



Support for solar and battery energy solutions – small business storage solutions	
Party:	Australian Greens
Summary of proposal:  The proposal would provide small businesses grants of up to \$10,000 and low-interest loans of up to \$50,000 to install battery storage at their business site.  The proposal would start on 1 July 2025.	
Additional information (based on further advice provided):  Eligible business sites exclude those where the business site is situated within is a residential household.  Loans would be offered at the Reserve Bank of Australia (RBA) overnight cash rate with a maximum 10-year fixed term.	

### Costing overview

The proposal would be expected to decrease the fiscal balance by around \$186 million, the underlying cash balance by around \$149 million and the headline cash balance by around \$389 million over the 2025-26 Budget forward estimates period (see Table 1). These financial impacts primarily reflect an increase in administered costs to provision grants and loans, and a small increase in departmental costs for resourcing and capital expenses for the Department of Climate Change, Energy, the Environment and Water (DCCEEW) and Clean Energy Finance Corporation (CEFC). The difference across the balances is due to the accounting treatment of concessional loans.

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: Support for solar and battery energy solutions – small business storage solutions – Financial implications (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-39.2	-43.1	-48.5	-54.7	<b>-185.5</b>
Underlying cash balance	-30.2	-33.8	-39.4	-45.8	<b>-149.2</b>
Headline cash balance	-89.2	-92.8	-99.4	-107.8	<b>-389.2</b>

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

The fiscal, underlying cash and headline cash balance impacts differ in the treatment of interest and dividend payments, and the flow of equity and loan principal. Only the fiscal balance reflects the concessional loan discount expense, associated unwinding income, and loan write-downs, and only the headline cash balance includes transactions related to equity and loan principal amounts. A note on the accounting treatment of concessional loans is included at Attachment B.

## Uncertainties

The financial impact of the grant and loan schemes for small business solar storage are highly sensitive to the take-up rates of the concessional loans and grants for battery storage units.

The take-up rates could be impacted by various factors such as:

- the number of eligible small businesses each year and their response to the policy
- external shocks such as economic conditions and energy price fluctuations
- technological advancements which may affect the cost and use of batteries
- changes to financial incentives and schemes for electricity generation (for example, community large-scale solar battery policy schemes)
- potential interactions of existing state or territory schemes with this policy.

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The take-up rate of small business battery installations would be around 0.5% in 2025-26 and grown over the medium term, partially informed by installations in the household sector.
- A behavioural response would occur, with an estimated 5% additional take-up compared to current demand.
- The average cost of battery installations would be around \$31,000 for small businesses, with any decrease in price offset by an increase in storage size.
  - Current estimates were based on the assumed estimated storage requirements for small businesses (around 20kw), and capital cost per kilowatt-hour projections from the Commonwealth Scientific and Industrial Research Organisation (CSIRO).
- All small businesses accessing the grants would access the full \$10,000 available then would fund any outstanding installation costs using a concessional loan up to the specified amount (around \$21,000).
- Only small businesses who own a property solely used for business purposes would be eligible for the scheme. This excludes home-based businesses and rented business premises.
- The average loan maturity would be 10-years and default rates of 10-year cash rate would be at 1.2% for small businesses. Default rates are based on the RBA's observations of non-performing loans and default probabilities for each sector

## Methodology

The financial implications were derived by estimating the number of eligible small businesses that would take up a grant for solar storage and the average costs of installation.

The cost of installing solar storage technology would be funded by the full amount of the grant with the remainder of the costs to be funded through the concessional loan.

- The financial implications of the battery installation grant were calculated as the value of the grant by the number of eligible small businesses (scaled up by the assumed behavioural response).
- The remaining installation costs would be covered by a concessional loan. The PBO used its concessional loan model to calculate the impact to the fiscal, underlying cash and headline cash

balances of the loan funding provided, with repayments spread evenly over the maximum 10-year period. The RBA cash rate used for modelling would be 3.85%.

