331
Total financial assets		**5,486,129**	**5,903,065**	**171,698**	**142,545**	**5,657,827**	**6,045,610**
Committed loans and advances	6.5	1,241,432	702,269	–	–	1,241,432	702,269
Committed other debt securities	6.5	107,943	200,221	–	–	107,943	200,221
Committed trust and equity investments	6.6	522,805	99,002	–	–	522,805	99,002
Total financial asset commitments		**1,871,460**	**1,001,492**	**–**	**–**	**1,871,460**	**1,001,492**
Total credit risk exposure		**7,357,589**	**6,904,557**	**171,698**	**142,545**	**7,529,287**	**7,047,102**

Cash and cash equivalents are held with authorised deposit-taking institutions in Australia in accordance with the prudential controls set by the PGPA Act.

6.2D: Liquidity risk

The Group's financial liabilities are trade creditors, operating leases, provisions for concessional loans and amounts owing to the Australian Taxation Office. The exposure to liquidity risk is based on the notion that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. This is considered highly unlikely as the Group has significant cash balances (all invested short-term), access to Government funding, and internal policies and procedures in place to ensure there are appropriate resources to meet its financial obligations.

Maturities for financial liabilities 2023:

	On demand $'000	Within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Trade creditors and accruals	–	3,498	–	–	–	3,498
Provision for concessional loans	–	2,828	7,094	9,618	398	19,938
Total	**–**	**6,326**	**7,094**	**9,618**	**398**	**23,436**

Maturities for financial liabilities 2022:

	On demand $'000	Within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Trade creditors and accruals	–	4,302	–	–	–	4,302
Provision for concessional loans	–	822	2,221	6,271	2,584	11,898
Derivative financial instruments	–	–	–	7,472	–	7,472
Total	**–**	**5,124**	**2,221**	**13,743**	**2,584**	**23,672**

Any financing shortfall is addressed through the contribution of equity provided by the Australian Government from the CEFC Special Account. See Note 4.1.

6.2E: Market risk

As part of its normal operations, the Group may enter into a variety of transactions including loans, guarantees, bonds, and equity and trust investments, which may have exposure to market risk. Investment carrying values and revenue earned may be impacted as a result of changes in GDP growth rate, interest rates, electricity prices, property values and foreign exchange rates.

The Group may enter into financial derivative transactions to protect against foreign exchange risks associated with its investment function. The Group does not enter into derivative instruments for speculative or trading purposes.

Derivative transactions may include:

- interest rate swaps, forward rate agreements and futures contracts which protect against interest rate movements where the interest rate basis of the borrowing is different from that of the required liability to fund assets. These contracts are used primarily to convert between fixed rate and floating rate exposures;
- cross-currency swaps which protect the Group against interest rate and foreign exchange movements where the currency of the asset and interest receipts are not Australian dollars; and
- forward foreign exchange contracts which are used to protect against foreign exchange movements in investments, loans and borrowings.

The Group also conducts stress testing, including examining the impact on the credit portfolio of adverse movements in foreign exchange rates and interest rates.

Notes to Consolidated Financial Statements

Note 6: Managing uncertainties continued

a) Interest rate risk

The Group is involved in lending and therefore its revenues and the carrying value of its investments may be exposed to changes in interest rates.

The impact of a change in interest rates on the Group's interest income is not expected to be material as the majority of the Group's loans and advances are at fixed rates, however, interest receivable from cash and other financial assets will be impacted prospectively from a change in interest rates. The Group's primary exposure to interest rate risks of interest bearing financial assets and financial liabilities is set out below. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

	2023 $'000	2022 $'000
Interest bearing financial assets		
Classified as floating rate		
Cash and cash equivalents	553,831	603,629
Loans and advances	466,563	543,776
Other debt securities	225,950	214,634
Total classified as floating rate	**1,246,344**	**1,362,039**
Classified as fixed rate		
Loans and advances	2,070,510	2,599,586
Other debt securities	731,137	675,362
Total classified as fixed rate	**2,801,647**	**3,274,948**
Interest bearing financial liabilities		
Classified as floating rate		
Provision for concessional loans	7,748	6,323
Total classified as floating rate	**7,748**	**6,323**
Classified as fixed rate		
Provision for concessional loans	12,190	5,575
Total classified as fixed rate	**12,190**	**5,575**

A +/-50bp change in the interest rate on floating rate financial assets would have approximately a $6.2 million (2022: $6.8 million) impact on the reported revenue and surplus.

For the Group's financial assets carried at amortised cost, any change to fair value arising from a movement in the market interest rates has no impact on the reported profit or loss unless an investment is sold prior to maturity and crystallises a previously unrealised gain or loss.

In certain circumstances cash flow hedges may be entered into to hedge the exposure to variability in interest rate movements that are attributable to future interest cash flows. The Group has not currently entered into any interest rate hedges.

For the Group's financial assets carried at FVTPL, a +/-100bp change in the yield of the debt securities would have approximately a $21.7 million (2022: $17 million) impact on the fair value at which the instruments are recorded in the Consolidated Statement of Financial Position and fair value gains/losses in the Consolidated Statement of Comprehensive Income. As the coupon on the bonds is fixed, a change in prevailing interest rates would have no impact on the reported revenue.

b) Electricity prices

A significant portion of the Group's loans and advances are to borrowers in the renewable energy industry, whose revenues are dependent on the electricity prices. A significant decrease in the electricity price could have an impact on the borrowers' ability to service their debts to CEFC and also the value of the underlying security. There have been significant increases in wholesale electricity prices during the year.

The Group manages this risk by establishing limits in relation to merchant energy price exposure, including gearing and covenant ratios within contractual arrangements on projects, monitoring the creditworthiness of the equity counterparties, and monitoring the exposure to individual electricity retailers and other parties who are providing power purchase off-take agreements for the renewable projects.

c) Property values

A portion of the Group's financial investments are in commercial property funds where the return and unit value are directly related to property values. As long dated bond yields have increased (due to interest rate rises) and occupancy rates have reduced (particularly post COVID with the continuation of work from home), vacancy rates across the major cities have increased and effective rental growth has slowed (and in some cases stalled). This has impacted on the fair value of property assets broadly but particularly in the Australian office market. There has been a lack of transactional evidence, with many investors remaining on the sidelines, so the mark to market impact on the underlying assets has been less than other major markets around the world. The Group has therefore sought to assess the estimated fair value of its property fund investments using publicly available market information, asset and portfolio as well as information provided by industry experts to inform market outlook, including as to capitalisation rates and growth over the next 6–12 months. On this basis, the Group has reduced the carrying value of its associates by c.$9m and its investment in equities and units in trusts at fair value by c.$31m from the net asset positions reported by the funds at 30 June 2023.

The Group has also made loans and advances to borrowers in the property sector. A significant change in property values would impact on the carrying value and distributions from the AFS investments and could have an impact on the carrying value of loans and advances arising from the borrowers' ability to service their debts to CEFC and the value of the underlying security.

The Group manages overall property risk by diversifying its exposure across the various property sectors (e.g. commercial, residential, office, retail, etc), including gearing and debt service covenants within contractual arrangements as well as monitoring the credit worthiness of the counterparties.

d) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of foreign denominated assets and future cash flows may fluctuate because of changes in foreign exchange rates or the credit quality of the swap counterparty bank.

The exposure to foreign exchange rate movement is kept to a minimum as significant foreign currency denominated loans and advances are converted via cross currency swaps into Australian dollars. The three main components that are exposed to foreign exchange movements relate to:

- future fixed interest profit that has been taken to income in foreign currency.
- future risk premiums and other residual components taken to income in foreign currency.
- the allowance for credit risk which is held in Australian dollars against loans predominantly in foreign currency.

At year end, the Group did not have any foreign currency denominated receivables or hedging instruments (2022: two US dollar denominated receivables, classified as loans and receivables at amortised cost, and their associated foreign exchange swap contracts).

Notes to Consolidated Financial Statements

Note 6: Managing uncertainties continued

6.2F: Concentration of exposure

Concentration of credit risk exists when a number of counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors and have similar economic characteristics so that their ability to meet contractual obligations is similarly affected by changes in economic, political or other conditions.

The Group has a significant concentration of exposure to the energy and renewables sectors since it has been established for investment in commercialisation and deployment of (or in relation to the use of) Australian based renewable energy, energy efficiency and low emissions technologies (or businesses that supply goods or services needed to develop the same), with at least 50% of its investment in the renewables sector.

The Group has a relatively small number of investments (when compared to the commercial banks, for example) and therefore has a relatively concentrated exposure to individual assets, entities and industries. Default by a single borrower could have a material impact on the Group's results in a year.

6.3: Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured at fair value, or for which fair value is disclosed, by valuation method.

The different levels are defined below:

Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly.

Level 3: Fair value derived from inputs that are not based on observable market data.

Fair value hierarchy for financial instruments:

	Fair value at 30 June 2023				2023 Carrying value
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Total $'000
Financial assets at fair value					
Loans and advances	–	9,272	–	9,272	9,272
Other debt securities	554,737	24,433	–	579,170	579,170
Equities and units in trusts	–	1,390,712	192,548	1,583,260	1,583,260
Derivative financial assets	–	14,915	–	14,915	14,915
Financial assets for which fair value is disclosed					
Loans and advances	–	1,705,605	701,406	2,407,011	2,527,801
Other debt securities	123,880	240,368	–	364,248	377,917
Total for financial assets	**678,617**	**3,385,305**	**893,954**	**4,957,876**	**5,092,335**
Financial liabilities at fair value					
Derivative financial liabilities	–	–	–	–	–
Provision for concessional investments	–	–	19,938	19,938	19,938
Total for financial liabilities	**–**	**–**	**19,938**	**19,938**	**19,938**

There was no transfer between levels.

	Fair value at 30 June 2022				2022 Carrying value
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Total $'000
Financial assets at fair value					
Loans and advances	–	–	–	–	–
Other debt securities	502,067	49,304	–	551,371	551,371
Equities and units in trusts	–	1,230,989	157,342	1,388,331	1,388,331
Derivative financial assets	–	10,544	–	10,544	10,544
Financial assets for which fair value is disclosed					
Loans and advances	–	2,010,270	887,409	2,897,679	3,143,362
Other debt securities	209,447	112,246	–	321,693	338,626
Total for financial assets	**711,514**	**3,413,353**	**1,044,751**	**5,169,618**	**5,432,234**
Financial liabilities at fair value					
Derivative financial liabilities	–	7,472	–	7,472	7,472
Provision for concessional investments	–	–	11,898	11,898	11,898
Total for financial liabilities	**–**	**7,472**	**11,898**	**19,370**	**19,370**

Accounting policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management assessed that cash, cash equivalents, short-term investments, trade and other receivables, other financial assets, supplier payables, and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to Consolidated Financial Statements

Note 6: Managing uncertainties continued

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following is a description of the determination of fair value for financial instruments using valuation techniques:

Loans and advances

- The fair value on day one is the transaction price, and subsequent fair value is determined by applying market interest rates and using the valuation technique of discounted cash flows through an external valuation system.
- Non-concessional loans are classified as Level 2 and the long-term fixed-rate and variable-rate receivables are valued by the Group through an external valuation system that recognises the discounted value of future cash flows based on current market interest rate (base rate plus a credit adjusted margin) for each customer. The credit adjusted margin for each customer is determined by reference to their SCR as set forth in Note 3.1C: Loans and Advances. These SCRs are reviewed regularly throughout the year by the credit officers and portfolio management team and any significant changes are reported quarterly to the Board.
- Concessional loans together with any loans that are identified as requiring a specific impairment allowance are classified as Level 3 as the impact on the estimated fair value of the loan arising from the concessionality or a forecast shortfall in cash flows in the case of an impaired loan have to be derived from inputs that are not necessarily based on observable market data. Concessional loans include inputs such as the likely rate of deployment of capital by co-financiers and impaired loans will include inputs such as the likely recovery amount and date of realisation in respect of any security held. Concessional long-term fixed-rate and variable-rate receivables are also valued by the Group through an external valuation system that recognises the discounted value of future cash flows based on current market interest rate (base rate plus a credit adjusted margin) for each customer. The credit adjusted margin for each customer is determined by reference to their SCR as set forth in Note 3.1: Financial assets and these SCRs are reviewed regularly throughout the year by the credit officers and portfolio management. The impact of concessionality as well as recoverable amounts related to security on impaired assets are factored into the forecasts of future cash flows for each of the transactions.
- When it is likely that a loan or debt will not be recovered in full, a specific event is recognised and recorded using the discounted cash flow method. All individual facilities are reviewed regularly.

Financial investments

- Fair value of quoted debt securities is derived from quoted market prices in active markets;
- Fair value of unquoted debt securities is derived in the same way as loans and advances;
- Fair value of quoted equities is derived from quoted market prices in active markets; and
- Fair value of unquoted equities has been estimated in accordance with the valuation methodologies outlined in the APRA Prudential Practice Guide SPG 531 – Valuation and the International Private Equity and Venture Capital Valuation Guidelines recommended by the Australian Investment Council (formerly Australian Private Equity and Venture Capital (AVCAL)).

Accounting judgements and estimates

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as discount rates, prepayment rates and default rate assumptions.

6.4: Concessional loans

	2023 $'000	2022 $'000
Loan portfolio		
Nominal value	815,792	989,263
Less principal repayment	(66,793)	(34,373)
Less unexpired discount	(15,534)	(23,108)
Less impairment allowance	(17,994)	(23,449)
Carrying value of concessional loans	**715,471**	**908,333**

6.5: Committed credit facilities

Commitments represent funds committed by the Group to third parties where the funds remain available but undrawn at year end. Commitments to provide credit may convert to loans and other assets in the ordinary course of business. As these commitments may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

At 30 June 2023 the Group is irrevocably committed to fund loan facilities totalling $1.24 billion (2022: $702 million) and to purchase bonds totalling $108 million (2022: $200 million). CEFC has procured a standby letter of credit from a commercial bank to support $1.9m of the loan commitment (2022: $2.5m).

At 30 June 2023 the Group had not entered into any agreements to provide loan advances (2022: NIL) or purchase corporate bonds (2022: NIL) subject to the occurrence of future uncertain events.

At 30 June 2023 there was NIL (2022: NIL) of possible future concessional interest rate charges to be recorded in relation to the above contingent credit facilities. The actual amount of concessionality cannot be determined until such time as the commitments become non-contingent.

