



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

12th Assembly

Committee on the Northern Territory's Energy Future

Public Hearing Transcript

10.30 am – 11.00 am, Friday, 28 November 2014

Litchfield Room, Level 3, Parliament House

Members: Mr Gary Higgins, MLA, Chair, Member for Daly
Mr Gerry Wood, MLA, Deputy Chair, Member for Nelson
Mr Nathan Barrett, MLA, Member for Blain
Mr Gerry McCarthy, MLA, Member for Barkly

Apologies: Mr Francis Kurrupuwu, MLA, Member for Arafura

Witnesses: **NT Council of Social Service Inc**
Mr Jonathan Pilbrow: Policy Advisor

Mr CHAIR: On behalf of the committee, I welcome everyone to this public hearing on electricity pricing options. I welcome to the table via the video link to give evidence to the committee people from the Northern Territory Council of Social Services, Mr Jonathan Pilbrow the Policy Officer. That is you, Jonathan is it not?

Mr PILBROW: That is correct, thank you.

Mr CHAIR: Thank you for coming before the committee. We appreciate you taking the time to speak to the committee and look forward to hearing from you today.

This is a formal proceeding of the committee and the protection of parliamentary privilege and the obligation not to mislead the committee apply. This is a public hearing that is being webcast throughout the Assembly's website. A transcript will be made for use of the committee and may be put on the committee's website.

If, at any time during the hearing, you are concerned what you will say should not be made public, you may ask the committee to go into a closed session and take your evidence in private. I will ask each witness - which there is only one - to state their name for the record and the capacity in which they appear. I will then ask you to make a brief opening statement before proceeding with the committee's questions.

Could you please state your name and the capacity in which you appear. Then would you like to make an opening statement, Jonathan?

Mr PILBROW: Yes, thank you. My name is Jonathan Pilbrow and I am currently employed as a policy advisor on a short-term contract basis with NTCOSS for a three-month period.

Mr CHAIR: Would you like to make an opening statement?

Mr PILBROW: A brief opening statement: NTCOSS appreciates the opportunity to contribute to this submission process. We think electricity pricing is a vital issue. We believe there is a real opportunity for the Northern Territory to learn from what other states are doing. We believe there are opportunities to look at new ways of doing things, particularly with renewable energy. From the perspective of NTCOSS, we are particularly concerned about low-income and disadvantaged Territorians. Our submission was slanted in that way to highlight the needs they may face in any change in the pricing regime for electricity, and we are particularly concerned that any transition process to a new scheme takes into account the needs of vulnerable Territorians.

Mr CHAIR: Is that all?

Mr PILBROW: Yes.

Mr CHAIR: Thanks for that. Jonathan, can you see everyone's name on the screen so you know who we all are?

Mr PILBROW: I cannot read any names on the screen.

Mr CHAIR: Okay, I will quickly introduce myself. I am Gary Higgins, the member for Daly. I am the Chair of this committee. On my right I have Nicole Manison, the member for Wanguri, and then Mr Gerry McCarthy, the member for Barkly. On my left I have Julia, our secretary and the most important person at the table. Next to her is Nathan Barrett, the member for Blain, and then Gerry Wood, the member for Nelson.

Mr PILBROW: I cannot see either Gerry McCarthy or Gerry Wood.

Mr CHAIR: I will get them to move in a bit. Could you let us know when you can see them so you feel a bit happier? Is that better?

Mr PILBROW: Yes, that is great. I can see everybody's face, thank you.

Mr CHAIR: In your submission you note the importance of ensuring that any changes to electricity tariffs or metering technology is accompanied by a comprehensive community engagement and education strategy. We discussed that this morning with both Power and Water and Jacana Energy. How would you rate the public's understanding of the impact of their energy use habits on supply schemes?

Mr PILBROW: NTCOSS has not canvassed the public. We have not had the capacity to do that, but from my own sense as a householder I am aware that change has happened. People have been aware, at a broad level, that there was a split in Power and Water and people started to get two separate bills. Beyond that I am not sure there would be a fantastic understanding amongst the general public.

