

## **EXPLANATORY STATEMENT**

Issued by the authority of the Minister for Climate Change and Energy

*Australian Renewable Energy Agency Act 2011*

*Australian Renewable Energy Agency (General Funding Strategy) Approval 2025*

Section 19 of the *Australian Renewable Energy Agency Act 2011* (the Act) provides that the Board of the Australian Renewable Energy Agency (ARENA) must, for each financial year, develop a General Funding Strategy (GFS) for the provision of financial assistance by ARENA under the Act. A GFS must relate to the financial year for which the strategy is developed and the next two financial years and must set out ARENA's principal objectives and priorities for the provision of financial assistance during this time period. Each GFS must be developed during the financial year previous to that in which it commences, and in developing a GFS, the Board of ARENA (the Board) must have regard to the most recent statement of expectations for ARENA issued by the Minister and Finance Minister jointly.

Subsection 20(1) of the Act provides that, as soon as practicable after developing a GFS for a financial year, the Board must give a copy to the Minister for approval. Under subsection 20(1A) of the Act, the Minister must consult the Finance Minister before approving a GFS. Subsection 20(2) of the Act provides that a GFS developed by the Board and approved by the Minister is a legislative instrument made by the Minister on the day on which the strategy is approved. The *Australian Renewable Energy Agency (General Funding Strategy) Approval 2025* (the Approval) provides for the Minister's approval of ARENA's GFS for the 2025/26 – 2027/28 financial years.

The GFS for the 2025/26 – 2027/28 financial years has been drafted to reflect the Government's priorities in the net zero transformation. ARENA's main objectives are to improve the competitiveness of renewable energy technologies, increase the supply of renewable energy in Australia, facilitate the achievement of Australia's greenhouse gas emissions reduction targets and contribute to the reduction of global greenhouse gas emissions in accordance with the Paris Agreement. These objectives remain the primary focus of the GFS. It also includes the delivery of additional funding as allocated for the Government's Future Made in Australia agenda and other, targeted programs that ARENA has been tasked to administer.

Under subsection 20(2) of the Act, this instrument is not subject to the disallowance process set out in section 42 of the *Legislation Act 2003* (Legislation Act). The nature of the GFS is not such that it imposes obligations on third parties, but is a policy and strategy document to guide the independent performance of ARENA's functions under the Act. Subsection 20(2) of the Act also reflects both the independence of ARENA in developing the GFS and the similarities of the GFS to government directions to statutory bodies that are also not subject to disallowance. As the provision of assistance by ARENA must be in accordance with the GFS under section 10 of the Act, disallowance of some or all of the strategy could impede the ability for ARENA to independently perform its statutory functions.

As the Minister's role is to approve the GFS as developed by ARENA following consultation with the Finance Minister, separate consultation on the Approval was not undertaken as it was not considered necessary. Prior to the Approval being made, ARENA conducted its own consultation with the Department of Climate Change, Energy, the Environment and Water and the Department of Finance and took those stakeholders' views into account in developing the GFS.

Details of the Approval are outlined in Attachment A. As the Approval is exempt from disallowance, paragraph 15J(2)(f) of the Legislation Act provides that a Statement of Compatibility with Human Rights is not required.

**Details of the *Australian Renewable Energy Agency (General Funding Strategy) Approval 2025***

**Section 1 – Name**

Section 1 provides that the title of the instrument is the *Australian Renewable Energy Agency (General Funding Strategy) Approval 2025*.

**Section 2 – Commencement**

Section 2 provides that the instrument commences on the day it was made by the Minister. This follows the requirements of subsections 20(2) and 21(1) of the *Australian Renewable Energy Agency Act 2011* (the Act).

**Section 3 – Authority**

Section 3 provides that the instrument is made under subsection 20(2) of the Act.

**Section 4 – Definitions**

Section 4 provides that the term “Act” in the instrument refers to the *Australian Renewable Energy Agency Act 2011*.

**Section 5 – Schedules**

Section 5 provides for the operation of the Schedules to amend or repeal instruments and for any other item in a Schedule to have effect according to its terms.

**Section 6 – Approval of General Funding Strategy**

Section 6 provides that the Minister approves the general funding strategy (GFS) for the 2025/26 – 2027/28 financial years (at Schedule 1 to the instrument). The power to do this derives from subsection 20(2) of the Act.

Subsection 19(2) of the Act requires a GFS to be developed during the financial year previous to that in which it commences. The GFS for the 2025/26 – 2027/28 financial years was developed by the Board of ARENA in the 2024/25 financial year, in line with subsection 19(2).

**Schedule 1—General Funding Strategy 2025/26 – 2027/28**

Schedule 1 provides the detail of the GFS developed by the Australian Renewable Energy Agency (ARENA). It includes the context of the strategy and summary of overall strategy in clause 1. Clause 1 also clarifies the relationship with the corporate plan<sup>1</sup> and investment plan<sup>2</sup>

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<sup>1</sup> For context, ARENA’s corporate plan is available at: <https://arena.gov.au/about/publications/corporate-plan/>

<sup>2</sup> For context, ARENA’s investment plan is available at: <https://arena.gov.au/about/publications/funding-investment-plan/>

and performance reporting. References to the corporate plan and investment plan are provided for context only and are not incorporated into the instrument by reference.

Clause 2 draws on ARENA’s objectives pursuant to the Act in describing its vision, mission and purpose. Clause 3 outlines the guiding principles to identify and review the strategic priorities and lists the priorities for the relevant years. In addition, it notes ARENA’s delivery of targeted Budget programs, alongside its baseline funding.

#### Schedule 2—Repeals

Schedule 2 repeals the previous GFS approval instrument, the *Australian Renewable Energy Agency (General Funding Strategy) Approval 2024*. The power to do this derives from subsection 33(3) of the *Acts Interpretation Act 1901*<sup>3</sup>.

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<sup>3</sup> Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.