6.6: Committed equity investments

At 30 June 2023 the Group had entered into agreements to make future equity investments totalling $788 million (2022: $367 million) comprising $266 million disclosed in Note 3.1F and $522 million disclosed in Note 6.2C.

Note 7: Parent entity information

The parent entity of the consolidated Group is the Clean Energy Finance Corporation.

7.1: Parent entity accounting policies

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below.

Investments in subsidiaries are accounted for at cost.

Dividends received from subsidiaries are recognised in profit or loss when a right to receive the dividend is established, provided that it is probable that the economic benefits will flow to the Parent and the amount of income can be measured reliably.

Notes to Consolidated Financial Statements

Note 7: Parent entity information continued

7.2: Parent Entity Statement of Comprehensive Income

for the year ended 30 June

	Notes	2023 $'000	2022 $'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits		42,110	36,567
Suppliers		14,697	10,949
Depreciation and amortisation		3,605	3,308
Finance costs		213	20
Concessional loan charges		15,748	9,269
Impairment loss allowance on financial assets		40,459	40,452
Losses from sale of assets		1,983	5,462
Total expenses		**118,815**	**106,027**
OWN-SOURCE INCOME			
Own-source revenue			
Interest and loan fee revenue		201,987	170,731
Interest on loans to subsidiaries	7.4B	51,473	39,744
Distributions from trusts and equity investments		22,782	21,778
Total own-source revenue		**276,242**	**232,253**
Gains and losses			
Fair value losses on financial instruments		(80,828)	(84,410)
Fair value gains on financial instruments		55,265	108,517
Profit from sale of assets		–	–
Reversal of prior period concessional loan charges		2,081	901
Loss on modification of financial assets		4,831	(1,064)
Total net gains/(losses)		**(18,651)**	**23,944**
Total own-source income		**257,591**	**256,197**
Net contribution by services		**138,776**	**150,170**
Revenue from Government		12,610	7,139
Share of associates and joint ventures		(11,947)	(1,028)
Surplus from continuing operations		**139,439**	**156,281**
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Share of associates and joint ventures asset revaluation reserve		7,626	–
Items subject to subsequent reclassification to net cost of services			
Share of associates gains on financial assets at fair value through other comprehensive income		4,709	4,264
Net fair value gains/(losses) in cash flow reserves		(1,602)	2,453
Total comprehensive income		**150,172**	**162,998**

The above statement should be read in conjunction with the accompanying notes.

7.3: Parent Entity Statement of Financial Position

as at 30 June

	Notes	2023 $'000	2022 $'000
ASSETS			
Financial assets			
Cash and cash equivalents		553,643	603,314
Trade and other receivables	7.4C	54,042	42,353
Loans and advances		2,537,072	3,143,363
Loans to subsidiaries	7.4B	799,570	770,863
Other debt securities		957,087	889,997
Equities and units in trusts		928,175	806,111
Equity accounted investments		278,244	212,465
Investment in subsidiaries	7.4A	550	550
Derivative financial assets		14,915	10,544
Total financial assets		**6,123,298**	**6,479,560**
Non-financial assets			
Property, plant and equipment		13,936	6,427
Computer software		–	14
Prepayments		1,921	1,652
Total non-financial assets		**15,857**	**8,093**
Total assets		**6,139,155**	**6,487,653**
LIABILITIES			
Payables and deferred revenue			
Suppliers		3,527	3,467
Deferred revenue		26,829	32,992
Other payables		13,243	12,234
Derivative financial liabilities		–	7,472
Total payables and deferred revenue		**43,599**	**56,165**
Interest bearing liabilities			
Leases		9,646	4,768
Total interest-bearing liabilities		**9,646**	**4,768**
Provisions			
Employee provisions		5,345	4,621
Other provisions		20,532	12,237
Total provisions		**25,877**	**16,858**
Total liabilities		**79,122**	**77,791**
Net assets		**6,060,033**	**6,409,862**
EQUITY			
Contributed equity		5,013,363	5,513,363
Reserves		17,531	6,799
Retained surplus		1,029,139	889,700
Total equity		**6,060,033**	**6,409,862**

The above statement should be read in conjunction with the accompanying notes.

Notes to Consolidated Financial Statements

Note 7: Parent entity information continued

7.4: Notes to Parent Entity Financial Statements

7.4A: Investment in subsidiaries

On 6 December 2016 the Corporation incorporated a new subsidiary, CEFC Investments Pty Ltd, and subscribed for 250,000 shares of $1 each, being 100% of the issued share capital.

On 5 September 2018 the Corporation incorporated a new subsidiary, Clean Energy Investment Management Pty Ltd, and subscribed for 100,000 shares of $1 each, being 100% of the issued share capital. The Corporation has made further capital contributions totalling $200,000 to Clean Energy Investment Management Pty Ltd since its incorporation.

7.4B: Loans to subsidiaries

The Corporation has provided unsecured loan facilities to its subsidiary CEFC Investments Pty Ltd on the following terms:

- Weighted average interest rate at 30 June 2023: 7.21% (2022: 7.16%)
- Interest payment dates: 15 January and 15 July each year
- Maturity dates: ranging from 23 April 2023 to 20 Jan 2032

The balance outstanding at 30 June 2023 was $799.6 million (2022: $770.9 million) and interest receivable for the year amounted to $51.5 million (2022: $39.7 million).

7.4C: Trade and other receivables

	2023 $'000	2022 $'000
Accrued interest on loan to CEFC Investments Pty Ltd	31,052	23,458
Others	22,990	18,895
	54,042	**42,353**

Note 8: Other information

8.1: Current/non-current distinction for assets and liabilities

	2023 $'000	2022 $'000
ASSETS EXPECTED TO BE RECOVERED IN:		
No more than 12 months		
Cash and cash equivalents	553,831	603,629
Trade and other receivables	26,576	20,291
Loans and advances	251,449	614,552
Other debt securities	107,769	23,798
Prepayments	1,921	1,752
Total no more than 12 months	**941,546**	**1,264,022**
More than 12 months		
Loans and advances	2,285,624	2,528,810
Other debt securities	849,318	866,199
Equities and units in trusts	1,583,260	1,388,331
Equity accounted investments	496,027	438,030
Derivative financial assets	14,915	10,544
Property, plant and equipment	13,936	6,427
Computer software	–	14
Total more than 12 months	**5,243,080**	**5,238,355**
Total assets	**6,184,626**	**6,502,377**
LIABILITIES EXPECTED TO BE SETTLED IN:		
No more than 12 months		
Suppliers	3,498	4,302
Deferred revenue	5,871	9,642
Other payables	10,921	10,120
Derivative financial liabilities	–	–
Leases	2,130	1,400
Employee provisions	4,250	3,584
Other provisions	2,828	822
Total no more than 12 months	**29,498**	**29,870**
More than 12 months		
Deferred revenue	20,958	23,350
Other payables	2,622	2,114
Derivative financial liabilities	–	7,472
Leases	7,516	3,368
Employee provisions	1,095	1,037
Other provisions	17,704	11,414
Total more than 12 months	**49,895**	**48,755**
Total liabilities	**79,393**	**78,625**

Notes to Consolidated Financial Statements

Note 8: Other information continued

8.2: Segmental information

For management purposes, and in recognition of differing portfolio benchmark return (PBR) targets the Group is being organised into three portfolios and, hence, reportable segments.

General Portfolio

The original CEFC portfolio where a commercial approach is adopted. Largely debt and managed fund investments with a focus on investments that:

- Unlock greater penetration of renewable energy,
- Support deployment of clean energy technology in Australian industry,
- Support development of clean energy manufacturing/processing,
- Support technology and projects that assist safeguard mechanism and facilities reduce emissions.

Rewiring the Nation Portfolio

Funding, likely larger exposures with more concessional debt for very large infrastructure projects which:

- Support and accelerate AEMO's Integrated System Plan (ISP),
- Support and enhance long duration storage, distribution networks and related infrastructure,
- Reduce emissions or support security, reliability and affordability of electricity grids.

Specialised Investment Funds

Mainly direct equity in early stage and growth companies and concessional debt funding under special funds with their own PBR targets in the Investment Mandate and in some cases specific appropriations to the CEFC Special Account including:

- Advancing Hydrogen Fund
- Clean Energy Innovation Fund
- Household Energy Upgrades Fund
- Powering Australia Technology Fund

The Board intends to monitor separately the revenue and (to the extent reasonably possible given the integrated nature of the business) the operating results of these portfolios for the purpose of making decisions about resource allocation and performance assessment.

In the segmental analysis provided on the following pages, employee and supplier expenses and their related balances as well as fixed assets and leases have been allocated to an employee and corporate cost segment and not to the three portfolio segments described above, as the legislation to credit the CEFC Special Account with additional funding for RTN and the Specialised Investment Funds only received Royal Ascent on 23 June 2023 and became effective on 26 June 2023.

No comparative information is reported in the following tables for the same reason.

Segmented Consolidated Statement of Comprehensive Income for the year ended 30 June 2023

	General Portfolio $'000	Rewiring the Nation $'000	Specialised Investment Funds $'000	Employee and corporate costs $'000	**Group $'000**
NET COST OF SERVICES					
EXPENSES					
Employee benefits	–	–	–	42,110	42,110
Suppliers	–	–	–	14,462	14,462
Depreciation and amortisation	–	–	–	3,605	3,605
Finance costs	–	–	–	213	213
Concessional loan charges	15,388	–	360	–	15,748
Impairment loss allowance on financial assets – loans	22,589	–	32	–	22,621
Impairment loss allowance on financial assets – associates and joint ventures	16,000	–	2,752	–	18,752
Losses from sale of assets	1,983	–	–	–	1,983
Total expenses	**55,960**	**–**	**3,144**	**60,390**	**119,494**
OWN-SOURCE INCOME					
Own-source revenue					
Interest and loan fee revenue	201,674	74	244	–	201,992
Distributions from trusts and equity investments	45,523	–	–	–	45,523
Total own-source revenue	**247,197**	**74**	**244**	**–**	**247,515**
Gains and losses					
Fair value gains on financial instruments	81,947	–	28,723	–	110,670
Fair value losses on financial instruments	(60,743)	–	(20,193)	–	(80,936)
Gain on reversal of prior period loss on modification of financial assets	4,831	–	–	–	4,831
Reversal of prior period concessional loan charges	2,081	–	–	–	2,081
Total net gains	**28,116**	**–**	**8,530**	**–**	**36,646**
Net contribution by services	**219,353**	**74**	**5,630**	**(60,390)**	**164,667**
Revenue from Government	1,066	8,030	3,514	–	12,610
Share of associates and joint ventures	1,989	–	(4,333)	–	(2,344)
Surplus from continuing operations	**222,408**	**8,104**	**4,811**	**(60,390)**	**174,933**
Other comprehensive income	1,839	–	4,709	–	6,548
Total comprehensive income	**224,247**	**8,104**	**9,520**	**(60,390)**	**181,481**

Notes to Consolidated Financial Statements

Note 8: Other information continued

Net assets per segment 30 June 2023

	General Portfolio $'000	Rewiring the Nation $'000	Specialised Investment Funds $'000	Employee and corporate balances $'000	Group $'000
ASSETS					
Financial assets					
Cash and cash equivalents	544,641	4,251	4,939	–	553,831
Trade and other receivables	26,575	–	1	–	26,576
Loans and advances	2,531,393	–	5,680	–	2,537,073
Other debt securities	957,087	–	–	–	957,087
Equities and units in trusts	1,407,816	–	175,444	–	1,583,260
Equity accounted investments	442,625	–	53,402	–	496,027
Derivative financial assets	14,915	–	–	–	14,915
Total financial assets	**5,925,052**	**4,251**	**239,466**	**–**	**6,168,769**
Non-financial assets					
Property, plant and equipment	–	–	–	13,936	13,936
Prepayments	–	–	–	1,921	1,921
Total non-financial assets	**–**	**–**	**–**	**15,857**	**15,857**
Total assets	**5,925,052**	**4,251**	**239,466**	**15,857**	**6,184,626**
LIABILITIES					
Payables and deferred revenue					
Suppliers	–	–	–	3,498	3,498
Deferred revenue	26,765	–	64	–	26,829
Other payables	–	–	–	13,543	13,543
Total payables and deferred revenue	**26,765**	**–**	**64**	**17,041**	**43,870**
Interest bearing liabilities					
Leases	–	–	–	9,646	9,646
Total interest-bearing liabilities	**–**	**–**	**–**	**9,646**	**9,646**
Provisions					
Employee provisions	–	–	–	5,345	5,345
Other provisions	19,138	–	800	594	20,532
Total provisions	**19,138**	**–**	**800**	**5,939**	**25,877**
Total liabilities	**45,903**	**–**	**864**	**32,626**	**79,393**
Net assets	**5,879,149**	**4,251**	**238,602**	**(16,769)**	**6,105,233**

8.3: Budgetary reports and explanation of major variances

The following tables provide a comparison of the original Budget for the Group, as presented in the 2022–23 October Portfolio Budget Statements (PBS) to the Actual 2022–23 outcome as presented in accordance with AAS for the Group.

The Budget is not audited.

8.3A: Budgetary reports

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2023

	Actual $'000	Budget[1] $'000	Variance[2] $'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits	42,110	48,185	(6,075)
Suppliers	14,462	22,139	(7,677)
Depreciation and amortisation	3,605	4,706	(1,101)
Finance costs	213	21	192
Concessional loan charges	15,748	83,563	(67,815)
Write-down and impairment of financial assets	41,373	39,750	1,623
Losses from sale of assets	1,983	–	1,983
Total expenses	**119,494**	**198,364**	**(78,870)**
OWN-SOURCE INCOME			
Own-source revenue			
Interest and loan fee revenue	201,992	168,990	33,002
Distributions from trusts and equity investments	45,523	41,172	4,351
Total own-source revenue	**247,515**	**210,162**	**37,353**
Gains and losses			
Fair value losses on financial instruments	(80,936)	(15,000)	(65,936)
Fair value gains on financial instruments	110,670	–	110,670
Profit from sale of assets	–	–	–
Loss on modification of financial assets	4,831	–	4,831
Reversal of prior years' concessional loan charges	2,081	–	2,081
Total gains/(losses)	**36,646**	**(15,000)**	**51,646**
Total own-source income	**284,161**	**195,162**	**88,999**
Net contribution by services	**164,667**	**(3,202)**	**167,869**
Revenue from Government	12,610	12,610	–
Share of associates and joint ventures	(2,344)	–	(2,344)
Surplus from continuing operations	**174,933**	**9,408**	**165,525**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income	6,548	–	6,548
Total comprehensive income	**181,481**	**9,408**	**172,073**

1. The Group's budgeted financial statement that was presented to Parliament in October 2022 in respect of the reporting period (i.e. from the CEFC section in the 2022–23 PBS for the Climate Change, Energy, the Environment and Water Portfolio). Some line items that were netted in the published budget have been grossed-up in this presentation to better align with the actual disclosures under Australian Accounting Standards.
2. Difference between the actual and budgeted amounts for 2022–23. Explanations of major variances are provided after the tables in Note 8.3B.

