

## 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 (2020 Measures No. 1) Determination 2020**

#### Authority

Section 6 of the Christmas Island Utilities and Services Ordinance 2016 (the Ordinance) authorises the Administrator of the Territory of Christmas Island to make provision for the supply of utilities and services in relation to, among others, 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 (2020 Measures No. 1) Determination 2020 (the 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 for the supply of electricity and services related to electricity supply.

#### Impact and effect

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

The increase in fees outlined in this Amendment Determination will have a minor financial impact on consumers. Of the six tariffs applied on Christmas Island, the Business Tariff (L2) increases by 3.70%, the Residential Tariff (A2) did not increase, the Community Services Tariff (C2) increases by 2.50%, the Charitable Residential Tariff (D2) increases by 1.80%, the Business/Residential Tariff (K2) increases by 3.10% and the Government Tariff (N2) did not increase.

Service fees, covering items including account establishment, meter installation and meter testing, increase between 0% and 1.69%.

#### Basis for determining fees

The Department of Infrastructure, Transport, Regional Development and Communications (the Department) is responsible for the generation, distribution and retail sale of electricity to Christmas Island consumers.

It is Australian Government policy that, wherever possible, there should be parity in cost of provision of state-type services on Christmas Island to those applied in similar remote Australian mainland locations. While the Australian Government aims for full cost recovery across its range of operations, it is acknowledged that for some locations this may not be

achievable. Christmas Island is an area where recouped fees for electricity are currently less than the cost of supply.

The Department has re-assessed the appropriate level of fees for the supply of electricity, and to achieve parity in cost of provision, the electricity supply and service fees on Christmas Island are set by consideration of those charged by Horizon Power. Horizon Power is owned by the Western Australian government and is responsible for the generation, distribution and retail sale of electricity to consumers across regional and remote Western Australia. The fees and charges of Horizon Power are scrutinised by the Western Australian Government. This process includes the consideration of the cost of service delivery ahead of approval through the Western Australian parliamentary system. This alignment of fee structure does not include the GST component, which is not applicable on Christmas Island.

#### Regulation Impact Statement

The Office of Best Practice Regulation considers the proposal is likely to have no more than minor regulatory impacts on business, community organisations or individuals. In addition, it understands that the matter will not be considered by Cabinet, and so the preparation of a Regulation Impact Statement is not required.

#### 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

There was no consultation 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. However, a Community Bulletin about the changes will be prepared for release when the Administrator approves the changes.

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.

*Details of the Christmas Island Utilities and Services (Electricity Supply and Services Fees) Amendment (2020 Measures No. 1) Determination 2020*

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 (2020 Measures No. 1) Determination 2020.

Section 2 – Commencement

This section provides that this Amendment Determination is to commence on 1 November 2020.

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

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

**Clause 1**

Clause 1 amends subsection 6(2) of the Christmas Island Utilities and Services (Electricity Supply and Services Fees) Determination 2016 by omitting “1 November 2019” and substituting “1 November 2020”.

**Clause 2**

Clause 2 repeals and substitutes fees for line items 2 to 5 in the table shown at Schedule 1 (Fixed fees for the supply of electricity) of the Principal Determination. The fees increase the supply fee ranging from 1.80% to 3.70% for items 2 to 5. There were no increases made to Residential A2 and Government fees N2.

<b>Schedule 1 - Fixed fees for the supply of electricity</b>					
<b>Item</b>	<b>Category of premises</b>	<b>Units</b>	<b>Previous</b>	<b>Current</b>	<b>Variance</b>
2	Community service C2	cents per day	88.4349	90.6458	2.50% Increase
3	Charitable residential D2	cents per day	87.8310	89.4120	1.80% Increase
4	Business/residential K2	cents per day	160.7818	165.7636	3.10% Increase
5	Business and local government L2	cents per day	161.7182	167.6791	3.70% Increase

### Clause 3

Clause 3 repeals and substitutes fees for line items 2 to 5 in the table shown at Schedule 2 (Consumption fees for the supply of electricity) of the Principal Determination. The fee increases of the supply fee range from 1.80% to 3.70% for items 2 to 5. There were no increases made to Residential A2 and Government N2 fees.

