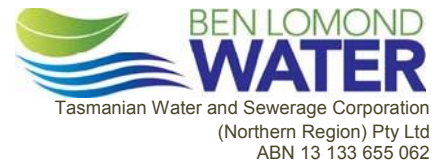


SERVICE CHARGE POLICY



AIM

This policy provides the community with an outline of the circumstances in which a Service Charge may be levied by Ben Lomond Water.

BACKGROUND AND LEGISLATION

The economic viability of large infrastructure businesses requires all potential customers along the route of the network to be connected to make the cost of the average price of service provision more affordable. As such, Ben Lomond Water has been provided the ability to levy a "Service Charge" where there is an ability to access a service even if there is not yet a physical connection onto Ben Lomond Water's infrastructure. The ability to levy a Service Charge also reflects the value by which the property or land is improved by having access to a reticulated water and sewerage service.

The Water and Sewerage Industry Act 2008 provides the power for Ben Lomond Water to charge a "Service Charge":

- (a) on land that was the subject of a service rate or service charge under the now repealed section 95 of the *Local Government Act 1993* (i.e. land that was within 30 metres of connection to a council's water or sewerage infrastructure) immediately prior to the commencement of Ben Lomond Water; or
- (b) consistent with a Service Charge Policy developed under section 68A of the Water and Sewerage Industry Act and approved under a Price and Service Plan.

Section 4.11 of the Interim Price Order also allows an interim policy to be developed to allow for "Service Charges" to be levied until Ben Lomond Water has its first Price and Service Plan approved.

As Ben Lomond Water will not have its first Price and Service Plan approved by the Water and Sewerage Economic Regulator until 2012, the following policy has been developed consistent with the power in the Interim Price Order.

Policy

Ben Lomond Water will continue to levy a Service Charge on land that was the subject of a service rate or service charge under the now repealed section 95 of the *Local Government Act 1993* immediately prior to the commencement of Ben Lomond Water.

Ben Lomond Water will levy a Service Charge where a property is located within Ben Lomond Water's Serviced Land and where there is a water or sewerage service available through a water or sewerage main passing the property, but the property is not yet connected.

Where a "Service Charge" is levied, the charge should reflect the cost of the service being available, and should not cover any variable cost of service provision.

The Service Charge will be determined as follows while municipal based pricing continues:

- Where Ben Lomond Water inherited charges imposed on unconnected land, these will continue to apply.
- Where there is a two part price for water in a municipality, the fixed charge will be applied as the Service Charge(s) for water.

It is Ben Lomond Water's intention that once the Corporation moves to consistent two-part pricing for water across the region, the fixed charge for water will be used as the Service Charge as this represents the cost of having the service available.

This policy will be reviewed at the end of each financial year, or as tariff and pricing arrangements change so that Service Charges best represents the cost of service availability and is transparent to the community.

RESPONSIBILITIES

All employees are required to comply with the spirit and letter of this policy and its associated procedures and undertake any relevant training as required.

REFERENCES

Water and Sewerage Industry Act 2008
Interim Price Order

Approved by the Board on 1 July 2010

Signed:



Chief Executive Officer