Notes to Consolidated Financial Statements

Note 8: Other information continued

Consolidated Statement of Financial Position
as at 30 June 2023

	Actual $'000	Budget[1] $'000	Variance[2] $'000
ASSETS			
Financial assets			
Cash and cash equivalents	553,831	889,908	(336,077)
Trade and other receivables	26,576	25,950	626
Loans and advances	2,537,073	3,508,866	(971,793)
Other debt securities	957,087	981,456	(24,369)
Equities and units in trusts	1,583,260	1,459,131	124,129
Equity accounted investments	496,027	501,187	(5,160)
Derivative financial assets	14,915	10,544	4,371
Total financial assets	**6,168,769**	**7,377,042**	**(1,208,273)**
Non-financial assets			
Property, plant and equipment	13,936	13,995	(59)
Computer software	–	340	(340)
Prepayments	1,921	1,752	169
Total non-financial assets	**15,857**	**16,087**	**(230)**
Total assets	**6,184,626**	**7,393,129**	**(1,208,503)**
LIABILITIES			
Payables and deferred revenue			
Suppliers	3,498	4,302	(804)
Deferred revenue	26,829	37,964	(11,135)
Other payables	13,543	12,664	879
Derivative financial liabilities	–	7,472	(7,472)
Total payables and deferred revenue	**43,870**	**62,402**	**(18,532)**
Interest bearing liabilities			
Leases	9,646	9,519	127
Total interest-bearing liabilities	**9,646**	**9,519**	**127**
Provisions			
Employee provisions	5,345	4,759	586
Other provisions	20,532	12,236	8,296
Total provisions	**25,877**	**16,995**	**8,882**
Total liabilities	**79,393**	**88,916**	**(9,523)**
Net assets	**6,105,233**	**7,304,213**	**(1,198,980)**
EQUITY			
Contributed equity	5,013,363	6,384,416	(1,371,053)
Reserves	17,531	10,983	6,548
Retained surplus	1,074,339	908,814	165,525
Total equity	**6,105,233**	**7,304,213**	**(1,198,980)**

1. The Group's budgeted financial statement that was presented to Parliament in October 2022 in respect of the reporting period (i.e. from the CEFC section in the 2022–23 PBS for the Climate Change, Energy, the Environment and Water Portfolio). Some line items that were netted in the published budget have been grossed-up in this presentation to better align with the actual disclosures under Australian Accounting Standards.
2. Difference between the actual and original budgeted amounts for 2022–23. Explanations of major variances are provided after the tables in Note 8.3B.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2023

	Retained surplus			Reserves			Contributed equity			Total equity		
	Actual $'000	Budget[1] $'000	Variance[2] $'000	Actual $'000	Budget[1] $'000	Variance[2] $'000	Actual $'000	Budget[1] $'000	Variance[2] $'000	Actual $'000	Budget[1] $'000	Variance[2] $'000
Opening balance												
Balance carried forward from previous year	899,406	899,406	–	10,983	10,983	–	5,513,363	5,513,363	–	6,423,752	6,423,752	–
Comprehensive income												
Surplus for the year	174,933	9,408	165,525	–	–	–	–	–	–	174,933	9,408	165,525
Other comprehensive income	–	–	–	6,548	–	6,548	–	–	–	6,548	–	6,548
Total comprehensive income	**174,933**	**9,408**	**165,525**	**6,548**	**–**	**6,548**	**–**	**–**	**–**	**181,481**	**9,408**	**172,073**
Transactions with owners												
Contributions by owners												
Net equity injection from/(to) Special Account	–	–	–	–	–	–	(500,000)	871,053	(1,371,053)	(500,000)	871,053	(1,371,053)
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**(500,000)**	**871,053**	**(1,371,053)**	**(500,000)**	**871,053**	**(1,371,053)**
Closing balance as at 30 June	**1,074,339**	**908,814**	**165,525**	**17,531**	**10,983**	**6,548**	**5,013,363**	**6,384,416**	**(1,371,053)**	**6,105,233**	**7,304,213**	**(1,198,980)**

1. The Group's budgeted financial statement that was presented to Parliament in October 2022 in respect of the reporting period (i.e. from the CEFC section in the 2022–23 PBS for the Climate Change, Energy, the Environment and Water Portfolio). Some line items that were netted in the published budget have been grossed-up in this presentation to better align with the actual disclosures under Australian Accounting Standards.
2. Difference between the actual and original budgeted amounts for 2022–23. Explanations of major variances are provided after the tables in Note 8.3B.

Notes to Consolidated Financial Statements

Note 8: Other information continued

Consolidated Cash Flow Statement
for the year ended 30 June 2023

	Actual $'000	Budget $'000	Variance $'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government	12,610	12,610	–
Interest and fees	187,200	153,356	33,844
Distributions from trusts and equity investments	44,030	41,172	2,858
Total cash received	**243,840**	**207,138**	**36,702**
Cash used			
Employees	39,922	47,595	(7,673)
Suppliers	16,333	22,139	(5,806)
Interest payments on lease liabilities	213	21	192
Total cash used	**56,468**	**69,755**	**(13,287)**
Net cash from operating activities	**187,372**	**137,383**	**49,989**
INVESTING ACTIVITIES			
Cash received			
Principal loan repayments received	865,450	405,181	460,269
Sale of other debt securities	190,351	195,036	(4,685)
Sale of equities and units in trusts	33,740	50,000	(16,260)
Sale of investment in associates and joint ventures	66,273	–	66,273
Distributions from associates and joint ventures	26,770	25,000	1,770
Total cash received	**1,182,584**	**675,217**	**507,367**
Cash used			
Loans made to other parties	288,592	873,942	(585,350)
Purchase of other debt securities	261,497	200,000	61,497
Purchase of equities and units in trusts	188,617	165,583	23,034
Investment in associates and joint ventures	174,509	150,000	24,509
Purchase of derivative financial assets	–	–	–
Purchase of property, plant, equipment and computer software	4,030	5,350	(1,320)
Total cash used	**917,245**	**1,394,875**	**(477,630)**
Net cash from/(used by) investing activities	**265,339**	**(719,658)**	**984,997**

	Actual $'000	Budget $'000	Variance $'000
FINANCING ACTIVITIES			
Cash received			
Contributed equity	–	1,171,053	(1,171,053)
Total cash received	**–**	**1,171,053**	**(1,171,053)**
Cash used			
Return of equity	500,000	300,000	200,000
Principal payments of lease liabilities	1,935	2,499	(564)
Total cash used	**501,935**	**302,499**	**199,436**
Net cash from financing activities	**(501,935)**	**868,554**	**(1,370,489)**
Net increase/(decrease) in cash held	**(49,224)**	**286,279**	**(335,503)**
Cash and cash equivalents at the beginning of the reporting period	603,629	603,629	–
Effect of exchange rate movements on cash and cash equivalents at beginning of reporting period	(574)	–	(574)
Cash and cash equivalents at the end of the reporting period	**553,831**	**889,908**	**(336,077)**

1. The Group's budgeted financial statement that was presented to Parliament in October 2022 in respect of the reporting period (i.e. from the CEFC section in the 2022–23 PBS for the Climate Change, Energy, the Environment and Water Portfolio). Some line items that were netted in the published budget have been grossed-up in this presentation to better align with the actual disclosures under Australian Accounting Standards.
2. Difference between the actual and original budgeted amounts for 2022–23. Explanations of major variances are provided after the tables in Note 8.3B.

8.3B: Major budget variance for 2022–23

Affected line items	Explanations of major variances
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME:	
Employee benefits	The Group has spent $6.1m less than budget on employee benefits. This is largely a result of hiring fewer new staff than budgeted as well as timing differences with new hires being made later in the financial year than budgeted, including roles relating to RTN.
Suppliers	The expense recorded against suppliers is $7.7m less than budget due to savings in expenses such as consulting fees, professional fees and travel related costs.
Concessional loan charges, Reversal of prior years' concessional loan charges and Loss on modification of financial assets	The budget had assumed concessional loan charges of $83.6m, including $21.6m for RTN loans, but the actual net concession and loan modification charge was $8.8m, a positive variance of $74.7m. The mix of transactions undertaken this year has reduced the need for, and benefit from, providing as much concessionality on new loans as was anticipated. In addition, some highly concessional loans, to support RTN, new technologies or strategic projects, that were included in the budget have not yet reached contractual close.
Write down and impairment of financial instruments	The Group's impairment provision expense for the year was $41.4m resulting in an unfavourable variance of $1.6m in write down and impairment of financial instruments. The increased impairment expense is driven by the need to provide a specific provision this year for a loan that is considered to be impaired, partly offset by a reduction in the statistical provision calculated on the remainder of the debt portfolio, and writing down the carrying value of investments in Associates which are considered to be impaired.
Loss on sale of assets	The Corporation does not usually budget for profits or losses on sale of assets. The net loss of $2.0m on sale of assets comprises a realised loss of $3.9m on the sale of Other debt securities, no longer required in connection with the Corporation's SME lending programs through the commercial banks, and a realised gain of $1.9m on taking advantage of liquidity windows to reduce the Group's equity holding in two property funds.

Notes to Consolidated Financial Statements

Note 8: Other information continued

Affected line items	Explanations of major variances
Interest and loan fee revenue	Interest and loan fee revenue has a $33.0m favourable variance to budget, principally due to market interest rates increasing further and faster than had been expected at the time the budget was prepared.
Fair value gains and losses on financial instruments	Due to the inherent uncertainty in predicting future changes in the value of financial assets that are largely driven by macro-economic indicators such as interest rates and property yields that are largely outside the control of the Corporation, the CEFC does not generally budget for fair value gains or losses that result from these macro-economic changes. The budget included fair value losses of $15m for equity investments expected to yield below market returns. The actual result was a net fair value gain of $29.8m comprising: Fair value gains of $110.7m relating mostly to Equities and units in trusts, mainly in the agriculture and infrastructure sectors and some Innovation Fund investments. Fair value losses of $80.9m relating primarily to a reduction in the value of Equities and units in trusts, mainly in the property sector and early stage investments.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY:	
Cash and cash equivalents	Cash and cash equivalents are $336.1m lower than budget, due to lower than budgeted draws from the CEFC Special Account, partly offset by higher than budgeted net cash inflows from operating and investing activities as discussed below.
Loans and advances	Loans and advances are $971.8m lower than budget. This is due to above budget repayments and lower than budget deployment as discussed under Consolidated Cashflow Statement below.
Other debt securities	Other debt securities are $24.4m lower than budget. This is mainly because a new commitment in connection with a bank aggregation program had only been partially funded at year end as the CEFC only purchases bonds to match the banks' on-lending to eligible borrowers.
Equities and units in trusts	Equities and units in trusts are $124.1m higher than budget. This is due to a combination of the timing difference in the funding of new commitments and a net increase of $26.4m in the fair value of existing investments.
Equity accounted investments	Equity accounted investments are $5.2m lower than budget due to impairment of $18.8m recognised on some existing investments partly offset by a combination of the Group's share of associates' comprehensive income and timing differences on when investments called for new funds.
Contributed equity	Contributed equity is $1,371m lower than budget. During the year, the Corporation returned $500.0m, received from borrowers repaying their loans early, to the CEFC Special Account and did not make budgeted net draws of $550m for RTN and $21m for PATF (which were only legislated late in the financial year and had not yet entered into any investments requiring funding by 30 June) and $300m for the General Portfolio (due to lower than budgeted investing outflows requiring funding).
Reserves	Reserves are $6.5m higher than budget, principally due to changes in the Group's share of the reserves of investments classified as associates.
Retained Surplus	The retained surplus at 30 June 2023 is $165.5m higher than budget due to the higher than budgeted surplus generated in the year discussed under Consolidated Statement of Comprehensive Income above.

Affected line items	Explanations of major variances
Total equity	Total equity at 30 June 2023 is $1,199.0m lower than budget due to: lower than budgeted Contributed equity $1,371.0m partly offset by higher than budget Reserves $6.5m and Retained surplus $165.5m as described above.
CONSOLIDATED CASH FLOW STATEMENT:	
Net cash from operating activities	The $50m positive variance to budget is primarily attributable to higher than budgeted interest receipts and lower than budgeted spend on employees and suppliers.
Principal loan repayments received	Principal loan repayments received are $460.3m higher than budget due to the unplanned early repayment by a number of borrowers who elected to refinance their facilities with other lenders.
Sale of other debt securities	The proceeds received from the sale of various bank bonds no longer required to support those bank's on-lending to SME borrowers under their aggregation programmes, due to amortisation of the underlying loans, were $4.7m lower than budgeted due to the decrease in bond values in the market.
Sale of equities and units in trusts	Proceeds from the sale of equities and units in trusts were $16.3m lower than budget. The planned reduction in the Group's investment in certain property fund investments did not occur to the extent budgeted due to a greater number of other investors also wishing to participate in funds' liquidity windows and offering units for sale in the secondary market.
Sale of associates and joint ventures	Proceeds from the sale of investments in associates and joint ventures are $66.3m higher than budget and relate primarily to the redemption of the Group's investment in a Build to Rent property which has subsequently been incorporated into a larger fund.
Loans made to other parties	Cash used to fund loans made to other parties is $585.4m below budget. This is due to a combination of existing loans drawing at a slower rate than had been assumed in the budget, and budgeted new loans not yet being committed, including budgeted draws of $125m for new RTN loans.
Purchase of other debt securities	The amount invested in other debt securities during the year is $61.5m above budget due to the subscription for a new green bond issued by an Australian university and investment in a non-bank lender to support financing of zero emissions vehicles.
Purchase of equities and units in trusts	Purchase of equities and units in trusts is $23.0m higher than budget and includes the purchase of units in a fund that acquired a Build to Rent property that CEFC had previously accounted for as an investment in Associates and Joint Ventures.
Contributed equity and Return of equity	The net amount drawn from the CEFC Special Account was $1,371m lower than budget. During the year, the Corporation returned $500.0m, received from borrowers repaying their loans early, to the CEFC Special Account and did not make budgeted net draws of $550m for RTN and $21m for PATF (which were only legislated late in the financial year and had not yet entered into any investments requiring funding by 30 June) and $300m for the General Portfolio (due to lower than budgeted investing outflows requiring funding).
Cash and cash equivalents at the end of the reporting period	Cash and cash equivalents are $336.1m lower than budget, due to lower than budgeted draws from the CEFC Special Account, partly offset by higher than budgeted net cash inflows from operating and investing activities as discussed above.

