



THE GOVERNMENT OF NORFOLK ISLAND

MEDIA RELEASE

High world fuel prices cause increase in electricity tariff

Minister for Finance Neville Christian said today that substantial increases in world fuel prices had resulted in much higher costs of diesel fuel to the electricity powerhouse. He said that, as forecast in his public announcement on 6th July, this would result in higher charges to electricity users. Mr Christian said that the previous increase in diesel prices had been absorbed by the Electricity Undertaking and had not resulted in a rise in electricity prices. This would not be possible on this occasion due to the size of the rise in landed cost of diesel.

The Minister announced that the new electricity tariff would be 54 cents per unit, effective on and from 1st November 2007. The Electricity Undertaking will be conducting meter readings in the near future, and prices will adjust after completion of that task.

Mr Christian said that electricity was not subject to Goods and Services Tax. As well, fuel price rises were considerably less than they would have been under the old fuel import arrangements, since customs duty and road levy had been removed from the pricing formula.

Electricity prices would be reviewed again following arrival of the next fuel tanker, but Mr Christian was hopeful that the strong Australian dollar and trends in world oil prices might moderate any possible increases at that time.

Neville Christian
Minister for Finance

24th October 2007