



Locally-Owned Renewables	
Party:	Independent Member for Indi
Summary of proposal: The proposal has 2 components to drive investment in locally owned renewable energy in regional Australia. Component 1 would establish a dedicated fund for community energy projects in regional Australia, with \$300 million allocated over 4 years. Component 2 would conduct an independent review of the Australian Renewable Energy Agency (ARENA) and Clean Energy Finance Corporation (CEFC) to identify opportunities to better support regional community energy projects. The final report to the minister would be due by 1 November 2022 with the government response no later than 1 January 2023. The proposal would have effect from 1 October 2022.	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$313 million over the 2022-23 Budget forward estimates period. This impact reflects an increase in administered and departmental expenses.

The proposal would have an impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including a separate public debt interest (PDI) table) over the period to 2032-33 is provided at Attachment A.

The Parliamentary Budget Office (PBO) has not made any assessment as to whether the specified funding amount for Component 1 is sufficient to meet the objectives of the proposal.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-82.3	-76.9	-76.9	-76.9	-313.0
Underlying cash balance	-82.3	-76.9	-76.9	-76.9	-313.0

(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.

Methodology

The administered expense for Component 1 is as specified in the proposal.

The departmental expenses were based on the cost of administering similar programs and would be in addition to the funding amount.

The cost of the independent review of ARENA and CEFC was estimated based on similar budget measures.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

The Treasury and the Department of Finance provided economic parameters as at the *Pre-election Economic and Fiscal Outlook 2022*.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – Locally-Owned Renewables – financial implications

Table A1: Locally-Owned Renewables – Fiscal and underlying cash balance (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Payments													
Administered													
<i>Community Energy Projects Fund</i>	-75.0	-75.0	-75.0	-75.0	-	-	-	-	-	-	-	-300.0	-300.0
Total – administered	-75.0	-75.0	-75.0	-75.0	-	-	-	-	-	-	-	-300.0	-300.0
Departmental													
<i>Community Energy Projects Fund</i>	-3.8	-1.9	-1.9	-1.9	-	-	-	-	-	-	-	-9.5	-9.5
<i>Independent review of ARENA & CEFC</i>	-3.5	-	-	-	-	-	-	-	-	-	-	-3.5	-3.5
Total – departmental	-7.3	-1.9	-1.9	-1.9	-	-	-	-	-	-	-	-13.0	-13.0
Total – payments	-82.3	-76.9	-76.9	-76.9	-	-	-	-	-	-	-	-313.0	-313.0
Total (excluding PDI)	-82.3	-76.9	-76.9	-76.9	-	-	-	-	-	-	-	-313.0	-313.0

(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: Locally-Owned Renewables – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<i>Fiscal balance</i>	-0.9	-2.8	-4.6	-6.4	-7.4	-7.6	-7.9	-8.1	-8.4	-8.6	-9.5	-14.7	-72.2
<i>Underlying cash balance</i>	-0.8	-2.5	-4.3	-6.2	-7.3	-7.6	-7.8	-8.1	-8.3	-8.6	-9.4	-13.8	-70.9

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in any tables 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 glossary².
- (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.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)