Appendices

Appendix A
Index of Annual Reporting requirements

Figure 19: Index of Annual Reporting requirements

Statutory requirement	Legislation reference	Section	Page
Index of requirements under the PGPA Act and PGPA Rule 2014 Annual Reporting Requirements			
Provision of Annual Report (including annual financial and performance statements) to responsible Ministers by 15 October each year	PGPA Act, section 46	Letter of Transmittal	
Board statement of approval of Annual Report with section 46 of the PGPA Act	PGPA Act, section 46 PGPA Rule, section 17BB	Letter of Transmittal	
Annual performance statements in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule	PGPA Act, section 39 PGPA Rule, section 16F and 17BE(g)	1	
Board statement of compliance of performance report with section 39 of the PGPA Act	PGPA Act, section 39 PGPA Rule, section 16F	1	
Annual financial statements for Commonwealth entities	PGPA Act, sections 42 and 43(4) PGPA (Financial Reporting) Rule 2015, Australian Accounting Standards	3	
Board statement of compliance of the financial statements with section 42(2) of the PGPA Act	PGPA Act, section 42(3), 43(4) PGPA (Financial Reporting) Rule 2015	3	
Parliamentary standards of presentation	PGPA Act, section 46(3) PGPA Rule, section 17BC	Full report	All
Publication on transparency.gov.au	PGPA Act, section 46(3) PGPA Rule, section 17BCA	Full report	All
Plain English and clear design, including glossary	PGPA Act, section 46(3) PGPA Rule, section 17BD	Full report	All
Details of the legislation establishing the entity	PGPA Act, section 46(3) PGPA Rule, section 17BE(a)	2	
A summary of the objects and functions of the entity as set out in the legislation	PGPA Act, section 46(3) PGPA Rule, section 17BE(b)(i)	2	
The purposes of the entity as included in the entity's corporate plan for the reporting period	PGPA Act, section 46(3) PGPA Rule, section 17BE(b)(ii)	2	
The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	PGPA Act, section 46(3) PGPA Rule, section 17BE(c)	2	
Directions given to the entity by the Minister under an Act or instrument during the reporting period	PGPA Act, section 46(3) PGPA Rule, section 17BE(d)	2	
Any government policy order that applied in relation to the entity during the reporting period under section 22 of the PGPA Act	PGPA Act, section 46(3) PGPA Rule, section 17BE(e)	2	
Particulars of non-compliance with: (a) A direction given to the entity by the Minister under an Act or instrument during the reporting period; or (b) A government policy order that applied in relation to the entity during the reporting period under section 22 of the PGPA Act	PGPA Act, section 46(3) PGPA Rule, section 17BE(f)		

Statutory requirement	Legislation reference	Section	Page
A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the PGPA Act that relates to non-compliance with finance law and action taken to remedy the non-compliance	PGPA Act, section 46(3) PGPA Rule, sections 17BE(h) and (i)		
Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	PGPA Act, section 46(3) PGPA Rule, section 17BE(j)	2	
Outline of the organisational structure of the entity (including any subsidiaries of the entity)	PGPA Act, section 46(3) PGPA Rule, section 17BE(k)	2	
Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) Statistics on full-time employees (b) Statistics on part-time employees (c) Statistics on gender (d) Statistics on staff location	PGPA Act, section 46(3) PGPA Rule, section 17BE(ka)	Appendix B	
Outline of the location (whether or not in Australia) of major activities or facilities of the entity	PGPA Act, section 46(3) PGPA Rule, section 17BE(l)	1	
Information relating to the main corporate governance practices used by the entity during the reporting period	PGPA Act, section 46(3) PGPA Rule, section 17BE(m)	2	
For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than $10,000 (inclusive of GST): (a) The decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) The value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	PGPA Act, section 46(3) PGPA Rule, sections 17BE(n) and (o)	2, 3	
Any significant activities and changes that affected the operations or structure of the entity during the reporting period	PGPA Act, section 46(3) PGPA Rule, section 17BE(p)	2	
Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity	PGPA Act, section 46(3) PGPA Rule, section 17BE(q)	2	
Particulars of any report on the entity given during the period by: – The Auditor General (other than a report under section 43 of the PGPA Act); or – A Parliamentary Committee; or – The Commonwealth Ombudsman; or – The Office of the Australian Information Commissioner	PGPA Act, section 46(3) PGPA Rule, section 17BE(r)	2	
An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the Annual Report	PGPA Act, section 46(3) PGPA Rule, section 17BE(s)	N/A	N/A

Appendix A
Index of Annual Reporting requirements

Statutory requirement	Legislation reference	Section	Page
Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)	PGPA Act, section 46(3) PGPA Rule, section 17BE(t)	2	
The following information about the audit committee for the entity: – A direct electronic address of the charter determining the functions of the audit committee; – The name of each member of the audit committee; – The qualifications, knowledge, skills or experience of each member of the audit committee; – Information about each member's attendance at meetings of the audit committee; – The remuneration of each member of the audit committee	PGPA Act, section 46(3) PGPA Rule, section 17BE(taa)	2	
Information about Executive remuneration	PGPA Act, section 46(3) PGPA Rule, section 17BE(ta), Subdivision C and Schedule 3	Appendix G	
The list of requirements as set out in Schedule 2A of the PGPA Rule that references where those requirements are to be found in the Annual Report	PGPA Act, section 46(3) PGPA Rule, section 17BE(u)	Appendix A	
An assessment of significant changes in the entity's overall financial structure and financial conditions	PGPA Rule section 17BF(1)(a)(i)		Not applicable – disclosure requirements for government business enterprises only
An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions	PGPA Rule section 17BF(1)(a)(ii)		Not applicable – disclosure requirements for government business enterprises only
Information on dividends paid or recommended	PGPA Rule section 17BF(1)(b)		Not applicable – disclosure requirements for government business enterprises only
Details of any community service obligations the government business enterprise has including: – An outline of actions taken to fulfil those obligations; and – An assessment of the cost of fulfilling those obligations	PGPA Rule section 17BF(1)(c)		Not applicable – disclosure requirements for government business enterprises only

Statutory requirement	Legislation reference	Section	Page
A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	PGPA Rule section 17BF(2)		Not applicable – disclosure requirements for government business enterprises only
Publish Annual Report on entity website	PGPA Rule, section 30A	Full report	All
Index of requirements under the CEFC Act			
Total value of section 63 investments, by reference to the class of clean energy technologies	CEFC Act, section 74(1)(a)	1	
Realisation of any section 63 investments	CEFC Act, section 74(1)(b)	Appendix F	
Explanation of why less than half of the funds are invested in renewable energy technologies	CEFC Act, section 74(1)(c)	N/A	N/A
Concessions given by the Corporation	CEFC Act, section 74(1)(d)	3	
Balance sheet setting out, as at the end of the financial year, the assets and liabilities and a statement of cash flows	CEFC Act, section 74(1)(e)	3	
Remuneration and allowances of Board members and senior staff	CEFC Act, section 74(1)(f)	2, 3, Appendix G	
Operating costs and expenses	CEFC Act, section 74(1)(g)	2, Appendix E	
Benchmark report of operating costs and expenses of other comparable entities	CEFC Act, section 74(1)(h)	Appendix E	
Procurement contracts of more than $80,000	CEFC Act, section 74(1)(i)	2	
Credits and debits to the CEFC Special Account	CEFC Act, section 74(1)(j)	3	
Reporting on each of the items referred to in sections 74(1)(d) to (i) of the CEFC Act for subsidiaries	CEFC Act, section 74(2)	2, 3	
Index of requirements under the Investment Mandate Direction			
Reporting on non-financial investment outcomes for all its investments, including under each of the Advancing Hydrogen Fund, Australian Recycling Investment Fund, Clean Energy Innovation Fund, Reef Funding Program and Sustainable Cities Investment Program	Investment Mandate, section 18	1, Appendix H	
Index of other statutory reporting requirements			
Equal Employment Opportunity Report	EEO Act, section 9	Appendix B	
Work Health and Safety Report	WHS Act, Schedule 2, Part 4, section 4	Appendix D	
Environmental Performance and Ecologically Sustainable Development Report (including Australian Public Service Net Zero 2030)	EPBC Act, section 516A	Appendix C	

Appendix B
Equal Employment Opportunity Report

Reporting period

The CEFC reports its obligations under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* (EEO Act) annually. This Report covers the period 1 July 2022 to 30 June 2023 inclusive.

Approach to EEO

The CEFC seeks to reflect the diverse nature of the Australian community in our workplace. The organisation is committed to developing and supporting positive working relationships and a healthy and safe workplace where employees are recruited, trained and promoted fairly, on merit, without discrimination. CEFC policies and procedures are underpinned by Equal Employment Opportunity (EEO) principles, notably:

- The CEFC Code of Conduct and Ethics sets the standards for the way we work at the CEFC, including expectations in relation to standards of professional behaviour.
- The CEFC Workplace Bullying, Discrimination and Harassment Policy reflects our commitment to provide a positive work environment, free from inappropriate workplace behaviour such as workplace bullying, discrimination and harassment.
- Annual compliance training includes EEO, the CEFC Code of Conduct and Ethics and the CEFC Workplace Bullying, Discrimination and Harassment Policy.

Diversity, equity and inclusion strategy development

Regular employee feedback is key to monitoring performance in EEO, diversity and inclusion. In September 2022, the CEFC participated in the Inclusion@Work Index, supported by the Diversity Council of Australia (DCA), with a 70 per cent response rate. The confidential survey enabled a better understanding of the diversity of the CEFC workforce, with new insights such as: 52 per cent of employees are carers; nine per cent identified as lesbian, gay, bisexual, transgender, intersex or queer (LGBTIQ+); and five per cent as living with disability. The CEFC performed better than the Australian workforce benchmark on all six measures of inclusion and was acknowledged as an Inclusive Employer for 2022–23 by the DCA.

During the 2022–23 reporting year the CEFC established a Diversity, Equity and Inclusion (DEI) employee working group to assist in developing a DEI strategy for the CEFC. The working group utilised feedback from the Inclusion@Work Index to inform the development of a DEI strategy. The strategy is for the period (2023–25) and the working group will focus on developing initiatives under five key areas:

1. Building leadership and sponsorship for diversity
2. Strengthening our inclusive workplace culture of belonging (for all)
3. Improving diversity at all levels
4. Improving gender equity
5. Providing greater support for carers' careers

EEO monitoring and evaluation

The CEFC has not identified any policies or practices that discriminate against, or any patterns of inequality of opportunity, in respect of women and designated groups. Workplace policies and the related procedures and practices are communicated via induction compliance training for all new employees, as well as annual compliance refresher training for all employees. These materials are accessible to CEFC staff via the CEFC intranet.

Paid parental leave

During the reporting period, seven employees used the CEFC paid parental leave scheme. Of these, three female employees and one male employee were the primary carer. A further three employees used the CEFC paid parental leave scheme, including two male employees and one female employee.

The Inclusion@Work survey finding that 52 per cent of CEFC employees were carers led to a market review of parental leave benefits with a focus on both public and private sector peer comparisons. As a result, the CEFC Board approved enhanced parental leave benefits including 18 weeks paid parental leave (up from 12 weeks), removal of the distinction between primary and secondary carers, and payment of employer superannuation on periods of unpaid parental leave, effective from 1 July, 2023.

Flexible working arrangements

The CEFC offers flexible working arrangements aligned with the National Employment Standards. Of the 141 employees at 30 June 2023, 10 per cent were employed on a part-time basis or working a compressed week. Of the 15 employees with flexible arrangements, three were male. During the reporting period the CEFC continued to offer flexible or agile working arrangements, whereby employees are expected to spend an average, at least three days per week, at a CEFC office.

Gender pay equity

A gender pay analysis is conducted each March and July. The March analysis is reported to the Board People and Culture Committee as part of an annual diversity report, and is used to inform pay decisions during the annual remuneration review each June. The July analysis evaluates the impact of these decisions on gender pay equity, so that any issues can be addressed before the remuneration review is concluded.

Diversity profile

At 30 June 2023, the CEFC had 141 employees, an increase of 11 employees on the prior year. As a specialist financier, the CEFC recruits experienced, senior practitioners within each functional area, which is reflected in the average employee age of 43 years.

The CEFC continues to reflect a diverse cultural profile: 39 per cent of employees were born overseas, including 56 employees from 23 countries. The CEFC had 17 employees (12 per cent) who reported English as their second language at 30 June 2023.

At 30 June 2023, 42 per cent of the CEFC Board and 33 per cent of the CEFC Executive Team were women with 37.5 per cent of senior management positions held by women. Women were awarded 11 (52 per cent) of the 21 promotions in the 2022–23 year. Women also made up 50 per cent of the 24 new recruits in the year. Overall, gender diversity was steady during the reporting year, sitting at 51.4 per cent men and 49.6 per cent women at 30 June 2023.

One employee identified as being First Nations in the 2022–23 year. Separately, no employee identified as living with disability requiring reasonable adjustments.

