



Parliamentary  
Budget Office

## Policy costing

Accelerating Household Electrification	
Person/party requesting the costing:	Ms Allegra Spender MP, Member for Wentworth
Date costing completed:	18 August 2023
Expiry date of the costing:	Release of the next economic and fiscal outlook report.
Status at time of request:	Submitted outside the caretaker period
	<input checked="" type="checkbox"/> Confidential - <i>Authorised for public release on 4 October 2023</i> <input type="checkbox"/> Not confidential
<p>Summary of proposal:</p> <p>The proposal includes 3 options to alter tax policy settings to promote electrification of rental properties, all starting 1 July 2024.</p> <p><b><u>Option 1</u></b></p> <p>Allow owners of residential investment properties to write off the full cost of split system air conditioners (up to 20kW), heat pump water heaters and induction cooktops against their taxable income, where these have replaced equivalent gas appliances. This would replace the existing depreciation schedules for these items (currently 12 to 15 years).</p> <p><b><u>Option 2</u></b></p> <p>Allow owners of residential investment properties to classify electrification upgrades, including split system air conditioners (up to 20kW), heat pump water heaters and induction cooktops as 'Repairs and Maintenance' rather than as a capital allowance, where these have replaced equivalent gas appliances.</p> <p><b><u>Option 3</u></b></p> <p>Allow feed-in tariff income earned from Renewable Energy Systems (RESs), such as solar panels, on common areas in strata-titled properties to be declared on the tax return of the owners corporation rather than on that of individual landlords.</p> <p>The request also sought a breakdown of the impact of options 1 and 2 by tax bracket, by appliance type and by state, as well as the number of additional gas appliances replaced with electric appliances under options 1 and 2 (see Attachment B). The request also sought individual case studies of the financial impact to individuals in different tax brackets for each appliance (see Attachment C).</p>	

## Costing overview

Options 1 and 2 of this proposal would both result in landlords being able to immediately write off the cost of gas-to-electric appliances upgrades. As such, both options 1 and 2 would decrease the fiscal balance and underlying cash balance by \$93.5 million over the 2023-24 Budget forward estimates

period. This impact is a reduction in tax revenue driven by increased tax deductions and tax deductions brought forward.

The PBO estimated the change to the number of landlords' gas appliances replaced with electric appliances over the period to 2033-34 under options 1 and 2 by modelling landlord preferences and the relative prices of gas and electric appliances. This modelling estimates an increase of around 59% for cooktops, 35% for hot water systems and 8% for split system air conditioners. The overall total number of landlords' gas appliances replaced with electric appliances would increase by around 23%, varying between 22% and 24% year-to-year due to the relative prevalence of the different appliances over time. There would also be costs to the budget from tax deductions brought forward for gas-to-electric appliance upgrades that would have occurred even in the absence of the policy.

Option 3 of this proposal would decrease the fiscal balance and underlying cash balance by \$0.2 million over the 2023-24 Budget forward estimates period. The financial implications are driven by a reduction in tax revenue from feed-in tariffs being taxed at the corporate tax rate rather than individuals' marginal tax rates.

All 3 options of this proposal would have an impact beyond the 2023-24 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2033-34 is provided at Attachment A.

Administration of the proposal is expected to be absorbed within existing activities of the Australian Taxation Office and is not expected to incur material departmental costs.

**Table 1: Accelerating Household Electrification – Financial implications (\$m)<sup>(a)(b)</sup>**

	2023-24	2024-25	2025-26	2026-27	Total to 2026-27
<b>Options 1 and 2: Asset write-off for gas-to-electric upgrades</b>					
Fiscal balance	-	-	-48.7	-44.8	<b>-93.5</b>
Underlying cash balance	-	-	-48.7	-44.8	<b>-93.5</b>
<b>Option 3: Feed-in tariff income from landlord's tax return to body corporate's</b>					
Fiscal balance	-	-	-0.1	-0.1	<b>-0.2</b>
Underlying cash balance	-	-	-0.1	-0.1	<b>-0.2</b>

(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.

- Indicates nil.

## Uncertainties

For options 1 and 2, the financial implications are highly sensitive to the take-up rate of landlords replacing gas appliances with electric appliances. Take-up rates are impacted by energy prices, appliance prices, installation costs and non-financial factors such as landlord dispositions towards green energy. Appliance prices and installation costs also significantly impact the financial implications of the proposal by directly determining the value of deductions and the take-up rate, which are sensitive to changes or the introduction (or removal) of other policy incentives (e.g. from state governments). While there are a number of state and territory incentive schemes in place, most are not available to landlords or are not available across an entire state. However, we have incorporated the Victorian Energy Upgrades program (VEU), a scheme available to all landlords in Victoria, into this costing.

