

**UNION ELECTRIQUE DU VANUATU
LIMITED**

REPUBLIC OF VANUATU

**SUBSCRIPTION POLICY
AND SPECIMEN SUBSCRIPTION AGREEMENT
FOR THE WATER SUPPLY SERVICE
IN PORT VILA**

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SUBSCRIPTION POLICY

CHAPTER I

GENERAL CONDITIONS

By virtue of the Operation and Management Contract, hereinafter referred to as the Schedule of Conditions concluded between the Government of VANUATU hereinafter designated as the Community and the company UNELCO VANUATU Ltd, the latter takes on the capacity of the "Water Service" for the execution of this policy.

ARTICLE 1 - OBJECT OF THE POLICY

This policy, an appendix of the Schedule of Conditions, has the purpose of defining the conditions and means according to which the supply and use of water is effected from the network in agreement with the Schedule of Conditions for which the general conditions and eventual modifications, if the case may be, are applied to all subscribers.

ARTICLE 2 - OBLIGATIONS OF THE WATER SERVICE

The Water Service is bound to supply water to all applicants to a subscription in accordance with this policy and subscription agreement as provided for in Article 6 hereinafter.

The Water Service is responsible for the proper operation of the utility.

The water connections and meters shall be installed by the Water Service in such a way as to allow their proper operation under normal conditions of service and utilisation.

The Water Service is bound, except in the event of Acts of God, and any other conditions beyond its control, to ensure a continuity of supply.

The Water Service is bound to continually supply water having the qualities as required by the regulations in force.

However, under exceptional circumstances, duly justified (Acts of God, works, fire), water shall be supplied in accordance with Articles 25 to 27 of this policy.

The Water Service is bound to inform the Community and the Minister for Public Health and Water Supply in Rural Sectors of all changes to the quality of water which could have repercussions on the health of users either directly or indirectly according to its use (washing, watering, etc). All information justifying the conformity of water to the regulations concerning its potability shall be put at the disposal of all subscribers who should request it.

Documents justifying water quality shall be presented in such a way so as to adequately inform the subscriber.

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ARTICLE 3 - METHOD OF SUBSCRIPTION TO WATER SUPPLY

All new users wishing to subscribe to the water supply shall make an application to the Water Service. In signing the application the applicant accepts the conditions of this policy and later modifications which could be made to it in accordance with Article 29.

This application for subscription agreement is to be filled out in duplicate and signed by both parties. A copy is issued to the subscriber.

Water supply shall be effected only through water connections fitted with a meter except for the first few months of the Contract where an interim situation may be tolerated.

ARTICLE 4 - DESCRIPTION OF WATER CONNECTIONS

The water connection comprises, from the water main on the public domain and following the shortest route :

- the tapping band on the distribution main

- A stopcock after the tapping band

- The connection pipe in both the public and private domain up to the meter

- the stopcock before the meter if need be

- the meter

- the stopcock after the meter

- the meter box to protect the meter if need be

A single building may only have one water connection. However, at the discretion of the Water Service if the building has more than one tenant, more than one distinct connection can be made. The supply may comprise only one connection fitted with one general meter and as many branches fitted with meters as there are tenants in the building.

Individual buildings, even if adjoining, must be supplied from individual connections, except in the case where the water is subscribed to a common user be it agricultural, industrial or commercial.

ARTICLE 5 - WATER CONNECTIONS : CONDITIONS OF ESTABLISHMENT AND RESPONSIBILITY

The route to be followed by the water connection shall be determined by the Water Service in consultation with the owner. As far as practical it should be perpendicular to the water main in the public domain. The Water Service shall determine the diameter of the connection and the position of the meter which shall be as close as possible to the property boundary.

The water connection is made at the request of the owner or tenant.

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The Water Service shall communicate to the prospective subscriber a quotation for the works to be carried out.

