

MEDIA RELEASE

Friday 26th June 2009

Shock Gas Price Hike

The Western Australian Council of Social Service (WACOSS) is shocked at last night's announcement of a 23% increase in gas prices.

This increase will result in the average household gas bill increasing from \$429.00 in 08/09 to \$528.00 in 09/10. This is an increase of nearly \$100.00.

"WACOSS is very concerned as we felt that people were already going to struggle with what we expected would be a 9% increase in gas prices", says WACOSS CEO, Sue Ash.

According to the annual performance report of gas trading licences to the Economic Regulation Authority (ERA), the rate of disconnections in 2007-08 in WA was almost six times higher than that reported in Victoria.

"This is of concern to WACOSS as it means a significant number of WA households went without access to gas needed for essential applications such as cooking, heating and bathing," Ms Ash said.

From 1 July 2009, gas retailers will be required to comply with a Code of Conduct, pending approval of the Code by ERA. A Code of Conduct will require gas retailers to develop appropriate financial hardship policies.

"While the development of financial hardship policies will go a long way towards assisting people who will struggle as a result of this gas price hike, WACOSS argues that price rises should be introduced far more gradually with a longer, smoother glide path, rather than large increases which cause price shocks and tend to increase disconnections" says Ms Ash.

"In addition to this, WACOSS argues that a social impact assessment should be undertaken in considering how to appropriately structure and develop gas prices for different classes of consumers, particularly those on low-incomes" Ms Ash said.

For further comment:
Sue Ash, WACOSS CEO
0411 723 394

Attachment

The following graph has been drawn from WACOSS's *Rising Cost of Essential Services Paper*, and revised to take in account the 23% increase in gas tariffs for 09/10. The graph shows a 41% increase in gas prices from 2003/04 to present.

The graph also includes a future pricing scenario, which predicts a further 44% increase in gas tariffs from 2009/10 to 2013/14.

Cost Trends for Essential Services 2003/04 to 2013/14

