



Australian Made Batteries Plan	
Party:	Australian Labor Party
Summary of proposal: The proposal involves two components: <b>Component 1: Battery precinct equity investment</b> The proposal would provide a \$100 million equity investment (\$50 million in 2022-23 and \$50 million in 2023-24) to a successful applicant in a competitive tender for the establishment of a battery precinct. The battery precinct would see local manufacture of batteries via a larger existing manufacturer. The precinct would also become home to SMEs currently undertaking work in the sector. Investment arrangements, including capital deployment, treatment of dividend earnings and departmental costs, would be modelled on those for the Clean Energy Finance Corporation (CEFC). <b>Component 2: Powering Australia Industry Growth Centre</b> The proposal would provide \$14 million over four years (\$3 million in 2022-23, \$7 million in 2023-24 and \$2 million in each of 2024-25 and 2025-26) for a Powering Australia Industry Growth Centre.	

## Costing overview

The proposal would be expected to decrease the fiscal balance by \$16.2 million, the underlying cash balance by \$15.9 million, and the headline cash balance by \$115.91 million over the 2022-23 Budget forward estimates period.

The proposal would have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications over the period to 2032-33 is provided at Attachment A.

The financial implications are sensitive to assumptions on the speed at which capital would be deployed, the rate of project milestone completion and the rate of return on equity.

Consistent with *Parliamentary Budget Office (PBO) Guidance 02/2015*, public debt interest (PDI) expense impacts have been included in this costing because the equity injections provided under this proposal involve financial asset transactions.

The fiscal, underlying cash and headline cash balance impacts differ in the treatment of dividends, PDI and equity amounts. In particular, only the headline cash balance includes transactions related to equity injections. The impact on net debt will be broadly consistent with movements in the headline cash balance.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-3.4	-7.6	-2.5	-2.7	<b>-16.2</b>
Underlying cash balance	-3.4	-7.5	-2.4	-2.6	<b>-15.9</b>
Headline cash balance	-28.4	-57.5	-27.4	-2.6	<b>-115.9</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

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

### Component 1

- Committed funding would not impact consolidated revenue until funding is deployed or drawn down for investment or operational purposes, consistent with the treatment of funding available to the CEFC.
- Each tranche of funding would be deployed over two years after it is made available.
  - This is consistent with the time needed to manage the tender process and provide staged funding to projects, consistent with the average length of investment projects.

### Component 2

- Departmental costs are covered outside the allocated capped costing.

## Methodology

### Component 1

Financial implications were estimated using the CEFC funding model provided by the Department of Industry, Science, Energy and Resources.

Dividend earnings on deployed capital would be similar to earnings recognised from other equity investments managed by the CEFC

Departmental costs relative to the amount of funding administered would be broadly consistent with historical data from the CEFC.

Departmental costs in the initial years are larger, reflecting establishment costs.

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

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<sup>1</sup> [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Costings\\_and\\_budget\\_information](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information)

## Data sources

Information on the CEFC's funding commitments, equity investments and operational expenses over the 2022-23 Budget forward estimates period was provided by the Department of Industry, Science, Energy and Resources as at the 2022-23 Budget.

Economic parameters used in the model were provided by the Department of Finance and the Treasury as at the Pre-election Economic and Fiscal Outlook 2022.

## Attachment A – Australian Made Batteries Plan – financial implications

**Table A1: Australian Made Batteries Plan – Fiscal balance (\$m)<sup>(a)</sup>**

	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
<b>Revenue</b>													
<b>Administered non-tax</b>													
<i>Dividends from battery precinct equity investment</i>	0.5	1.6	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	6.3	21.7
<b>Total – revenue</b>	<b>0.5</b>	<b>1.6</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>6.3</b>	<b>21.7</b>
<b>Expenses</b>													
<b>Administered</b>													
<i>Powering Australia Industry Growth Centre</i>	-3.0	-7.0	-2.0	-2.0	-	-	-	-	-	-	-	-14.0	-14.0
<b>Total – administered</b>	<b>-3.0</b>	<b>-7.0</b>	<b>-2.0</b>	<b>-2.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-14.0</b>	<b>-14.0</b>
<b>Departmental</b>													
<i>Battery precinct equity investment</i>	-0.4	-0.5	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-1.3	-2.7
<i>Powering Australia Industry Growth Centre</i>	-0.2	-0.4	-0.1	-0.1	-	-	-	-	-	-	-	-0.8	-0.8
<b>Total – departmental</b>	<b>-0.6</b>	<b>-0.9</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-2.1</b>	<b>-3.5</b>
<b>Total – expenses</b>	<b>-3.6</b>	<b>-7.9</b>	<b>-2.3</b>	<b>-2.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-16.1</b>	<b>-17.5</b>
<b>Total (excluding PDI)</b>	<b>-3.1</b>	<b>-6.3</b>	<b>-0.3</b>	<b>-0.1</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>-9.8</b>	<b>4.2</b>
<b>PDI impacts</b>	<b>-0.3</b>	<b>-1.3</b>	<b>-2.2</b>	<b>-2.6</b>	<b>-2.6</b>	<b>-2.6</b>	<b>-2.6</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.9</b>	<b>-6.4</b>	<b>-25.2</b>
<b>Total (including PDI)</b>	<b>-3.4</b>	<b>-7.6</b>	<b>-2.5</b>	<b>-2.7</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-0.9</b>	<b>-16.2</b>	<b>-21.0</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.