- Departmental costs were estimated based on similar programs administered by DCCEEW.

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

## Data sources

The Australian Tax Office provided business income tax data as at 1 July 2022.

Australian Bureau of Statistics (2004) [Characteristics of Small Business, Australia \(Reissue\), 2004](#), accessed 27 May 2025.

Australian Bureau of Statistics (2024) [Counts of Australian Businesses, including Entries and Exits](#), accessed 27 May 2025.

Australian Bureau of Statistics (2025) [Total Value of Dwellings - December Quarter 2024](#), accessed 27 May 2025.

Australian Small Business and Family Enterprise Ombudsman (2025) [Number of small businesses in Australia | ASBFEO](#), accessed 27 May 2025.

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

CSIRO (Commonwealth Scientific and Industrial Research Organisation) (Commissioned by the Australian Energy Market Operator) (2024) [Small-scale solar PV and battery projections 2024](#), accessed 27 May 2025.

Department of Climate change, Energy, the Environment and Water (2023) [Portfolio Budget Statements 2023-24](#), accessed 27 May 2025.

Reserve Bank of Australia (2025) [Statement by the Monetary Policy Board: Monetary Policy Decision | Media Releases | RBA](#), accessed 27 May 2025.

Reserve Bank of Australia (2025) [Statistical Tables | RBA, Business Lending Rates - F7](#), accessed 27 May 2025.

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

## Attachment A – Support for solar and battery energy solutions – small business storage solutions – Financial implications

**Table A1: Support for solar and battery energy solutions – small business storage solutions – Fiscal 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>Revenue</b>													
<b>Non – tax revenue</b>													
<b>Administered non-tax</b>													
<i>Income from unwinding concessional loans</i>	1.6	3.2	4.9	6.7	8.6	10.5	12.6	14.7	16.9	19.2	21.6	16.4	120.5
<i>Interest accrued from loans</i>	2.5	5.1	7.8	10.5	13.3	16.2	19.2	22.3	25.6	29.0	32.5	25.9	184.0
<b>Total – revenue</b>	<b>4.1</b>	<b>8.3</b>	<b>12.7</b>	<b>17.2</b>	<b>21.9</b>	<b>26.7</b>	<b>31.8</b>	<b>37.0</b>	<b>42.5</b>	<b>48.2</b>	<b>54.1</b>	<b>42.3</b>	<b>304.5</b>
<b>Expenses</b>													
<b>Administered</b>													
<i>Solar storage grant</i>	-29.4	-33.0	-37.1	-41.7	-46.8	-52.5	-59.0	-66.2	-74.4	-83.5	-93.8	-141.2	-617.4
<i>Concessional loans discount expense</i>	-9.4	-10.6	-11.9	-13.4	-15.0	-16.8	-18.9	-21.2	-23.8	-26.8	-30.0	-45.3	-197.8
<i>Loan write downs</i>	-0.8	-0.9	-1.0	-1.1	-1.2	-1.4	-1.6	-1.8	-2.0	-2.2	-2.5	-3.8	-16.5
<b>Total – administered</b>	<b>-39.6</b>	<b>-44.5</b>	<b>-50.0</b>	<b>-56.2</b>	<b>-63.0</b>	<b>-70.7</b>	<b>-79.5</b>	<b>-89.2</b>	<b>-100.2</b>	<b>-112.5</b>	<b>-126.3</b>	<b>-190.3</b>	<b>-831.7</b>
<b>Departmental</b>													
<i>DCCEEW</i>	-1.8	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-4.8	-11.8
<b>Total – departmental</b>	<b>-1.8</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-4.8</b>	<b>-11.8</b>
<b>Total – expenses</b>	<b>-41.4</b>	<b>-45.5</b>	<b>-51.0</b>	<b>-57.2</b>	<b>-64.0</b>	<b>-71.7</b>	<b>-80.5</b>	<b>-90.2</b>	<b>-101.2</b>	<b>-113.5</b>	<b>-127.3</b>	<b>-195.1</b>	<b>-843.5</b>
<b>Total (excluding PDI)</b>	<b>-37.3</b>	<b>-37.2</b>	<b>-38.3</b>	<b>-40.0</b>	<b>-42.1</b>	<b>-45.0</b>	<b>-48.7</b>	<b>-53.2</b>	<b>-58.7</b>	<b>-65.3</b>	<b>-73.2</b>	<b>-152.8</b>	<b>-539.0</b>
<i>PDI impacts</i>	-1.9	-5.9	-10.2	-14.7	-19.6	-24.9	-30.6	-36.9	-43.8	-51.4	-59.9	-32.7	-299.8
<b>Total (including PDI)</b>	<b>-39.2</b>	<b>-43.1</b>	<b>-48.5</b>	<b>-54.7</b>	<b>-61.7</b>	<b>-69.9</b>	<b>-79.3</b>	<b>-90.1</b>	<b>-102.5</b>	<b>-116.7</b>	<b>-133.1</b>	<b>-185.5</b>	<b>-838.8</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.

