

## EXPLANATORY STATEMENT

Issued by the authority of the Administrator of Christmas Island

*Christmas Island Act 1958*  
*Christmas Island Utilities and Services Ordinance 2016*

### ***Christmas Island Utilities and Services (Electricity Supply and Services Fees) Determination 2016***

#### *Authority*

Section 6 of the *Christmas Island Utilities and Services Ordinance 2016* (the Ordinance) authorises the Administrator to make provision for the supply of utilities and services in relation to, amongst other things, the supply of electricity on Christmas Island.

Section 7 of the Ordinance provides that the Administrator may impose a fee for the provision of such utilities and services, determined through a legislative instrument.

#### *Purpose and Operation*

*The Christmas Island Utilities and Services (Electricity Supply and Services Fees) Determination 2016* (the Determination) amends the fees payable in relation to the supply of electricity and the supply of services related to electricity supply.

The fees are amended by an annual determination to reflect the change in fees to consumers as a result of the changing operating costs for providing electricity. The aim is to align fees on Christmas Island with comparable remote Western Australian locations.

#### *Impact and Effect*

This Determination will not create any additional regulatory impact on consumers of electricity and services.

The increases in fees outlined in this Determination will have a financial impact on consumers in the form of increased costs for electricity and associated services.

#### *Basis for Determining Fees*

It is Australian Government policy that, wherever possible, there should be parity in the cost of provision of state-type services on Christmas Island to those applied in a similar remote Australian mainland location.

To achieve this, the electricity supply and service fees on Christmas Island are fully aligned with that of Western Australia in that they are linked to *The Energy Operators (Regional Power Corporation) (Charges) By-laws 2006*, less the GST component which is not applicable on Christmas Island.

While the Australian Government aims for full cost recovery across their range of operations, it is acknowledged that for some locations this may not be achievable. Christmas Island is an area where recouped fees are currently less than the cost of supply.

## Consultation

This Determination is administrative in nature and reflects the ongoing changes to the cost of the supply and service of electricity to Christmas Island. As such, no consultation has been undertaken with the residents of Christmas Island. However, various agencies in the Western Australian Government were consulted.

As the fees are determined based on a similar remote Western Australian location it is accepted that the expertise applied and the independent scrutiny of the Western Australian Government is the most thorough process to adopt.

The Department of Infrastructure and Regional Development has been granted a Regulatory Impact Statement exemption (OBPR ID: 21021) by the Office of Best Practice Regulation in the Department of the Prime Minister and Cabinet in relation to this Determination.

## Detailed Description of this Determination

### **Part 1 – Preliminary**

#### Section 1 – Name

This section provides that the name of this Determination is the *Christmas Island Utilities and Services (Electricity Supply and Service Fees) Determination 2016*.

#### Section 2 – Commencement

This section provides that this Determination is to commence on the day it is registered on the Federal Register of Legislation.

#### Section 3 – Authority

This section provides that this Determination is made under paragraph 7(2)(a) of the *Christmas Island Utilities and Services Ordinance 2016*.

#### Section 4 – Definitions

This section provides a range of definitions as they apply for the purposes of this Determination.

#### Section 5 – Categories of Premises

This section provides for the different categories of premises as they apply for the purposes of this Determination.

## **Part 2 – Fees**

### **Section 6 – Fees**

This section provides that the fees mentioned in the Schedules to this Determination may be charged for the supply of electricity, and the date from which these fees are to apply.

Section 6 goes on to provide that in charging a fee for the supply of electricity, the fee must be charged by sending a notice to the consumer to which the electricity is supplied, the notice must specify the amount of the fee payable and the day by which the fee must be paid, and that the fee is payable to the Administrator on behalf of the Commonwealth.

### **Section 7 – Rebates and exemptions for eligible persons**

This section provides for the rebates and exemptions for eligible persons, as well as:

- where electricity is supplied to a consumer at premises who is an eligible person (being the holder of a Health Care Card, a Commonwealth Seniors Health Care Card, a Pensioner Concession Card, a Repatriation Health Card, or a Seniors' Card) for use at his or her principal place of residence, he or she is entitled to a rebate of 44.1808 cents per day, in accordance with Schedule 1 of this Determination;
- an eligible person who is entitled to a rebate under this Determination with dependant children, is entitled to a dependant child rebate according to the number of dependant children listed on a valid concession card as provided for in the Definitions.
- an eligible person entitled to a rebate under this Determination is exempt from payment of the account establishment fee (in Schedule 3 of this Determination), and is entitled to pay the concession meter testing fee at Schedule 3 of this Determination.

### **Section 8 – Payment of fees**

This section provides that the electricity fee that applies to a consumer is due for payment on or before the day specified in the notice referred to in section 6 above.