- Indicates nil.

**Table A2: Australian Made Batteries Plan – Underlying cash balance (\$m)<sup>(a)</sup>**

	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
<b>Receipts</b>													
<i>Administered non-tax</i>													
<i>Dividends from battery precinct equity investment</i>	0.5	1.6	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	6.3	21.7
<b>Total – receipts</b>	<b>0.5</b>	<b>1.6</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>6.3</b>	<b>21.7</b>
<b>Payments</b>													
<i>Administered</i>													
<i>Powering Australia Industry Growth Centre</i>	-3.0	-7.0	-2.0	-2.0	-	-	-	-	-	-	-	-14.0	-14.0
<b>Total – administered</b>	<b>-3.0</b>	<b>-7.0</b>	<b>-2.0</b>	<b>-2.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-14.0</b>	<b>-14.0</b>
<i>Departmental</i>													
<i>Battery precinct equity investment</i>	-0.4	-0.5	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-1.3	-2.7
<i>Powering Australia Industry Growth Centre</i>	-0.2	-0.4	-0.1	-0.1	-	-	-	-	-	-	-	-0.8	-0.8
<b>Total – departmental</b>	<b>-0.6</b>	<b>-0.9</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-2.1</b>	<b>-3.5</b>
<b>Total – payments</b>	<b>-3.6</b>	<b>-7.9</b>	<b>-2.3</b>	<b>-2.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-16.1</b>	<b>-17.5</b>
<b>Total (excluding PDI)</b>	<b>-3.1</b>	<b>-6.3</b>	<b>-0.3</b>	<b>-0.1</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>-9.8</b>	<b>4.2</b>
<i>PDI impacts</i>	<b>-0.3</b>	<b>-1.2</b>	<b>-2.1</b>	<b>-2.5</b>	<b>-2.6</b>	<b>-2.6</b>	<b>-2.6</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.9</b>	<b>-6.1</b>	<b>-24.9</b>
<b>Total (including PDI)</b>	<b>-3.4</b>	<b>-7.5</b>	<b>-2.4</b>	<b>-2.6</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-0.9</b>	<b>-15.9</b>	<b>-20.7</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.

- Indicates nil.

**Table A3: Australian Made Batteries Plan – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	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
<b>Receipts</b>													
<b>Administered non-tax</b>													
<i>Dividends from battery precinct equity investment</i>	0.5	1.6	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	6.3	21.7
<b>Total – receipts</b>	<b>0.5</b>	<b>1.6</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>6.3</b>	<b>21.7</b>
<b>Payments</b>													
<b>Administered</b>													
<i>Battery precinct equity injection</i>	-25.0	-50.0	-25.0	-	-	-	-	-	-	-	-	-100.0	-100.0
<i>Powering Australia Industry Growth Centre</i>	-3.0	-7.0	-2.0	-2.0	-	-	-	-	-	-	-	-14.0	-14.0
<b>Total – administered</b>	<b>-28.0</b>	<b>-57.0</b>	<b>-27.0</b>	<b>-2.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-114.0</b>	<b>-114.0</b>
<b>Departmental</b>													
<i>Battery precinct equity investment</i>	-0.4	-0.5	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-1.3	-2.7
<i>Powering Australia Industry Growth Centre</i>	-0.2	-0.4	-0.1	-0.1	-	-	-	-	-	-	-	-0.8	-0.8
<b>Total – departmental</b>	<b>-0.6</b>	<b>-0.9</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-2.1</b>	<b>-3.5</b>
<b>Total – payments</b>	<b>-28.6</b>	<b>-57.9</b>	<b>-27.3</b>	<b>-2.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-116.1</b>	<b>-117.5</b>
<b>Total (excluding PDI)</b>	<b>-28.1</b>	<b>-56.3</b>	<b>-25.3</b>	<b>-0.1</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>-109.8</b>	<b>-95.8</b>
<b>PDI impacts</b>	<b>-0.3</b>	<b>-1.2</b>	<b>-2.1</b>	<b>-2.5</b>	<b>-2.6</b>	<b>-2.6</b>	<b>-2.6</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.9</b>	<b>-6.1</b>	<b>-24.9</b>
<b>Total (including PDI)</b>	<b>-28.4</b>	<b>-57.5</b>	<b>-27.4</b>	<b>-2.6</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-0.9</b>	<b>-115.9</b>	<b>-120.7</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.

- Indicates nil.