**EXPLANATORY STATEMENT**

Issued by the authority of the Administrator of Christmas Island

*Christmas Island Act 1955*

*Christmas Island Utilities and Services Ordinance 2016*

**Christmas Island Utilities and Services (Electricity Supply and Services Fees) Amendment (2021 Measures No. 1) Determination 2021**

*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 (2021 Measures No. 1) Determination 2021 (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 categories of supply and consumption fees applied on Christmas Island, 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 supply fee (N2) 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 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 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 Christmas Island 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 Christmas Island does not include the GST component, because it Australian Government policy not to charge GST in the Territory of 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.

*Details of the Christmas Island 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 Christmas Island 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 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 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.

|  | **Schedule 1 - Fixed fees for the supply of electricity** |
| --- | --- |
| **Item** | **Category of premises** | **Units** | **Previous** | **Current** | **Variance** |
| 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.

|  | **Schedule 2 - Consumption fees for the supply of electricity** |
| --- | --- |
| **Item** | **Category of premises** | **Units** | **Previous** | **Current** | **Variance** |
| 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.

|  | **Schedule 3 - Fixed fees for services related to the supply of electricity** |
| --- | --- |
| **Item** | **Service** | **Units** | **Previous** | **Current** | **Variance** |
| 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*

**Christmas Island 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 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.

The Christmas Island Utilities and Services (Electricity Supply and Services Fees) Amendment (2021 Measures No. 1) Determination 2021 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 a location 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 categogories of premises on Christmas Island, 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 (N2) fee 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.