



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 12/02/2019

Proposal No: B348
Date Published: 18/03/2019

Proposal Title: Power Bill Rebate - Do Not Proceed

Cluster: Family and Community Services

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	(10,561)	(10,667)	(10,773)	(32,001)
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	10,561	10,667	10,773	32,001

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	10,561	10,667	10,773	32,001
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Total State Sector Impacts

Net Lending/(Borrowing):	-	10,561	10,667	10,773	32,001
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Notes and costing assumptions

The policy proposes not to proceed with the electricity rebate for self-funded retirees.

Under the policy announced by the Government on 11 February 2019, people aged 65 and over with a Commonwealth Seniors Health Care Card (SHCC) are eligible for a \$200 rebate per year on their electricity bill from 1 July 2019.

The cost of the policy has been incorporated as a new policy measure in the Pre-Election Budget Update 2019 (page 22). Therefore, not proceeding with the policy will produce savings.

The estimated savings from not proceeding with the policy are \$10.6 million in 2019-20 and \$32 million over the forward estimates.

The policy is limited to one claim per electricity meter, so people are not able to claim both the new rebate and the low income household rebate. Couples with two SHCC's and only one electricity meter would only be able to make one claim.

Notes and assumptions continued

Assumptions and calculations

The SHCC is available to single people aged 65 and over with an income below \$55,000 per year or couples with an income below \$88,000 who are unable to qualify for the pension card (self-funded retirees).

Information received from the Commonwealth Department of Social Services shows there are 130,062 SHCC holders in NSW at June 2018. Growth in SHCC holders has averaged 1% per annum since March 2017. The PBO has applied this growth rate to the costing, and used mid financial year numbers (December 31) to estimate the number of claims per year.

The PBO has assumed 40% of SHCC holders will claim the rebate, based on:

- The policy specification that only one rebate is available per meter. Where households comprise couples both qualifying for the SHCC, and both living in the same dwelling with one meter, only one claim can be made. This is likely to be a significant proportion of the population affected by the policy. Data from the Australian Bureau of Statistics suggest a majority of people 65 and above, live as couples (see ABS, Household Family Projections Australia 2001 to 2026 pages 17 and 77).
- Households claiming the low income energy rebate (which includes Pensioners, Health Care Card Holders and Department of Veterans' Affairs Gold Care Card holders) cannot also claim this rebate for the same electricity meter
- Take up rates for other NSW rebate schemes are in similar ranges (for different reasons specific to each rebate scheme).