**Table A2: Support for solar and battery energy solutions – small business storage solutions – Underlying cash balance (\$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>Receipts</b>													
<b>Non-tax receipts</b>													
<i>Administered non-tax</i>													
<i>Interested accrued from loans</i>	2.5	5.1	7.8	10.5	13.3	16.2	19.2	22.3	25.6	29.0	32.5	25.9	184.0
<b>Payments</b>													
<i>Administered</i>													
<i>Solar storage grant</i>	-29.4	-33.0	-37.1	-41.7	-46.8	-52.5	-59.0	-66.2	-74.4	-83.5	-93.8	-141.2	-617.4
<b>Total – administered</b>	<b>-29.4</b>	<b>-33.0</b>	<b>-37.1</b>	<b>-41.7</b>	<b>-46.8</b>	<b>-52.5</b>	<b>-59.0</b>	<b>-66.2</b>	<b>-74.4</b>	<b>-83.5</b>	<b>-93.8</b>	<b>-141.2</b>	<b>-617.4</b>
<i>Departmental</i>													
<i>DCCEEW</i>	-1.8	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-4.8	-11.8
<b>Total – departmental</b>	<b>-1.8</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-4.8</b>	<b>-11.8</b>
<b>Total – payments</b>	<b>-31.2</b>	<b>-34.0</b>	<b>-38.1</b>	<b>-42.7</b>	<b>-47.8</b>	<b>-53.5</b>	<b>-60.0</b>	<b>-67.2</b>	<b>-75.4</b>	<b>-84.5</b>	<b>-94.8</b>	<b>-146.0</b>	<b>-629.2</b>
<b>Total (excluding PDI)</b>	<b>-28.7</b>	<b>-28.9</b>	<b>-30.3</b>	<b>-32.2</b>	<b>-34.5</b>	<b>-37.3</b>	<b>-40.8</b>	<b>-44.9</b>	<b>-49.8</b>	<b>-55.5</b>	<b>-62.3</b>	<b>-120.1</b>	<b>-445.2</b>
<i>PDI impacts</i>	-1.5	-4.9	-9.1	-13.6	-18.4	-23.6	-29.2	-35.4	-42.1	-49.5	-57.8	-29.1	-285.1
<b>Total (including PDI)</b>	<b>-30.2</b>	<b>-33.8</b>	<b>-39.4</b>	<b>-45.8</b>	<b>-52.9</b>	<b>-60.9</b>	<b>-70.0</b>	<b>-80.3</b>	<b>-91.9</b>	<b>-105.0</b>	<b>-120.1</b>	<b>-149.2</b>	<b>-730.3</b>

