

FINANCIAL REVIEW

Climate spend tops \$70b, but money is slow to get out door

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Federal and state governments have committed an estimated \$76 billion of taxpayer money to climate and green energy spending over the past three years, but only a fraction of the funding has been deployed, according to analysis.

Amid pressure from the opposition for the government to reveal the full cost of its 2035 emissions target and net zero, think tank Climate Energy Finance has tracked the budget commitments on electrification, decarbonisation, clean tech and renewable-powered resource exports.

Tim Buckley, a director of CEF, calculated the Albanese government had pledged \$70 billion and states had promised about \$6 billion since the start of 2023. This included commitments made last week as part of the federal government's 2035 emissions reduction target of 62 per cent to 70 per cent on 2005 levels, [such as \\$1.1 billion](#) to develop low-carbon liquid fuels that will assist airlines to reduce carbon emissions and a \$2 billion top up to the Clean Energy Finance Corporation.

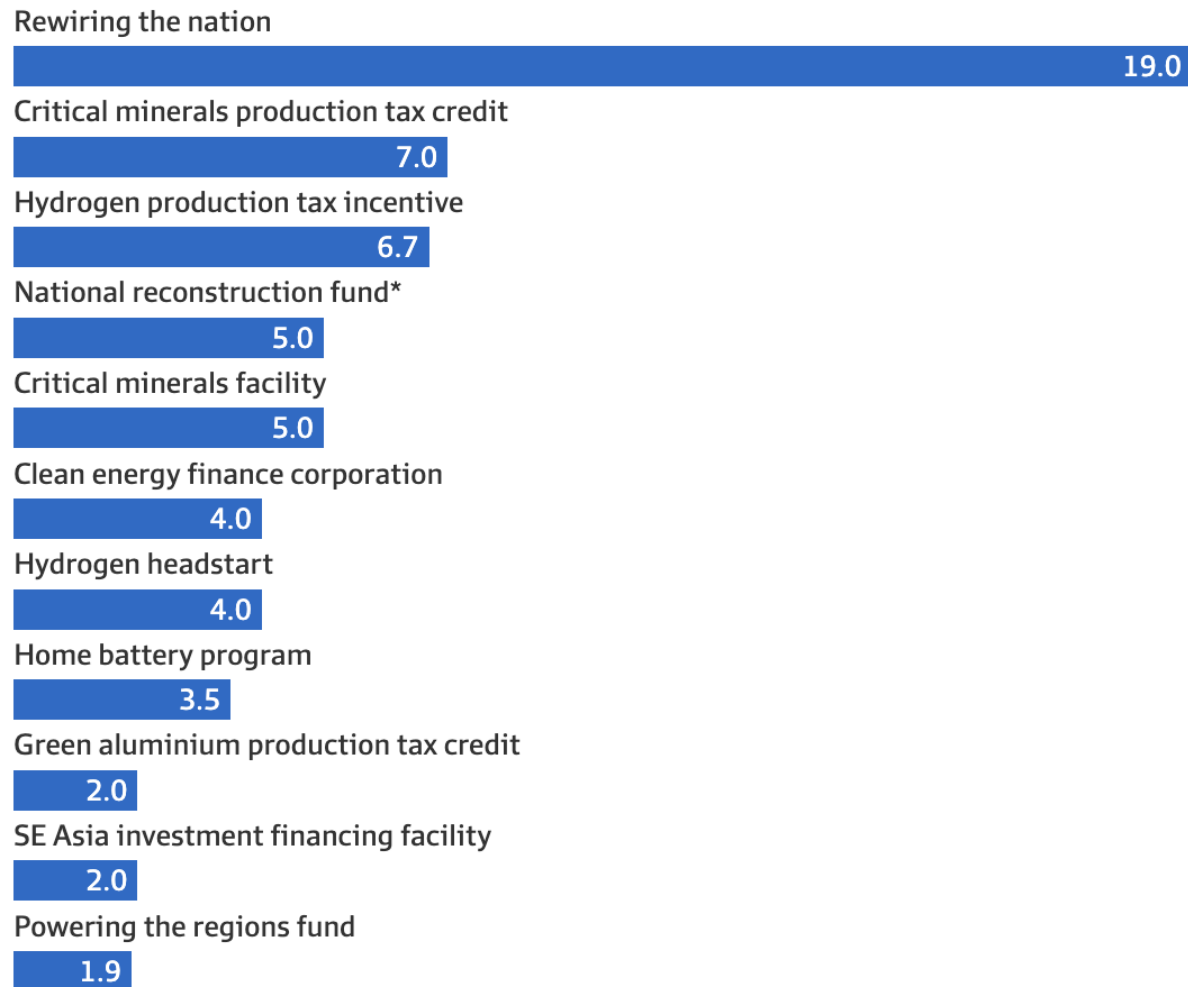
Only about \$16 billion of the total has been deployed since December 2024, Buckley estimated.

