

Abbott may sink clean energy loans

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The federal government's \$10 billion clean energy finance fund has struck its first contracts to loan money, despite warnings from the Coalition it will not honour them if elected.

Two clean energy projects have been given the go-ahead by the **Clean Energy Finance Corporation**. But on Friday its chief executive **Oliver Yates** declined to reveal details of the contracts. He flagged "sovereign risk" concerns if a Coalition government reneges on deals.

On Friday the government-owned corporation said it had received its investment mandate from Canberra, which provides guidance to the board about investments and required returns. Under the legislation establish-

ing it, the board is legally obliged to start investing from July 1.

"We are still working through a number of transactions, and when they are fully contracted and available to be spoken about, we will," Mr Yates told ABC Radio. "The Coalition will make its own decisions as to what it wants to do. I don't think there's any risk that the Coalition will engage in increasing the views of Australia's sovereign risk."

The Coalition didn't back away from its threat to break contracts where no money had been paid. Coalition environment spokesman **Greg Hunt** said there was a legal precedent for an incoming government to do so.

In 2008 the Rudd government cancelled a contract with Optus and Elders to build a regional broadband service.

Shadow finance spokesman **Andrew Robb** will meet with CEFC officials in the coming week. He said it should not release any funds before the election.

"In the clear absence of bipartisanship it would be prudent for the CEFC to desist from entering into contracts or meting out funds this side of the election, given the Coalition will abolish the corporation should we get the privilege of government," he said.

Lawyers said compensation was likely to be sought if the Coalition didn't honour the contracts.

"Prudent investors will make a judgement about the risks around monies being paid after an election," Investor Group on Climate Change chief executive **Nathan Fabian** said.