Australian Labor government scraps energy bill rebates

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Australian Treasurer Jim Chalmers has announced that the Albanese Labor government will axe its household energy bill rebates of $300 a year on December 31. This will further shift the burden of escalating energy costs onto working-class families, while protecting corporate profits and meeting financial market demands for fiscal "discipline."

It is also a foretaste of the wider cuts to social spending and public services to come in next Monday's Mid-Year Economic and Fiscal Outlook (MYEFO), as demanded by the corporate elite. Chalmers declared that the MYEFO would contain other "difficult decisions," adding "it's not a mini budget, but there will be savings."

In recent weeks, the government has increasingly outlined an austerity agenda. It has demanded across-the-board cuts of 5 percent from all federal public sector departments and agencies, the slashing of budgets for chronically underfunded public hospital budgets and deeper cuts to the National Disability Insurance Scheme (NDIS) and the government's main science agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

On energy bills, and across the board, it is the working class that is paying the price. Inflation data released last month showed electricity prices had jumped already by 37 percent in the past year, primarily driven by the termination of similar state government rebates.

Scrapping these temporary band-aids on the soaring prices for domestic electricity and gas services will intensify the cost-of-living crisis. It means inflicting even greater economic hardship on working-class households, which have suffered about an 8 percent fall in real income since Labor took office in May 2022.

Energy Consumers Australia (ECA) reported this month that almost one in five households is struggling to pay its energy bills, with renters and low-income people disproportionately affected, even with the subsidy schemes. ECA's December 2025 Consumer Energy Report Card found that 16 percent reported experiencing difficulties paying an electricity bill in the past six months, while 17 percent struggled with a gas bill.

In another report, based on recently released data from the Australian Energy Regulator (AER), the Anti-Poverty Centre, Parents For Climate and Sweltering Cities said 336,615 households were in energy debt in 2024, that is, enrolled in payment plans and hardship programs. The average value of these households' energy debt jumped by $219 last year to $1,367.

Chalmers' announcement, which was backed by the Liberal-National Coalition, further lifts the mask off the false promises of cheaper energy made by the Albanese government in the lead-up to the elections of 2022 and 2025.

Household bills are already hundreds of dollars higher than Labor's 2022 election pledge to cut power bills by $275 a year by 2025. For example, in New South Wales, the most populous state, some residents are reportedly paying nearly $800 more a year than the promised figure.

Facing growing discontent, the government introduced its rebate scheme in 2024, initially for one year, and then, ahead of this year's election, extended it to the end of 2025. These were pre-election manoeuvres. The federal government has spent an estimated $6.8 billion on power bill discounts, and the states another $3 billion.

The discounts took some of the edge off power bills while also artificially lowering the official inflation rate from a peak of near 8 percent. The latest Consumer Price Index results for October, however, show inflation resurging to 3.8 percent, up from 3.6 percent in September. Ending the rebates will only stoke that surge.

This also effectively rules out any foreseeable relief for over-stretched home mortgage holders via interest rate cuts by the Reserve Bank of Australia (RBA), which is officially committed to lowering inflation to below 3 percent.

Cynically, Chalmers claimed that the government was replacing the "temporary" energy bill relief with "ongoing cost of living help." He cited changes to the tax system, as well as to Medicare and the Pharmaceutical Benefits Scheme, claiming that "people can use that to help pay their electricity bills."

Chalmers said the government's income tax cuts would give the average taxpayer $50 a week "by one measure." This is a fraud. Most of the tax benefits are going to higher-income households, while doing nothing to alleviate the financial pressures caused by soaring mortgage interest rates, house prices, rents and other essentials.

For instance, for low-wage workers on $40,000 a year, Labor's income tax cut amounts to less than $14 a week, and is only to be fully delivered in 2027. That is about seven times less than the benefit received by the most affluent 4 percent of the population—those on $200,000 or more per year.

As for the claimed greater access to doctors without paying upfront fees under the Medicare insurance scheme, the latest statistics show that in the July to September quarter of this year, 10,000 fewer people a day saw GPs compared to the same period last year. The average "out-of-pocket" cost for patients was more than $50 above the Medicare reimbursement, taking visits to doctors out of reach for many working-class households.

The percentage of patients being "bulk-billed" without paying upfront fees, under Medicare has dropped under the Albanese government since 2022, from 88.5 percent to 77.5 percent, despite Labor's promises.

The energy bill crisis itself is rooted in the logic of capitalist markets:

• The corporate-controlled Australian economy remains substantially dependent on expensive and environmentally disastrous fossil fuels to generate electricity.

• The energy conglomerates reap high profits by exporting the vast majority of domestically drilled and produced gas, fuelling matching domestic prices.

• Ageing and unreliable coal electricity generators push up wholesale prices during outages while energy giants are not investing in renewables fast enough to replace them, squeezing supply and pushing up costs.

• The fallout from global events such as the US-NATO war against Russia in Ukraine has stoked prices and profiteering on world energy markets.

At the same time, corporations in the Australian domestic energy industry are extracting extraordinary profits from this crisis. For instance, Origin Energy's underlying profit for the 2025 financial year was $1.49 billion, a $307 million increase from the prior year.

AGL Energy recorded an underlying net profit of $812 million for the 2024 financial year, which was almost triple its 2023 result. Analysis by the Australia Institute think tank suggests that for every $100 of an AGL customer's electricity bill, $35 is profit, while only $12 is spent generating the electricity.

The profits are even greater for electricity generators and supply networks. The Institute for Energy Economics and Financial Analysis, an international NGO, estimated that electricity networks in Australia made $4.35 billion in "supernormal profits" in 2023 alone, that is, on top of the "reasonable" profit levels permitted by the official regulator, the AER.

The AER 2024 network performance report shows that the average profits extracted by network shareholders have risen to record levels. Electricity network returns on average exceeded 13 percent in the 2023 regulatory year, though in the most extreme example, equity holders of Endeavour Energy in NSW received a 34 percent return.

For working-class households, these profits translate into hundreds of dollars added to annual bills while governments at all levels, both Labor and Liberal-National, subsidise corporate returns.

This assault shows the necessity for the fight for a socialist program, including public ownership and democratic working-class control of the energy system, with investment directed to affordable, renewable power rather than corporate profit and war industries.

That means a broader struggle against the Labor government and its industrial police forces in the trade union apparatuses. Having boasted of already "finding $100 billion in savings" in their first three years in office since 2022, the government is seeking to meet the demands of the corporate elite for deeper social spending cuts, while pouring hundreds of billions of dollars into the AUKUS pact and other military spending in preparation for war.