If, for personal convenience or special conditions on the site to be supplied, the owner requests modifications to the conditions of installation provided for in the Schedule of Conditions, the Water Service may consent, subject to all supplementary expenses of installation and maintenance resulting from the modifications being at the expense of the owner. The Water Service, however, reserves the right to reject these modifications if they are not considered to be compatible with the conditions of use and maintenance of the connection.

Maintenance and renewal of water connections, as described above, is carried out by the Water Service or under its supervision by a contractor or a company or other body approved by him.

However the meter box may be constructed by the subscriber in conformity with the requirements of the Water Service.

Water connections, up to but including the meter and excluding, if any, the meter box, are an integral part of the network.

The length of the water connection is measured from the axis of the public road to the meter. However, in roads with water mains on both sides, the length is measured from the main.

The lump sum cost listed above includes the trench to normal depth in ordinary ground, the supply and installations and laying of the tapping band, the stopcock before the meter, pipework and accessories. This price does not include the supply or installation of the meter box, nor the reinstatement of surfaces, if one exists, nor the boring through walls or supplementary works due to the nature of the ground. In this case, the actual supplementary expenditure shall be added to the base cost of the connection.

Maintenance and renewal of water connections, as described above, is carried out by the Water Service or under its supervision by a contractor or a company or other body approved by him.

That part of the water connections inside private property and up to the meter only, includes pipeworks, plumbing and backfill and does not include demolition or reconstruction of masonry or concrete structures nor the removal of trees or plants or their plantation.

The Water Service alone is allowed to intervene on that part of the connection inside private property up to the meter. The subscriber, however, remains responsible for the connection and accepts all consequences which this notion implies in the matter of liability. Consequently, he shall be liable for all damages to that part of the connection situated in the private property. The subscriber shall advise the Water Service immediately he is aware of any leaks or anomalies in the connection.

The route followed by the connection inside private property shall be kept free from all construction or trees such that the Water Service may intervene on the connection without difficulty.

The maintenance incumbent on the Water Service does not include :

- The cost of shifting or modifying water connections at the request of the subscriber.
- The cost of repairs and damages resulting from the subscriber's fault.
- The cost of the reinstatement of all structures constructed on the route of the connection.

These shall be at the expense of the subscriber.

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CHAPTER II
SUBSCRIPTIONS

ARTICLE 6 - APPLICATION FOR SUBSCRIPTION

Subscriptions to existing connections are granted to owners or life tenants of buildings as well as to tenants.

If the connection is in conformity with the requirements of the Water Service, the Water Service is bound to supply water to all applicants fulfilling the terms of the agreement within a maximum period of eight days following the signature of the application for subscription.

If a new connection has to be constructed the applicant shall be informed of the delay on signing of the subscription application, which shall be no greater than one month.

The Water Service may postpone granting of a subscription or limit the size of the connection (and hence the flow) if the requirements of the applicant require upgrading or an extension of the network.

Before water supply is permanently connected to a new building the Water Service may require the applicant to show proof that he is in compliance with town planning and drainage and sewerage regulations.

A security deposit shall be paid on signing of the agreement. It is determined in function of the water meter diameter installed and is equal to the product of the number of m³ in the table below and the base rate for the lowest range of consumption.

SIZE OF THE METER	SECURITY DEPOSIT in m ³
15 mm or 3 m ³	50
20 mm or 5 m ³	100
25 mm or 7 m ³	200
30 mm or 10 m ³	500
40 mm or 20 m ³	700
over and above	1000

ARTICLE 7 - REGULATIONS APPLICABLE TO ORDINARY SUBSCRIPTIONS

Ordinary subscriptions shall be contracted for a period of one year and shall be renewed by tacit agreement for one year terms. Subscriptions can be contracted at any time of the year but the first full term begins to run from the settlement date of the first billing following signature of the application for subscription.

The subscription fee, and if it be the case, the volume of water it entitles the subscriber to, for the period up to the first billing, shall be proportional to the duration for which the subscription has been granted. Thereafter, the subscription is subject to the payment of the full subscription fee.