In this submission we are highlighting if there are to be further reforms and significant changes to any pricing regime it is critical there is community engagement and people understand fully. I think a lot of them do not really understand how their electricity bills work at the moment. If there are to be further changes it is critical they are clearly communicated.

We also have cross-cultural issues, language issues and remote issues so it would need quite a comprehensive plan to make sure the needs of all Territorians were addressed in that communication.

Mr CHAIR: In regard to that communication, something that came out this morning was we are going tariffs based on the time of day. They also spoke about some of the technology people would then have to use to take advantage of that, which would be washing machines starting at a certain time at night. Presumably that technology will not become easily available to people you have concerns about.

Mr PILBROW: No, and I think an important thing we will be looking at is what strategies can be put in place, as well as incentives for households to take on board new technologies and more energy-efficient technologies. As well as an education campaign there will be a significant issue around people's ability to afford to have those items. I am not sure if other states have some innovative ways of doing that, but I think there is an opportunity for this to be a gradual and planned process so we can make sure if those technologies are needed we can make them accessible to people.

I know one of the states has smart meters where a lot of information is fed to households around their energy usage and around the way particular appliances use electricity. I am not sure if there has been discussion about use of smart meters, but there is certainly an opportunity for them to provide information to household consumers if the NT is looking at progressing that way.

Mr CHAIR: In your submission you spoke about the Victorian Council of Social Services voicing its support for the Victorian government implementation of flexible pricing. Can you provide a very brief summary of that. Then I will hand you on to Mr Wood.

Mr PILBROW: Briefly - and it is on page 8 of our submission – we made the point that flexible tariffs were optional; they were not mandatory. It was really important that households have the opportunity to choose whether they took the flexible pricing option. Customers who wanted the continued flat tariff system could continue with that. There was a safe trial period so customers could revert back to the fixed flat tariff if they thought the flexible regime was not working for them during that period. I think it was about two years they had that safe trial period in place. There was no penalty for switching back, so there were no closure fees to leave one system to go into another, etcetera.

They also put in additional customer protections. Yes, for a number of reasons, VCOSS supported the way the Victorian model was implemented. Yes, I am sure there would be an opportunity to talk with them or others in the Victorian electricity game around how they implemented that. I have not seen it firsthand, but from reading and getting information from VCOSS, this approach was supported by the AEMC. AEMC supports the introduction of more efficient and flexible retail energy pricing for residential and small business.

One of the points made is there will always be winners and losers, and some people are not going to know exactly how they are going to fare in a new system until they can try it. The opportunity to try it without penalty is something worth taking note of, which the Victorian model provided for.

Mr WOOD: Jonathan, Gerry Wood here. You have answered most of my question there, except when we talk about the most disadvantaged. We are obviously talking about Aboriginal people, especially those living in the outback. The cost of producing electricity in many places is very high, because it is sometimes based on diesel generation. Many of those people have to use a card to get their electricity. They swipe their card into the meter. Where do you see the chances of those people being able to fit in with some flexible tariff? Basically, their cost is held by what is the amount of money in that card.

Mr PILBROW: That is correct, but at the moment they are charged a fixed rate of consumption in kilowatt hours regardless of what time of day it is. If there was a flexible regime it would mean that if people were using appliances between 8 pm and 6 am they would be charged a different rate. I imagine the technology is there to apply a flexible pricing regime, whether it is a card meter system, a traditional system or a new smart meter. Does that answer that question?

Mr WOOD: I was just wondering how it was going to work in practice. I suppose that is not necessarily your area. Whilst I agree if people are educated enough to be able to use power at the cheapest time, the other issue for

many Aboriginal people would be simply to understand what we are talking about. There would need to be, I imagine, a fair bit of education in this regard.

Mr PILBROW: On page 21, I refer to the B-box model which has been developed by Bushlight right here in Alice Springs in Central Australia. That provides a very visual indicator to households. They can pre-set an amount. They can average out what it costs per day, per week to use electricity and they pre-set that amount on this B-box. Over the course of the day, it shows how much money they have left. If they set a cap of \$5 or \$7 for the day, it shows them how much they are using and how much money is left in the system.

