

## LORD HOWE ISLAND BOARD PRICING POLICY

PRICING STRUCTURE	1. STATUTORY	2. ZERO COST RECOVERY	3. PARTIAL COST RECOVERY	4. FULL COST RECOVERY	5. COMMERCIAL BUSINESS ACTIVITY	6. DEMAND MANAGEMENT
<b>SERVICE CATEGORIES</b>	<p><b>A Statutory</b></p> <p>This is the amount required to be charged by statute. Where this principle applies, the Board has no power to alter the amount.</p>	<p><b>B Significant Community Benefit</b></p> <p>Service provides a broad community benefit. Generally these services would not be provided if other principles were used to fund them. Consequently, the Board accepts the responsibility for these services funding them from other sources of revenue.</p>	<p><b>E Evasion</b></p> <p>Where the imposition of a fee or charge to recover full cost may result in widespread evasion.</p>	<p><b>H Operating Costs</b></p> <p>Where the fee or charge is calculated based on the full recovery of annual operating and maintenance costs, on-costs and overheads. This should also include any debt servicing associated with the provision of the service.</p>	<p><b>K Commercial / Business Activities</b></p> <p>Goods and services provided are of a commercial nature and recovery of costs is based on commercial principles. As a result of these principles a profit may accrue to the Board as compensation to exposure to market risk and the granting of exclusive rights to commercial operators.</p>	<p><b>M Demand Management</b></p> <p>Fee or charge is determined at a level greater than the direct cost of the service so as to become a disincentive, or to recognise indirect costs associated with the provision of the service. (This excludes any penalty or fine determined in accordance with specific statutory provisions.)</p>
		<p><b>C Practical Constraints</b></p> <p>Where the service provided is a minor part of the overall operation of the Board or where the potential for revenue collection is so minor as to be outweighed by the costs of collection. This would also apply to where circumstances are such that it is impractical to charge for service on a user basis.</p>	<p><b>F Stimulate Demand</b></p> <p>Where a service is subsidised to provide a stimulus for the demand of a service for :</p> <ul style="list-style-type: none"> <li>• The development of a new service;</li> <li>• To promote community or environmental benefits; or</li> <li>• To ensure the economic well being of the community.</li> </ul>	<p><b>I Operating and Asset Costs</b></p> <p>As above plus recovery of asset costs such as asset depreciation and the like.</p>	<p><b>L Internal Services</b></p> <p>These services are provided predominantly for "in-house" use but may be made available for sale to external markets to defray operating costs. The fee or charge is determined with a profit objective.</p>	
		<p><b>D Board Resolution</b></p> <p>Where a Board resolution is made which effectively states that the service is to be provided as a "public good".</p>	<p><b>G Public Good Including Equity &amp; Justice</b></p> <p>Where a service is subsidised to ensure access to low income users or other similarly disadvantaged persons. Target specific subsidy – not available to all users.</p>	<p><b>J Service Fee</b></p> <p>Recovery of costs for "one-off" or irregular services provided by the Board. Fee or charge is based on actual cost of providing the service.</p>		