

## **EXPLANATORY STATEMENT**

Issued by the authority of the Minister for Finance

*Public Governance, Performance and Accountability Act 2013*

*PGPA Act Determination (Rewiring the Nation Special Account 2023)*

### ***Purpose of this determination***

This determination is made under subsection 78(1) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* to establish the *Rewiring the Nation Special Account 2023 (the special account)* for the Department of Climate Change, Energy, the Environment and Water (**the Department**).

The special account is being established to enable the Department to accelerate the transmission projects required to increase the share of renewable energy in the grid, support the decarbonisation of Australia's electricity system and put downward pressure on energy prices. Funding from the special account will provide financing, equity investments and underwriting to rewiring the nation (RTN) projects in accordance with the following objectives:

- to build or upgrade new or existing transmission infrastructure, storage and other grid supporting infrastructure within Australia, including but not limited to land based, undersea and offshore transmission towers, lines and interconnectors;
- to accelerate implementation of the Australian Energy Market Operator's Integrated System Plan,
- to modernise Australia's electricity grids, and support grid investments throughout Australia, including the Northern Territory and Western Australia;
- to lower the cost of electricity bills for consumers by providing low-cost finance to reduce the cost of upgrading Australia's critical transmission infrastructure;
- to increase renewables in the grid and in turn to ensure that Australia gets to net zero emissions by 2050, and to reduce wholesale power prices and exposure to volatile international energy markets; and
- to help manage the electricity system in delivering cheaper and more reliable electricity from where it is created, to households and businesses in remote, rural and metropolitan areas.

The special account will also allow the Commonwealth to jointly provide financing, equity investments and underwriting to RTN projects with private entities or state or territory governments.

The RTN program was announced in the 2022-23 October Budget under the measure '*Powering Australia – Rewiring the Nation*'. It will provide \$20.0 billion in funding to provide concessional loans and equity to invest in transmission infrastructure projects that will help strengthen, grow and transition Australia's electricity grids. Under the RTN program, \$19.0 billion will be delivered via the existing Clean Energy Finance Corporation Special Account by amending the *Clean Energy Finance Corporation Act 2012*. \$1.0 billion will be delivered via the RTN special account by the Department. After commencement of the special account, \$1.0 billion in funding will be credited to the special account over three years from the Department's annual appropriations. Proceeds from financing and equity investments made from the special account will be credited to the special account for reinvestment.

Underwriting from the special account to RTN projects will be in accordance with Part 6 of the *Public Governance, Performance and Accountability (Finance Minister to Accountable*

*Authorities of Non-Corporate Commonwealth Entities) Delegation 2022* (PGPA Delegation), where applicable, and cannot exceed the balance of the special account at any time. Whether underwriting, in the instance of a specific Rewiring the Nation project, involves the granting of an indemnity, guarantee or warranty within the meaning of s 60 of the PGPA Act (which is the power delegated under Part 6 of the PGPA Delegation) will be considered on a case-by-case basis.

The balance of the special account may be reduced without making a real or notional payment, which would have the effect of reducing the available appropriation for the purposes of the special account.

### ***The operating context of special accounts***

A special account may be established by a determination made by the Minister for Finance (under section 78 of the PGPA Act) or by an Act (see section 80 of the PGPA Act).

A special account is an appropriation mechanism that sets aside amounts within the Consolidated Revenue Fund (CRF) for spending on specified purposes. The purposes of a special account are set out in the establishing determination or Act.

In accordance with section 81 of the Constitution, all revenues or moneys raised or received by the Commonwealth Executive Government form one CRF. Section 83 of the Constitution provides that such money may not be drawn from the Treasury except under an appropriation made by law.

- A special account enables revenues or moneys raised or received to be set aside for the purposes of that special account.
- Expenditure for the purposes of a special account is supported by an appropriation in the PGPA Act: subsection 78(4) for a special account established by a determination or subsection 80(1) for a special account established by an Act.

### ***Special account determinations***

Special account determinations are legislative instruments for the purposes of the *Legislation Act 2003*. Special account determination may be made in accordance with subsection 78(1) of the PGPA Act.

In accordance with subsection 79(3) of the PGPA Act, the Finance Minister must table a copy of such determinations in each House of the Parliament. Subsection 79(4) of the PGPA Act provides that special account determinations are subject to disallowance by either House of the Parliament.

The disallowance period starts on the day a special account determination is tabled in the House and ends on the fifth sitting day of the House after the determination was tabled in that House.

If neither House passes a resolution to disallow a special account determination, under subsection 79(5) it commences on the day immediately after the last day on which it could have been disallowed, or on a later day if specified in the determination. This determination specifies that it will commence on the later of the day immediately after the last day on which it could have been disallowed and 1 July 2023. The Secretary of the Department will be the accountable authority responsible for the special account on commencement of this determination.

### ***Human Rights***

A Statement of Compatibility with Human Rights is not required for this determination. Subsection 9(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011* requires a Statement of Compatibility with Human Rights for all legislative instruments subject to disallowance under section 42 of the *Legislation Act 2003*. While determinations made or varied under subsections 78(1) or 78(3) of the PGPA Act are subject to disallowance under section 79 of the PGPA Act, subsection 79(2) provides that they are not subject to disallowance under section 42 of the *Legislation Act 2003*. As such, a Statement of Compatibility with Human Rights is not required.

### ***Consultation***

The Department was consulted in the preparation of this determination.