

Apply a targeted \$150 energy credit to households and small businesses and “catch-up” (and ongoing) indexation to the existing Energy Supplement (ES).

Overview

- Rising energy prices increase the cost of everyday goods and services, adding to inflationary pressures across the broader economy.
- NSA surveys consistently show the cost of energy as a key concern for seniors.
- Rising energy costs affect all but are acutely felt by those with limited means and those who cannot afford technologies, such as solar, that reduce energy bills.
- Rebates delivered via the [Energy Bill Relief Fund](#) have eased pressure on household budgets, and positively impacted [inflation](#).
- The ES provides income support payment recipients, including pensioners, carers, job seekers etc, with help to meet electricity costs, however, indexation of the ES ceased in September 2014. As such, its value relative to rising energy prices has declined year-on-year.

WHAT ARE WE CALLING FOR?

- The Federal Government should provide:
 1. An energy credit of \$150 targeted to Australian households and small businesses via electricity bills **who do not have solar and/or batteries** to ensure it is targeted at need.
 2. A one-off increase to the ES to bring the supplement to parity with past energy inflation (since September 2014) and reinstate indexation. For an Age Pension recipient, this would represent an annual increase of \$90 (single) and \$135.20 (couple). Indexation should use the energy component of CPI - if energy costs reduce, the supplement would reduce, thus incentivising government to maintain lower energy prices.

Budget impact

- The cost of providing a \$150 energy credit to 10.8 million households would be approx. \$1.6 billion. If 4.2 million households with solar were excluded, the cost to the budget would be approx. \$992 million. The cost of supplying to one million small business would be \$150 million. The total cost to the budget would be approx. \$1.15 billion.
- A one-off increase in the ES for the 5.4 million people entitled to it would cost approx. \$141.5 million per year. This estimate accounts for variability in the payment across recipients. *Ideally, ES payments should be standardised to reduce complexity.*