### **Section 9 – When a fee is not paid**

- This section applies if a consumer has not paid a fee for the supply of electricity in accordance with a notice under section 6 above, and a special payment arrangement under section 10 below is not in force between the Administrator and the consumer in relation to the fee and if the Administrator is not aware that the consumer residing at the premises is dependent on life support equipment.

Section 9 goes on to provide that:

- the Administrator will give the consumer a reminder notice not less than 5 business days after the due date for payment of an electricity bill; and
- if the electricity bill still has not been paid after the period for payment provided in the reminder notice, then the owner or occupier may be provided with a disconnection warning not less than 10 business days from the date of the reminder notice, warning the owner or occupier that electricity will be disconnected on a date not less than 5 business days from the date that the owner or occupier receive the disconnection warning; and
- the Administrator is under no obligation to contact the owner or occupier by phone or in person prior to disconnection.

## Section 10 – Special payment arrangements

This section provides that the Administrator may agree to a special payment arrangement with an owner or occupier of land if the owner or occupier is experiencing difficulties in paying a fee for the supply of electricity, and the owner or occupier notifies the Administrator of the difficulties.

Section 10 goes on to provide that if a special payment arrangement is in force between the Administrator and the owner or occupier in relation to an electricity fee, the fee is due for payment in accordance with the arrangement.

## Section 11 – Notice to Administrator of residents dependent on life support equipment

This section provides that if a person residing at premises is dependent on life support equipment, the consumer to whom electricity is supplied at the premises must give the Administrator written notice of this.

## Schedule 1— Fixed fees for the supply of electricity

Schedule 1 provides for the fixed fees for the supply of electricity.

### ***Fixed fees for the supply of electricity***

| <b><i>Fee</i></b>                           | <b><i>UNITS</i></b>  | <b><i>Previous</i></b> | <b><i>Current</i></b> | <b><i>Variance</i></b> |
|---|----------------------|------------------------|-----------------------|------------------------|
| <b><i>Residential A2</i></b>                | <i>cents per day</i> | 42.8940                | 44.1808               | 3.0%                   |
| <b><i>Community Service C2</i></b>          | <i>cents per day</i> | 38.7189                | 32.5239               | -16.0%                 |
| <b><i>Charitable Residential Fee D2</i></b> | <i>cents per day</i> | 36.0707                | 37.1528               | 3.0%                   |
| <b><i>Business / Residential Fee K2</i></b> | <i>cents per day</i> | 42.8940                | 44.1808               | 3.0%                   |
| <b><i>Business Fee L2</i></b>               | <i>cents per day</i> | 40.7048                | 41.9259               | 3.0%                   |
| <b><i>High Voltage Fee M2</i></b>           | <i>cents per day</i> | 49.3261                | 49.3261               | 0.0%                   |
| <b><i>Government Fee N2</i></b>             | <i>cents per day</i> | 569.1300               | 569.1300              | 0.0%                   |

## Schedule 2— Consumption fees for the supply of electricity

Schedule 2 provides for the consumption fees for the supply of electricity.

### **Consumption fees for the supply of electricity**

| <b>Fee</b>                           | <b>UNITS</b>   | <b>Previous</b> | <b>Current</b> | <b>Variance</b> |
|--------------------------------------|----------------|-----------------|----------------|-----------------|
| <b>Residential Fee A2</b>            | cents per unit | 23.3663         | 24.0673        | 3.0%            |
| <b>Community Service Fee C2</b>      |                |                 |                |                 |
| for the first 20 units per day       | cents per unit | 21.1051         | 17.7283        | -16.0%          |
| from 21 to 1650 units per day        | cents per unit | 26.4427         | 22.2119        | -16.0%          |
| Per unit above 1650 units per day    | cents per unit | 23.8604         | 20.0427        | -16.0%          |
| <b>Charitable Residential Fee D2</b> | cents per unit | 19.6615         | 20.2513        | 3.0%            |
| <b>Business / Residential Fee K2</b> |                |                 |                |                 |
| for the first 20 units per day       | cents per unit | 23.3663         | 24.0673        | 3.0%            |
| from 21 to 1650 units per day        | cents per unit | 26.7523         | 27.5549        | 3.0%            |
| above 1650 units per day             | cents per unit | 24.1397         | 24.8639        | 3.0%            |
| <b>Business Fee L2</b>               |                |                 |                |                 |
| for the first 1650 units per day     | cents per unit | 26.7523         | 27.5549        | 3.0%            |

| <b>Consumption fees for the supply of electricity</b> |                |         |         |      |
|---|----------------|---------|---------|------|
| above 1650 units per day                              | cents per unit | 24.1397 | 24.8639 | 3.0% |
| <b>High Voltage Fee M2</b>                            |                |         |         |      |
| for the first 1650 units per day                      | cents per unit | 31.3141 | 31.3141 | 0.0% |
| above 1650 units per day                              | cents per unit | 28.1238 | 28.1238 | 0.0% |
| <b>Government Fee N2</b>                              |                |         |         |      |
|   | cents per unit | 52.6800 | 52.6800 | 0.0% |

