

## 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 (2021 Measures No. 1) Determination 2021**

#### Authority

Section 6 of the Cocos (Keeling) Islands Utilities and Services Ordinance 2016 (the Ordinance) authorises the Administrator of the Territory of Cocos (Keeling) Islands to make provision for the supply of utilities and services in relation to, among others, 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 (2021 Measures No. 1) Determination 2021 (the 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 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 categories of supply and consumption fees applied on Cocos (Keeling) Islands, the Business and local government fees (L2) increases by 1.75%, the Residential fees (A2) increases by 1.75%, the Community Services fees (C2) increases by 1.75%, the Charitable Residential fees (D2) increases by 1.75%, the Business/Residential Tariff (K2) increases by 1.75%, the Government (N2) supply fee does not increase and the Government (N2) consumption fee decreases by 0.04%.

Service fees, covering items including account establishment, meter installation and meter testing, do not increase.

#### 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 Cocos (Keeling) Islands consumers.

It is Australian Government policy that, wherever possible, there should be parity in cost of provision of state-type services on Cocos (Keeling) Islands 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. Cocos (Keeling) Islands is a location where recouped fees for electricity are currently less than the cost of supply.

To achieve parity in cost of provision, the electricity supply and service fees on Cocos (Keeling) Islands are generally set by consideration of those charged by Horizon Power, which is a Western Australian government-owned entity responsible for generation, distribution and retail sale of electricity to regional and remote consumers.

The fees charged by Horizon Power includes the consideration of the cost of service delivery ahead of their approval through the Western Australian Government's annual state budget process. The fee structure applied on Cocos (Keeling) Islands does not include the GST component, because it Australian Government policy not to charge GST in the Territory of Cocos (Keeling) Islands.

### 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 Cocos (Keeling) Islands 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.

*Details of the Cocos (Keeling) Islands Utilities and Services (Electricity Supply and Services Fees) Amendment (2021 Measures No. 1) Determination 2021*

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 (2021 Measures No. 1) Determination 2021.

Section 2 – Commencement

This section provides that this Amendment Determination is to commence on 1 January 2022.

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

*Cocos (Keeling) Islands Utilities and Services (Electricity Supply and Services Fees) Determination 2016.*

**Clause 1**

Clause 1 amends subsection 6(2) of the Cocos (Keeling) Islands Utilities and Services (Electricity Supply and Services Fees) Determination 2016 by omitting “1 November 2020” and substituting “1 January 2022”.

**Clause 3**

Clause 2 repeals and substitutes fees for line items 1 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 by 1.75% for items 1 to 5. There was no increase to the Government (N2) fee.

<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>
1	Residential A2	cents per day	93.9364	95.5818	1.75% Increase
2	Community service C2	cents per day	90.6458	92.2273	1.75% Increase
3	Charitable residential D2	cents per day	89.4120	90.9727	1.75% Increase
4	Business/residential K2	cents per day	165.7636	168.6636	1.75% Increase
5	Business and local government L2	cents per day	167.6791	170.6364	1.75% Increase
6	Government (other than local government) N2	cents per day	589.0909	589.0909	Nil

## Clause 4

Clause 3 repeals and substitutes fees for line items 1 to 6 in the table shown at Schedule 2 (Consumption fees for the supply of electricity) of the Principal Determination. The increases of the supply fee is 1.75% for items 1 to 5. There was a 0.04% decrease to the Government (N2) consumption fee.

<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>
1	Residential		26.2026 cents per unit consumed	26.6612 cents per unit consumed	1.75% Increase
2	Community Service C2	For each day the sum of the following:			
(a)		for the first 20 units consumed, cents per unit	21.1780	21.5486	1.75% Increase
(b)		for the next 1,630 units consumed, cents per unit	22.5955	22.9909	1.75% Increase
(c)		for each subsequent unit consumed, cents per unit	21.5528	21.9300	1.75% Increase
3	Charitable Residential D2	cents per unit	22.7160	23.1135	1.75% Increase
4	Business / Residential K2	For each day the sum of the following:			
(a)		for the first 20 units consumed, cents per unit	27.3734	27.8524	1.75% Increase
(b)		for the next 1,630 units consumed, cents per unit	25.7957	26.2472	1.75% Increase
(c)		for each subsequent unit consumed, cents per unit	29.0837	29.5927	1.75% 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	26.0968	26.5535	1.75% Increase
(b)		for each subsequent unit consumed, cents	29.4233	29.9382	1.75% Increase
6	Government (other than local government) N2	Per unit consumed, cents per unit	50.6636	50.6455	0.04% Decrease

## Clause 5 and Clause 6

Clause 4 and clause 5 repeals and substitutes the fees for line items 1 to 7 in the table at Schedule 3 (Fixed fees for services related to the supply of electricity) of the Principal Determination. The fees do not increase.

<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	\$21.82	\$21.82	Nil
2	Installation of a 3 phase residential meter (new installation or replacement of a single phase meter)	Dollars per instance	\$830.91	\$830.91	Nil
4	Connection of temporary supply:				
(a)	Single phase	Dollars per instance	\$831.82	\$831.82	Nil
(b)	3 phase	Dollars per instance	\$831.82	\$831.82	Nil
5	Meter testing:				
(a)	if paragraph (b) does not apply (standard);	Dollars per instance	\$224.73	\$224.73	Nil
(b)	for a consumer entitled to a rebate under subsection 7(1)	Dollars per instance	\$140.36	\$140.36	Nil
6	Special meter reading request by consumer	Dollars per instance	\$28.91	\$28.91	Nil
7	Disconnection warning	Dollars 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*

### **Cocos (Keeling) Islands Utilities and Services (Electricity Supply and Services Fees) Amendment (2021 Measures No. 1) Determination 2021**

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 Cocos (Keeling) Islands Utilities and Services Ordinance 2016 (the Ordinance) authorises the Administrator of the Territory of Cocos (Keeling) Islands to make provision for the supply of utilities and services in relation to, among others, 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.

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It is Australian Government policy that, wherever possible, there should be parity in cost of provision of state-type services on Cocos (Keeling) Islands 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. Cocos (Keeling) Islands is a location where recouped fees for electricity are currently less than the cost of supply.

The fees charged on Cocos (Keeling) Islands 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 categories of premises on Cocos (Keeling) Islands, the Business fees (L2) increases by 1.75%, the Residential fees (A2)

increases by 1.75%, the Community Services fees (C2) increases by 1.75%, the Charitable Residential fees (D2) increases by 1.75%, the Business/Residential fees (K2) increases by 1.75%, the Government fee (N2) for supply does not change and the Government (N2) fee for consumption decreases by 0.04%.

Service fees, covering items including account establishment, meter installation and meter testing, are not increased.

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.