It does not actually cut out when they use that money, it is an indicator. If they have \$40 pre-paid on the system and they pre-set it to have \$5 used a day and they use \$6, they can still use that. It comes off the \$40. But it is showing them on a daily basis, visually, so anybody - young children, household members - can read that.

It is about exploring what technology is out there and using that as an educative tool. Also one of the critical issues is remote communities. With vulnerable populations anywhere an issue is their ability to access, because of price, energy-efficient appliances. For me that is the really critical issue. I think the technology is there for a flexible pricing regime, but it is about making sure we can get affordable, efficient appliances into households in remote Northern Territory. That is the issue.

One of the things we talk about is the need for incentives for landlords to install solar systems, or incentives for consumers to access household appliances, whether that is low interest or no interest loan schemes, I am not sure but I think we need to explore that as part of this process of looking at any new pricing regime.

Ms MANISON: Education is a huge factor, and I was interested to hear you speak about Bushlight and the work it has done. Looking at devices that can drive efficiency of electricity and water use in households, Alice Springs has delivered programs over the years targeting household consumption of energy and water such as Alice Water Smart, and COOLmob was there for some time.

For the clients NTCOSS represents, are there any particular water and electricity efficiency programs that have been good models in the past and we should look at rolling them out in the future because they have worked well with education and reducing usage? Are there programs for the future that we should look at?

Mr PILBROW: Yes, and on page 22 of our submission we refer to the Town Camp energy efficiency project which was part of the Alice Springs Solar City initiative. That saw the installation of energy efficient measures in 61 Alice Springs town camp homes. It was installation of low energy lighting, canvas curtains, insulation, door seals, timer controls for solar hot water systems and stoves, and evaporative air conditioners and radiant heaters with timers.

It was really about targeted measures to make homes warmer in winter, cooler in summer and cheaper to run. That was successful, with temperatures decreasing by an average of four degrees in summer and increasing by two to four degrees in winter.

It was cost intensive - \$760 000. The Alice Springs solar city contributed towards the total \$2.4m energy efficient upgrade. The reality is these things cost money. It is about how we allocate the funding in the right space.

There is recognition those town camp houses, through no fault of any of the people living there, did not have a number of the thermal aspects that would contribute towards cooler temperatures in summer and warmer temperatures in winter. A number of these things were installed retrospectively. I like that program and it is one the committee could look at although it has now ceased. It was implemented between 2008 and 2010.

There is also currently the Lower Income Energy Efficiency Program running in east Arnhem Land. There are 11 of these programs around the country and one specifically in Arnhem Land. That is designed to help low-income Australians make their homes more energy efficient. The activities would include retrofitting low-income houses with energy efficient appliances, installing in-home displays, providing financial training and brokerage assistance and engaging specific target groups, such as workers on low incomes or Indigenous communities, in their own language through peer training. That is quite similar to the town camp project.

The point I touched on earlier is it would be great to see some incentives for landlords to improve the energy efficiency of homes. The reality is they are not a short-term gain for landlords, particularly if we are not wanting them to increase the rent. For example, the town camps were installing canvas curtains, door seals and low energy lighting. The question is do we put that cost on to the consumer, who is on a low income and disadvantaged and marginalised, or do we look at incentives for landlords to install a number of these things, whether it is tax breaks, direct incentives or subsidies for them to allow that to happen over a period of time so we can improve the stock of housing thermal efficiency across the board.

We all recognise the difficulties that remote communities face and the poverty that many communities face, and people's struggles on a day-to-day basis just to put enough money on their power card, let alone going out and buying the latest efficient fridge or installing new curtains etcetera.

Mr CHAIR: What is NTCOSS's view on the applicability of electricity concessions currently available to Territorians?

Mr PILBROW: We think this scheme is quite a generous scheme because it applies to both the fixed and variable price aspects of electricity usage. While there have been some recent changes in eligibility, but broadly we would say that it does target those who are most in need. There are a number of models across the country.

