



News Release

New Fuel Price Reflects Higher Cost of World Oil

IQALUIT, Nunavut (July 26, 2004) – Higher world oil prices will be reflected in the price of fuel in Nunavut, which will increase by eight cents a litre on August 1, 2004.

“We have done everything we can to minimize the increase, but there was no getting around the reality that the price of oil on the world market has increased significantly,” says Community and Government Services Minister Peter Kilabuk. “Prices have gone up throughout Canada and our new price compares very favorably with those in other parts of the country.”

Since last year’s fuel purchase the cost of oil on the world market has increased by about 40 per cent. The price to the consumer in Nunavut results from a combination of factors, including the cost of oil, the cost of transportation, and the amount of the previous year’s supplies that remain in tanks.

The higher cost of this year’s re-supply is due to instability in the Middle East, increasing demand by China and Japan and low inventories in North America.

Nunavummiut have paid lower fuel prices over the last several months than most Canadians. The territory last bought its fuel in 2003, which was before international prices spiked upwards. In most other parts of Canada, on the other hand, fuel is bought continuously and fluctuations in the world price are reflected more quickly in the price paid by consumers.

Consumers in Nunavut are also benefiting from reduced delivery costs that have resulted from the new supply and transportation contracts that were awarded last year and that resulted in lower prices.

“At the very time when world prices were beginning to go up we were able to reduce the cost of transporting our fuel,” said Kilabuk.

The cost of higher world oil prices to Nunavut consumers, who already face one of the highest costs of living in Canada, will be an issue that Nunavut will raise with the federal government when discussing the territory’s economy.

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Media Contact:

Wende Halonen
Government of Nunavut Communications
(867) 975-6046