

## 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) Amendment (2018 Measures No. 1) Determination 2018**

#### Authority

Section 6 of the *Christmas Island Utilities and Services Ordinance 2016* (the Ordinance) authorises the Administrator of Christmas Island 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) Amendment (2018 Measures No. 1) Determination 2018* (Amendment Determination) amends the *Christmas Island Utilities and Services (Electricity Supply and Services Fees) Determination 2016* (the Principal Determination).

The Amendment Determination updates the fees payable in relation to the supply of electricity and the supply of services related to electricity supply. The fees are amended 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 Amendment Determination will not create any additional regulatory impact on consumers of electricity and services.

The increases in fees outlined in this Amendment 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.

The Department of Infrastructure, Regional Development and Cities through the Indian Ocean Territories Power Service generates and distributes electricity to properties on Christmas Island. It is also responsible for retail sales of electricity which includes providing advice in relation to establishing the cost of providing electricity on Christmas Island.

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.

### Regulatory Impact Statement

The Department of Infrastructure, Regional Development and Cities 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 Amendment Determination.

### Conditions to be Satisfied

The Ordinance does not specify conditions that need to be satisfied before power to make the Amendment Determination may be exercised.

### Consultation

No consultation was undertaken with residents of Christmas Island as the Amendment Determination is administrative in nature and reflects the ongoing changes to the cost of operating this service.

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 credible and thorough process to adopt.

### Detailed Description of this Determination

#### **Part 1 – Preliminary**

##### Section 1 – Name

This section provides that the name of this Amendment Determination is the *Christmas Island Utilities and Services (Electricity Supply and Services Fees) Amendment (2018 Measures No. 1) Determination 2018*.

##### Section 2 – Commencement

This section provides that this Amendment Determination is to commence on 10 December 2018.

##### Section 3 – Authority

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

##### Section 4 – Schedules

This section provides that each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

## **Schedule 1 - Amendments**

### **Clause 1**

Clause 1 repeals the definition of the daily dependent child rebate amount within Section 4 of the Principle Determination and substitutes it with the revised rebate amounts.

The table below shows the rebate available to an eligible person who is entitled to a dependent child rebate as listed on a valid concession card. It shows an increase of approximately 10% across the applicable rebates.

<b>Daily dependent child rebate</b>				
<b>Rebate</b>	<b>UNITS</b>	<b>Previous</b>	<b>Current</b>	<b>Variance</b>
<b>Person had one dependent child</b>	cents per day	70.85	78.46	10.7%
<b>Person had 2 dependent children</b>	cents per day	89.42	98.88	10.1%
<b>Person had 3 dependent children</b>	cents per day	107.98	119.30	10.1%
<b>Person had 4 or more dependent children</b>	cents per day	126.55	139.72	10.1%

### **Clause 2**

Clause 2 amends subsection 6(2) of the Principle Determination to enable future fee changes to be made through amending the Principle Determination. This clause provides that the fees mentioned in the Amendment Determination apply from the day the Amendment Determination commences.

### **Clause 3**

Clause 3 repeals the table shown at Schedule 1 of the Principle Determination and replaces it with a table reflecting the revised fees.

The table below shows the fixed fees payable for the supply of electricity. It shows the increase in supply fees for each of the different categories of premises ranging from 0% to 238%.

<b><i>Fixed fees for the supply of electricity</i></b>				
<b>Fee</b>	<b>UNITS</b>	<b>Previous</b>	<b>Current</b>	<b>Variance</b>
<b>Residential A2</b>	cents per day	86.2780	92.3182	7.0%
<b>Community Service C2</b>	cents per day	33.2893	86.2780	159.2%
<b>Charitable Residential Fee D2</b>	cents per day	41.1950	86.2780	109.4%
<b>Business / Residential Fee K2</b>	cents per day	48.9876	155.9455	218.3%
<b>Business Fee L2</b>	cents per day	46.1367	155.9455	238.0%
<b>High Voltage Fee M2</b>	cents per day	49.3261	49.3261	0.0%
<b>Government Fee N2</b>	cents per day	569.1300	569.1300	0.0%

It is noted that some of the supply fees has increased significantly. These supply fees are the same amount paid by all electricity consumers in Western Australia (in remote and metropolitan areas).

#### Clause 4

Clause 4 repeals the table shown at Schedule 2 of the Principle Determination and replaces it with a table reflecting the revised fees.

The table below shows the consumption fees payable for the supply of electricity. It shows the change in consumption fees for each of the different categories of premises ranging from approximately -20% to 11%.

<b>Consumption fees for the supply of electricity</b>				
<b>Fee</b>	<b>UNITS</b>	<b>Previous</b>	<b>Current</b>	<b>Variance</b>
<b>Residential Fee A2</b>	cents per unit	24.0673	25.7520	7.0%
<b>Community Service Fee C2</b>				
for the first 20 units per day	cents per unit	18.1455	20.1575	11.1%
from 21 to 1650 units per day	cents per unit	22.7346	21.5067	-5.4%
Per unit above 1650 units per day	cents per unit	20.5144	20.5144	0.0%
<b>Charitable Residential Fee D2</b>	cents per unit	22.4546	21.9198	-2.4%
<b>Business / Residential Fee K2</b>				
for the first 20 units per day	cents per unit	26.6858	25.7520	-3.5%
from 21 to 1650 units per day	cents per unit	30.5528	24.2678	-20.6%
above 1650 units per day	cents per unit	27.5691	27.3611	-0.8%
<b>Business Fee L2</b>				
for the first 1650 units per day	cents per unit	30.3224	24.2678	-20.0%
above 1650 units per day	cents per unit	27.3611	27.3611	0.0%
<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	53.3273	1.2%

#### Clause 5

Clause 5 repeals the table shown at Schedule 3 of the Principle Determination and replaces it with a table reflecting the revised fees.

The table below shows the fixed fees payable for services related to the supply of electricity. The fixed fees payable for services related to the supply of electricity have changed across the different services ranging from approximately -32% to 53%.

<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	\$31.59	\$21.45	-32.1%
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	\$540.91	\$826.36	52.8%
(b) for installation of a subsidiary 3 phase meter	Dollars per instance	\$136.35	\$136.35	0.0%
Reconnection following disconnection of supply for non-payment of fees or for any other lawful	Dollars per instance	\$28.55	\$28.91	1.2%

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**Fixed fees for services related to the supply of electricity**

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reason

Connection of temporary supply:

(a) single phase (overhead)	Dollars per instance	\$984.45	\$814.55	17.3%
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(b) 3 phase (overhead)	Dollars per instance	\$984.45	\$814.55	17.3%
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Meter testing:

(a) if paragraph (b) does not apply (standard);	Dollars per instance	\$218.18	\$221.45	1.5%
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(b) for a consumer entitled to a rebate under subsection 7(1)	Dollars per instance	\$130.00	\$138.36	6.4%
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Disconnection of overhead service leads following unauthorised reconnection	Dollars per instance	\$710.00	\$689.09	-2.9%
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Special meter reading requested by consumer	Dollars per instance	\$20.91	\$28.91	38.3%
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Disconnection warning	Dollars per instance	\$5.00	\$5.27	5.5%
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## **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) Amendment (2018 Measures No. 1) Determination 2018**

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 an adequate standard of living and contributes to improved living conditions.

The Department of Infrastructure, Regional Development and Cities through the Indian Ocean Territories Power Service generates and distributes electricity to properties on Christmas Island. It is also responsible for retail sales of electricity 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 accordingly.

*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 Amendment 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.