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At the time of contracting the agreement, a fee equal to the cost of 10 m³ of water at the base rate shall be paid for the establishment of documents.

A copy of this policy and OF the current tariffs are held at the disposal of the subscriber for perusal at the offices of the OPERATOR.

ARTICLE 8 - CESSATION, RENEWAL AND TRANSFER OF ORDINARY SUBSCRIPTIONS

The subscriber may relinquish his subscription only by notice to the Water Service by registered letter, at least fifteen days before the end of the current term. In the absence of such a notice the subscription shall be renewed by tacit renewal.

At the time of a transfer, that is, when a new subscriber succeeds an old subscriber, the new subscriber is billed for the cost of reconnection if succession is not immediate.

At the time of succession of a subscription, the supply to the connections which may be turned off and the meter may be removed except in the case of an immediate succession by a new subscriber. Likewise the connection may be disconnected at the public main. The cost of turning off the water supply shall be at the expense of the subscriber in accordance with the conditions provided for in Article 21.

If, following cessation of a subscription at the owners request or the subscriber requests within a period of less than a year from the cessation of the previous subscription the reactivation of the subscription and the reinstallation the meter, the Water Service may require payment of the subscription for the period of interruption in addition to the cost of reconnection of water.

The surrender of the subscription may, if need be, entail the application of the conditions set out in Article 22.

In the case of transfer of the subscription, for whatever cause it may be, the new subscriber is substituted for the former, without any cost other than those mentioned in Article 9 of this policy and, if it be the case, the cost of reconnection of water. Former subscriber or in the case of death, his heirs or beneficiaries, remain liable to the Water Service, for all monies due by virtue of the original subscription.

The subscription is not transferable from one building to another. The same applies to the split up of a building, each fraction of the building is subject to a separate subscription.

ARTICLE 9 - ORDINARY SUBSCRIPTIONS

Ordinary subscriptions are subject to quarterly charges as defined in the Schedule of Conditions. The tariffs include :

- * Maintenance of the connection
- * Rental and maintenance of the meter
- * A cost per cubic meter for volume of water consumed
- * If it be the case, the different taxes implemented by either the Republic of VANUATU or the Municipality of PORT VILA.

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never, by special dispensation from the above, water meters belonging to subscribers may be maintained and renewed by the OPERATOR.

ARTICLE 10 - SPECIAL SUBSCRIPTIONS

A-If the Water Service lowers it's tariffs, referred to in the Schedule of Conditions, for certain subscribers whose consumption might justify such action, either subject or not to certain conditions, it shall apply the same reductions in tariffs to all subscribers in the same conditions of supply, and in particular those conditions relating to rights of consumption, times of usage and of consumption and the term of the subscription which are as beneficial to the Water Service.

B-Subscriptions referred to as "Stand-By Subscriptions" can be requested by subscribers if their needs for water supply are not immediate. They shall be subject to special agreements. They must be transformed into an ordinary subscription within a period of three (3) years.

ARTICLE 11 - TEMPORARY SUBSCRIPTIONS

Temporary subscriptions (connections for work sites, temporary needs) may be granted exceptionally for a limited duration subject to it not causing any inconvenience to water supply in general.

Temporary subscriptions may be subject to the payment of an advance on consumption to be determined in each case.

The supply of water in accordance with this agreement is subject to a special agreement.

ARTICLE 12 - SPECIAL SUBSCRIPTIONS FOR FIRE FIGHTING

The Water Service may grant, if it considers it compatible with the proper operation of water supply, subscriptions for fire fighting subject to the applicant having already subscribed to an ordinary subscription.

The subscription is automatically cancelled in the case of non payment of the ordinary subscription.

Subscriptions for fire fighting give rise to special agreements which take into account the financial and technical considerations.

