

EXPLANATORY STATEMENT

Issued by the authority of the Administrator of Cocos (Keeling) Islands

Cocos (Keeling) Islands Act 1955

Cocos (Keeling) Islands Utilities and Services Ordinance 2016

Cocos (Keeling) Islands Utilities and Services (Electricity Supply and Services Fees) Amendment (2019 Measures No. 1) Determination 2019

Authority

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

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 *Cocos (Keeling) Islands Utilities and Services (Electricity Supply and Services Fees) Amendment (2019 Measures No. 1) Determination 2019* (Amendment Determination) amends the *Cocos (Keeling) Islands 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 Cocos (Keeling) Islands with comparable 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

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

It is Australian Government policy that, wherever possible, 'Communities in the external territories have comparable services and essential infrastructure to mainland Australia'. To achieve this, the electricity supply and service fees on Cocos (Keeling) Islands 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 Cocos (Keeling) Islands.

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. Cocos (Keeling) Islands is an area where recouped fees are currently less than the cost of supply.

Regulatory Impact Statement

The Department of Infrastructure, Transport, Cities 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 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 Cocos (Keeling) Islands 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 similar Western Australian locations, 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 *Cocos (Keeling) Islands Utilities and Services (Electricity Supply and Services Fees) Amendment (2019 Measures No. 1) Determination 2019*.

Section 2 – Commencement

This section provides that this Amendment Determination is to commence on 1 November 2019.

Section 3 – Authority

This section provides that this Amendment Determination is made under paragraph 7(2)(a) of the *Cocos (Keeling) Islands 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 1.59% - 2.44% per child.

| Daily dependent child rebate | | | | |
|---|---------------|-----------------|----------------|-----------------|
| Rebate | UNITS | Previous | Current | Variance |
| Person had one dependent child | cents per day | 78.46 | 79.70 | 1.59% Increase |
| Each additional dependent children | cents per day | 20.42 | 20.92 | 2.44% Increase |

Clause 2

Clause 2 repeals table item 6 within Section 5 of the Principle Determination being the High Voltage (M2) category. This category has been removed from *The Energy Operators (Regional Power Corporation) (Charges) By-laws 2006*.

This category has never been applied in Cocos (Keeling) Islands and the removal of this category has no impact to consumers.

Clause 3

Clause 3 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 being 1 November 2019.

Clause 4

Clause 4 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 change in supply fees for each of the different categories of premises ranging from 1.75% to 3.70%.

| Fixed fees for the supply of electricity | | | | |
|---|---------------|-----------------|----------------|-----------------|
| Fee | UNITS | Previous | Current | Variance |
| Residential A2 | cents per day | 92.3182 | 93.9364 | 1.75% Increase |
| Community Service C2 | cents per day | 86.2780 | 88.4349 | 2.50% Increase |
| Charitable Residential Fee D2 | cents per day | 86.2780 | 87.8310 | 1.80% Increase |
| Business / Residential Fee K2 | cents per day | 155.9455 | 160.7818 | 3.10% Increase |
| Business Fee L2 | cents per day | 155.9455 | 161.7182 | 3.70% Increase |
| Government Fee N2 | cents per day | 569.1300 | 589.0909 | 3.51% Increase |

Clause 5

Clause 5 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 -4.99% to 3.70%.

The fee for the Government N2 category decreased by 4.99% to 50.6636 cents per unit. This fee is still significantly higher than other categories ranging from 20.66 cents per unit to 28.37 cents per unit.

| Consumption fees for the supply of electricity | | | | |
|---|----------------|-----------------|----------------|-----------------|
| Fee | UNITS | Previous | Current | Variance |
| Residential Fee A2 | cents per unit | 25.7520 | 26.2026 | 1.75% Increase |
| Community Service Fee C2 | | | | |
| for the first 20 units per day | cents per unit | 20.1575 | 20.6615 | 2.50% Increase |
| from 21 to 1650 units per day | cents per unit | 21.5067 | 22.0444 | 2.50% Increase |
| Per unit above 1650 units per day | cents per unit | 20.5144 | 21.0272 | 2.50% Increase |
| Charitable Residential Fee D2 | cents per unit | 21.9198 | 22.3144 | 1.80% Increase |
| Business / Residential Fee K2 | | | | |
| for the first 20 units per day | cents per unit | 25.7520 | 26.5503 | 3.10% Increase |
| from 21 to 1650 units per day | cents per unit | 24.2678 | 25.0201 | 3.10% Increase |
| above 1650 units per day | cents per unit | 27.3611 | 28.2093 | 3.10% Increase |
| Business Fee L2 | | | | |
| for the first 1650 units per day | cents per unit | 24.2678 | 25.1657 | 3.70% Increase |
| above 1650 units per day | cents per unit | 27.3611 | 28.3735 | 3.70% Increase |
| Government Fee N2 | cents per unit | 53.3273 | 50.6636 | 4.99% Decrease |

