



Restoring ARENA to its original function	
Party:	The Coalition
<p>Summary of proposal:</p> <p>The proposal would reverse the uncommitted funding in the Australian Renewable Energy Agency (ARENA) program accrued since 21 May 2022.</p> <p>The proposal would start on 1 July 2025.</p>	
<p>Additional information (based on further advice provided):</p> <p>Subprograms to be reversed include:</p> <ul style="list-style-type: none"><li>• Battery Breakthrough Initiative</li><li>• Solar Sunshot</li><li>• National Industrial Transformation Program</li><li>• Powering the Regions Industrial Transformation Stream</li><li>• Advancing Renewables Program</li><li>• Driving the Nation Program</li><li>• Regional Microgrids Program</li><li>• Future Made in Australia Innovation Fund</li><li>• Other small programs not otherwise listed.</li></ul>	

## Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$1.7 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in administered 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: Restoring ARENA to its original function – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	168.0	272.0	590.0	695.0	<b>1,725.0</b>
Underlying cash balance	168.0	272.0	590.0	695.0	<b>1,725.0</b>

(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.

## Key assumptions and methodology

- The Department of Climate Change, Energy, the Environment and Water (DCCEEW) and the Australian Renewable Energy Agency (ARENA) provided the funding profiles for the specified subprograms over the medium term. Funding from 1 July 2025 ongoing was identified and reversed to calculate the saving.
- The funding for 2035-36 was assumed to be equal to 2034-35 funding. Funding that was marked as uncommitted was identified and reversed.
- The grant appropriations profile allocated between “contracted” and “committed but not yet contracted” is based on the latest forecast performed in January 2025 for projects that have been approved and/or contracted.
  - Due to the complexity of the projects undertaken, these profiles can change and move between financial years. Projects are approved by the Minister, Board, or CEO depending on the amount of ARENA funding being requested.
- Uncommitted funding has been derived from Parliamentary Budget Office (PBO) analysis. It is calculated as the remaining funding after subtracting the “contracted” and “committed but not yet contracted” funding from the total grants appropriations.
- The funding profile of ARENA does not include forecast project spend for pipeline projects that have not yet been approved. It only includes projects that have been approved up until the February 2025 Board meeting.

Financial implications were rounded consistent with the PBO’s rounding rules.<sup>1</sup>

## Data sources

The Department of Climate Change, Energy, the Environment and Water (DCCEEW) and the Australian Renewable Energy Agency (ARENA) provided the funding profiles for the specified subprograms as at March 2025.

Australian Renewable Energy Agency, [Funding Opportunities](#), accessed 15 April 2025.

Australian Renewable Energy Agency, [About ARENA](#), accessed 15 April 2025.

Clean Energy Finance Corporation, [Where we invest](#), accessed 15 April 2025.

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<sup>1</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Attachment A – Restoring ARENA to its original function – Financial implications

**Table A1: Restoring ARENA to its original function – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	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
<b>Expenses</b>													
<b>Administered</b>													
<i>ARENA Program - grants</i>	168.0	272.0	590.0	695.0	677.0	671.0	572.0	490.0	465.0	265.0	265.0	1,725.0	5,130.0
<b>Total – expenses</b>	<b>168.0</b>	<b>272.0</b>	<b>590.0</b>	<b>695.0</b>	<b>677.0</b>	<b>671.0</b>	<b>572.0</b>	<b>490.0</b>	<b>465.0</b>	<b>265.0</b>	<b>265.0</b>	<b>1,725.0</b>	<b>5,130.0</b>
<b>Total (excluding PDI)</b>	<b>168.0</b>	<b>272.0</b>	<b>590.0</b>	<b>695.0</b>	<b>677.0</b>	<b>671.0</b>	<b>572.0</b>	<b>490.0</b>	<b>465.0</b>	<b>265.0</b>	<b>265.0</b>	<b>1,725.0</b>	<b>5,130.0</b>

- (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.

**Table A2: Restoring ARENA to its original function – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	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
<b>Fiscal balance</b>	4.0	14.0	33.0	63.0	96.0	131.0	164.0	196.0	226.0	253.0	277.0	114.0	1,457.0
<b>Underlying cash balance</b>	3.0	11.0	28.0	56.0	88.0	122.0	156.0	188.0	219.0	246.0	271.0	98.0	1,388.0

- (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 glossary<sup>2</sup>.
- (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.

<sup>2</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/online-budget-glossary)