The subscriber waives any recourse against the Water Service for liability for whatever reason it might be in the event of the inadequate functioning of his own installations and in particular fire hydrants.

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CHAPTER III

WATER CONNECTIONS, METERS AND INTERNAL INSTALLATIONS

ARTICLE 13 - COMMISSIONING OF WATER CONNECTIONS AND METERS

The commissioning of water connections may only take place after payment of monies due to the Water Service in accordance with Article 19 hereinafter.

If the building has several apartments the following elements may be installed at the extremity of the water connection :

- * Either one meter which shall be used for an overall billing of the building, or as many meters as there are apartments from which each apartment shall be supplied individually. In the latter case each meter shall give rise to a subscription.
- ~ Subject to approval by the Water Service, a single general meter referred to as the primary meter, and individual meters for each apartment referred to as secondary meters shall be installed. In this case, the primary meter shall be the object of a subscription to which the volume recorded shall be billed after deductions of the volume recorded by each secondary meter. Each secondary meter shall be the object of a subscription.

Before the commissioning of a water connection the Water Service may require the water connection to be put into conformity (including the meter box and it's cover) in accordance with technical standards in force. This putting into conformity shall also apply to all new subscriptions.

Water meters are installed and maintained by the Water Service.

The water meter must be installed within the private property and as close as possible to the public domain and must be easily accessible to the agents of the Water Service at all times.

If the distance between the public domain and the first buildings of the subscriber is considered too long (maximum : five metres (5m)) by the Water Service, the meter must be installed in a meter box or manhole.

If the meter is positioned inside a building, that part of the connection inside of the building and upstream from the meter must be visible and clear of all encumbrances, such that the Water Service may have free access and be able to verify that no illicit connection has been made on that part of the supply pipework.

The type and size of all meters are determined by the Water Service taking into account the requirements of the subscriber and in accordance with the regulations relating to weights and measures.

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The maximum flow rate for each size of meter is indicated in the table below :

Meter Size	Maximum Flow Allowed	
	Instantaneous Flow l/s	Daily Flow m ³
15 mm or 3 m ³	0.8	3
20 mm or 5 m ³	1.4	5
25 mm or 7 m ³	1.9	9
30 mm or 10 m ³	2.8	14
40 mm or 20 m ³	5.6	35

If the instantaneous flow rate of a subscriber does not correspond to the values in the table above, the Water Service shall replace, at the expense of the subscriber, the meter with a meter of an appropriate size.

The Water Service reserves the right to limit the size of a meter and to request the construction of a water tank to any user whose consumption may be detrimental to water supply in general.

The subscriber shall notify without delay the Water Service of any malfunction or anomaly in the water connection or meter.

ARTICLE 14 - THE OPERATION OF SUBSCRIBER'S INSIDE INSTALLATIONS - GENERAL RULES

Internal installations shall include :

- *- A stopcock after the meter
- * If need be, a scour valve
- *- If need be, a pressure reducing valve
- *- If need be, a non-return valve

The installation of the water connection by the Water Service includes the installation of the meter and its connection to the supply pipe. The Water Service is not bound to connect the subscribers pipework to the meter. In the case where the Water Service should carry out this operation free of charge, this work will be carried out under the responsibility of the subscriber who will be responsible to check or have checked the water tightness of the installation. The responsibility of the Water Service is limited to as far as the meter.

All works of establishment and maintenance after the meter are carried out by private contractors chosen by the subscriber and at his cost. However, the Water Service reserves the right to refuse the commissioning of a water connection if the internal installations could be detrimental to the proper operation of the network. The subscriber alone is responsible for all damages caused by both the construction and the operation of the installations carried out under his responsibility.

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All equipment which may constitute a danger to the distribution network or the water connection, in particular, water hammer, must be immediately replaced. If this is not carried out, water supply to the connection shall be cut off. In particular self-closing valves must close sufficiently slowly to avoid all water hammer. In all cases where there is a risk of water hammer the Water Service may impose the installation of a water hammer protection device.