The majority of the estimated financial impact of options 1 and 2 comes from replacing ducted gas heaters, with the estimated greatest number of appliances eligible for replacement being in Victoria (Table B4 refers). This impact reflects the high cost of ducted split systems (relative to other appliances covered by the scheme) and the existing state incentive scheme that causes a high take up rate when combined with the proposal.

For Option 3, the financial implications are most sensitive to the lack of quality data on the stock and capacity of solar PV in strata-titled properties.

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

### Options 1 and 2

- Private rentals contain gas appliances at the same rate as all residential properties and landlords would only replace a gas appliance when it breaks down.
- The average usable life of a gas appliance is the same as its depreciable life for tax purposes, typically 12 to 15 years.
  - This means that the rate of gas-to-electric appliance upgrades across the period to 2033-34 would remain relatively constant given the existing stock of gas appliances. Beyond this period, the number of gas-to-electric appliance upgrades would be expected to decline with the stock of gas appliances in rental properties.
- Prices of the relevant gas and electric appliances (exclusive of state-based incentives) are constant across states and would remain the same in nominal terms across the medium term, reflecting cost efficiencies and economies of scale offsetting inflationary impacts on prices.
- On average, landlords would be willing to pay 10% more for electric appliances compared to gas appliances (in net present value terms) due to non-financial factors such as a preference for more environmentally friendly products.
- Installation costs of relevant appliances would increase with the consumer price index (CPI).
- The ratio between electricity and gas prices is constant across the medium term.
- All eligible landlords would claim the instant write-off when available.

### Option 3

- Feed-in tariffs and electricity prices grow at the rate of CPI.
- Owners of solar systems self-consume 80% of the power they generate.
  - This reflects owners installing systems slightly larger than their estimated consumption.
- The yearly capacity installed of solar panel systems in strata-titled properties grows at a similar rate to total capacity of all solar panel systems.

## Methodology

### Options 1 and 2

The financial implications were derived by estimating the number of gas appliances in rental properties that break down each year and the proportion of these that would be replaced by electric

appliances (both under the baseline and under the proposal), then estimating the tax impact of deductions available for each appliance over the medium term.

The stock of relevant gas appliances was sourced from the 2021 Residential Baseline Study for Australia and New Zealand for 2000-2040 from the then Department of Industry, Science, Energy and Resources.

When a gas appliance breaks down, the landlord's decision between replacing it with another gas appliance or an electric appliance is modelled based on their respective economic utility, which is calculated using discounted cash flows of each option using the key assumptions described above.

The financial implications of options 1 and 2 were then estimated based on the implied revenue impact of tax deductions available to landlords for the replacement electric appliances purchased using:

- Average marginal tax rates for landlords calculated using ATO taxation statistics 2020-21
- Appliance prices and installation costs based on research from ACIL Allen Consulting.

### Option 3

The financial implications were derived by estimating feed-in tariff income from RESs in residential strata-titled properties in Australia and comparing the resulting tax revenue from this at the average marginal tax rate of a landlord and the corporate tax rate.

The stock of RES systems in strata-titled properties and their capacity were estimated by applying industry statistics on strata population and installation rate of solar PV to Clean Energy Regulator historical data on the total stock of solar PV, and Australian Energy Market Operator 2022 Integrated System Plan Step Change forecasts on solar PV over the medium term. Only systems set up to power common areas that have no material power usage outside of generation hours are expected to generate income and be affected by the proposal.

The amount of surplus electricity produced by these systems was estimated using an average capacity factor of rooftop solar PV systems calculated using the last 5 years of OpenNEM generation data and Clean Energy Regulator system data, and the assumption of 80% self-consumption. The current feed-in tariff rate, grown at the rate of CPI, was then multiplied by the amount of surplus electricity.

Average marginal tax rates for landlords calculated using ATO taxation statistics 2020-21 and the standard corporate tax rate were used to calculate the tax revenue impact of this income in the baseline and policy scenarios.

### Behavioural Response

For options 1 and 2, the behavioural response was estimated using an economic utility model which takes in the size and timing of cash flows for the purchase of each relevant appliance to calculate the probability of a landlord choosing to replace their appliance with a new gas or new electric one.

Because inputs into the behavioural model were assumed to be constant over time, the take up rate was calculated once for each appliance in 2024-25 and rolled forward through the medium term.