<b>Schedule 2 - Consumption fees for the supply of electricity</b>					
<b>Item</b>	<b>Category of premises</b>	<b>Units</b>	<b>Previous</b>	<b>Current</b>	<b>Variance</b>
2	Community Service C2	For each day the sum of the following:			
(a)		for the first 20 units consumed, cents per unit	20.6615	21.1780	2.50% Increase
(b)		for the next 1,650 units consumed, cents per unit	22.0444	22.5955	2.50% Increase
(c)		for each subsequent unit consumed, cents per unit	21.0272	21.5528	2.50% Increase
3	Charitable Residential D2	cents per unit	22.3144	22.7160	1.80% Increase
4	Business / Residential K2	For each day the sum of the following:			
(a)		for the first 20 units consumed, cents per unit	26.5503	27.3734	3.10% Increase
(b)		for the next 1,630 units consumed, cents per unit	25.0201	25.7957	3.10% Increase
(c)	for each subsequent unit consumed	for each subsequent unit consumed, cents per unit	28.2093	29.0837	3.10% Increase
5	Business and local government L2	For each day the sum of the following:			
(a)		for the first 1,650 units consumed, cents per unit	25.1657	26.0968	3.70% Increase
(b)		for each subsequent unit consumed, cents per unit	28.3735	29.4233	3.70% Increase

### Clause 4 and Clause 5

Clause 4 and clause 5 repeals and substitutes the fees for line items 1, 2, 4 and 5 in the table, and repeals line item 6 shown at Schedule 3 (Fixed fees for services related to the supply of electricity) of the Principal Determination. The fixed fees for the services at line items 6 and 7 in the table have not increased, however these services were previously at line items 7 and 8 respectively. The fees show increases in the services related to the supply of electricity ranging from 1.44% to 1.69%.

<b>Schedule 3 - Fixed fees for services related to the supply of electricity</b>					
<b>Item</b>	<b>Service</b>	<b>Units</b>	<b>Previous</b>	<b>Current</b>	<b>Variance</b>
1	Account establishment fee (for all new connections)	Dollars per instance	\$21.45	\$21.82	1.69% Increase
2	Installation of a 3 phase residential meter (new installation or replacement of a single phase meter)	Dollars per instance	\$819.09	\$830.91	1.44% Increase
4	Connection of temporary supply:				
(a)	Single phase	Dollars per instance	\$819.09	\$831.82	1.55% Increase
(b)	3 phase	Dollars per instance	\$819.09	\$831.82	1.55% Increase
5	Meter testing:				
(a)	if paragraph (b) does not apply (standard);	Dollars per instance	\$221.45	\$224.73	1.48% Increase
(b)	for a consumer entitled to a rebate under subsection 7(1)	Dollars per instance	\$138.36	\$140.36	1.45% Increase
6	Special meter reading request by consumer	Dollars per instance	\$28.91	\$28.91	Nil
7	Disconnection warning	Dollar per instance	\$5.80	\$5.80	Nil

## **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 (2020 Measures No. 1) Determination 2020**

This Disallowable 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 Disallowable Legislative Instrument

Section 6 of the Christmas Island Utilities and Services Ordinance 2016 (the Ordinance) authorises the Administrator of Territory of Christmas Island to make provision for the supply of utilities and services in relation to, among others, 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.

The Christmas Island Utilities and Services (Electricity Supply and Services Fees) Amendment (2020 Measures No. 1) Determination 2020 amends the Christmas Island Utilities and Services (Electricity Supply and Services Fees) Determination 2016.

The Amendment Determination updates the fees payable for the supply of electricity and services related to electricity supply.

#### Impact and effect

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

It is Australian Government policy that, wherever possible, there should be parity in cost of provision of state-type services on Christmas Island to those applied in similar remote Australian mainland locations. While the Australian Government aims for full cost recovery across its range of operations, it is acknowledged that for some locations this may not be achievable. Christmas Island is an area where recouped fees for electricity are currently less than the cost of supply.

The fees charged on Christmas Island align to those charged by Horizon Power, a Western Australian government owned enterprise responsible for the supply of electrical services to isolated and regional areas across the state. This ensures the fees charged are similar to fees in comparable Western Australian communities.

The increase in fees outlined in this Amendment Determination are small in nature and will have a minor financial impact on consumers. Of the six tariffs applied on Christmas Island, the Business Tariff (L2) increases by 3.70%, the Residential Tariff (A2) increases by 0%, the Community Services Tariff (C2) increases by 2.50%, the Charitable Residential Tariff (D2) increases by 1.80%, the Business/Residential Tariff (K2) increases by 3.10% and the Government Tariff (N2) increases by 0%.

Service fees, covering items including account establishment, meter installation and meter testing, increase between 0% and 1.69%.

There are measures in place to protect consumers who are suffering financial hardship.

*Human rights implications*

This Disallowable Legislative Instrument does not engage any of the applicable rights or freedoms.

*Conclusion*

This Disallowable Legislative Instrument is compatible with human rights as it does not raise any human rights issues.