



## THE GOVERNMENT OF NORFOLK ISLAND

### MEDIA RELEASE

#### **Electricity tariff**

At the Norfolk Island Legislative Assembly meeting on 15<sup>th</sup> March, The Minister for Finance, the Hon Ron Nobbs MLA, formally advised that it was intended that the price of electricity will be increased by three cents per unit from the commencement of the April – June quarter next.

Mr Nobbs said that as the community was aware, Mobil has serviced the Island's fuel requirements by provision of supply by tanker to its facility at Ball Bay. In the past a fuel price was provided by Mobil and the electricity tariff was set largely on fluctuations in the price of fuel, as it was by far the dominant input cost.

The Minister said that Mobil have indicated that they intend to withdraw from their current commitment and are negotiating with another company to buy the Mobil facilities on Norfolk Island. This new arrangement would see the new company purchase fuel, ship it to Norfolk Island and hold it, in what were Mobil facilities at Ball Bay. Mobil also indicated last week that it was withdrawing from past arrangement for supply of fuel to the power station, and that a local distributor has taken over their role.

"The price increase has been so significant that the electricity undertaking is unable to absorb the increase", Mr Nobbs said. "Merely to cover the fuel cost rise there is a need to increase the electricity tariff by three cents to 47 cents per unit. It is interesting but really frightening that the **fuel** cost alone to generate a unit of electricity in 2006 is only marginally less than the **total** cost charged to consumers per unit of electricity in 2000, a mere 6 years ago".

Mr Nobbs said that the Government was looking closely at alternative energy options. While each new technology had some drawbacks, the growing cost of diesel-generated electricity meant that all alternate options needed close consideration.

Ron Nobbs  
**Minister for Finance**

17<sup>th</sup> March 2006