

MEDIA RELEASE

January 31, 2025

ELECTRICITY PROVISION AND PRICING SPARKS DISCUSSION

A recommendation to amend electricity supply charges at the January Norfolk Island Regional Council meeting sparked discussion from the incoming administrators and resulted in an increased daily charge, albeit lower than the proposal from management.

The Council report recommended the daily supply charge change from \$0.90 per day to \$1.48 per day, and the introduction of a temporary Electricity Network Transition charge of \$0.37 per day until 30 June 2025, to cover electricity supply costs not covered in the budget.

Council is constantly working toward a cost neutral position where individual business units are financially self-sustaining, however revenue from electricity supply sits just under 50% of anticipated income, with expenses higher than revenue.

Public sentiment and the flow-on effect of cross-subsidising this shortfall from other Council services prompted a deeper dive into the full cost of electricity provision and billing late last year. A follow-up report will be presented at the February Council meeting, which will be useful in informing future pricing and upcoming budget and operational planning for the 2025-2026 financial year.

Gary Mottau, Financial Administrator for NIRC, acknowledged that the Acting GM's report on this complex issue provided greater transparency and clarity on the situation. The 49 public submissions received on the topic confirm the public perception that electricity supply and billing on Norfolk Island is a complex topic.

Mr Mottau said "We need to gather as much information as possible as part of planning for the upcoming review of the operational plan and budget planning. Surplus is the ideal position, however NIRC's challenge is to first manage the deficit and to implement prudent financial management in budget planning".

The final motion by Lead Administrator, Scott Mason, addressed community concerns about availability of information about the electricity scheme, cost of living pressures and service delivery issues, while delivering a lower fee of \$1.20 per day instead of \$1.48 per day. The Electricity Network Transition Charge was not adopted. However, there is recognition that the future budget will need to consider a change in charge and tariff structure.

“Electricity customers need to be able to easily understand the tariff structure and billing, and the best ways to manage their energy consumption. Through these 49 public submissions and conversations I have had with some community members, it has become clear that this is not the case currently,” Mr Mason said.

“This motion is one step towards improving not only the information available to the public, but also to contractual arrangements with Incite that should lead to improvements in areas such as tariff management, meter reading, and consumer equity.”

The amended charge will become effective from 1 February 2025.

ENDS

