Parliamentary Budget Office

ECR-2025-3799

Powering past coal and gas – One-off grants of up to $20,000 available to all single dwelling households	
Party:	Australian Greens
Summary of proposal: The proposal would provide one-off grants of up to $20,000 to all single dwelling households in high-risk flood or cyclone zones to subsidise the costs of protecting the house and keeping communities together. The proposal would be ongoing and start on 1 July 2025.	
Additional information (based on further advice provided): • All single dwellings would be eligible for the grant. • Applicants with a household income at or below the level of a 'Couple combined' maximum pension rate would be able to access the full $20,000 grant without requiring any contribution; the level of co-contribution required would increase linearly in line with household income from 0% at the 'Couple combined' pension rate, until reaching 50% at the cut-off level for the Commonwealth Seniors Health Card.	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around $7.3 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in administered expenses.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

The financial implications are sensitive to assumptions around the program uptake, which is driven by behavioural responses from eligible households and the building construction industry. Payments would be made available once contracts are entered into rather than as work is done. This means there would be a delay between contracting work and the work being performed.

Table 1: Powering past coal and gas – One-off grants of up to $20,000 available to all single dwelling households – Financial implications ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	**Total to 2028-29**
Fiscal balance	-1,740.0	-1,800.0	-1,870.0	-1,880.0	**-7,290.0**
Underlying cash balance	-1,740.0	-1,800.0	-1,870.0	-1,880.0	**-7,290.0**

(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.

- On average, around 90,000 eligible households would apply for the grant per year over the medium term.
  - Program uptake for new households would be driven by the rate of new dwelling construction. Program uptake for the existing dwellings cohort would be higher in the first half of the medium-term.
  - Owners of all eligible new and existing dwellings would apply for the full $20,000 grant. – Existing homeowner uptake is informed by the take-up rate of the Household Resilience Program in 2019-20 administered by the Queensland Government and adjusting for the value of co-contribution.
  - The behavioural impact of co-contribution is based on the price elasticity of demand for house insurance of -0.1 (in line with a 2008 Australian National University research paper Insurance Law and Economics: An Analysis of the Demand for House and Contents Insurance in Australia).
  - Due to data limitations, a true linear income profile could not be constructed. However, analysis of household income bands showed that about 23% of eligible households are expected to co-contribute 0%, about 28% would co-contribute between 0% and 25% and about 26% would co-contribute between 25% and 50%.
  - Grants would be administered by the states and territories, leveraging existing resources. As such, Commonwealth departmental expenses would be absorbed by existing resources and are therefore not significant.

Methodology

The financial implications were calculated by multiplying the specified payment amount by the estimated number of new eligible new dwellings and a proportion of existing dwellings as described above. The estimates of the number of eligible households were informed by:

- Cyclone and floods risk analysis published by the Insurance Australia Group (IAG) and SGS Economics and Planning.
- Actual uptake of the Household Resilience Program adjusted for the expended geographical coverage and a greater scope of eligibility of the proposed scheme, as well as the assumed take-up in response to the co-contribution percentage.
- The estimate for the price of demand of elasticity for house insurance is from Insurance Law and Economics: An Analysis of the Demand for House and Contents Insurance in Australia.

- The rate of change in the number of dwellings located in LGAs at high risk of cyclone and flood damage was calculated from the sum of dwellings categorised as ‘separate house’ between 2006 and 2016, taken from the dataset Census Time Series T24 Dwelling Structure by Dwelling Type.

Over time, the number of existing houses taking up the program declines as the stock of nonupgraded houses decreases.

Financial implications were rounded consistent with the PBO’s rounding rules.[1]

Data sources

Australian Bureau of Statistics (2021) ‘General Community Profile for Local Government Areas’, 2021 Census DataPacks, accessed 16 May 2025.

Australian Bureau of Statistics (2021) ‘Time Series Profile for Local Government Areas’ 2021 Census DataPacks, accessed 16 May 2025.

Barker, G. and Tooth, R. (2008) ‘Insurance Law and Economics: An Analysis of the Demand for House and Contents Insurance in Australia’, ANU Centre for Law and Economics, Working Paper No.1, accessed 16 May 2025.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025,* Commonwealth of Australia.

Department of Housing and Public Works (2020), Annual Report 2019-20, accessed 16 May 2025.

SGS Economics and Insurance Australia Group (2016) Mapping natural perils across Australia, accessed 16 May 2025.

[1] https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules

Attachment A – Powering past coal and gas – One-off grants of up to $20,000 available to all single dwelling households – Financial implications

Table A1: Powering past coal and gas – One-off grants of up to $20,000 available to all single dwelling households – Fiscal and underlying cash balances ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Expenses													
Administered													
$20,000 grant	*-1,740.0*	*-1,800.0*	*-1,870.0*	*-1,880.0*	*-1,830.0*	*-1,780.0*	*-1,620.0*	*-1,350.0*	*-1,070.0*	*-940.0*	*-870.0*	***-7,290.0***	***-16,750.0***
Total (excluding PDI)	**-1,740.0**	**-1,800.0**	**-1,870.0**	**-1,880.0**	**-1,830.0**	**-1,780.0**	**-1,620.0**	**-1,350.0**	**-1,070.0**	**-940.0**	**-870.0**	**-7,290.0**	**-16,750.0**

(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.

Table A2: Powering past coal and gas – One-off grants of up to $20,000 available to all single dwelling households – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Fiscal balance	*-38.0*	*-119.0*	*-205.0*	*-297.0*	*-393.0*	*-491.0*	*-589.0*	*-683.0*	*-768.0*	*-849.0*	*-930.0*	***-659.0***	***-5,362.0***
Underlying cash balance	*-29.0*	*-99.0*	*-184.0*	*-274.0*	*-369.0*	*-467.0*	*-565.0*	*-659.0*	*-747.0*	*-829.0*	*-910.0*	***-586.0***	***-5,132.0***

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary[2].

(b) 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.

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[2] Online budget glossary – Parliamentary Budget Office (pbo.gov.au)