Appendix B
Equal Employment Opportunity Report

Figure 20: CEFC EEO reporting comparison

	30 June 2022		30 June 2023	
EEO designated group	Employees	%	Employees	%
Female	63	48	70	49.6
Born overseas	55	42.3	56	39
English as a second language	14	11	17	12

Figure 21: CEFC employee overview 2022–23

	Non-ongoing	Ongoing	Total
GENDER			
Woman/female	3	67	70
Man/male	2	69	71
Non-binary	0	0	0
Prefers not to answer	0	0	0
Uses a different term	0	0	0
Total	**5**	**136**	**141**
EMPLOYMENT STATUS			
Full-time	4	124	128
Part-time	1	12	13
Total	**5**	**136**	**141**
LOCATION			
Brisbane	1	57	58
Canberra		1	1
Melbourne		14	14
Perth		5	5
Sydney	4	59	63
Total	**5**	**136**	**141**

Particulars of directions by responsible Ministers

The CEFC did not receive any directions made by responsible Ministers under section 12 of the EEO Act in the 2022–23 year.

Appendix C
Environmental Performance and Ecologically Sustainable Development Report

Reporting period

The CEFC reports its obligations under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) annually. This Report covers the period 1 July 2022 to 30 June 2023 inclusive.

Ecologically Sustainable Development

The CEFC mobilises a diverse range of investments to support the development, deployment and commercialisation of decarbonisation initiatives across the Australian economy. The CEFC commitment to environmental, social, and governance (ESG) principles is outlined in our ESG Policy, which guides our approach to clean energy investing and sustainable outcomes. Complementing these investment activities, the CEFC contributes to market research initiatives, industry engagement and shares insights about our investments to promote greater understanding of the potential of clean energy technologies.

Activities undertaken by the CEFC in reducing our own corporate environmental impact and via our investment activity are detailed in Figure 22.

Figure 22: Environmental performance

Theme	Actions to reduce environmental impact	Further measures to review and improve outcomes
Energy efficiency and emissions reduction	The CEFC is continuously improving its organisational energy efficiency to reduce its emissions. The CEFC relocated to more efficient premises in Brisbane and Melbourne during the 2022–23 period with the new offices having 5.5 star and 4.5 star NABERS Energy ratings respectively. Both office buildings have 6 star Green Star ratings. The CEFC has implemented a range of measures to enhance its own energy efficiency and emissions reductions, including: – Sydney office lease: 5.5 star NABERS Energy rating for the base building – Melbourne office lease: 4.5 star NABERS Energy rating for the base building – Brisbane office lease: 5.5 star NABERS Energy rating for the base building – Perth office lease: 4.5 star NABERS Energy rating for the base building – End-of-trip facilities are offered at each location, with employees encouraged to walk, run, cycle, scoot or use public transport to and from work. The CEFC does not offer corporate car parking or corporate vehicles to employees. During the reporting period, the CEFC established an employee-novated electric vehicle lease program for the lease of battery (zero emissions) or hydrogen electric vehicles.	The CEFC maintains Climate Active Carbon Neutral Certification, with annual third-party assessment of our organisational carbon footprint. We offset residual carbon emissions through an accredited scheme as part of the Climate Active Carbon Offset Standard. The CEFC carbon footprint was assessed and audited at 828 tonnes CO_2-e for 2021–22, the latest available data collection year. In support of our Reconciliation Action Plan, the CEFC purchased all 2021–22 offsets from First Nations projects. In the reporting year the CEFC also purchased 60,984 kWh of GreenPower. Relevant Public Disclosure Statements are available on the CEFC website.

Appendix C
Environmental Performance and Ecologically Sustainable Development Report

Theme	Actions to reduce environmental impact	Further measures to review and improve outcomes
Waste	The CEFC seeks to improve waste management in its offices. CEFC office leases have the following NABERS Waste ratings: – Sydney office 2.5 stars – Melbourne office 4 stars – Brisbane office 4 stars. The CEFC has a range of measures to reduce waste: – Waste recycling, using appropriate waste streams to reduce landfill, including organic waste streams – Provision of specialised e-waste collection systems – Soft plastics, stationery recycling and coffee cup recycling – Staff awareness programs.	The CEFC is an active investor in waste management initiatives that can deliver improved energy performance, divert waste from landfill and/or create usable by-products. The CEFC supports the "reduce, reuse, repurpose and recycle" recommendations of the international waste hierarchy and focuses on projects that seek to make a material reduction to Australia's waste related emissions while supporting the shift towards a more circular economy. Investment highlights during the reporting year include: – Debt finance to Queensland Recycling Technologies to develop the Rino Recycling construction and demolition (C&D) recycling facility, capable of processing more than one million tonnes of C&D waste annually. – Investment in HydGene Renewables, for a novel technological process that converts biomass (including from agricultural waste) into hydrogen.
Water	Opportunities to improve water outcomes for CEFC offices are taken where available. CEFC office leases have the following NABERS Water ratings: – Sydney 5 stars – Melbourne 5 stars – Brisbane 4.5 stars – Perth 3 stars.	As part of the CEFC investment process, our ESG investment impact assessment considers water quality and water use reduction as part of resource efficiency and the circular economy.

APS Net Zero 2030 emissions reporting

APS Net Zero 2030 is the Australian Government policy for the Australian Public Service (APS) to reduce its greenhouse gas emissions to net zero by 2030, and transparently report on its emissions. As part of this, non-corporate and corporate Commonwealth entities are required to report on their operational greenhouse gas emissions.

The Greenhouse Gas Emissions Inventory presents greenhouse gas emissions over the 2022–23 period. Results are presented on the basis of Carbon Dioxide Equivalent (CO_2-e) emissions. Greenhouse gas emissions reporting has been developed with methodology that is consistent with the Whole-of-Australian Government approach as part of the APS Net Zero 2030 policy. Not all data sources were available at the time of the report and adjustments to baseline data may be required in future reports.

Location-based method: The location-based method provides a picture of a business's electricity emissions in the context of its location, and the emissions intensity of the electricity grid it relies on. It reflects the average emissions intensity of the electricity grid in the location (State) in which energy consumption occurs. The location based method does not allow for any claims of renewable electricity from grid-imported electricity usage. Refer to Figure 23.

Figure 23: Greenhouse gas emissions inventory – location-based method 2022–23

Emission Source	Scope 1 kg CO_2-e	Scope 2 kg CO_2-e	Scope 3 kg CO_2-e	Total kg CO_2-e
Electricity (location based approach)	N/A	87,352	12,146	99,498
Natural gas	–	N/A	–	–
Fleet vehicles	–	N/A	–	–
Domestic flights	N/A	N/A	225,194	225,194
Other energy	–	N/A	–	–
Total kg CO_2-e	**–**	**87,352**	**237,341**	**324,693**

The electricity emissions reported above are calculated using the location-based approach. When applying the market-based method, which accounts for activities such as GreenPower, purchased LGCs and/or being located in the ACT, the total emissions for electricity, are below.

Market-based method: The market-based method provides a picture of a business's electricity emissions in the context of its renewable energy investments. It reflects the emissions intensity of different electricity products, markets and investments. It uses a residual mix factor (RMF) to allow for unique claims on the zero emissions attribute of renewables without double-counting. Refer to Figure 24.

Figure 24: Greenhouse gas emissions inventory – market-based method 2022–23

Emission source	Scope 1 kg CO_2-e	Scope 2 kg CO_2-e	Scope 3 kg CO_2-e	Total kg CO_2-e
Electricity (market-based approach)	N/A	31,108	4,117	35,225
Natural Gas	–	N/A	–	–
Fleet vehicles	–	N/A	–	–
Domestic flights	N/A	N/A	225,194	25,194
Other energy	–	N/A	–	–
Total kg CO_2-e	**–**	**31,108**	**229,312**	**260,419**

Appendix D
Workplace Health and Safety Report

Reporting period

The CEFC is a “public authority” under the *Work Health and Safety Act 2011* (WHS Act) and is required to report annually according to the particulars of Schedule 2, Part 4, section 4 of the WHS Act. This Report covers the period 1 July 2022 to 30 June 2023 inclusive.

Health, safety and wellbeing initiatives

The CEFC is committed to the safety and health of its employees, and acknowledges its responsibilities under the WHS Act and the National Employment Standards (NES). These cover standard hours of work, reasonable additional hours, flexible working arrangements, the provision of personal/carer’s leave and compassionate leave. The NES underpin the CEFC commitment to providing safe working hours and adopting a holistic view of employee health and wellbeing.

Workplace health and safety training

New employees are provided with access to a range of induction materials, available through the CEFC intranet. This includes links to CEFC policies, including the CEFC Code of Conduct and Ethics, and policies relating to WHS and workplace bullying, discrimination and harassment. Mandatory online WHS training covers a range of matters, including ergonomic workstation arrangements, the identification of workplace hazards, processes to report injuries and incidents, information about stress management, exercises and stretches, guidance on lifting heavy objects, and dealing with hazardous or emergency situations.

All CEFC employees undertake mandatory annual refresher training including the CEFC Code of Conduct and Ethics, WHS, equal employment opportunity and workplace bullying. Contractors and consultants must comply with all workplace laws and ensure that their subcontractors are also in compliance. The CEFC standard agreements with contract suppliers contain clauses requiring compliance with workplace laws.

WHS compliance

The CEFC Board is responsible for CEFC compliance with duties under statute and at law relating to WHS. The Board framework for managing WHS compliance includes:

- Maintenance of a Risk Management Framework and Risk Appetite Statement with respect to the organisation’s tolerance for WHS incidents
- Reporting WHS incidents
- Maintenance of corporate policies and procedures.

During 2022–23, the CEFC had up to 12 emergency wardens across the Sydney, Brisbane, Melbourne and Perth offices. These CEFC emergency wardens conducted emergency response and evacuation training in accordance with requirements under relevant state laws.

At 30 June 2023, the CEFC had 14 certified First Aid Officers, who complete annual certification in accordance with best practice. Details of emergency evacuation procedures, emergency wardens and first aid officers are provided to CEFC employees and displayed throughout CEFC offices. In addition, first aid procedures and equipment are available to all employees.

WHS in the workplace

The CEFC continues to implement established WHS controls in our offices, with additional processes in place to ensure employees working from home have a safe and ergonomic workstation. The CEFC offers other ongoing facilities and initiatives that maintain the health, safety and wellbeing of our employees including:

- Employer-funded Employee Assistance Program for employees and their families
- Certified Mental Health First Aid Officers
- Voluntary annual flu vaccinations
- Defibrillators in all offices
- Wellness rooms in Sydney, Melbourne and Brisbane offices
- Competitive rates for fitness programs, corporate fitness challenges and events
- Biennial Executive health checks
- Restricted security pass access to offices and buildings
- Workstations and equipment reflecting up-to-date safety features
- Regular testing and tagging of electronic equipment, fire warning and evacuation systems
- Lockers and end-of-trip facilities.

Health and safety outcomes

The CEFC is required to report on health and safety outcomes, including the impact of injury rates of workers. During the reporting period, the CEFC had two workplace injuries reported, with neither incident resulting in a claim or lost time.

Notifiable incidents

There were no notifiable incidents (such as deaths, serious injury or illness, or dangerous incidents) for the reporting period.

Investigations

The CEFC must report any investigations that relate to businesses or undertakings conducted by the entity, including details of all notices given to the entity during the reporting year under Part 10 of the WHS Act. The CEFC has not received any notices, conducted any investigations, nor been investigated under the relevant provisions and is a Nil report for all particulars.

Other matters under JCPAA guidelines

Under the WHS Act, the CEFC is required to report on other matters as required by guidelines approved on behalf of the Australian Parliament by the Joint Committee of Public Accounts and Audit (JCPAA). The JCPAA had not specified additional requirements for the CEFC under this provision.

Appendix E
Summary of operating costs and expenses and benchmark

Reporting period

Under the CEFC Act, the CEFC must include in its Annual Report details of operating costs and expenses for the financial year (refer to Section 3 – Financial information) and a benchmark of operating costs and expenses against comparable entities for that financial year (this is Appendix E). This Report covers the period 1 July 2022 to 30 June 2023 inclusive.

CEFC overview

The CEFC is a Corporate Commonwealth entity, with an independent Board, that invests in eligible renewable energy, energy efficient and low emissions technologies. The CEFC invests only in financial assets and does not have a treasury function. At 30 June 2023, the CEFC had 141 employees located in Sydney (headquarters), Brisbane, Canberra, Melbourne and Perth. At 30 June 2023, the CEFC has access to up to $21.5 billion through drawing rights against the CEFC Special Account maintained by the Department of Climate Change, Energy, the Environment and Water.

Comparator entities

The comparator entities include four Australian Government–owned entities that also have a public purpose and a commercial mode of operation, together with an offshore green bank:

- Future Fund Management Agency
- Export Finance Australia
- Northern Australia Infrastructure Fund
- National Housing Finance and Investment Corporation
- New York Green Bank.

Note on comparisons

For the purposes of this comparison, the CEFC draws on the OECD definition of green banks, namely that they are a public, quasi-public or non-profit entity established specifically to facilitate private investment into domestic low carbon, climate resilient infrastructure. Direct comparisons of the CEFC with other entities are constrained by the following factors:

- There are very few Government-owned public purpose entities that perform a similar type of function
- The CEFC is at least double the size of the next largest green bank at 30 June 2023
- Each comparator entity has its own unique mandate specific to its particular market needs, such as target sectors, technologies, financial instruments, geographical limitations and access to capital
- The current financial year data on comparator entities may not be readily available
- Entities use different expense and data reporting categories, impeding like-for-like comparisons.

Future Fund Management Agency

The Future Fund was established under Division 2 of Part 5 of the *Future Fund Act 2006* and is governed by an independent board, which makes investment decisions according to ministerial directions via an Investment Mandate. The Fund pursues a broad sectoral spread in its investments, and is neither geographically nor sector limited in the same way as the CEFC. Latest available data, to 30 June 2023, showed total funds under management of $256.2 billion across six funds, with the main Future Fund of $206.1 billion invested in:

- Australian equities: 8.6 per cent
- Global equities: 21.8 per cent
- Private equity: 16.5 per cent
- Property: 6.3 per cent
- Infrastructure and timberland: 10.0 per cent
- Alternatives: 17.0 per cent
- Debt Securities: 8.6 per cent
- Cash: 11.2 per cent.

Refer to www.futurefund.gov.au for more details.

