



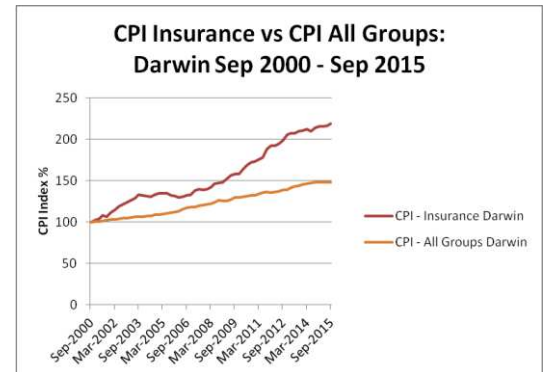
Low CPI does not Insure against High Costs of Living in the NT

A new report by the Northern Territory Council of Social Service highlights that far too many Territorians face rising insurance costs, despite the generic CPI for Darwin being low over the past year.

The 10th NTCOSS *Cost of Living Report* released today reveals that Insurance prices in Darwin have risen rapidly over recent years, rising at a twice the rate of the generic CPI for Darwin for the last 15 years, according to Mr. Jonathan Pilbrow, Policy Advisor, NTCOSS.

“These price rises add to the already high cost of living for Territorian households. For households who pay for insurance, they are now paying nearly \$1500 more per year, on average, than they were in 2009”, after insurance CPI rises of 38.4% in this time”

Over the last year, insurance costs in Darwin rose by 2.3%, at a rate nearly six times the rise of the generic rate of CPI for Darwin (0.4%), and higher than the national rate of rise in insurance costs (1.6%).



Since 2009-10, Darwin has gone from having the 6th highest average household expenditure on insurance to the 3rd highest out of all capital cities – around \$103 per household per week. These price rises have occurred around the same time as a number of catastrophes such as floods and bushfires around Australia.

Some households will have stopped paying for insurance however, because the prices are too high. “Rising insurance prices create a financial barrier for low income households to take up or maintain insurance options, increasing their vulnerability to the impacts of life events like unexpected illness, accidents, or natural disasters”, stated Mr. Pilbrow. It is concerning that it is low income and disadvantaged groups who suffer the worst outcomes when extreme weather events occur.

The Cost of Living Report highlights, disturbingly, that insurance is largely the domain of more affluent households. “The higher one’s household income is the more insurance cover people have, while people on low incomes face ‘Insurance Exclusion’” stated Mr. Pilbrow. This contributes to a widening of the gap in terms of financial and health and wellbeing, between those who are well off and those who are not.

With climate change and the increasing incidence of extreme weather events leading to more challenges – the insurance system must be made more accessible to protect the needs of vulnerable Territorians.

One immediate strategy to assist low income Territorians would be for the NT Government to establish regular indexation for the NTPCCS motor vehicle registration concession, to ensure it keeps up with rising registration and insurance costs. In addition, NTCOSS calls for the removal of disincentives to insurance, such as taxes and levies applied by the states and territories, as part of a national reform process.

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Report Recommendations:

Recommendation 1 Removal of Disincentives to Insurance

That both the Northern Territory and Commonwealth Governments:

1.1 Adopt Recommendation 4 from the 2013 Senate Environment and Communications References Committee that disincentives to insurance, such as taxes and levies applied by the states and territories, should be removed as part of a national reform process.

Recommendation 2: Concession on Motor Vehicle Registration (and Insurance) Costs. That the NT Government:

- 2.1 Review¹ the NTPCCS Motor Vehicle Registration Concession and implement regular indexation system, so that it can keep pace with rising living costs.
- 2.2. Extend the Motor Vehicle Registration Concession to all Health Care Card Holders

Recommendation 3: Increase Income Support Payments. That the Commonwealth Government:

3.1 Increases Newstart and other base level allowances (e.g. Youth Allow, Widow's Pension) by \$50 per week

Recommendation 4: Increase Expenditure on Risk Mitigation. That the Commonwealth and NT Governments:

4.1 Increase the proportion of spending on risk mitigation initiatives relative to post disaster recovery and reconstruction

That the Commonwealth, state and territory governments implement Recommendation 8 from the SSCEC (2013)

4.2 Ensure that all facilities caring for vulnerable groups, in particular hospitals, schools, childcare and aged care facilities, have emergency plans, relevant to their geographic settings, in place and regularly revised

¹ NTCOSS believes this recommendation should form part of a comprehensive review of the whole concession system in the NT, as per Rec 6.1 in the NTCOSS Cost of Living Report No. 8 (July 2015) for the NT Government to: "Undertake a comprehensive review of all Territory based concessions to determine if the concessions are meeting the aims for which they were established, i.e. reducing cost of living pressures for lower income Territorians; and establish a consistent approach across all concessions in terms of reviews and indexation methods."

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