

MEDIA RELEASE

December 5, 2024

ELECTRICITY SUPPLY CHARGES ON NORFOLK ISLAND

At the Norfolk Island Regional Council meeting held on 4 December 2024, outgoing Administrator Mike Colreavy noted that the Public Notice regarding electricity supply charge amendments had attracted one submission from the public.

The Public Notice, currently on Public Exhibition until 12 December, proposes amendments to fees and charges for the Electricity Daily Supply Charge and an Electricity Network Transition Charge.

Council only considers raising fees and charges for services in situations where it is financially necessary to do so. An important goal for NIRC is handing over a financially healthy budget to the Norfolk Island Assembly, and one way of achieving this is ensuring that our various business units are able to support their own operational costs.

Electricity is one area of service provision that NIRC treats as a business unit that must work towards a cost neutral operation, meaning it does not draw funds away from other Council services that are usually funded by general rates, fees and charges, or through government funding for specific projects.

To be self-sustaining, all costs of providing electricity must be met by revenue generated by the service or business unit.

Historically, the supply of electricity has run at a loss due to the significant cost of diesel, along with increasing operational costs. In the 2022/2023 financial year, diesel costs sat at \$3.5M, reducing to \$2.1 the following year. This reduction resulted from increased solar installation. Forecasts suggest that the current financial year diesel costs will be around \$2.3M, which can be attributed to increases in fuel pricing.

Ongoing expenses such as depreciation costs, currently \$800K, and which cover electricity assets including cables, transformers and generators, materials, payroll and contractor costs are forecast to rise by around 3% in the coming year. Managed billing services, initially a capital project expense, now fall under the operational budget, and these costs are to be met from ongoing revenue generated through the supply of electricity across the island, which means an adjustment of fees to ensure other council services are not impacted.

The Public Notice for proposed fee changes will remain on Public Exhibition until 12 December. Should no further submissions be received by the closing date, the new charges will be adopted, effective 1 January 2025. If NIRC receives any more submissions before the closing date, the decision to adopt the fees will be deferred until the next Council meeting.

ENDS