Option 3 is not expected to produce a significant behavioural response.

## Other

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.<sup>1</sup>

## Data sources

ACIL Allen Consulting (2020). [Household energy choices in the ACT Modelling and analysis](#), accessed 7 August 2023.

Asthma Australia (2023). [New report goes inside Australian homes to reveal the extent mould, gas cooktops, pests and heating are impacting people's health](#), accessed 7 August 2023.

Australian Bureau of Statistics (2023). [Housing Occupancy and Costs, 2019-20 financial year \(abs.gov.au\)](#), accessed 7 August 2023.

Australian Taxation Office (2023). [Individuals statistics \(ato.gov.au\)](#), accessed 7 August 2023.

Canstar Blue (2023). [Average Electricity Prices in Australia per kWh](#), accessed 7 August 2023.

Department of Industry, Science, Energy and Resources (2021). [2021 Residential Baseline Study for Australia and New Zealand for 2000 — 2040](#), accessed 7 August 2023.

Energy Australia (2023). [Feed-in tariffs](#), accessed 7 August 2023.

Jorda, Oscar, Katharina Knoll, Dmitry Kuvshinov, Moritz Schularick, and Alan M. Taylor (2017) 'The Rate of Return on Everything', *Federal Reserve Bank of San Francisco Working Paper 2017-25*, <https://doi.org/10.24148/wp2017-25>, accessed 7 August 2023.

State Government of Victoria (2023). [Victorian Energy Upgrades for households](#), accessed 7 August 2023.

State Government of Western Australia (2023). [Household electricity pricing \(www.wa.gov.au\)](#), accessed 7 August 2023.

The Australian Taxation Office provided information about taxation law.

The Clean Energy Regulator provided data on historical solar panel system installs through the Small-scale Renewable Energy Scheme.

University of New South Wales (2020). [2020 Australasian Strata Insights | City Futures Research Centre \(unsw.edu.au\)](#), accessed 7 August 2023.

Utilities Commission of the Northern Territory (2023). [Electricity retail pricing \(nt.gov.au\)](#), accessed 7 August 2023.

OpenNEM (2023). [National Electricity Market rooftop solar generation data](#), accessed 7 August 2023.

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<sup>1</sup> [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Costings\\_and\\_budget\\_information](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information)

## Attachment A – Accelerating Household Electrification – financial implications

**Table A1: Accelerating Household Electrification – Option 1 and Option 2: Asset write-off for gas-to-electric upgrades – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Administered tax</b>													
<i>Tax deductions – hot water systems</i>	-	-	-11.7	-10.5	-9.6	-8.8	-8.1	-7.6	-7.2	-6.9	-6.6	-22.2	-77.0
<i>Tax deductions – split system air conditioners</i>	-	-	-32.3	-31.7	-31.4	-31.4	-31.4	-31.5	-31.9	-32.4	-33.1	-64.0	-287.1
<i>Tax deductions – cooktops</i>	-	-	-4.7	-4.2	-3.8	-3.4	-3.1	-2.9	-2.7	-2.5	-2.4	-8.9	-29.7
<b>Total – administered tax</b>	-	-	-48.7	-46.4	-44.8	-43.6	-42.6	-42.0	-41.8	-41.8	-42.1	-95.1	-393.8
<b>Total (excluding PDI)</b>	-	-	-48.7	-46.4	-44.8	-43.6	-42.6	-42.0	-41.8	-41.8	-42.1	-95.1	-393.8

(a) 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.

- Indicates nil.

**Table A2: Accelerating Household Electrification – Option 1 and Option 2: Asset write-off for gas-to-electric upgrades – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Fiscal balance</b>	-	-	-0.8	-2.4	-4.0	-5.7	-7.4	-9.3	-11.2	-13.2	-15.4	-3.2	-69.4
<b>Underlying cash balance</b>	-	-	-0.7	-2.1	-3.7	-5.4	-7.1	-8.9	-10.8	-12.8	-15.0	-2.8	-66.5

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the tables 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<sup>2</sup>.
- (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.
- Indicates nil.

**Table A3: Accelerating Household Electrification – Option 3: Feed-in tariff income from landlord's tax return to body corporate's – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Administered tax</b>													
<i>Income Tax</i>	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.9
<b>Total – administered tax</b>	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.9
<b>Total (excluding PDI)</b>	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.9

- (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.
- Indicates nil.

