



## MEDIA RELEASE

### 30 June 2015

#### **NT concessions not keeping pace with price changes: Review Required**

**EMBARGOED UNTIL 1 AM TUESDAY 30 JUNE**

A new report by the Northern Territory Council of Social Service shows that a number of concessions, designed to ease cost of living pressures, are simply not keeping pace with price increases, with their value being eroded over time. Prices in nearly all areas of expenditure examined rose faster than the CPI, and much higher in most instances.

The 8<sup>th</sup> NT *Cost of Living Report*, released today, examined concessions made available to selected eligible households, by the Territory and Commonwealth Governments. The analysis shows that despite concessions, “people are now paying more on utilities bills, taxi fares and motor vehicle registration fees than they were five years ago”, according to Mr Jonathan Pilbrow, Policy Advisor for NTCOSS.

Despite electricity and water concession rates increasing each year, the real monetary value of these concessions has actually been eroding. While the Patient Assistance Travel Scheme (PATS) has had recent generous increases, the way the PATS concessions are structured, means there will be a lag, followed by the need for the concessions to again catch up with rising costs in the future.

In other instances, such as the motor vehicle registration concession, no increase has occurred in nearly six years, despite the price of registration increasing by over 20% at the same time. “These situations are continuing to make the cost of living unaffordable for many Territorians”, stated Mr Pilbrow.

In addition, the concession framework for the NT is not equitable, as some low income households are excluded from some concessions – e.g. Commonwealth Health Care Card holders are excluded from utilities concessions (one of only two jurisdictions in the country that excludes them), while households who receive higher incomes can access the concessions.

Concessions can be complex for some people to navigate, with different models of concessions, different indexation processes and some people unaware of their entitlements. “All concession areas require regular reviews and regular indexation mechanisms in place to ensure they keep up with cost of living changes, and do not leave vulnerable Territorians worse off”, stated Mr Pilbrow.

With the value of some concessions being eroded, “NTCOSS believes it would be timely to have a comprehensive review of all concessions in the NT - to work towards a more equitable and adequate concessions system”, stated Mr Pilbrow.

Even with the encouraging generic CPI figures (inflation in Darwin, being the lowest rate in 15 years for a 12 month period (0.8% ending March 2015), CPI figures can mask price changes in some areas, and the impacts experienced by some regions or sectors of the population.

“It is critical to look at price trends over the longer period, and examine how the concessions set up to ease cost pressures in these areas are tracking in comparison”, stated Mr Pilbrow.

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**Summary Table: Comparison of Cost of Living Changes and Selected Concession, 2010–2015**

Cost of Living Expenditure Area	Darwin CPI % change	Relevant Income Assistance/Concession	Payment % change	Indexation Method/Frequency
Housing	<b>19.9%</b>			
• Rent	<b>21.0%</b>	Commonwealth Rent Assistance – single no children single 1-2 children	<b>14.1%</b> <b>13.9%</b>	Increased in line with CPI twice a year
Utilities	<b>53.3%</b>	Commonwealth Utilities Allowance	<b>13.9%</b>	Increased in line with CPI twice a year
• Electricity – Standard Meters	<b>45.6%</b>	NT Electricity Concession (based on household electricity usage of \$6092 kW/h per year)	<b>55.9%</b>	Updated yearly in line with utilities price increases (or more frequently if price increase occurs)
• Electricity - Prepayment Meters	<b>45.6%</b>	NT Electricity Concession (Prepayment Tokens)	<b>115.1%</b>	
• Water & Sewerage	<b>87.7%</b>	NT Water Concession (based on household water usage of 270 kL per year)  NT Sewerage Concession Daily rate	<b>102.1%</b>  <b>153.7%</b>	
Transport	<b>10.5%</b>			
• Fuel	<b>-0.75%*</b>	PATS Fuel Subsidy	<b>33.3%</b>	Increased periodically when PATs is reviewed
• Urban Transport Fares	<b>27.9%</b>	NT Taxi Subsidy Scheme	<b>4.07%</b>	Indexed in line with CPI every 2 years
		Commonwealth Mobility Allowance	<b>31.7%</b>	Indexed in line with CPI once a year
		PATS Ground Travel	<b>25.0%</b>	Increased periodically when PATs is reviewed
Motor Vehicle Registration	<b>21.3%</b>	Motor Vehicle Reg Concession	<b>0%</b>	No increase since 2009
Domestic Travel Accommodation – Darwin - Adelaide	<b>29.7%</b> <b>15.2%</b>	PATS Accommodation subsidy - Commercial Accommodation - Private Accommodation	<b>71.4%</b> <b>100.0%</b>	Increased periodically when PATs is reviewed
Pharmaceuticals	<b>0.2%</b>	Commonwealth Pharmaceutical Allowance	<b>3.3%</b>	Increased marginally every 3 years
CPI – All groups Darwin	<b>13.5%</b>			

*For sources and details of calculations – see Cost of Living Report No.8*

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