



16 MAY, 2024

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The Australian, Australia

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Budget2024

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Jim Chalmers has dismissed calls to means test the government's \$300 energy rebates for every household, insisting it would take time and money to achieve, as a former RBA board member said the budget measure may increase underlying inflation over time.

The government was forced to concede wealthier Australians with more than one home could

receive multiple rebates, including for a beach house, as Peter Dutton said the subsidies should have targeted those in need and the Greens labelled the measure "handouts for wealthy property investors". But the centrepiece budget measure is expected to sail through federal parliament with bipartisan support.

Combined with the commonwealth's \$300 rebate, Queensland households will receive \$1300 off their electricity bills next financial year, some Tasmanians could get a reduction of up to \$550 over two years and West Australians will be

handed \$700 in subsidies across 2024-25. Other states have not yet announced energy bill relief for next financial year.

The budget papers predict the Albanese government rebates combined with an increase to Commonwealth Rent Assistance will reduce headline inflation by 0.5 per cent in 2024-25 and won't add to broader inflationary pressures. Former Reserve Bank of Australia board member Warwick McKibbin, director of the Australian National University's Centre for Applied Macroeconomic Analysis, said the energy rebates

would have very little impact on underlying inflation or, over time,

"actually have a slight increase to inflation".

"You're putting money into people's hands who will go out and spend it," he said. "You can justify where spending is going when it's targeted, but the energy rebates weren't targeted."

Former ACTU secretary and RBA board member Bill Kelty said he believed the rebates would reduce CPI below where it otherwise would have been.

"If you're giving energy relief and rent relief then the minimum

wage is likely to be lower," he said. Asked whether the rebate should have been means tested, Mr Kelty said: "On any normal measure of social justice, of course it should have been, but don't confuse social justice with economic management. When you start means testing some of these things, the cost becomes higher. The change is to try to facilitate making a less inflationary environment, and it does that directly and measurably."

The government will pay the rebates to energy retailers in quarterly instalments, which will then be passed on to customers when they receive their bills. The Treasurer said the tax office had information about people's incomes but there were no arrangements to share that information with energy retailers in order to means test the payments.

"We would have to change fundamentally the data-sharing arrangements. That would take time and money in order to do that," Dr Chalmers said.

"The judgment that we made was that the most efficient way to give cost-of-living relief to people on low and fixed incomes, but also people on middle incomes to provide that cost-of-living relief in Middle Australia as well, was to provide it to every household.

"People on the highest incomes are not our focus, they're not our concern. But in the absence of re-designing or designing a new system of data-sharing and means testing among the energy retailers, we made the assessment that the best way to do it was to provide it broadly."

St Vincent de Paul Society general manager of policy and research Gavin Dufty – an expert on the energy market – said the \$300 energy rebate should have been

means tested, with the money saved used to provide low-income Australians with additional cost-of-living support. Mr Dufty said he did not accept the argument that the administrative burden of means testing the payment was too great to make it viable.

"Many of the states already have means-tested energy concessions and supports," he said.

"They already target a lot in the energy space, so while it would have created additional administrative burden, it's not impossible."

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