Export Finance Australia

Export Finance Australia is a corporate Commonwealth entity under the *Export Finance and Insurance Corporation Act 1991* (EFIC Act), governed by an independent board. It operates on a commercial basis and partners with, but does not compete with, commercial banks. Its investments primarily relate to the provision of loans, guarantees, bonds and insurance options, with 228 transactions completed in 2021–22, providing $4.9 billion in support, with exposures of some $2.2 billion. Its key functions are to:

1. Facilitate and encourage Australian export trade by providing finance
2. Encourage banks and other financial institutions in Australia to finance exports and overseas infrastructure development
3. Provide information and advice about finance to help support Australian export trade
4. Assist other Commonwealth entities and businesses in providing finance and financial services
5. Administer payments in relation to overseas aid.

Refer to www.exportfinance.gov.au for more details.

Appendix E
Summary of operating costs and expenses and benchmark

Northern Australia Infrastructure Facility

The Northern Australia Infrastructure Facility (NAIF) is a corporate Commonwealth entity under the *Northern Australia Infrastructure Facility Act 2016* (NAIF Act). Its commercially focused independent board makes investment decisions, subject to a right of veto by the responsible Ministers and confirmation of support from the relevant State Government.

The NAIF offers up to $7 billion in debt or equity finance to projects that satisfy the relevant mandatory criteria in the Investment Mandate. NAIF's primary purpose is to accelerate infrastructure development and thereby drive transformational growth in northern Australia by innovative financing that:

1. Generates public benefit including that outside of what is captured by the project proponent
2. Encourages longer-term growth in the economy and population of northern Australia
3. Encourages private sector participation in the financing of northern Australia's infrastructure needs
4. Facilitates sustainable Indigenous participation, procurement and employment outcomes.

Refer to www.naif.gov.au for more details.

National Housing Finance and Investment Corporation

The National Housing Finance and Investment Corporation (NHFIC) is a corporate Commonwealth entity under the *National Housing Finance and Investment Corporation Act 2018* (NHFIC Act). NHFIC provides long-term and low-cost finance, and capability building assistance, to registered community housing providers (CHPs) to support the provision of more social and affordable housing.

NHFIC lends, invests and provides grants to help finance the critical infrastructure needed to unlock and accelerate new housing supply. It operates the Affordable Housing Bond Aggregator (AHBA) and the National Housing Infrastructure Facility (NHIF).

The AHBA provides low cost, long-term loans to registered CHPs and is funded by NHFIC issuing its own bonds into the wholesale capital market and via a $1 billion line of credit facility provided by the Australian Government.

The NHFIC strategic objectives are to:

1. Facilitate the sustainable growth of the community housing sector across Australia
2. Strengthen stakeholder relationships that support better housing outcomes
3. Establish a best-practice governance regime
4. Facilitate investment to increase the supply of housing, and in particular affordable housing
5. Deliver high-performance organisational practices and outcomes.

Refer to www.nhfic.gov.au for more details.

New York Green Bank

The New York Green Bank (NYGB), a Division of the New York State Energy Research and Development Authority, is a state-sponsored specialised financial entity whose mission is to accelerate clean energy deployment in New York State by working in collaboration with the private sector to transform financing markets. The US$1.0 billion entity works with the private sector to alleviate financing gaps in New York's clean energy markets. NYGB is a key component of the Clean Energy Fund (CEF), US$7.6 billion commitment by New York State to advance clean energy market growth.

NYGB works with project sponsors and financial institutions to deploy proven technologies and projects in renewable energy and energy efficiency. These are technologies and applications in projects that are in demand by clients and their respective customers, are economically viable, and can support a commercial cost of debt, but for which debt capital is not readily provided by the markets due to existing barriers.

Refer to www.greenbank.ny.gov for more details.

Appendix E
Summary of operating costs and expenses and benchmark

Figure 25: Operating costs and expenses benchmark: comparison with Annual Reports[a]

	CEFC 2022–23		Future Fund 2021–22[c]	
	$'000	%	$'000	%
EMPLOYEE BENEFIT EXPENSES				
Wages and salaries	38,012	32	56,046	15
Superannuation	2,427	2	3,954	1
Leave and other entitlements	725	1	1,281	0
Other expenses	441	0	–	–
Total	**41,605**	**35**	**61,281**	**16**
BOARD REMUNERATION[e]				
Wages and salaries	460	0	837	0
Superannuation	45	0	123	0
Total	**505**	**0**	**960**	**0**
Total employee and Board remuneration and benefits	**42,110**	**36**	**62,241**	**17**
OTHER EXPENSES				
Interest	213	0	–	–
Provision for impairment	41,373	35	–	–
Concessional loan discount[b]	15,748	13	–	–
Professional fees and expenses	2,383	2	121,313	33
Other investment portfolio expenses	5,717	5	59,026	16
Travel and incidentals	1,366	1	–	–
Office facility costs	694	1	–	–
Insurance	254	0	–	–
Marketing and communications	662	1	–	–
Depreciation and amortisation	3,605	3	11,455	3
Auditors' remuneration	213	0	239	0
Administrative, IT and other expenses	3,173	3	118,181	32
Total expenses	**117,511**	**100**	**372,455**	**100**

Notes
(a) Like-for-like comparisons are not strictly possible since different entities group and report costs differently.
(b) Non-cash charge that reverses over the life of the underlying loans.
(c) From 2021–22 Annual Report, the latest available at the time of preparing this report.
(d) Costs are shown gross before national interest account allocation.
(e) Board and employee remuneration are indistinguishable in some entity reports.
(f) Translated from USD at an exchange rate of 0.685.

	Export Finance 2021–22 (c),(d)		NAIF 2021–22 (c)		NHFIC 2021–22 (c)		New York Green Bank 2022–23 (f)	
	$'000	%	$'000	%	$'000	%	$'000	%
	21,654	42	6,928	48	8,823	13	14,473	63
	2,345	5	727	5	992	1	–	–
	1,500	3	289	2	614	1	–	–
	1,200	2	278	2	20	0	–	–
	26,699	**52**	**8,222**	**57**	**10,449**	**15**	**14,473**	**63**
	546	1	389	3	459	1	–	–
	55	0	37	0	46	0	–	–
	601	**1**	**426**	**3**	**505**	**1**	**–**	**–**
	27,300	**53**	**8,648**	**60**	**10,954**	**16**	**14,473**	**63**
	–	–	9	0	36,529	54	53	0
	4,400	9	–	–	234	0	206	1
	–	–	–	–	7,903	12	–	–
	10,048	20	2,963	21	4,025	6	–	–
	700	1	–	–	51	0	1,185	5
	–	–	339	2	71	0	–	–
	2,700	5	355	2	–	–	–	–
	–	–	42	0	432	1	–	–
	1,200	2	75	1	132	0	–	–
	3,400	7	318	2	352	1	1,398	6
	252	0	67	0	101	0	–	–
	1,200	2	1,612	11	6,676	10	5,538	24
	51,200	**100**	**14,428**	**100**	**67,460**	**100**	**22,852**	**100**

Appendix E
Summary of operating costs and expenses and benchmark

Green bank benchmarking

There are significant differences in the mandates and operations of green banks across the world, which include capital availability, mandate focus areas and geographic operational constraints. There may also be differences in the underlying methodologies for calculating items such as emission reductions. As such, a direct comparison between green bank institutions is not possible. However, we have endeavoured to provide a comparison: Refer to Figure 26.

Figure 26: Green bank benchmark 2022–23

	CEFC	NY Green Bank
	To 30 June 2023	To 31 March 2023 [a]
Commencement year	2013	2013
Capital available to invest (public capitalisation)	A$21.5b [b]	US$1b
Capital committed since commencement	A$12.7b	US$1.9b
Total transaction values	A$48.8b	US$5.5b
Financial leverage per $1.00 invested	$2.82	US$1.89
Estimated lifetime emission reductions (Mt CO_2-e)	240 Mt	41.4 Mt
Capital committed per tonne of estimated lifetime emission reductions	A$53	US$46

Notes

(a) From NY Green Bank Metrics, Reporting & Evaluation Quarterly Report No. 35 (Through March 31, 2023).

(b) Effective 4 July 2023, an additional $8 billion towards the $19 billion RTN Fund and the first $70 million towards the $1 billion for the HEUF were credited to the CEFC Special Account and made available for draw by the CEFC to fund projects under these programs.

Appendix F
Realised investments

The CEFC reports on new investment commitments each quarter and actively manages its investment portfolio. Changes in circumstances can often affect the final investment outcome. Indicatively:

- Most investments are repaid or realised in the ordinary course of events, with some sold or repaid earlier than expected due to borrower refinancing decisions. See Figure 27.
- Some investment commitments are never drawn; for example, because the borrower fails to meet conditions precedent or the commitment is contractually cancelled. See Figure 28.

Figure 27: Investment commitments realised through repayment or disposal in 2022–23

Counterparty	Description	Year	CEFC $	Explanation
Roe Highway Logistics Park	Debt finance for the construction of a carbon neutral industrial logistics park	2020–21	$95.0m	Repaid early
Genex Power	Subordinated debt facility to fund the construction of a utility-scale solar farm	2020–21	$20.0m	Facility refinanced by other lenders
Collector Wind Farm	Debt finance for the construction and operation of a utility-scale wind farm	2020–21	$174.6m	Facility refinanced by other lenders
Collinsville Solar Farm	Debt finance for the construction and operation of a utility-scale solar farm	2016–17	$55.6m	Facility refinanced by other lenders
Commonwealth Bank of Australia originated risk participation transactions	Finance for a range of renewable energy and energy efficient projects	2014–15 2015–16	$0.3m	Loans repaid at maturity
Peak Hill and Trundle Solar Farms	Debt finance for the construction and operation of small-scale solar farms	2019–20	$3.0m	Facility refinanced by other lenders
Australian Build-to-Rent Club	Equity investment to fund the development of energy efficient residences	2018–19 2018–19	$62.9m	Sale of interest
Whitehaven Finance Company	Debt finance for a portfolio of operating utility-scale solar farms	2019–20	$104.4m	Facility refinanced by other lenders
Crudine Ridge Wind Farm	Debt finance for the construction and operation of a utility-scale wind farm	2017–18	$37.7m	Facility repaid as part of a portfolio refinance
Sapphire Wind Farm	Debt finance for the construction and operation of a utility-scale wind farm	2016–17	$103.1m	Facility repaid as part of a portfolio refinance
Qube Holdings Ltd	Debt finance to fund efficiency improvements for an intermodal terminal	2016–17	$150.0m	Repaid early
Pilbara Minerals Ltd	Debt finance to support the production of a key renewable supply chain input	2020–21 2021–22	$57.1m	Facility refinanced by other lenders

Appendix F
Realised investments

Figure 27: Investment commitments realised through repayment or disposal in 2022–23 (continued)

Counterparty	Description	Year	CEFC $	Explanation
Ross River Solar Farm	Equity finance for the construction and operation of a utility-scale solar farm	2016–17	$24.1m	Sale of interest
Firstmac	Debt finance to support the uptake of electric vehicles	2014–15	$40.0m	Facility refinanced by other lenders
ANZ Banking Group Ltd	Investment in a bank bond to support an energy-efficient asset finance aggregation program	2019–20	$50.0m	Disposal of bond owing to amortisation of underlying loans in the aggregation program

Notes
Shows the lifetime CEFC commitment realised upon receipt of the final repayment or disposal being made in the current year.

Figure 28: Investment commitments partially realised, contractually cancelled, allowed to expire or reduced in 2022–23

Counterparty	Description	Year	Change	Explanation
Macquarie Australian Infrastructure Trust	Equity investment in an infrastructure fund	2019–20	$12.9m	Return of capital
Morrison & Co Growth Infrastructure Fund	Equity investment in an infrastructure fund	2017–18	$21.2m	Return of capital
Xpansiv	Convertible note investment for the commercialisation of a carbon trading platform	2021–22	$8.0m	Partial redemption of convertible note
Australian Renewables Income Fund	Equity investment in a renewable assets fund	2018–19	$0.8m	Return of capital
Barwon Institutional Healthcare Property Fund	Equity investment in a healthcare property fund	2018–19	$5.4m	Sale of interest
National Australia Bank	Investment in a bank bond to support an energy-efficient asset finance aggregation program	2016–17	$49.9m	Disposal of bond owing to amortisation of underlying loans in the aggregation program
Bank of Queensland	Investment in a bank bond to support an energy-efficient asset finance aggregation program	2018–19	$10.0m	Disposal of bond owing to amortisation of underlying loans in the aggregation program
Commonwealth Bank of Australia	Investment in a bank bond to support an energy-efficient asset finance aggregation program	2017–18	$79.0m	Disposal of bond owing to amortisation of underlying loans in the aggregation program

Counterparty	Description	Year	Change	Explanation
Macquarie Leasing	Investment in a bank bond to support an energy-efficient asset finance aggregation program	2017–18	$25.0m	Disposal of bond owing to amortisation of underlying loans in the aggregation program
Gunnedah and Suntop Solar Farms	Debt finance for the construction and operation of two utility-scale solar farms	2020–21	$0.2m	Cancellation of unutilised limit upon conversion to term facility
Sunman Energy	Equity investment in a company developing new solar PV technology, via the Clean Energy Innovation Fund	2020–21	$0.1m	Cancelled
RATCH	Debt finance to a portfolio of operating wind and solar farms	2022–23	$2.3m	Cancelled
SA Government Home Energy Storage Subsidy Scheme	Finance for platform supporting residential solar and battery projects	2018–19	$7.5m	Cancelled
Salt Lake Potash	Debt finance for an energy-efficient fertiliser production plant	2020–21 2021–22	$52.1m	Realised loss upon receivership
Tesla Virtual Power Plant program	Finance for solar PV and battery storage systems to create a virtual power plant	2020–21	$30.0m	Cancelled
Wyuna Regenerative Agriculture Investment Fund	Equity investment in a farm to promote carbon farming and regenerative agricultural practices	2022–23	$1.2m	Cancelled. Property acquisition did not proceed
Taurus Motor Finance	Mezzanine debt funding in a securitisation warehouse to support the uptake of zero emission electric vehicles	2022–23	$14.4m	Cancelled

Notes
Shows the portion of the original investment commitment realised, cancelled, allowed to expire or reduced during the year.
Excludes scheduled amortisation payments.

Appendix G
Executive remuneration

Under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), Rule 2014, the CEFC is required to report on the remuneration approach for Key Management Personnel, including the CEFC non-executive Board and senior Executive Team, and Other Highly Paid Staff. CEFC remuneration is calculated and disclosed in accordance with AASB 119 *Employee Benefits*. All amounts are calculated and disclosed on an accrual basis. This Report covers the period 1 July 2022 to 30 June 2023 inclusive.