ARTICLE 15 - SUBSCRIBER'S INSIDE INSTALLATIONS - SPECIAL CASES

All subscribers who have within their property pipeworks supplied by water from a source other than the Water Service's supply must notify the Water Service. For health reasons, all connections between these pipeworks and those supplied by the Water Service is absolutely forbidden.

For the same reason, all equipment which could place the public network in negative pressure is forbidden. The same applies to all equipment which may allow the water from this equipment to enter the public network. In particular, subscribers possessing equipment liable to modify the quality of water distributed or water heaters must protect all supply to this equipment with appropriate protection (non-return valves, etc.) to prevent all possibility of water returning to the meter.

As a general rule, internal installations or equipment must not be susceptible to, by virtue of their design, construction or use, allow the flow of water towards the public network.

As a measure of security and to avoid all prejudice which could result from the bursting of pipes, particularly during the absence of users, the subscribers are invited to :

*- In the case of an absence of a limited time, turn off the stopcock before the meter before departing.

*- In the case of a prolonged absence, to request to the Water Service to close the valve on the public domain, before their departure, in this case the cost of closing and then of reopening the water supply is at their expense in accordance with Article 21. The supply of water is suspended but the subscription fees remain.

For reasons of safety, the use of internal installations and water connections as an earth for the wiring of the subscriber's electrical appliances is forbidden.

All violations of this Article subjects the subscriber to the immediate cut off of his water supply without prejudice to legal proceedings which could be instigated against him.

ARTICLE 16 - SUBSCRIBER'S INSIDE INSTALLATIONS - VARIOUS PROHIBITIONS

The subscriber is strictly forbidden to :

- 1) Use water for other than his personal use or that of his personnel and tenants, and in particular, to sell or supply to third parties except in the case of fires.
- 2) To carry out any tapping or make any orifice in the pipe upstream from his connection.
- 3) To modify in any way the meter, to interfere with it's operation or to break seals.
- 4) To carry out any operation on his connection. Nevertheless, he may operate the stopcock adjacent to the meter for personal convenience and this at his own risk.

W. J. B.

Any violations of this Article subjects the subscriber to the immediate cut off of his water supply, without prejudice to legal proceedings which could be instigated against him.

The Water Service alone may operate the stopcock at the water main to each subscription. The operation of this stopcock by the user is forbidden. In the case of any leaks inside the private property and on the connection, the subscriber must shut off the water supply at the stopcock before and adjacent to the meter.

The partial or total dismantling of the connection may only be carried out by the Water Service or by a contractor approved by the Water Service and at the expense of the applicant.

ARTICLE 17 - METERS : READINGS - OPERATION - MAINTENANCE

All assistance necessary must be rendered to the Water Service to allow the reading of the meter at least once every quarter for ordinary subscriptions and in accordance with the conditions of the contract for special subscriptions.

At the time of reading, the Water Service can not access the meter, the consumption shall be provisionally estimated as that of the corresponding period of the previous year. The account is adjusted accordingly after the following reading.

In the case where it is not possible to access the meter at the time of the following reading, the Water Service may require the subscriber to arrange access and make an appointment during working hours of the Water Service to read the meter and this within a maximum period of fifteen (15) days failing which the Water Service may proceed to cutting off the water supply to the connection.

The Water Service may require the meter site to be fitted out in such a way as to allow easy access to it and to operate in suitable conditions.

In the event that a meter should stop, the consumption for the period during which the meter is not operational is calculated on the basis of the consumption for the corresponding period of the preceding year, or failing that, on that of the current year if there has been significant readings of consumption over a sufficient period.

In the event of a remote display of meter readings, the main meter shows the only measure which shall govern if there is a discrepancy between it and the remote display. Moreover, the main meter must be able to be inspected by the Water Service at least once a year.