Clause 6

Clause 6 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 0% to 10%.

| Fixed fees for services related to the supply of electricity | | | | |
|--|----------------------|-----------------|----------------|------------------|
| Fee | UNITS | Previous | Current | Variance |
| Account establishment fee (for all new connections) | Dollars per instance | \$21.45 | \$21.45 | 0.00% Nil Change |
| Installation of a 3 phase residential meter | Dollars per instance | \$826.36 | \$819.09 | 0.88% Decrease |
| Reconnection following disconnection of supply for non-payment of fees or for any other lawful reason | Dollars per instance | \$28.91 | \$28.91 | 0.00% Nil Change |
| Connection of temporary supply: | | | | |
| (a) single phase (overhead) | Dollars per instance | \$814.55 | \$819.09 | 0.56% Increase |
| (b) 3 phase (overhead) | Dollars per instance | \$814.55 | \$819.09 | 0.56% Increase |
| Meter testing: | | | | |
| (a) if paragraph (b) does not apply (standard); | Dollars per instance | \$221.45 | \$221.45 | 0.00% Nil Change |
| (b) for a consumer entitled to a rebate under subsection 7(1) | Dollars per instance | \$138.36 | \$138.36 | 0.00% Nil Change |
| Disconnection of overhead service leads following unauthorised reconnection | Dollars per instance | \$689.09 | \$692.82 | 0.54% Increase |
| Special meter reading requested by consumer (includes disconnection requests) | Dollars per instance | \$28.91 | \$28.91 | 0.00% Nil Change |
| Disconnection warning (Overdue Account Notices Fee) | Dollars per instance | \$5.27 | \$5.80 | 10.00% Increase |

Statement of Compatibility with Human Rights

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

Cocos (Keeling) Islands Utilities and Services (Electricity Supply and Services Fees) Amendment (2019 Measures No. 1) Determination 2019

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 *Cocos (Keeling) Islands Utilities and Services (Electricity Supply and Services Fees) Amendment (2019 Measures No. 1) Determination 2019* sets the charges and fees for the provision of electricity and electricity related services to the Cocos (Keeling) Islands.

The Australian Government aims for full cost recovery across its range of operations. However, it is acknowledged that for some locations this may not be achievable. Cocos (Keeling) Islands is an area where recouped fees are currently less than the cost of supply.

It is Australian Government policy that, wherever possible, there should be parity in the provision of state-type services on Cocos (Keeling) Islands with those applied in similar Australian locations. This Determination reflects similar fee increases across most services and charges in Western Australia.

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, Transport, Cities and Regional Development through the Indian Ocean Territories Power Service generates and distributes electricity to properties on Cocos (Keeling) Islands. It is also responsible for retail sales of electricity on Cocos (Keeling) Islands.

The quality of electricity and standard of service provided are similar to those provided in comparable Australian communities with similar characteristics, particularly demographic characteristics or service provision needs, recognising any special needs for Cocos (Keeling) Islands.

The Electricity Industry Act 2004 (WA) (CKI) is applied on Cocos (Keeling) Islands, 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 Cocos (Keeling) Islands 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) (CKI) is also applied on Cocos (Keeling) Islands 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 *Cocos (Keeling) Islands Utilities and Services (Electricity Supply and Services Fees) Determination 2016* sets the fees for the supply of electricity and services on Cocos (Keeling) Islands, in alignment with the changes to *The Energy Operators (Regional Power Corporation) (Charges) By-laws 2006*.

The charges and fees are similar to fees in comparable Western Australian communities. The increase in fees from last year are small in nature and there are measures in place to protect consumers who are suffering financial hardship.

Accordingly, the Determination promotes the right to an adequate standard of living as it ensures that affordable electricity is provided in the Cocos (Keeling) Islands.

Conclusion

The Determination is compatible with human rights because it promotes the protection of human rights.