Definitions

The CEFC defines Key Management Personnel (KMP) as Board members and employees who have the authority and responsibility for planning, directing and controlling the activities of the CEFC, either directly or indirectly. CEFC KMP include non-executive Board members, the CEO and Executive Team. Refer to Figure 29. The CEFC does not have any Senior Executives other than KMPs.

The CEFC defines Other Highly Paid Staff (OHPS) as CEFC employees whose total remuneration exceeded the $240,000 threshold for the 2022–23 year. KMP are not classified as OHPS.

Approach to Executive Remuneration 2022–23

Remuneration for non-executive Board members is determined by the Remuneration Tribunal, subject to the *Remuneration Tribunal Act 1973*.

Remuneration for the CEO, Executive Team and KMPs is determined by the Board People and Culture Committee, and approved by the non-executive Board. This committee develops, reviews and makes recommendations to the Board on:

- Remuneration, including base pay, incentive payments, superannuation and other retirement rights, and advises of any required Ministerial approvals
- Corporate goals and objectives relevant to remuneration and performance
- Recruitment, selection, retention and termination of the CEO and other Executives and KMPs
- Specific individual contractual arrangements for the CEO and other Executives, and KMPs.

Remuneration for OHPS is governed by the Board approved CEFC Remuneration Philosophy and High-Performance Incentive Plan, and is determined by the CEO in consultation with the Executive Team.

CEFC Executives are employed on individual contracts, with terms and conditions based on the National Employment Standards contained in the *Fair Work Act 2009*. KMP are not covered by the *Australian Government Industry Award 2016*, which applies to other CEFC employees, including OHPS. Refer to Figure 30.

During 2022–23, the total reward for Executives included fixed remuneration of base salary plus superannuation, in addition to a discretionary incentive.

Remuneration is determined with reference to market benchmarking data to support the recruitment and retention of Executives with the required skills to manage the diverse CEFC functional areas. Market remuneration data is provided by the Financial Industry Remuneration Group (FIRG), across comparable organisations, both in the private and public sectors. FIRG market data provides comparisons for fixed remuneration as well as total reward, comprising fixed plus incentive pay.

In July 2022, Executives were invited to participate in the CEFC High Performance Incentive Plan for the 2022–23 year.

The size of the available incentive pool is determined by the CEFC Board and is entirely dependent on the achievement of the Corporate Key Performance Indicators (KPIs). Incentives are awarded annually, based on the performance of the CEFC and individuals, with reference to the KPIs, which include defined targets and measures. Incentive awards are discretionary, and the quantum is influenced by a particular role's ability to influence commercial outcomes for the CEFC as well as the level of individual achievement.

In line with industry practice, generally one third of incentive awarded is deferred for the CEO, other Executives, KMP and senior OHPS. The retained amount is paid in three equal instalments over three years, provided there are no adverse matters arising in relation to transactions, breaches of practice, reputational damage, acts of malice or fraud committed by the individual. The Board and CEO may claw back incentive payments where adverse matters have caused a reassessment of an individual's performance in a previous performance period.

Superannuation Guarantee Levy

Effective 1 July 2023, the Superannuation Guarantee Levy increased from 10.05 per cent to 11 per cent. The CEFC Board determined that the CEFC would meet the cost of the 0.5 per cent increase as an employer expense, up to the maximum allowable $27,398.80 per year. This is consistent with the superannuation guarantee legislation. The incremental annual cost to the CEFC, based on 1 July 2023 headcount, is $133,405.97.

Appendix G
Executive remuneration

Figure 29: KMP Remuneration 2022–23

		Short-term benefits				
Name	Position	Annual fees [(1)] ($)	Base salary [(2)] ($)	Performance-based compensation ($)	Movement in leave provisions [(3)] ($)	Other benefits and allowances [(4)] ($)
NON-EXECUTIVE BOARD MEMBERS						
Steven Skala AO	Chair	114,348	–	–	–	–
Leeanne Bond [(5)]	Director	14,897	–	–	–	–
Anthony Concannon [(6)]	Director	42,282	–	–	–	–
Matthew Howell	Director	57,179	–	–	–	–
David Jones AM	Director	57,179	–	–	–	–
Andrea Slattery	Director	60,170	–	–	–	–
Samantha Tough	Director	57,179	–	–	–	–
Nicola Wakefield Evans AM	Director	57,179	–	–	–	–
CEO AND SENIOR EXECUTIVE TEAM						
Ian Learmonth	Chief Executive Officer	–	602,014	243,455	(204)	–
Sara Leong	Chief Asset Management Officer	–	458,896	163,415	20,062	–
Roger (Rory) Lonergan [(7)]	Chief Investment Officer	–	201,668	70,857	4,928	–
Paul McCartney	Chief Investment Officer	–	456,231	230,115	9,692	–
Leanne McDonald	Chief People and Culture Officer	–	390,799	120,060	3,162	–
Monique Miller [(8)]	Chief Investment Officer	–	202,942	84,426	11,242	–
Andrew Powell	Chief Financial Officer	–	447,745	160,080	19,276	–
Ludovic Theau [(9)]	Chief Investment Officer	–	255,719	100,050	(17,758)	–
Saxon (Jay) Tolson	General Counsel [(10)]	–	396,719	166,750	(718)	–
Craig Whalen	Chief Risk Officer	–	417,029	146,740	3,659	–
Total		**460,413**	**3,829,762**	**1,485,948**	**53,341**	**–**

Notes

1. Annual Board Fees includes an additional day of accrual this year based on the way the number of working days fell during 2023.
2. Base Salary is “grossed-up” for any amounts sacrificed by a KMP for the purchase of additional leave (maximum two weeks).
3. Movement in annual leave provisions is shown separately from Base Salary. KMPs accrue a maximum of four weeks annual leave per year. A positive movement means more leave was accrued than was taken in the year.
4. The CEFC does not provide benefits or allowances (such as car parking and motor vehicle benefits, housing benefits, and health benefits and the associated fringe benefits tax), resulting in $Nil consideration for the reporting period.

Post-employment benefits	Other long-term benefits			Termination benefits	Total remuneration
Superannuation contributions ($)	Performance-based compensation ($)	Long service leave ($)	Other long-term benefits ($)	Termination benefits ($)	Total remuneration ($)
12,007	–	–	–	–	126,355
1,564	–	–	–	–	16,461
4,440	–	–	–	–	46,722
6,004	–	–	–	–	63,183
6,004	–	–	–	–	63,183
3,013	–	–	–	–	63,183
6,004	–	–	–	–	63,183
6,004	–	–	–	–	63,183
25,292	121,545	22,146	–	–	1,014,248
25,292	81,585	12,726	–	–	761,976
10,998	35,375	10,633	–	–	334,459
25,292	114,885	18,550	–	–	854,765
25,292	59,940	11,863	–	–	611,116
11,025	42,150	9,127	–	–	360,912
25,292	79,920	18,928	–	–	751,241
14,551	49,950	11,654	–	205,532	619,698
25,292	83,250	9,537	–	–	680,830
25,292	73,260	5,717	–	–	671,697
258,658	**741,860**	**130,881**	**–**	**205,532**	**7,166,395**

5. Leeanne Bond was a Director until 4 October 2022.
6. Anthony Concannon was appointed as a Director from 5 October 2022.
7. Roger (Rory) Lonergan was appointed as Chief Investment Officer from 16 January 2023.
8. Monique Miller was appointed as Chief Investment Officer from 16 January 2023.
9. Ludovic Theau resigned as Chief Investment Officer effective from 16 January 2023.
10. Jay Tolson is also Company Secretary.

Appendix G
Executive remuneration

Senior executives 2022–23

The CEFC does not have any senior executives other than those already included within the KMP disclosures in Figure 29.

Other Highly Paid Staff

Other Highly Paid Staff (OHPS) are CEFC employees (excluding KMPs and senior executives) whose total remuneration exceeds the $240,000 threshold for the 2022–23 year.

Figure 30: Remuneration of OHPS 2022–23

		Short-term benefits			
Remuneration band	Number of OHPS	Average base salary[1,2] ($)	Average performance-based compensation ($)	Average movement in leave provisions[3] ($)	Average other benefits and allowances[4] ($)
$245,001 to $270,000	12	177,697	51,076	3,715	–
$270,001 to $295,000	6	178,766	77,642	658	–
$295,001 to $320,000	8	210,284	64,869	(1,030)	–
$320,001 to $345,000	6	200,265	103,334	108	–
$345,001 to $370,000	3	241,923	80,630	(1,833)	–
$370,001 to $395,000	3	252,102	86,797	(394)	–
$395,001 to $420,000	3	252,453	98,962	(1,153)	–
$420,001 to $445,000	1	282,048	80,000	7,074	–
$445,001 to $470,000	3	267,749	129,975	6,367	–
$470,001 to $495,000	7	311,720	110,350	(1,461)	–
$495,001 to $520,000	2	297,022	113,333	6,751	–
$520,001 to $545,000	3	328,992	130,000	5,099	–
$570,001 to $595,000	1	397,885	100,000	2,802	–
$595,001 to $620,000	1	382,671	117,333	15,905	–
$620,001 to $645,000	1	410,378	106,667	16,779	–
$645,001 to $670,000	1	408,674	–	13,377	–
$695,001 to $720,000	1	387,174	186,667	4,515	–

Notes

1. Average Base Salary includes an additional day of accrual this year based on the way the number of working days fell during 2023.
2. Base Salary is "grossed-up" for any amounts sacrificed by an individual for the purchase of additional leave (maximum two weeks).
3. Movement in annual leave provisions is shown separately from Base Salary. Individuals accrue a maximum of four weeks annual leave per year. A positive movement means more leave was accrued than was taken in the year.
4. The CEFC does not provide benefits or allowances (such as car parking and motor vehicle benefits, housing benefits, and health benefits and the associated fringe benefits tax), resulting in $Nil consideration for the reporting period.

Post-employment benefits	Other long-term benefits			Termination benefits	Total remuneration
Average superannuation contributions ($)	Average performance-based compensation ($)	Average long service leave ($)	Average other long-term benefits ($)	Average termination benefits ($)	Average total remuneration ($)
20,760	–	5,255	–	–	258,503
20,851	–	6,178	–	–	284,095
23,447	4,485	6,274	–	–	308,329
22,561	–	7,549	–	–	333,817
21,304	14,319	10,720	–	–	367,063
24,667	11,111	10,736	–	–	385,019
21,437	17,061	9,814	–	–	398,574
25,292	40,000	10,426	–	–	444,840
24,400	16,667	9,700	–	–	454,858
25,072	25,190	10,799	–	–	481,670
25,292	56,667	9,867	–	–	508,932
25,001	40,000	8,186	–	–	537,278
25,292	50,000	10,195	–	–	586,174
25,292	58,667	9,604	–	–	609,472
25,292	53,333	10,974	–	–	623,423
25,293	–	9,829	–	195,264	652,437
25,292	93,333	11,967	–	–	708,948

Appendix H
Special investment programs

The *Clean Energy Finance Corporation Investment Mandate Direction 2020* was operational throughout the 2022–23 reporting period. It required the CEFC to prioritise investments in particular areas, including each of five Special Investment Programs: the Advancing Hydrogen Fund, the Clean Energy Innovation Fund, the Australian Recycling Investment Fund, the Sustainable Cities Investment Program and the Reef Funding Program.

As discussed in the Governance section of this Annual Report, the *Clean Energy Finance Corporation Investment Mandate Direction 2023* came into effect on 22 July 2023, just after the close of the 2022–23 year, replacing provisions in previous Mandate Directions.

With respect to the Special Investment Programs, the CEFC reports on the emissions abatement and financial leverage achieved through relevant investment commitments, as well as where transactions may be included across more than one program.

Emissions and leverage data is collected for individual large-scale projects and reported within each individual program. With respect to the substantial number of smaller scale investments made via our co-finance programs, emissions are aggregated across the portfolio mix rather than reported at the individual program level. Financial leverage for many small-scale projects is conservatively reported as zero, with the CEFC not having visibility of additional contributions that may be made at the individual borrower level.

Advancing Hydrogen Fund

The Advancing Hydrogen Fund was established in May 2020, to help catalyse the initial phase of an Australian hydrogen industry, consistent with the National Hydrogen Strategy, and support the scale deployment of electrolyser technologies in Australia. The Fund remains in operation under *Investment Mandate Direction 2023.*

Figure 31: Advancing Hydrogen Fund: 2022–23

	2022–23	Lifetime
Commitments	\$3.2m*	\$15.7m*
Transactions	1	2
Transaction value	\$53.1m	\$66.1m
Leverage	\$4.29:\$1	\$0.91:\$1
Estimated kt CO_2-e annually	5	6

* Excludes hydrogen-related commitments made through the Clean Energy Innovation Fund.

Clean Energy Innovation Fund

The Clean Energy Innovation Fund was established in May 2016 to invest in emerging climate tech projects and businesses that have passed beyond the research and development stages, but are not yet established or of sufficient maturity, size or otherwise commercially ready to attract sufficient private sector investment. The fund is managed by Virescent Ventures. The Fund remains in operation under Investment Mandate Direction 2023.

Figure 32: Clean Energy Innovation Fund: 2022–23

	2022–23	Lifetime
Commitments	$54.5m	$211.6m[1]
Transactions	2[2]	58
Transaction value	$407.3m	$1.1bn
Leverage	$6.47:$1	$4.05:$1
Estimated kt CO_2-e annually	0.45	543

Notes

1. The Investment Mandate established the Innovation Fund with a notional $200 million investment capacity. Innovation Fund investments beyond $200 million are made via the Powering Australia Technology Fund.
2. Excludes eight follow-on commitments to existing portfolio companies. All other figures include follow-on commitments.

Australian Recycling Investment Fund

The Australian Recycling Investment Fund was established in November 2019, with a particular focus on large-scale projects which use clean energy technologies to support the recycling of waste plastics, paper, glass and tyres. The Fund was discontinued under *Investment Mandate Direction 2023*. The CEFC will continue to make recycling-related investments in the future, drawing on capital in the CEFC General portfolio.