<sup>2</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)

**Table A4: Accelerating Household Electrification – Option 3: Feed-in tariff income from landlord’s tax return to body corporate’s – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b><i>Fiscal balance</i></b>	-	-	..	..	..	..	..	..	..	..	..	..	-0.1
<b><i>Underlying cash balance</i></b>	-	-	..	..	..	..	..	..	..	..	..	..	-0.1

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the tables 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<sup>3</sup>.
- (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.
- Indicates nil.
- .. Indicates a near-zero impact.

<sup>3</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)



## Attachment B – Accelerating Household Electrification – distributional analysis

**Table B1: Accelerating Household Electrification – Number of appliances eligible for instant write-off by appliance type – Options 1 and 2**

Appliance	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total
Hot water systems	-	15,877	16,497	17,116	17,737	18,356	18,974	19,615	20,246	20,865	21,469	186,753
Split system air conditioners	-	30,192	30,116	29,990	29,822	29,624	29,400	29,160	28,905	28,635	28,348	294,193
Cooktops	-	9,767	9,978	10,179	10,370	10,546	10,710	10,861	11,002	11,135	11,263	105,812
<b>Total-</b>	-	<b>55,837</b>	<b>56,590</b>	<b>57,285</b>	<b>57,930</b>	<b>58,526</b>	<b>59,084</b>	<b>59,636</b>	<b>60,154</b>	<b>60,635</b>	<b>61,080</b>	<b>586,757</b>

- Indicates nil.

**Table B2: Accelerating Household Electrification – Number of additional appliances eligible for instant write-off by appliance type compared to Baseline Scenario**

Appliance	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total
Hot water systems	-	4,136	4,295	4,454	4,614	4,773	4,933	5,093	5,252	5,408	5,559	48,517
Split system air conditioners	-	2,339	2,336	2,329	2,320	2,308	2,294	2,280	2,264	2,248	2,230	22,949
Cooktops	-	3,620	3,700	3,778	3,850	3,918	3,981	4,040	4,095	4,146	4,196	39,325
<b>Total</b>	-	<b>10,095</b>	<b>10,331</b>	<b>10,561</b>	<b>10,784</b>	<b>10,999</b>	<b>11,208</b>	<b>11,413</b>	<b>11,611</b>	<b>11,802</b>	<b>11,985</b>	<b>110,791</b>

- Indicates nil.

**Table B3: Accelerating Household Electrification – Number of additional appliances eligible for instant write-off by appliance type compared to Baseline Scenario – percentage change**

Appliance	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total
Hot water systems	-	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
Split system air conditioners	-	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Cooktops	-	59%	59%	59%	59%	59%	59%	59%	59%	59%	59%	59%
<b>Total</b>	-	<b>22%</b>	<b>22%</b>	<b>23%</b>	<b>23%</b>	<b>23%</b>	<b>23%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>23%</b>

- Indicates nil.

**Table B4: Accelerating Household Electrification – Number of appliances eligible for instant write-off by tax bracket – Options 1 and 2<sup>(a)</sup>**

Tax Bracket	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total
\$18,200 or less	-	997	1,010	1,022	1,034	1,045	1,055	1,064	1,074	1,082	1,090	10,472
\$18,201 to \$45,000	-	8,821	8,940	9,049	9,151	9,246	9,334	9,421	9,503	9,579	9,649	92,692
\$45,001 to \$200,000	-	40,852	41,403	41,911	42,383	42,819	43,228	43,631	44,010	44,363	44,688	429,289
\$200,001 or more	-	5,168	5,237	5,302	5,361	5,417	5,468	5,519	5,567	5,612	5,653	54,304

(a) Tax brackets reflect those from 2024-25

- Indicates nil.

**Table B5: Accelerating Household Electrification – Value of tax deductions by tax bracket – Options 1 and 2 (\$m)<sup>(a)</sup>**

Tax Bracket	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total
\$18,200 or less	-	-	-	-	-	-	-	-	-	-	-	-
\$18,201 to \$45,000	-	-	-5.0	-4.8	-4.6	-4.5	-4.4	-4.3	-4.3	-4.3	-4.3	-40.6
\$45,001 to \$200,000	-	-	-36.7	-34.9	-33.7	-32.8	-32.2	-31.6	-31.5	-31.5	-31.7	-296.6
\$200,001 or more	-	-	-7.0	-6.6	-6.4	-6.2	-6.1	-6.0	-6.0	-6.0	-6.0	-56.2

(a) Tax brackets reflect those from 2024-25

- Indicates nil.