In the event where the subscriber refuses to allow repairs to the meter and the stopcock before the meter to be carried out as considered necessary, the Water Service may cut off water supply to the connection. This interruption of supply does not suspend the payment of the subscription fee which shall continue to be due.

The subscriber must take all precautions to protect his meter against backflow through the meter, shocks, various accidents and damages due to carelessness.

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If replacement of, or repairs to meters, of which the seal has been removed and which may have been opened or dismantled, or the damage which should be due to any cause other than normal operation (fire, shocks, etc.) shall be carried out by the Water Service, at the expense to the subscriber who shall take all precautions necessary to avoid all accidents.

The subscription fee includes the maintenance of meters but does not include repairs to damage due to negligence, imprudence, clumsiness or ill will of the subscriber. Repairs to damages resulting from such action shall be carried out by the OPERATOR at the expense of the subscriber, on whom lies the onus to take all necessary precautions.

ARTICLE 18 - VERIFICATION OF METERS

The subscriber shall be entitled to require that his meter be checked on site. Should the accuracy of the meter be contested on site, the subscriber may request the meter to be checked on a testing bench and in his presence.

If the meter is found to be accurate within less than five percent (5%) or if the error is to the advantage of the subscriber, testing shall be at his expense.

In the opposite case testing shall be at the expense of the Water Service and billing shall be rectified as from the previous reading.

The costs of testing are set on a lump sum and are equal to the cost of fifty cubic meters (50 m³) of water for a volumetric test, and to one hundred cubic meters (100 m³), for a calibration of the meter. The cost shall be at the unit rate per cubic meter for the lowest range of consumption.

These costs do not include costs for travelling.

Moreover, the Water Service may verify meters as often as it deems it useful and at its own expense.

All meters shall be checked for accuracy at least every twelve years, at the expense of the OPERATOR.

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CHAPTER IV

PAYMENTS

ARTICLE 19 - PAYMENT OF THE CONNECTION

All water connections shall be paid for by the subscriber in accordance with a memorandum established by the Water Service on the basis of the prices set out in the Schedule of Conditions.

The length of the connection is measured from the axis of the public road to the inlet to the meter. However, on roads which have a main on both sides, the length shall be measured from the main.

The cost above includes the supply and installation of the stopcock and it's equipment, as well as the reinstatement of natural surfaces. The cost of the connection includes the supply and installation of the meter.

ARTICLE 20 - PAYMENT FOR WATER SUPPLY

Quarterly subscription fees are payable at the due date.

Water bills and bills for extensions to water connections shall be rounded off to the nearest Vatu above, for all parts of a Vatu equal or above 50/100 of a Vatu, and to the nearest Vatu below for all fractions of Vatu below 50/100 of a Vatu.

The amount of the subscription fee is due in it's entirety and is not refundable if the water consumption over the quarter is nil.

When a water connection is commissioned in the course of a quarter, the subscription shall run only from the first day of the following quarter following the signature of the subscription agreement.

The costs of reconnection of water are at the expense of the subscriber. The cut off of supply to a connection does not suspend the payment of the quarterly subscription fee until the latter has been cancelled.

The subscriber shall not oppose payment of monies due on the basis of contestation of the quantity of water consumed. Consequently, the monies due must be paid within a period of fifteen (15) days following notification. All claims must be communicated in writing to the Water Service within eight (8) days following payment and the Water Service undertakes to take into account all discrepancies which may have prejudiced the subscriber in previous payments.

The subscriber is not justified in requesting a reduction in his consumption on account of leaks within his installations. The subscriber being at all times able to control the consumption indicated by his meter.

M. J. D.

If the total amount due is not paid within a period of fifteen (15) days and after a formal notice of fifteen (15) days, the water supply to the connection can be cut off until monies due have been paid, without prejudice to any legal proceedings which may be instigated against him. Water supply is reinstated only after the subscriber has presented to the Water Service proof that outstanding monies have been paid. If there is a recurrence of this situation, the Water Service may cancel the subscription.

