

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), Southern Water will extend, expand or introduce its water and/or sewerage infrastructure.

Background and definitions

The *Water and Sewerage Industry Act 2008* requires Southern Water to include in its Price and Service Plan a policy that sets out the circumstances in which Southern 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 Southern 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:

- the point at which the customer's pipes connect with Southern Water's water and/or sewerage infrastructure; or
- 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 Southern Water will permit to be connected to its water infrastructure or sewerage infrastructure.

Information about Southern Water's serviced land boundaries, including maps, is available on Southern Water's website www.southernwatertas.com.au and at Southern Water's Moonah office.

Southern Water can be contacted during business hours on 13MYWATER (13 6992) for further information regarding Southern 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 Southern Water's water and/or sewerage infrastructure, the following conditions apply:
 - If a customer is currently paying a service charge then Southern Water will bear the cost of the extension, but the customer is liable for the applicable connection charges (as per Southern 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 Southern Water determines a property will be unable to be serviced to minimum standards and conditions of service and supply (as specified in Southern Water's Customer Charter), Southern 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 Southern 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 Southern 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 Southern 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) Southern Water will determine the service introduction charges using the same methodology as it applies to calculate developer charges (refer to Southern 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 Southern 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

- Southern Water will consult with the community on any service introduction proposal; and

- Southern 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

- Southern 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

- Southern 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 Southern Water, a payment schedule will be determined and provided to the customer. In determining the payment schedule, Southern 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 Southern 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 Southern 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 Southern Water is responsible for implementing this policy.

References

- Southern Water's Customer Charter
- Southern Water's *Customer Connection Policy*
- Southern 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 Southern Water and this policy

Approved by the CEO on 13 June 2012

Signed by Mike Paine, CEO, Southern Water