

## 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 (2022 Measures No. 2) Determination 2022**

#### 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 (2022 Measures No. 2) Determination 2022 (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 electricity tariffs applied on Christmas Island, the Business Tariff (L2) increases by 2.5%, the Residential Tariff (A2) increases by 2.5%, the Community Services Tariff (C2) increases by 2.5%, the Charitable Residential Tariff (D2) increases by 2.5% and the Business/Residential Tariff (K2) increases by 2.5%. A 2.5% increase also applies to the supply charge per day for these tariffs. The Government Tariff (N2) increases by 1.78% for electricity consumption and 1.74% for the supply charge per day. Service fees, covering items including account meter installation and meter testing, increase in a range from 1.64% to 1.75%.

The Dependent Child Rebate increases by 2.5%, which will ameliorate fees charged for supply and consumption of electricity for eligible consumers and be beneficial to the relevant persons.

#### Basis for determining fees

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (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.

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.

The service fees for ‘reconnection following disconnection for non-payment of fees or any other lawful reason’ and for ‘special meter reading at request of customer’ are no longer allied to those of Horizon Power, which has the ability, *via* smart meters, to remotely connect and disconnect power and read meters. The Indian Ocean Power Service does not have smart meter technology and disconnections, reconnections and special meter readings are done manually. The fee for this service has been set by applying a 1.75% increase to the level of the fee (\$19.81 in the 2020 Determinations) last charged by Horizon Power when it performed these activities manually.

#### 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 (2022 Measures No. 2) Determination 2022*

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 (2022 Measures No. 2) Determination 2022.

Section 2 – Commencement

This section provides that this Amendment Determination is to commence on 1 September 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.*

**Schedule 1 - Amendments**

**Item 1** - Section 4 (paragraphs (a) and (b) of the definition of ***daily dependent child rebate amount***)

This item substitutes the amount 83.38 for the amount 81.34 listed in paragraphs (a) and (b) of the definition of ***daily dependent child rebate amount***. The substituted amount increases the daily dependent child rebate available for one dependent child.

**Item 2** - Section 4 (paragraph (b) of the definition of ***daily dependent child rebate amount***)

This item substitutes the amount 21.85 for the amount 21.32 listed in paragraph (b) of the definition of ***daily dependent child rebate amount***. The substituted amount increases the daily dependent child rebate available for each additional dependent child.

**Item 3** – Section 6(2)

This item substitutes the date 1 September 2022 for the date 1 January 2022 as the commencement date for the application of fees determined by this instrument.

**Item 4** - Clause 1 of Schedule 1 (table)

This item repeals and substitutes fees for line items 1 to 6 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 2.5% for items 1 to 5. There was a 1.74% increase to the Government fee 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>
1	Residential A2	cents per day	95.5818	97.9727	2.5% Increase
2	Community service C2	cents per day	92.2273	94.5364	2.5% Increase
3	Charitable residential D2	cents per day	90.9727	93.2455	2.5% Increase
4	Business/residential K2	cents per day	168.6636	172.8818	2.5% Increase
5	Business and local government L2	cents per day	170.6364	174.9000	2.5% Increase
6	Government N2	cents per day	589.0909	599.3545	1.74% increase

**Item 5 - Clause 1 of Schedule 2 (table)**

This item 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 increase of the consumption fee is 2.5% for items 1 to 5. There was a 1.78% increase 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	Cents per unit consumed	26.6612	27.3277	2.5% Increase
2	Community Service C2	For each day the sum of the following:			
(a)		for the first 20 units consumed, cents per unit	21.5486	22.0874	2.5% Increase
(b)		for the next 1,630 units consumed, cents per unit	22.9909	23.5657	2.5% Increase
(c)		for each subsequent unit consumed, cents per unit	21.9300	22.4783	2.5% Increase
3	Charitable Residential D2	cents per unit	23.1135	23.6914	2.5% Increase
4	Business / Residential K2	For each day the sum of the following:			
(a)		for the first 20 units consumed, cents per unit	27.8524	28.5486	2.5% Increase
(b)		for the next 1,630 units consumed, cents	26.2472	26.9034	2.5% Increase

<b>Schedule 2 - Consumption fees for the supply of electricity</b>					
		per unit			
(c)		for each subsequent unit consumed, cents per unit	29.5927	30.3325	2.5% 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	26.5535	27.2174	2.5% Increase
(b)		for each subsequent unit consumed, cents	29.9382	30.6866	2.5% Increase
6	Government N2	Cents per unit consumed	50.6455	51.5449	1.78% Increase

**Item 6 - Clause 1 of Schedule 3 (table)**

This item repeals the table at Schedule 3 (Fixed fees for services related to the supply of electricity) and substitutes the table below. The fees, other than for item 7, increase either by 1.75% or 1.64%. Item 7 (disconnection warning) increases by 1.72%.

<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	\$22.20	1.75% Increase
2	Installation of a 3 phase residential meter (new installation or replacement of a single phase meter)	Dollars per instance	\$830.91	\$845.45	1.75% Increase
3	Reconnection following disconnection of Supply for non-payment of fees or any other lawful reason	Dollars per instance	\$28.91	\$31.08	1.75% Increase
4	Connection of temporary supply:				
(a)	Single phase	Dollars per instance	\$831.82	\$845.45	1.64% Increase
(b)	3 phase	Dollars per instance	\$831.82	\$845.45	1.64% Increase
5	Meter testing:				
(a)	if paragraph (b) does not apply (standard);	Dollars per instance	\$224.73	\$228.66	1.75% Increase
(b)	for a consumer entitled to a rebate under subsection 7(1)	Dollars per instance	\$140.36	\$142.82	1.75% Increase
6	Special meter reading requested by customer	Dollars per instance	\$28.91	\$31.08	1.75% Increase
7	Disconnection warning	Dollar per instance	\$5.80	\$5.90	1.72% Increase

## 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 (2022 Measures No. 2) Determination 2022**

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 2022 Measures No. 2 Determination 2022 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 generally 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 consumption and supply tariffs applied on Christmas Island, the Business Tariff (L2) increases by 2.5%, the Residential Tariff (A2) increases by 2.5%, the Community Services Tariff (C2) increases by 2.5%, the Charitable Residential Tariff (D2) increases by 2.5%, the Business/Residential Tariff (K2) increases by

2.5%, whilst the Government Tariff (N2) increases by 1.78% for consumption and by 1.74% for the supply charge. Service fees, covering items including account establishment, meter installation and meter testing, increase in the range 1.75% to 1.64%.

The Dependent Child Rebate increases by 2.5%, which will ameliorate fees charged for supply and consumption of electricity for eligible consumers and be beneficial to the relevant persons. 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.