Figure 33: Australian Recycling Investment Fund: 2022–23

	2022–23	Lifetime
Commitments	$80.0m	$147.3m
Transactions	1*	9
Transaction value	$171.9m	$305.7m
Leverage	$1.15:$1	$1.05:$1
Estimated kt CO_2-e annually	55	117

* Excludes one follow-on commitment to an existing portfolio company. All other figures include follow-on commitments.

Appendix H
Special investment programs

Reef Funding Program

The Reef Funding Program was established in December 2016 to invest in clean energy projects in the Great Barrier Reef Catchment Area, supporting delivery of the Reef 2050 plan and the long-term health of the Reef. The Program was discontinued under Investment Mandate Direction 2023. The CEFC will continue to make Reef-related investments in the future, drawing on capital in the CEFC General portfolio.

Figure 34: Reef Funding Program: 2022–23

	2022–23	Lifetime
Commitments*	–	$362.3m
Transactions	~1,100	>2,500
Transaction value	$18.3m	$1.3b
Leverage	–	$2.26:$1
Estimated kt CO_2-e annually	–	580

* Commitments, leverage and emissions figures relate to direct investments only. All other figures include follow-on commitments.

Sustainable Cities Investment Program

The Sustainable Cities Investment Program was established in December 2016 to accelerate the clean energy transition of Australia's 50 largest cities, including in the areas of property, transport and infrastructure, among others. The Program was discontinued under Investment Mandate Direction 2023. The CEFC will continue to make cities-related investments in the future, drawing on capital in the CEFC General portfolio.

Figure 35: Sustainable Cities Investment Program: 2022–23

	2022–23	Lifetime
Commitments*	$283.6m	$3.3b
Transactions	>11,800	~34,900
Transaction value	$2.4b	$15.9b
Leverage	$6.71:$1	$3.37:$1
Estimated kt CO_2-e annually	11	1,666

* Commitments, leverage and emissions figures relate to direct investments only. All other figures include follow-on commitments.

Additional reporting requirement

In the 2022–23 year, 881 transactions were reported in more than one of the Special Investment Programs.

Figure 36: Additional reporting requirement for special investment programs: 2022–23

Program area	2022–23 transactions	CEFC commitment	Transaction value
Cities and Reef	879	–	$15.0m
Cities and Innovation	1*	$1.8m	$7.8m
Innovation and Recycling	1*	$5.0m	$38.9m

Commitments figures relate to direct investments only.
* Reflects follow-on commitments to existing portfolio company.

Glossary

Term	Description
Abatement	Refers to reductions in CO_2-e emissions.
Advancing Hydrogen Fund	Through the Advancing Hydrogen Fund the CEFC is working to support the growth of a clean, innovative, safe and competitive Australian hydrogen industry. Eligible projects can include advancing hydrogen production, developing export and domestic hydrogen supply chains and establishing hydrogen hubs. The fund can also consider investing in infrastructure for a hydrogen export industry as well as projects that assist in building domestic demand for hydrogen. The Advancing Hydrogen Fund draws on existing CEFC finance.
Aggregation programs	Through aggregation programs with banks, specialised lenders and funds, CEFC finance incentivises borrowers to preference best in class clean energy assets when considering new equipment purchases, property fit-outs and vehicles. The finance can cover up to 100 per cent of the cost of equipment, with projects typically valued at up to $5 million.
Australian Public Service Net Zero 2030 policy	The Australian Government policy for the Australian Public service to reduce its greenhouse gas emissions to net zero by 2030 and transparently report on its emissions from the latter half of 2023. The policy intends that by 2030 the broadest range of government agencies, activities and emissions as is feasible will be subject to the net zero target.
Australian Recycling Investment Fund	The Australian Recycling Investment Fund focused on large-scale projects to support the recycling of waste plastics, paper, glass and tyres. From July 2023, these investment will be made via the CEFC General Portfolio.
Clean Energy Finance Corporation Act 2012	The CEFC Act establishes the CEFC, sets out the organisation's purpose and functions and establishes arrangements for the Board, CEO and staff.
Clean Energy Innovation Fund	The Clean Energy Innovation Fund is the largest dedicated climate tech investor in Australia, created to invest in early-stage climate tech companies. The Innovation Fund portfolio companies are pursuing diverse opportunities ranging from mobility and smart cities to agriculture, the circular economy and innovative energy demand management solutions. The Clean Energy Innovation Fund draws on existing CEFC finance.
Climate Active	Climate Active is an ongoing partnership between the Australian Government and Australian businesses to drive voluntary climate action. Climate Active carbon neutral certification is against the Climate Active Carbon Neutral Standard that is built on international best practice standards and protocols. Certification shows businesses and organisations have proven they are measuring, reducing and offsetting their emissions, with a net result of carbon neutrality.
CO_2-e	Carbon dioxide equivalent is a standard measure that takes account of the different global warming potential of greenhouse gases and expresses the cumulative effect in a common unit, as defined in the Australian National Carbon Offset Standard.
Climate-related financial disclosure	The Australian Government proposes introducing standardised, internationally aligned reporting requirements for businesses to make disclosures regarding governance, strategy, risk management, targets and metrics including greenhouse gases. The Australian Treasury released its *Climate-related financial disclosure* consultation paper in December 2022 to seek initial views and a subsequent consultation paper in June 2023.
Concessionality	Concessionality reflects the mark-to-market valuation of loans committed that financial year. It is measured as the difference between the net present value of each loan's future cash flows, discounted at market rates, and the net present value of each loan's future cash flows, discounted at the given concessional rate.

Glossary

Term	Description
COP 27	The 27th Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change was held in Sharm El Sheikh, Egypt in November 2022.
Cornerstone investor	A cornerstone investor is the principal investor in a fund or project whose commitment to invest gives confidence to others to invest. CEFC cornerstone investments reflect its role in catalysing additional private sector investment in low emissions opportunities, including working together with institutional investors or dedicated venture capital opportunities.
Corporate facility or corporate loan	Typically, a loan to a company (rather than a specific project) for smaller-scale projects, or a bundle of projects, often secured against the assets or operations of the corporate entity.
DCCEEW	The Department of Climate Change, Energy, the Environment and Water (DCCEEW) delivers the Australian Government's climate change and energy agenda and as well protecting Australia's environment and water resources.
Dollars ($)	All references to dollars are Australian dollars unless otherwise specified.
Ecologically sustainable development	A set of principles that corporations and government entities report against under the *Environment Protection and Biodiversity Conservation Act 1999*.
Energy efficiency technologies	Energy efficiency technologies, as defined in the CEFC Act, include technologies (including enabling technologies) that are related to energy conservation and demand management technologies.
Environment Protection and Biodiversity Conservation Act 1999	Australian Government environmental legislation providing a legal framework to protect and manage nationally and internationally important flora, fauna, ecological communities and heritage places.
External benefits	Benefits that are enjoyed by parties outside a transaction e.g. emissions reduction that benefits the environment.
Forecast lifetime yield	The annualised weighted average of forecast income on outstanding principal balance over the life of the investment.
Global Methane Pledge	Commits signatories to reducing overall emissions of methane by 30 per cent by 2030, from 2020 levels.
Government Policy Order	An instrument to direct government entities made under the PGPA Act.
Greenhouse gases	The six Kyoto Protocol classes of greenhouse gases are carbon dioxide (CO_2-e), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).
Household Energy Upgrades Fund	A $1 billion CEFC fund to provide concessional finance to support the private sector to provide concessional loans to incentivise the uptake of clean energy technology measures for residential buildings. Effective from July 2023.
Hybrid technology	A combination of technologies that integrate a renewable energy generation technology with other technologies into a combined system.
Hydrogen Headstart	A $2 billion program to be co-developed by ARENA, which provides revenue support for large-scale renewable hydrogen projects through competitive hydrogen production contracts, to accelerate the development of Australia's hydrogen industry, catalyse clean energy industries and help Australia connect to new global hydrogen supply chains.

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APPENDICES

Term	Description
Investment Mandate	A formal Ministerial Direction made under the CEFC Act that specifies conditions under which the CEFC may perform its investment function.
Key Management Personnel	Key Management Personnel have the authority and responsibility for planning, directing and controlling the activities of the CEFC, directly or indirectly, including non-executive Board members, the CEO and other members of the senior Executive Team reporting to the CEO.
Lifetime abatement	The estimated amount of abated emissions over a project's useful life.
Low emissions technology	The CEFC Board considers low emissions technologies on a case-by-case basis. See the Investment Guidelines on the CEFC website: **www.cefc.com.au**
National Electricity Market	A regulated electricity trading market that interconnects the electricity grids of the States and Territories of New South Wales, Victoria, Queensland, South Australia, Tasmania and the Australian Capital Territory.
Portfolio Benchmark Return	A long-term target rate of return established by the CEFC Investment Mandate, against which the performance of the CEFC investment portfolio is measured.
Positive externalities	Benefits that are not exclusive to the parties to a contract, such as an investment contract. May include reduced carbon emissions which benefit society as a whole. The CEFC Investment Mandate requires positive externalities be considered as part of CEFC investment decisions.
Power purchase agreement	Also known as an offtake agreement, between an independent power generator and a purchaser/off-taker for the sale and supply of energy, such as solar and wind.
Powering Australia	The Australian Government Powering Australia plan is focused on creating jobs, cutting power bills and reducing emissions by boosting renewable energy. The Powering Australia plan has commitments on Australian leadership, backing industry, agriculture and carbon farming, transport and electricity.
Powering Australia Technology Fund	A $500 million CEFC fund for investments to support the growth and expansion of clean energy technology projects, businesses and entities to facilitate the development, commercialisation or take up of clean energy technologies. Effective from July 2023.
Project finance	Long-term financing of infrastructure and industrial projects (such as a utility scale generator or an onsite generation facility) that will be repaid from the projected cash flows of the project without recourse to the balance sheets of the sponsors.
Public Governance, Performance and Accountability Act (PGPA Act)	The PGPA Act establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting. The PGPA Act applies to all Commonwealth entities and Commonwealth companies, including the CEFC.
Reef Funding Program	The Reef Funding Program focused on clean energy projects in the Great Barrier Reef Catchment Area. From July 2023, these investments will be made via the CEFC General Portfolio.
Refinancing	Repayment of an existing loan with a new loan.

Glossary

Term	Description
Renewable energy technologies	Clean energy technologies that are defined as 'renewable energy technologies' under the CEFC Act, involving hybrids that integrate renewable energy technologies, and technologies related to renewable technologies, including enabling technologies.
Renewable Energy Zone	A Renewable Energy Zone connects multiple renewable energy generators and battery storage facilities with transmission infrastructure in the same location to capitalise on economies of scale.
Rewiring the Nation	Australian Government policy to invest $20 billion to rebuild and modernise the energy grid.
Rewiring the Nation Fund	A $19 billion CEFC fund investing in projects that rebuild, modernise and strengthen Australia's electricity grids and energy systems. It is expected that this will be achieved primarily through investments in electricity transmission projects. Effective from July 2023.
Roll-off	Investment amounts that exit the portfolio, through sale, repayment, cancellation of all or part of the facility, reduction in amount borrowed.
Senior debt	Debt that takes priority in repayment over other unsecured or more junior debt.
South West Interconnected System	The largest interconnected power system in Western Australia.
Special Account	A type of Australian Government account in which funds are held for a specified purpose. The CEFC Act creates a Special Account in order to fund the CEFC.
Subordinated debt	Where two or more financiers are involved in offering finance, one may take a 'subordinated' or 'junior debt' position relevant to the other ('senior debt') in the event of a loss (i.e. one financier may rank after the other financier in priority for recovery in the event the finance recipient becomes insolvent and cannot repay the loan).
Sustainable Cities Investment Program	The Sustainable Cities Investment Program focused on the clean energy transition of Australia's 50 largest cities. From July 2023, these investments will be made via the CEFC General Portfolio.
t CO_2-e	Tonnes of carbon dioxide equivalent greenhouse gas.
Tenor	Length or term of a loan.
Timber Building Program	Through the Timber Building Program the CEFC is encouraging the use of mass timber in medium- and large-scale building construction.
Virescent Ventures	A specialist fund manager established by the CEFC, focused on investing in ambitious climate tech founders, technologies and businesses that can help achieve net zero emissions. The CEFC is a foundation shareholder.

Abbreviations

Abbreviation	Full name
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ACCU	Australian Carbon Credit Unit
AEIC	Australian Energy Infrastructure Commissioner
AEMO	Australian Energy Market Operator
AML/CTF Act	*Anti-Money Laundering and Counter-Terrorism Financing Act 2006*
APRA	Australian Prudential Regulation Authority
ARC	CEFC Audit and Risk Committee
ARENA	Australian Renewable Energy Agency
CEFC	Clean Energy Finance Corporation
CEFC Act	*Clean Energy Finance Corporation Act 2012*
CO_2-e	Carbon dioxide equivalent
DCA	Diversity Council of Australia
DCCEEW	Department of Climate Change, Energy, the Environment and Water
EEO Act	*Equal Employment Opportunity (Commonwealth Authorities) Act 1987*
EPBC Act	*Environment Protection and Biodiversity Conservation Act 1999*
ESG	Environmental Social and Governance
FVOI	Fair value through other comprehensive income
FVTPL	Financial assets at fair value through profit and loss
GBCA	Green Building Council of Australia
GPO	Government Policy Order
GST	Goods and Services Tax
GW	Gigawatt
HEUF	Household Energy Upgrades Fund
ISP	Integrated System Plan
JCPAA	Joint Committee of Public Accounts and Audit
KMP	Key Management Personnel
KPI	Key performance indicators
KWh	Kilowatt hours
METS	Mining equipment, technology and services
Mt CO_2-e	Million tonnes of carbon dioxide equivalent
MW	Megawatt

Abbreviations

Abbreviation	Full name
NABERS	National Australian Built Environment Rating System
NAIF	Northern Australia Infrastructure Facility
NEM	National Electricity Market
PATF	Powering Australia Technology Fund
PBR	Portfolio Benchmark Return
PBS	Portfolio Budget Statement
PCC	CEFC People and Culture Committee
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
RIAA	Responsible Investment Association Australasia
RTN	Rewiring the Nation
RTNO	Rewiring the Nation Office
TCFD	Task Force on Climate-related Financial Disclosures
WHS	Work health and safety
WHS Act	*Work, Health and Safety Act 2011*
WSB	Waratah Super Battery

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