Outstanding debts shall be recovered by the Water Service who is empowered to take all necessary action to recover outstanding payments.

ARTICLE 21 - COST OF INTERVENTIONS ON THE CONNECTIONS AND PENALTIES

The cost of interventions defined hereunder shall be at the expense of the subscriber. The cost of each operation is defined as follows :

- *- The cost of thirty cubic meters (30 m³) (at the unit base rate) for cancellation of subscription, cutting off of supply due to a prolonged absence (ref Article 14), transfer without interruption of supply (ref Article 8).
- *- Twice that first amount in the event of cutting off of supply and reconnection including removal of the meter.
- *- Four (4) times this first amount if the intervention of the Water Service results from the Water Service being unable to access the meter for readings (ref. Article 17) as well as in the case of cutting off of water for non-payment (ref. Article 20).
- *- Ten (10) times this first amount for the reconnection of supply cut off in accordance with Article 16.

The cut off of supply to a connection does not suspend the payment of the subscription fee until the latter has been cancelled.

However, the subscription can be considered as cancelled after a period of one (1) year following the cut off of supply.

The connection may be disconnected from the public main as a result of cancellation of the subscription at the expense of the subscriber.

Subject to an application by the subscriber to preserve the subscription, he may be able under certain conditions to subscribe to a "Stand- By Subscription" (ref. Article 10).

ARTICLE 22 - COMPENSATION FOR EXTENSIONS AND OTHER COSTS IN THE EVENT OF CANCELLATION OF SUBSCRIPTIONS

When, in order to supply a subscriber, certain works are carried out (water mains, connections, etc.) the subscriber may be required to pay an indemnity as provided for in this policy, if he cancels his subscription within a period as agreed in this policy.

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ARTICLE 23 - POLICY FOR EXTENSIONS CARRIED OUT AT THE REQUEST OF PRIVATE INDIVIDUALS

When the Water Service carries out works for extensions at the request of private individuals the latter undertakes to pay a participation in the cost of the works as follows :

In the case where the participation in the cost of the works is undertaken by several individuals the Water Service shall determine the proportion of the contribution between those individuals according to a special agreement between the said individuals.

In the absence of an agreement between the individuals, the total participation of the individuals in the cost of establishment is shared between them in proportion to the distance between the start of the project and their connection, and proportional to the size of the meter.

During the first five (5) years following the commissioning of such an extension, a new individual can only be connected to the extension subject to the payment of an amount equal to that which he would have paid at the time of establishment of the extension, proportionally to the diameter of the connection and the distance along the main reduced by one fifth for each year of service of this extension. This amount shall be shared between the individuals already connected in proportion to their participation or that of their predecessor in the case of transfer of ownership.

ARTICLE 24 - COLLECTION

In the event of the recovery by the Water Service of monies due by recourse to justice or other mean, the costs relating to the recovery shall be at the expense of the defaulting debtor.

In the case of death of the subscriber, his heirs or beneficiaries shall be responsible, either jointly or individually, for the monies due.

H. M. J. B.

CHAPTER V

INTERRUPTIONS AND RESTRICTIONS TO THE WATER SERVICE

ARTICLE 25 - INTERRUPTIONS DUE TO ACTS OF GOD

The Water Service is bound to supply water to all subscribers in accordance with the conditions of Article 6 above.

The Water Service is responsible for the proper functioning of the water supply. It is bound, within the limits of the capacity of the installations of the utility, to ensure continuity of supply.

In the event of an interruption to supply in excess of forty eight (48) consecutive hours the subscription fee is reduced pro rata to the duration of the interruption.

The Water Service is, in principle, responsible for interruptions to the water supply and liable to the subscriber for damages that may result. However, the indemnity to be paid by the Water Service per hour or part thereof for interruption, shall in no case exceed the cost of water supply on an average day at the point of delivery under consideration, and this within the limits of the prejudice sustained by the subscriber. The average consumption per day shall be established on the basis of the last billing.