**Table B6: Accelerating Household Electrification – Number of appliances eligible for instant write-off by state and territory – Options 1 and 2**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total
News South Wales	-	13,878	14,028	14,157	14,271	14,369	14,458	14,538	14,611	14,677	14,736	143,472
Australian Capital Territory	-	1,528	1,542	1,554	1,566	1,577	1,587	1,596	1,606	1,615	1,623	15,793
Northern Territory	-	80	81	83	85	87	88	90	92	93	95	873
Queensland	-	3,940	4,067	4,191	4,311	4,429	4,543	4,654	4,762	4,867	4,968	44,732
South Australia	-	1,804	1,825	1,846	1,869	1,892	1,916	1,931	1,946	1,961	1,976	18,966
Tasmania	-	231	239	246	252	258	264	268	272	276	278	2,584
Victoria	-	29,574	29,961	30,315	30,638	30,932	31,201	31,473	31,721	31,945	32,144	309,905
Western Australia	-	4,801	4,848	4,892	4,937	4,982	5,027	5,085	5,144	5,202	5,260	50,178

- Indicates nil.

**Table B7: Accelerating Household Electrification – Value of tax deductions by state and territory – Options 1 and 2 (\$m)**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total
News South Wales	-	-	-8.9	-8.0	-7.3	-6.7	-6.1	-5.7	-5.4	-5.1	-5.0	<b>-58.2</b>
Australian Capital Territory	-	-	-1.9	-1.7	-1.6	-1.6	-1.6	-1.5	-1.5	-1.5	-1.6	<b>-14.5</b>
Northern Territory	-	-	-0.1	..	..	..	..	..	..	..	..	<b>-0.3</b>
Queensland	-	-	-2.7	-2.4	-2.2	-2.0	-1.9	-1.7	-1.7	-1.6	-1.5	<b>-17.7</b>
South Australia	-	-	-1.3	-1.2	-1.1	-1.0	-0.9	-0.9	-0.9	-0.8	-0.8	<b>-8.9</b>
Tasmania	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	<b>-0.9</b>
Victoria	-	-	-30.5	-30.0	-29.8	-29.8	-29.8	-29.9	-30.3	-30.8	-31.4	<b>-272.2</b>
Western Australia	-	-	-3.1	-2.8	-2.5	-2.3	-2.1	-2.0	-1.9	-1.8	-1.7	<b>-20.1</b>

- Indicates nil.

.. Indicates a near-zero impact.

## Attachment C – Accelerating Household Electrification – Case studies

These case studies present the financial impact over 5 years for a landlord in a given tax bracket for an appliance purchased in the first year of the policy, 2024-25. The impacts of the appliance purchase and the associated deductions are modelled. The tax brackets reflect those from 2024-25.

Type of appliance	Typical price of appliance <sup>(a)</sup>	Savings over 5 years						
\$18,201 to \$45,000 Tax bracket								
		2024-25	2025-26	2026-27	2027-28	2028-29	Total	
Heat Pump	\$3,500	Baseline	-\$3,389	\$92	\$77	\$64	\$53	-\$3,102
		Policy	-\$2,835	\$0	\$0	\$0	\$0	-\$2,835
		<b>Savings</b>	<b>\$554</b>	<b>-\$92</b>	<b>-\$77</b>	<b>-\$64</b>	<b>-\$53</b>	<b>\$267</b>
Ducted split system	\$11,000	Baseline	-\$10,721	\$279	\$242	\$209	\$181	-\$9,810
		Policy	-\$8,910	\$0	\$0	\$0	\$0	-\$8,910
		<b>Savings</b>	<b>\$1,811</b>	<b>-\$279</b>	<b>-\$242</b>	<b>-\$209</b>	<b>-\$181</b>	<b>\$900</b>
Non-ducted split system	\$2,000	Baseline	-\$1,949	\$44	\$38	\$33	\$29	-\$1,806
		Policy	-\$1,620	\$0	\$0	\$0	\$0	-\$1,620
		<b>Savings</b>	<b>\$329</b>	<b>-\$44</b>	<b>-\$38</b>	<b>-\$33</b>	<b>-\$29</b>	<b>\$186</b>
Induction cooktop	\$2,000	Baseline	-\$1,937	\$63	\$53	\$44	\$37	-\$1,740
		Policy	-\$1,620	\$0	\$0	\$0	\$0	-\$1,620
		<b>Savings</b>	<b>\$317</b>	<b>-\$63</b>	<b>-\$53</b>	<b>-\$44</b>	<b>-\$37</b>	<b>\$120</b>

(a) Typical price is based on market research from ACIL Allen Consulting. Prices are inclusive of installation costs as at 2024 and are rounded to the nearest \$500.

