Parliamentary Budget Office

ECR-2025-2173

Rewiring the Nation Fund – unwind and redirect	
Party:	The Coalition
Summary of proposal: The proposal would unwind and redirect the Rewiring the Nation Fund. The proposal would start on 1 July 2025.	
Additional information (based on further advice provided): The proposal would reverse the uncommitted funding of the following measures: • October Budget 2022-23 – Powering Australia - Rewiring the Nation[1] • MYEFO 2024-25 – Rewiring the Nation Recapitalisation.[2] Any departmental savings associated with the reversal would be returned to the budget baseline.	

Costing overview

The proposal would be expected to increase the fiscal balance by around $102 million, the underlying cash balance by around $97.3 million, and the headline cash balance by around $404 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.

The reversal of the uncommitted funding under Rewiring the Nation (RtN) is only shown in the headline cash balance as these are the principal payments of loans to be made for policy purposes. As the concessional expense has not been applied to the Budget estimates, its unwinding would not have an impact on the fiscal balance. Further information about the accounting treatment of concessional loans (and the different impact on the balances) is provided at Attachment B.

[1] The October 2022-23 Budget measure *Powering Australia – Rewiring the Nation* provided $20 billion in funding to establish Rewiring the Nation to expand and modernise Australia's electricity grids at lowest cost, unlocking new renewables and storage capacity and driving down power prices. Budget paper 2, page 72.

[2] The MYEFO 2024-25 measure *Rewiring the Nation – recapitalisation* provided additional funding of $1.2 billion over 6 years from 2024-25 to optimise and expand Australia's energy grid, and boost connection times for new renewable storage projects. MYEFO, page 223.

Table 1: Rewiring the Nation Fund – unwind and redirect – Financial implications ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	30.7	26.9	25.5	18.4	**101.5**
Underlying cash balance	28.9	25.0	25.2	18.2	**97.3**
Headline cash balance	335.9	25.0	25.2	18.2	**404.3**

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.
(b) PDI impacts are included in the totals.

Key assumptions and methodology

The Department of Climate Change, Energy, the Environment and Water (DCCEEW) provided the funding profile for RtN over the forward estimates period, funded through the 2022-23 October Budget for the measure *Powering Australia - Rewiring the Nation* and the 2024-25 Budget measure *Rewiring the Nation Recapitalisation.*

Funding that was identified as uncommitted was reversed in the first year of the proposal. DCCEEW departmental funding to administer the funding was reversed.

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

Data sources

The Department of Climate Change, Energy, the Environment and Water (DCCEEW) provided the funding profile for Rewiring the Nation over the forward estimates period as at 31 January 2025.

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

Commonwealth of Australia (2024) *2024-25 Mid-Year Economic and Fiscal Outlook*, 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 – Rewiring the Nation Fund – unwind and redirect – Financial implications

Table A1: Rewiring the Nation Fund – unwind and redirect – Fiscal balance ($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													
Rewiring the Nation	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Rewiring the Nation - recapitalisation	*18.9*	*10.0*	*9.0*	*1.0*	-	-	-	-	-	-	-	***38.9***	***38.9***
Total – administered	***18.9***	***10.0***	***9.0***	***1.0***	-	-	-	-	-	-	-	***38.9***	***38.9***
Departmental													
Rewiring the Nation - recapitalisation	*4.5*	*1.7*	*0.1*	*0.1*	*0.1*	-	-	-	-	-	-	***6.4***	***6.5***
Total – departmental	***4.5***	***1.7***	***0.1***	***0.1***	***0.1***	-	-	-	-	-	-	***6.4***	***6.5***
Total – expenses	**23.4**	**11.7**	**9.1**	**1.1**	**0.1**	-	-	-	-	-	-	**45.3**	**45.4**
Total (excluding PDI)	**23.4**	**11.7**	**9.1**	**1.1**	**0.1**	**-**	**-**	**-**	**-**	**-**	**-**	**45.3**	**45.4**
PDI impacts	***7.3***	***15.2***	***16.4***	***17.3***	***18.1***	***18.9***	***19.8***	***20.7***	***21.6***	***22.6***	***23.9***	***56.2***	***201.8***
Total (including PDI)	**30.7**	**26.9**	**25.5**	**18.4**	**18.2**	**18.9**	**19.8**	**20.7**	**21.6**	**22.6**	**23.9**	**101.5**	**247.2**

(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: Rewiring the Nation Fund – unwind and redirect – Underlying cash balance ($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													
Rewiring the Nation	-	-	-	-	-	-	-	-	-	-	-	-	-
Rewiring the Nation - recapitalisation	*18.9*	*10.0*	*9.0*	*1.0*	-	-	-	-	-	-	-	***38.9***	***38.9***
Total – administered	***18.9***	***10.0***	***9.0***	***1.0***	-	-	-	-	-	-	-	***38.9***	***38.9***
Departmental													
Rewiring the Nation - recapitalisation	*4.5*	*1.7*	*0.1*	*0.1*	*0.1*	-	-	-	-	-	-	***6.4***	***6.5***
Total – departmental	***4.5***	***1.7***	***0.1***	***0.1***	***0.1***	-	-	-	-	-	-	***6.4***	***6.5***
Total – expenses	**23.4**	**11.7**	**9.1**	**1.1**	**0.1**	-	-	-	-	-	-	**45.3**	**45.4**
Total (excluding PDI)	**23.4**	**11.7**	**9.1**	**1.1**	**0.1**	-	-	-	-	-	-	**45.3**	**45.4**
PDI impacts	***5.5***	***13.3***	***16.1***	***17.1***	***17.9***	***18.7***	***19.6***	***20.4***	***21.4***	***22.3***	***23.5***	***52.0***	***195.8***
Total (including PDI)	**28.9**	**25.0**	**25.2**	**18.2**	**18.0**	**18.7**	**19.6**	**20.4**	**21.4**	**22.3**	**23.5**	**97.3**	**241.2**