Buckley said Labor needed to shift from talking about its Future Made in Australia program and green energy to deploy its capital to derisk projects and attract private capital via the government balance sheet. "\$70 billion is a huge amount of capital and budget allocations, but the deployment rate particularly in the first term of government was reflective of the more cautious approach," Buckley said.

“What we need to see is the money taken off the table, get it out the door to have any chance of matching world decarbonisation leaders like China.

“We have noticed a pickup since December and what we would hope is that a majority of the capital is deployed in the second term of the Albanese government.”

Major climate spending programs (\$b)



*\$5b out of \$15b NRF is for green tech

Source: Climate Energy Finance

The multi-year investments and spending on climate-related programs is more than the government spends on the \$52 billion National Disability Insurance Scheme each year.

Economist Saul Eslake said \$70 billion over multiple years was a relatively small amount out of the more than \$700 billion annual federal budget, but a less costly approach would be the government imposing a carbon price on polluters.

“As an economist, the most appropriate way to pay for all this spending would be a carbon tax, and if you had a carbon tax you might not need all this spending,” Eslake said.

“But there are obviously political obstacles to a carbon tax.”

Liberal prime minister Tony Abbott in 2014 axed the Gillard Labor government’s \$23 a tonne carbon price.

Canada’s Prime Minister Mark Carney, a strong advocate for climate action before entering politics, axed the country’s consumer carbon tax in April, in line with an election promise.

The Business Council of Australia said last month that a McKinsey report found a 2035 climate target above 60 per cent [would require more than \\$400 billion in new capital investment from government and industry](#).

Climate and Energy Minister Chris Bowen said last week total federal government expenditure to meet its climate targets was about \$75 billion so far, including \$8.5 billion committed last week for a net zero fund managed by the National Reconstruction Fund, the Clean Energy Finance Corporation, clean fuels, EV charging infrastructure and sports clubs to decarbonise.

Bowen said Labor’s spending was a lot less than the \$600 billion Peter Dutton’s taxpayer-funded nuclear power plan would have cost under the Coalition.

He said the cost of inaction on climate change was always larger than the cost of action.

A spokeswoman for Bowen on Tuesday said: “We’re seizing the economic opportunity before Australia and acting on climate change after a decade of delay, denial and dysfunction under the former Coalition government.”

Shadow treasurer Ted O'Brien said Bowen was hiding the real price tag of his policies.

"Labor promised cheaper power, but instead bills are up by as much as \$1300. They promised real emissions reductions, but emissions have flatlined. When Chris Bowen can't even be honest about the cost of his own plan, how can he expect the Australian people to pay for it."

University of NSW economics professor Gigi Foster said \$70 billion was a reasonably large sum of taxpayer money and just a fraction of it could have been used on cleaning up pollution and removing toxins from the ocean.

"A lot of this climate spending is not going to help people on the ground in Australia, other than those companies and friends of the government receiving handouts for the net zero, climate and renewables sector," she said.

<https://www.afr.com/policy/energy-and-climate/climate-spend-tops-70b-but-money-is-slow-to-get-out-door-20250923-p5mx6z>