



International Climate Step Up – redirect	
Party:	The Coalition
<p>Summary of proposal:</p> <p>The proposal would redirect funding for International Climate Step Up – reversing measures from the 2022-23 and 2024-25 Budgets.</p> <p>The proposal would start on 1 July 2025.</p>	
<p>Additional information (based on further advice provided):</p> <p>The policy would reverse any uncommitted funding from the following measures:</p> <ul style="list-style-type: none">• October Budget 2022-23 – <i>Australia’s International Climate Step-Up</i>¹• Budget 2024-25 – <i>Australia’s International Climate Change Engagement</i>.²	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$27.9 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in administered and departmental expenses.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: International Climate Step Up – redirect – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	12.2	8.1	7.6	-	27.9
Underlying cash balance	12.2	8.1	7.6	-	27.9

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

¹ The October 2022-23 Budget measure *Australia’s International Climate Step-up* provided \$45.8 million over 6 years from 2022-23 to restore Australia’s reputation and increase international engagement on climate change and energy transformation issues. [Budget paper 2, page 56](#).

² The 2024-25 Budget measure *Australia’s International Climate Change Engagement* provided an additional \$76.2 million over 5 years from 2023-24 (and an additional \$0.3 million from 2028-29 to 2029-30) to support Australia’s continued engagement in international climate change and energy transition issues, including through the International Energy Agency, G20 and United Nations Framework Convention on Climate Change, to bolster trade opportunities and enhance security relationships with key partners, and bid to co-host the 31st Conference of the Parties (COP31) in partnership with the Pacific and undertake initial planning in the event of a successful bid. [Budget paper 2, page 52](#).

Key assumptions and methodology

The Department of Climate Change, Energy, the Environment and Water provided the funding profile for the 2022-23 October Budget measure *Australia's International Climate Step-Up*, and the 2024-25 Budget measure *Australia's International Climate Change Engagement* over the medium term.

Uncommitted administered expenditure, associated departmental funding, and capital expenditure from 1 July 2025 was identified and reversed to calculate the saving.

Departmental funding associated with *Australia's International Climate Step-Up* could not be reversed, as all funding is contracted or committed, and would therefore require departmental funding to continue to administer the program.

Financial implications were rounded consistent with the PBO's rounding rules.³

Data sources

The Department of Climate Change, Energy, the Environment and Water provided funding profiles for the 2022-23 October Budget measure *Australia's International Climate Step-Up*, and the 2024-25 Budget measure *Australia's International Climate Change Engagement* as at the 2025-26 Budget, broken down by contracted, committed but not yet contracted, and uncommitted.

Commonwealth of Australia (2022) *2022-23 October Budget*, Commonwealth of Australia.

Commonwealth of Australia (2024) *2024-25 Budget*, Commonwealth of Australia.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

³ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – International Climate Step Up – redirect – Financial implications

Table A1: International Climate Step Up – redirect – Fiscal and underlying cash balances (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Expenses													
Administered													
<i>Australia's International Climate Step-up</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Australia's International Climate Change Engagement</i>	5.4	2.2	2.1	-	-	-	-	-	-	-	-	9.7	9.7
Total – administered	5.4	2.2	2.1	-	-	-	-	-	-	-	-	9.7	9.7
Departmental													
<i>Australia's International Climate Step-up</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Australia's International Climate Change Engagement</i>	6.8	5.9	5.5	-	-	-	-	-	-	-	-	18.2	18.2
Total – departmental	6.8	5.9	5.5	-	-	-	-	-	-	-	-	18.2	18.2
Total – expenses	12.2	8.1	7.6	-	-	-	-	-	-	-	-	27.9	27.9
Total (excluding PDI)	12.2	8.1	7.6	-	-	-	-	-	-	-	-	27.9	27.9

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: International Climate Step Up – redirect – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<i>Fiscal balance</i>	0.3	0.7	1.1	1.3	1.4	1.4	1.5	1.6	1.6	1.7	1.8	3.4	14.4
<i>Underlying cash balance</i>	0.2	0.6	1.0	1.3	1.4	1.4	1.5	1.6	1.6	1.7	1.8	3.1	14.1

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary⁴.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

⁴ [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)