(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 A3: Rewiring the Nation Fund – unwind and redirect – Headline cash balance ($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
Payments													
Administered													
Rewiring the Nation	*307.0*	-	-	-	-	-	-	-	-	-	-	***307.0***	***307.0***
Rewiring the Nation - recapitalisation	*18.9*	*10.0*	*9.0*	*1.0*	-	-	-	-	-	-	-	***38.9***	***38.9***
Total – administered	***325.9***	***10.0***	***9.0***	***1.0***	-	-	-	-	-	-	-	***345.9***	***345.9***
Departmental													
Rewiring the Nation - recapitalisation	*4.5*	*1.7*	*0.1*	*0.1*	*0.1*	-	-	-	-	-	-	***6.4***	***6.5***
Total – departmental	***4.5***	***1.7***	***0.1***	***0.1***	***0.1***	-	-	-	-	-	-	***6.4***	***6.5***
Total – payments	**330.4**	**11.7**	**9.1**	**1.1**	**0.1**	-	-	-	-	-	-	**352.3**	**352.4**
Total (excluding PDI)	**330.4**	**11.7**	**9.1**	**1.1**	**0.1**	-	-	-	-	-	-	**352.3**	**352.4**
PDI impacts	***5.5***	***13.3***	***16.1***	***17.1***	***17.9***	***18.7***	***19.6***	***20.4***	***21.4***	***22.3***	***23.5***	***52.0***	***195.8***
Total (including PDI)	**335.9**	**25.0**	**25.2**	**18.2**	**18.0**	**18.7**	**19.6**	**20.4**	**21.4**	**22.3**	**23.5**	**404.3**	**548.2**

(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.

Attachment B – Accounting treatment of concessional loans

A concessional loan is a loan provided on more favourable terms than the borrower could obtain in the financial market. The most common concession is a below-market interest rate, but concessions can also include favourable repayment conditions. The income contingent loans available through the Higher Education Loan Program are an example of concessional loans offered by the Commonwealth.

Budget impact[4]

The accounting treatment of concessional loans differs across each budget aggregate. The underlying cash balance only captures actual flows of interest related to the loans. The headline cash balance captures actual flows of principal as well as interest. The fiscal balance captures accrued interest, the value of the concession and any write-offs related to the loans. The interest cost of financing these loans is captured in all budget aggregates, and is separately identified by the PBO.[5] Table B1 provides information about the detail provided in a costing. The provision of concessional loans decreases the Australian Government's net worth if the liabilities issued (the value of Commonwealth Government Securities issued to finance the loans) are greater than the assets created (measured at their 'fair value' or price at which the loans could be sold).

Treatment of debt not expected to be repaid

All budget aggregates take into account estimates of the share of loans not expected to be repaid when calculating interest flows and estimating the value of the concession that is being provided. None of the measures capture the direct impact on net worth of the loans not expected to be repaid. If a portion of loans are not expected to be repaid, estimates of the 'fair value' of the loans outstanding will be reduced. Such reductions, both when loans are issued and if loans are subsequently re-valued, are recorded in the budget under 'other economic flows' which are reflected in net worth but not in the budget aggregates.

Table B1: Components of concessional loan financial impacts in costing proposals

Budget item	Appears in	Comments
Interest accrued or received	All budget aggregates	Captures the interest accrued or expected to be received on the fair value of the debt. (The budget cannot include interest income on a debt that is not expected to be repaid.)
Concessional loan discount expense and unwinding revenue	Fiscal balance	The net present value of the concession (based on the difference between the market and concessional interest rates) is captured as an expense in the fiscal balance. As loans are repaid, the remaining value of the concession reduces, so this expense is 'unwound' with a positive impact on the fiscal balance. The concessional discount and its unwinding are not recognised in cash balances as there is no cash inflow or outflow.
Write-offs	Fiscal balance	Debt forgiveness, also known as mutually agreed write-downs (for example in the case of the death of the borrower of a HELP loan) are expensed when they occur, reducing the fiscal balance. These transactions do not affect the cash balances as no cash flows occur.
Initial loan; principal repayments	Headline cash balance	Higher estimates of loans not expected to be repaid lowers principal repayments. These transactions are not included in the fiscal balance or underlying cash balance as they involve the exchange of one financial asset (loan) for another (cash).
Public debt interest (PDI)	All budget aggregates	The PDI impact is the cost of the change in the government's borrowing requirements to fund the loans. The net headline cash balance impact excluding PDI is used to estimate the proposal's impact on PDI payments.

[4] The PBO's treatment of these loans is consistent with the Department of Finance costing guidelines.

[5] This is in accordance with *PBO Guidance 02/2015* and the Charter of Budget Honesty Policy Costing Guidelines which specify that costings of proposals that 'involve transactions of financial assets' need to take into account the impact on PDI payments.