

Service Extension, Expansion and Introduction Policy

Aim

The aim of this policy is to outline the circumstances in which, and the terms and conditions under which (including the levying of service introduction charges where appropriate), Ben Lomond Water will extend, expand or introduce its water and/or sewerage infrastructure.

Background and definitions

The *Water and Sewerage Industry Act 2008* requires Ben Lomond Water to include in its Price and Service Plan a policy that sets out the circumstances in which Ben Lomond Water will extend and expand its water and/or sewerage infrastructure, including the circumstances in which it will extend or expand its water and/or sewerage infrastructure at the request of a person. The policy must also include the terms and conditions that will apply to such an extension or expansion.

In accordance with the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011*, a Price and Service Plan may be required to include a service introduction charges policy which specifies how Ben Lomond Water determines service introduction charges and the terms and conditions that will apply to service introduction charges.

In this policy:

Connection charge means a charge calculated by reference to the costs that are associated with installing assets that are dedicated to the provision of water services and/or sewerage services to a particular customer. For the purposes of this policy, this applies to connection relocation or adjustment.

Connection point means:

- (i) the point at which the customer's pipes connect with Ben Lomond Water's water and/or sewerage infrastructure; or
- (ii) such other point as may be prescribed in regulations made and in force under the Water and Sewerage Industry Act.

Expansion means augmentation of water and/or sewerage infrastructure to accommodate development of a property which cannot be catered for by the current system's capacity. For example, subdividing a property or a significant change of use may require infrastructure expansion.

Extension means the lengthening of water and/or sewerage infrastructure to enable connection; with the connection able to be catered for by current system capacity (i.e. extension can only occur within serviced land).

Service charge means a charge levied under section 68A of the Water and Sewerage Industry Act.

Service introduction means the construction of water infrastructure and/or sewerage infrastructure to service areas not previously receiving reticulated water services and/or sewerage services.

Serviced land means a description of the land, whether identified by individual title or locality, which Ben Lomond Water will permit to be connected to its water infrastructure or sewerage infrastructure.

Information about Ben Lomond Water's serviced land boundaries, including maps, is available on Ben Lomond Water's website www.benlomondwater.com.au and at Ben Lomond Water's Launceston office. Ben Lomond Water can be contacted during business hours on 13MYWATER (13 6992) for further information regarding Ben Lomond Water's serviced land boundaries.

Policy

(1) Extension – within serviced land

Where a customer is located within serviced land, but does not have water and/or sewerage infrastructure passing their property, and requests connection to Ben Lomond Water's water and/or sewerage infrastructure, the following conditions apply:

- If a customer is currently paying a service charge then Ben Lomond Water will bear the cost of the extension, but the customer is liable for the applicable connection charges (as per Ben Lomond Water's *Customer Connection Policy*).
- If a customer is currently not paying a service charge, then the customer is liable to pay an extension charge in addition to the applicable connection charge.
- Where Ben Lomond Water determines a property will be unable to be serviced to minimum standards and conditions of service and supply (as specified in Ben Lomond Water's Customer Charter), Ben Lomond Water reserves the right to not connect the property, or alternatively, offer supply of services under an agreed contract made in accordance with section 61 of the Water and Sewerage Industry Act. Where Ben Lomond Water agrees to connect the property the above conditions apply.

Extension charges may vary depending on the associated costs. Extension charges will be calculated on a cost recovery basis.

For additional information regarding connections refer to Ben Lomond Water's *Customer Connection Policy*.

(2) Expansion

If expansion is required to service a proposed development (e.g. subdivision or change of use), then the charges will be calculated in accordance with Ben Lomond Water's *Developer Charges Pricing Policy*.

(3) Introduction of new services and/or sewerage services to areas with only onsite services, e.g. septic tanks, rain tanks (service introduction)

Ben Lomond Water will determine the service introduction charges using the same methodology as it applies to calculate developer charges (refer to Ben Lomond Water's *Developer Charges Pricing Policy*).

The introduction of water and/or sewerage services must satisfy the following conditions:

- The introduction of water and/or sewerage services is to be commercially viable for Ben Lomond Water (which may include external funding – e.g. a contribution from owner Councils, government grant(s), customer contributions, or a combination of any of these); or
- The absence of water and/or sewerage services is causing significant and/or wide scale environmental harm and/or public health issues, as identified by the local Environmental Health Officer, the Environment Protection Authority or the Department of Health and Human Services; and
- Ben Lomond Water will consult with the community on any service introduction proposal; and
- Ben Lomond Water will provide to a person, before a service introduction charge is imposed on that person, an estimate of the amount of the service introduction charge; and
- Ben Lomond Water will provide to a person, on whom a service introduction charge is imposed, information as to how the amount of the service introduction charge has been determined; and
- Ben Lomond Water must be satisfied that there is broad community support before proceeding with a proposed service introduction, unless a compelling public interest reason can be demonstrated.

Once a decision is made to proceed with the introduction of water and/or sewerage services, the services will be paid for by a service introduction charge which will be applied as follows:

- A service introduction charge is a charge to be paid by the owner of the property to which the service is introduced. The service introduction charge will reflect the cost of providing water and/or sewerage services less any

funding provided by third party contributions and less the net present value of the revenue for the provision of the services. Service introduction charges are levied from the date on which the water and/or sewerage service becomes available.

- The owner of a property subject to a service introduction charge may pay the charge:
 - over a period of 12 months; or
 - at the owner's request, over a period of less than 12 months; or
 - at the owner's request, in accordance with an extended payment arrangement. That is, over a period of greater than 12 months but not more than 10 years.
- Where a payment arrangement is requested by the owner and agreed to by Ben Lomond Water, a payment schedule will be determined and provided to the customer. In determining the payment schedule, Ben Lomond Water will undertake an annuity calculation to ensure full cost recovery is achieved over the agreed period.
- Where a payment arrangement is requested by the owner, a consumer credit contract must be entered into. The credit contract will outline the terms and conditions of the arrangement and a requirement for the owner to fully settle the balance with Ben Lomond Water should the owner sell the property.
- A connection fee for water and/or sewerage services will be payable when the property is connected to Ben Lomond Water's water and/or sewerage infrastructure. In addition, recurrent fixed and variable charges will apply once the property is connected.

Responsibilities

The Chief Executive Officer of Ben Lomond Water is responsible for implementing this policy.

References

- Ben Lomond Water's Customer Charter
- Ben Lomond Water's *Customer Connection Policy*
- Ben Lomond Water's *Developer Charges Pricing Policy*
- *Land Use Planning and Approvals Act 1993*

- Tasmanian Economic Regulator – 2012 Water and Sewerage Price Determination
- *Water and Sewerage Industry Act 2008*
- *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011*
- *Water Works Clauses Act 1952*
- Any other manuals and documents specific to Ben Lomond Water and this policy

Approved by the CEO on [DATE]

Signed by [CEO NAME], CEO, Ben Lomond Water