

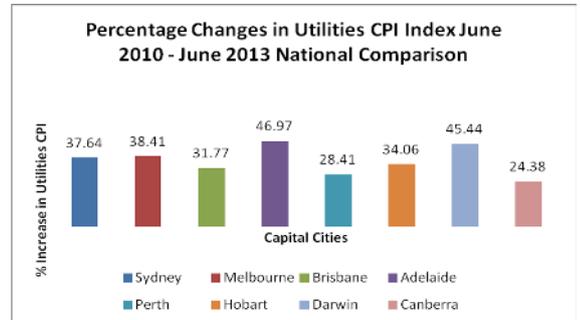


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Utilities prices rising much faster than inflation in the NT

The first NT *Cost of Living Update*, released earlier today by the Northern Territory Council of Social Service reveals that in the past three years, utilities prices in Darwin have risen faster than all other capital cities, bar Adelaide – where the rate of rise is almost the same.

Since mid 2010, the Consumer Price Index (CPI) for utilities has risen by 45% in Darwin, compared with 47% in Adelaide (see graph). Most of this increase in Darwin has been driven by the rises in water and electricity costs, with utilities rising at a much higher rate than the general CPI for Darwin (8.7%) over the same period.



Darwin households are spending more on electricity (\$51 per week) than households in other Australian capitals and the third highest on water (\$16 per week). “These trends are of great concern to NTCOSS, as the cost of living in the NT is already high, and utilities prices hit lowest income households the hardest”, stated Mr Jonathan Pilbrow from NTCOSS. “Being Anti Poverty week, it is an important issue to highlight”.

“Looking at expenditure on utilities is really important because the bills are large, lumpy costs which are increasing at a rate that makes budgeting very difficult. We also know that households in the lowest income quintile spend one and a half times as much on utilities (3.0+%) than those (1.93%) in the highest quintile. Obviously any increases hit those with the least ability to pay, hardest”, said Mr Pilbrow.

“Utilities bills are a major driver of financial hardship, because they are not a regular weekly expenditure, and are large when they do come - often leading to “bill shock”, especially in recent times as they have gone up considerably. It was alarming to find that Territory households are some of the hardest hit in the country, now spending an average \$187 per quarter more on utilities, than they were a year ago.”

“While many Northern Territorians are currently enjoying the benefits of a strong economy, there are others for whom making ends meet can be a struggle – particularly in relation to their energy bills. There is an urgent need to take action to provide relief to struggling households”, said Mr Pilbrow.

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The inaugural NTCOSS ‘Cost of Living’ Report is proudly sponsored by the Community Business Bureau



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Report Recommendations:

1. Provide mechanisms to enable low income households to improve energy and water efficiency. This could take a number of forms and include initiatives such as:

- Incentives for private and public housing landlords to improve energy and water efficiency; and
- The establishment of low-interest loans and/or more rebates for solar power, solar hot water - which need to be targeted in a way to be accessible to low income households.
- Access to information, education and workshops to enable households to take control of their energy and water usage, including increasing the ability of tenants to advocate to landlords to report damage that may contribute to higher living costs. This could also include education for landlords.

2. Research and trial potential market reforms that create incentives for the provision of water and energy service models. The development of partnerships with utility providers, appliance retailers and finance companies to create bundled water and energy services that improve affordability could be one way to move forward in this area. For example, the development with the Power and Water Corporation, an appliance retailer and a credit union working jointly to provide a 'bundled refrigeration service' consisting of an energy efficient fridge with electricity and maintenance, all for a fixed cost per month.

3. Ensure all Territorians eligible for utilities concessions can access those concessions

The development of better marketing of and support for customers, including prepayment customers, to access concessions they may be eligible for is critical. This would need to include information and resources in language – both oral and written.

4. Research on the expenditure patterns of households who use pre-payment meters. The Household Expenditure Survey (HES) data for electricity does not disaggregate for standard meters vs prepayment meters. It is important to determine if there are significant differences in expenditure patterns by prepayment customers which might adversely impact on low income households in the Territory. This would help determine if there are any differences as a result of climatic conditions (in remote areas), household composition, and types of housing, comparing prepayment meter users with standard meter users.

5. Consumer Advocacy resourced in the NT. If disaggregation occurs as a result of Government decisions around the splitting up of the Power and Water corporation, funding for consumer advocacy must be established to ensure the necessary consumer protections are put in place to accompany such reforms. Such advocacy would include incorporating consumer perspectives on network price determinations (transmission and distribution), and consumer engagement in the power of choice recommendations relating to the introduction of smart meters, amongst other measures, to find the best solutions for the Northern Territory. The electricity industry is well resourced to provide their perspective on the myriad of issues in the energy space, but it can be easy for consumer interests to be overlooked. The consumer must have a legitimate voice.

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