GETTING POWER AND WATER BACK ON TRACK

November 20th, 2012

Long term financial security, the capacity to plan for essential infrastructure upgrades and a reduction in the Northern Territory’s overall debt burden are at the heart of utility tariff increases announced by the Government today.

Chief Minister, Terry Mills and Treasurer Robyn Lambley said the tariff increases are needed to enable the Power and Water Corporation to survive.

The previous Labor Government ignored repeated warnings from the Corporation’s Board that utility price increases were essential.

Power and Water’s 2011-12 Statement of Corporate Intent (SCI) identified an annual revenue shortfall of between $60million-$80million and the 2012-13 SCI also advised of the need for ‘significant revenue increases’.

“That lack of political courage by the former Treasurer and now Leader of the Opposition has led to these price increases,” Mr Mills said.

“The Country Liberals Government is determined to transform Power and Water into a position of commercial sustainability so Territorians are not constantly propping up the Corporation and bank-rolling revenue shortfalls.”

The increases announced today and which take effect from January 1st, will see a one-off 30% increase in the price of power, 40% increase in water and 25% increase in sewerage charges.

This will see increases in average electricity bills for residential customers ranging from $9 to $19 per week and around $70 per week for small businesses. Water bills will increase on average from $5 to $17 a week for residential customers and around $40 per week for small businesses and sewerage bills will increase by around $3 a week for residential customers and $40 a week for small businesses.

Pensioners will pay only half the set tariff increases and the Community Service Obligation will remain unchanged.

Territorians currently pay the country’s second cheapest power and water tariffs. Under the revised tariff structure the Territory’s electricity and water charges will be in line with the national average.

In addition to the tariff increases, Power and Water has identified savings averaging $82million a year over the next five years that will also contribute to the overall improvement of the Corporation’s financial situation.

An independent review of the Territory’s finances identified that Power and Water was responsible for almost 40% of the Territory’s overall debt.
PWC’s debt at the end of 2011-12 was $1.198 billion and is projected in the 2012-13 Statement of Corporate Intent to increase to $1.963 billion in 2015-16.

The revised tariffs and expenditure deferments will see about $390 million slashed from the Corporation’s debt position by 2015-16.

Labor embarked on a debt for equity swap which saw Power and Water effectively gifted $300 million by Territory taxpayers which did nothing to improve the Corporation’s financial position in the long term.

“This situation was clearly untenable and unsustainable and the previous Labor Government knew this,” Mr Mills said.

“I deeply regret having to increase tariffs and understand the impact these increases will have on all Territorians, whether they run a household, business or Government department.

“Every Territorian knows the importance of balancing their budgets and over recent years Power and Water Corporation’s poor financial situation has seen it labouring under levels of debt and interest repayments that are simply unsustainable.”

Treasurer Robyn Lambley said utilities prices would have increased regardless of which Party won the last Territory election.

“In April 2011, former Treasurer and now Opposition Leader Delia Lawrie committed to tariff increases after the 2012 election,” Mrs Lambley said.

“More recently the Opposition Leader has forecast power price increases of 50%, a level we have been able to avoid by identifying savings within Power and Water’s existing budget.

“Labor’s approach was to put electoral expediency first, Power and Water’s financial viability and the Territory’s budgetary responsibilities a distant second.

“The revised tariff increases are projected to see more than $160 million injected into the Corporation by the end of financial year 2013-14.”

Mrs Lambley said the increased revenue flows into Power and Water will allow the organisation to plan for long term infrastructure upgrades.

“PWC’s financial situation does not reflect on the employees who I know work extremely hard to maintain services for all Territorians, no matter where they live,” she said.

“Power and Water employees and Territorians have been badly let down by the previous Labor Government and the Country Liberals are determined to ensure the Corporation is placed on a stable financial footing to allow for growth into the future.”

Media Contact:
Camden Smith 0488 588 754