(a) 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 A3: Support for solar and battery energy solutions – small business storage solutions – Headline cash balance (\$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>Receipts</b>													
<b>Non-tax receipts</b>													
<i>Administered non-tax</i>													
<i>Interested accrued from loans</i>	2.5	5.1	7.8	10.5	13.3	16.2	19.2	22.3	25.6	29.0	32.5	25.9	184.0
<i>Loan repayments</i>	6.0	14.0	22.0	31.0	41.0	53.0	66.0	80.0	97.0	115.0	129.0	73.0	654.0
<b>Total – receipts</b>	<b>8.5</b>	<b>19.1</b>	<b>29.8</b>	<b>41.5</b>	<b>54.3</b>	<b>69.2</b>	<b>85.2</b>	<b>102.3</b>	<b>122.6</b>	<b>144.0</b>	<b>161.5</b>	<b>98.9</b>	<b>838.0</b>
<b>Payments</b>													
<i>Administered</i>													
<i>Solar storage grant</i>	-29.4	-33.0	-37.1	-41.7	-46.8	-52.5	-59.0	-66.2	-74.4	-83.5	-93.8	-141.2	-617.4
<i>Principal loans made</i>	-65.0	-73.0	-82.0	-93.0	-104.0	-117.0	-131.0	-147.0	-165.0	-185.0	-208.0	-313.0	-1,370.0
<b>Total – administered</b>	<b>-94.4</b>	<b>-106.0</b>	<b>-119.1</b>	<b>-134.7</b>	<b>-150.8</b>	<b>-169.5</b>	<b>-190.0</b>	<b>-213.2</b>	<b>-239.4</b>	<b>-268.5</b>	<b>-301.8</b>	<b>-454.2</b>	<b>-1,987.4</b>
<i>Departmental</i>													
<i>DCCEEW</i>	-1.8	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-4.8	-11.8
<b>Total – departmental</b>	<b>-1.8</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-4.8</b>	<b>-11.8</b>
<b>Total – payments</b>	<b>-96.2</b>	<b>-107.0</b>	<b>-120.1</b>	<b>-135.7</b>	<b>-151.8</b>	<b>-170.5</b>	<b>-191.0</b>	<b>-214.2</b>	<b>-240.4</b>	<b>-269.5</b>	<b>-302.8</b>	<b>-459.0</b>	<b>-1,999.2</b>
<b>Total (excluding PDI)</b>	<b>-87.7</b>	<b>-87.9</b>	<b>-90.3</b>	<b>-94.2</b>	<b>-97.5</b>	<b>-101.3</b>	<b>-105.8</b>	<b>-111.9</b>	<b>-117.8</b>	<b>-125.5</b>	<b>-141.3</b>	<b>-360.1</b>	<b>-1,161.2</b>
<i>PDI impacts</i>	-1.5	-4.9	-9.1	-13.6	-18.4	-23.6	-29.2	-35.4	-42.1	-49.5	-57.8	-29.1	-285.1
<b>Total (including PDI)</b>	<b>-89.2</b>	<b>-92.8</b>	<b>-99.4</b>	<b>-107.8</b>	<b>-115.9</b>	<b>-124.9</b>	<b>-135.0</b>	<b>-147.3</b>	<b>-159.9</b>	<b>-175.0</b>	<b>-199.1</b>	<b>-389.2</b>	<b>-1,446.3</b>

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

## 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.

### Budget impact<sup>2</sup>

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.<sup>3</sup> 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 (DNER)

All budget aggregates take into account estimates of the share of loans not expected to be repaid when estimating the value of the concession that is being provided. If a portion of loans are not expected to be repaid, an allowance is made for the expected credit loss on the loans' outstanding balance. 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 also reflected in net worth.

**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 value of the debt
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.  An assessment by the Government that a loan (apart from HELP loans) will not be fully repaid is an 'other economic flow', not included in the fiscal balance.
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.

<sup>2</sup> The PBO's treatment of these loans is consistent with the Department of Finance costing guidelines.

<sup>3</sup> 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.