Schedule 3— Fixed fees for the supply of services related to the supply of electricity

Schedule 3 provides for the fixed fees for the supply of services related to the supply of electricity.

| <b>Fixed fees for services related to the supply of electricity</b>                                    |                      |                 |                |                 |  |
|--|----------------------|-----------------|----------------|-----------------|--|
| <b>Fee</b>   | <b>UNITS</b>         | <b>Previous</b> | <b>Current</b> | <b>Variance</b> |  |
| Account establishment fee  | Dollars per instance | \$30.73         | \$31.03        | 1.0%            |  |
| Installation of a 3 phase residential meter:   |                      |                 |                |                 |  |
| (a) for installation of a new 3 phase meter or replacement of a single phase meter with 3 phase meter; | Dollars per instance | \$250.91        | \$531.84       | 111.9%          |  |
|  | Dollars per instance | \$135.00        | \$136.35       | 1.0%            |  |
| (b) for installation of a subsidiary 3 phase meter   | Dollars per instance | \$28.27         | \$28.55        | 1.0%            |  |
| Reconnection following disconnection of supply for non-payment of fees or for any other lawful reason  |                      |                 |                |                 |  |
| Connection of temporary supply:  |                      |                 |                |                 |  |
| (a) single phase (overhead)  | Dollars per instance | \$655.45        | \$968.52       | 47.8%           |  |
| (b) 3 phase (overhead)   | Dollars per instance | \$655.45        | \$968.52       | 47.7%           |  |
| Meter testing:   |                      |                 |                |                 |  |
| (a) if paragraph (b) does not apply (standard);  | Dollars per instance | \$138.18        | \$139.56       | 1.0%            |  |
| (b) for a consumer entitled to a rebate under subsection 7(1)  | Dollars per instance | \$127.09        | \$128.36       | 1.0%            |  |
| Disconnection of overhead service leads following unauthorised reconnection                            | Dollars per instance | \$374.55        | \$378.29       | 1.0%            |  |
| Special meter reading requested by consumer  | Dollars per instance | \$20.70         | \$20.90        | 1.0%            |  |
| Disconnection warning  | Dollars per instance | \$4.32          | \$5.00         | 15.7%           |  |

## **Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

### **Christmas Island Utilities and Services (Electricity Supply and Services Fees) Determination 2016**

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

#### **Overview of the Legislative Instrument**

The Legislative Instrument sets the fees for electricity supply and services on Christmas Island.

#### **Human Rights Implications**

Article 11 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) recognises the right of everyone to an adequate standard of living for himself and his family, and to the continuous improvement of living conditions. Access to supply of utilities such as electricity is a basic need in providing adequate standard of living and contributes to improved living conditions.

The Department of Infrastructure and Regional Development generates and distributes electricity to properties on Christmas Island.

The quality of electricity and standard of service provided on Christmas Island are similar to those provided in remote Australian communities with similar characteristics, particularly demographic characteristics or service provision needs, recognising any special needs for Christmas Island.

*The Electricity Industry Act 2004 (WA) (CI)* is applied on Christmas Island, and has a Code (*The Code of Conduct for the Supply of Electricity to Small Use Customers*) which regulates and controls the conduct of retailers and distributors who supply electricity to residential and small business customers. The Code was developed to protect the interests of residential and small business customers on Christmas Island who would generally have little or no market power.

The Economic Regulation Authority (ERA) is responsible for the Code and undertakes a review of the Code every two years. The ERA has appointed a statutory committee, the Electricity Code Consultative Committee (ECCC) to undertake these reviews and advise the ERA about proposed amendments.

*The Energy Operators Act 1979 (WA) (CI)* is also applied on Christmas Island and regulates electricity fees through *The Energy Operators (Regional Power Corporation) (Charges) By-laws 2006*. Changes to electricity fees are considered by the Western Australian Government annually.

The *Christmas Island Utilities and Services (Electricity Supply and Services Fees) Determination 2016* sets the fees for the supply of electricity and services on Christmas Island, in alignment with the changes to *The Energy Operators (Regional Power Corporation) (Charges) By-laws 2006*.

This Determination does not engage any applicable rights or freedoms and so is compatible with human rights as it does not raise any human rights issues.