When I have been speaking with people in Victoria, they suggest it is probably worth the Northern Territory looking at the Victorian model. I will admit I am not over-familiar with it, but it is a flat 17% concession rate they charge.

If we are looking at a potentially new pricing regime, new systems, smart meters and those other things, it is probably timely to also look at whether we are getting the concessions right. As I said, we have a pretty good scheme, but there is still no reason not to look at what other schemes are and whether there is a better way we can provide concessions and make sure they are always going to be targeted to those who are most in need.

Mr McCARTHY: Hi Jonathan: just a bit of information trade. Thank you for the submission, particularly the areas that deal with regional or remote areas and the pre-payment customers. To lend weight to the NTCOSS lobby, it has become now very much an issue of food security and links to a public health concern.

What I have seen in the last 18 months, with increase in electricity pricing, the regional remote customers are having more difficulty dealing with that on a fixed income. This is directly affecting their food security with the fridge literally going on and off, on and off, and spending time with no power. That is a direct link to the potential of a severe public health issue.

I thank you for your information and I would like to share that with you because that is something government needs to be very aware of.

Mr PILBROW: You have raised a really important point. Interstate there is some scepticism around the use of the card meters, but I also think, at the same time, there is a lot of acceptance from Aboriginal people on remote communities and in urban centres. They like the fact that they can control their usage to a degree.

What we have is effectively hidden disconnections. It does not turn up as a pink bill saying, 'You have not paid your bill, you have been disconnected', it is disconnected because people do not have the money to get another card and put that into their system. So we have that very concerning situation where people's appliances may be going on and off, particularly with food in fridges. That is a real issue.

I only very briefly touched on the use of pre-paid meters. It is not an area that NTCOSS has delved into extensively but it is an issue we need to look at. We need to look at ways we can avoid those disconnections.

I know there is a reserve on cards so if people do not have enough money, there is \$5 or \$10 reserve on the card so the appliances can keep going. We need to look at a more sustainable system. Part of that is education and part is about some of the technology that may be able help people see how their consumption is going, how it is changing at different times of the day. If we can address that critical issue of people's power going off - because remote community is using a prepaid system - that is a critical issue.

Mr McCARTHY: Jonathan, on that, the \$5 debit you incur catches up with you. When the friendly local member comes along and purchases the \$10 power card, \$5 is immediately deducted off when you jam it in the machine.

Mr PILBROW: Yes, and it is a critical issue. With the increase in prices, a number of the people I know end up buying - they want \$20 power cards because the \$5 or \$10 does not stretch too far.

Mr CHAIR: Thanks for that, Jonathan. Is there any other issue you would like to highlight before we finish?

Mr PILBROW: I relied quite heavily on the experience of some experts in Victoria and South Australia. Gavin Duffy, from St Vincent de Paul, has done extensive work over the last 20 years. Also, Andrew Nance is a consultant in South Australia.

I urge the committee, and know you will be doing it already, to look at systems in other states where we can learn from what they have gone through. We can probably save a lot of time, effort and money by looking at some of the successes and failures in other states. Also, considering the small nature of our jurisdiction, if we were to move to competitive pricing - even in Victoria they talk about in regional country areas it is often not that sustainable and they end up with, say, two retailers in the market rather than the 10 or 12 that Melbourne or Adelaide may have. We need to look critically at the population base of Northern Territory and whether we have the market capacity for opening up the retail market fully and what flexible pricing will mean, particularly for vulnerable Territorians.

I know both Andrew and Gavin would be more than happy to talk to any of the committee members, and they have made their time available to NTCOSS very generously. We do not particularly see ourselves as experts in this area and found it a complex and detailed submission to make. I hope what we had put forward can be a catalyst for further thinking and highlighting some of the lessons from around the country that we can take on board.

Mr CHAIR: Thank you very much for your time today. We will probably talk again.

Mr PILBROW: Thank you very much. Have a good day.