Type of appliance	Typical price of appliance <sup>(a)</sup>	Savings over 5 years						
<b>\$45,001 to \$200,000 Tax bracket</b>								
Heat Pump	\$3,500		2024-25	2025-26	2026-27	2027-28	2028-29	Total
		Baseline	-\$3,325	\$146	\$122	\$101	\$84	-\$2,872
		Policy	-\$2,450	\$0	\$0	\$0	\$0	-\$2,450
		<b>Savings</b>	<b>\$875</b>	<b>-\$146</b>	<b>-\$122</b>	<b>-\$101</b>	<b>-\$84</b>	<b>\$422</b>
Ducted split system	\$11,000		2024-25	2025-26	2026-27	2027-28	2028-29	Total
		Baseline	-\$10,560	\$440	\$381	\$330	\$286	-\$9,122
		Policy	-\$7,700	\$0	\$0	\$0	\$0	-\$7,700
		<b>Savings</b>	<b>\$2,860</b>	<b>-\$440</b>	<b>-\$381</b>	<b>-\$330</b>	<b>-\$286</b>	<b>\$1,422</b>
Non-ducted split system	\$2,000		2024-25	2025-26	2026-27	2027-28	2028-29	Total
		Baseline	-\$1,920	\$69	\$60	\$52	\$45	-\$1,639
		Policy	-\$1,400	\$0	\$0	\$0	\$0	-\$1,400
		<b>Savings</b>	<b>\$520</b>	<b>-\$69</b>	<b>-\$60</b>	<b>-\$52</b>	<b>-\$45</b>	<b>\$293</b>
Induction cooktop	\$2,000		2024-25	2025-26	2026-27	2027-28	2028-29	Total
		Baseline	-\$1,900	\$100	\$83	\$69	\$58	-\$1,589
		Policy	-\$1,400	\$0	\$0	\$0	\$0	-\$1,400
		<b>Savings</b>	<b>\$500</b>	<b>-\$100</b>	<b>-\$83</b>	<b>-\$69</b>	<b>-\$58</b>	<b>\$189</b>

(a) Typical price is based on market research from ACIL Allen Consulting. Prices are inclusive of installation costs as at 2024 and are rounded to the nearest \$500.

Type of appliance	Typical price of appliance <sup>(a)</sup>	Savings over 5 years						
<b>\$200,001 or more Tax bracket</b>								
Heat Pump	\$3,500		2024-25	2025-26	2026-27	2027-28	2028-29	Total
		Baseline	-\$3,238	\$219	\$182	\$152	\$127	-\$2,558
		Policy	-\$1,925	\$0	\$0	\$0	\$0	-\$1,925
		<b>Savings</b>	<b>\$1,313</b>	<b>-\$219</b>	<b>-\$182</b>	<b>-\$152</b>	<b>-\$127</b>	<b>\$633</b>
Ducted split system	\$11,000		2024-25	2025-26	2026-27	2027-28	2028-29	Total
		Baseline	-\$10,340	\$660	\$572	\$496	\$430	-\$8,183
		Policy	-\$6,050	\$0	\$0	\$0	\$0	-\$6,050
		<b>Savings</b>	<b>\$4,290</b>	<b>-\$660</b>	<b>-\$572</b>	<b>-\$496</b>	<b>-\$430</b>	<b>\$2,133</b>
Non-ducted split system	\$2,000		2024-25	2025-26	2026-27	2027-28	2028-29	Total
		Baseline	-\$1,880	\$104	\$90	\$78	\$68	-\$1,540
		Policy	-\$1,100	\$0	\$0	\$0	\$0	-\$1,100
		<b>Savings</b>	<b>\$780</b>	<b>-\$104</b>	<b>-\$90</b>	<b>-\$78</b>	<b>-\$68</b>	<b>\$440</b>
Induction cooktop	\$2,000		2024-25	2025-26	2026-27	2027-28	2028-29	Total
		Baseline	-\$2,313	\$188	\$156	\$130	\$109	-\$1,730
		Policy	-\$1,375	\$0	\$0	\$0	\$0	-\$1,375
		<b>Savings</b>	<b>\$938</b>	<b>-\$188</b>	<b>-\$156</b>	<b>-\$130</b>	<b>-\$109</b>	<b>\$355</b>

(a) Typical price is based on market research from ACIL Allen Consulting. Prices are inclusive of installation costs as at 2024 and are rounded to the nearest \$500.