In any case the Water Service shall not be held liable in the following cases of construction work, repairs or Acts of God :

- 1) It may interrupt the supply of water to carry out maintenance, repairs and improvements to the network. In the case of programmed works the subscriber shall be notified at least twenty four (24) hours before of the duration of the interruptions envisaged. In the case of interruptions in the supply of water due to emergency repairs, the Water Service is not bound to notify the subscriber but he must keep the duration of the interruptions to a minimum and as far as practicable during hours likely to cause a minimum of inconvenience to users.
- 2) The subscriber may not claim indemnities from the Water Service for interruptions in the supply resulting from droughts, burst mains, power failures and any other similar cause considered as unforeseeable ; including interruptions due to the inadequacy of current techniques which, despite all precautions taken, do not preclude the hazard of water shortages. Likewise, the subscriber may not claim indemnities from the Water Service for variations in pressure, presence of air in the pipe works due to the same causes.

ARTICLE 26 - WATER QUALITY

The Water Service is bound to supply water with properties conforming to standards and regulations in force and, as far as possible, with the standards of the World Health Organisation.

The Water Service is bound to inform the subscribers of all changes to the properties and characteristics of water of which he is aware and which could have repercussions either directly or indirectly on the various uses (washing, watering, etc.).

ARTICLE 27 - CASE OF THE FIRE FIGHTING SERVICE

In the case of fire fighting or of fire fighting exercises, the subscribers must, except in the case of Acts of God, abstain from using the water supply.

In the case of fire, and until it has been extinguished, various mains of the network may be closed without right of compensation whatsoever to the subscriber. The operation of valves and fire hydrants may only be carried out by the Water Service and the Fire Fighting Service.

With respect to special subscriptions to individuals for fire fighting as provided for in Article 12 above, the subscriber renounces all claims against the Water Service for whatever cause it may be, in the case of the inadequate performance of the installations and in particular its fire hydrants. It is the responsibility of the subscriber to verify its state of operation as often as is necessary, including the flow and pressure such as they are defined in the Agreement.

The maximum flow available to the subscriber are those installed within his property and flowing from a free outlet. He may not in any case, in an attempt to increase the flow, pump from the network.

When a test of the subscriber's fire fighting equipment is planned, the Water Service must be notified three (3) days prior so as to be able to witness it and, if need be, invite the Fire Fighting Service.

The operation of valves and fire hydrants may only be carried out by the Water Service and the Fire Fighting Service.

Handwritten signature: W. J. B.

CHAPTER VI

CONDITIONS OF ENFORCEMENT

ARTICLE 28 - DATE OF ENFORCEMENT

This policy shall be applicable from the date of its acceptance by the Community, any previous policy being repealed from the time of application of this new policy.

ARTICLE 29 - MODIFICATIONS TO THE POLICY

The Community may carry out modifications to this policy after consultation with the Water Service.

These modifications can only come into effect from the first day of the quarter following the decision to modify the policy and subject to the subscriber being notified of the modification at least thirty (30) days before its date of application.

The subscribers may exercise their rights of cancellation in accordance with Article 8 above. Cancellations under these conditions shall take place without indemnity to either party. However, the cost of interventions, as provided for in Article 21, shall remain applicable.

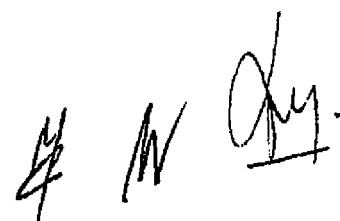
ARTICLE 30 - EXECUTION CLAUSE

The Minister for Transport, Public Works, Ports and Marines, Civil Aviation, and Urban Water Supply and the Minister for Health and Rural Water, and the agents of the Water Service duly empowered to this effect, each are bound to their respective responsibility for the control of the application of these regulations.

Seen and approved as to form

Seen and approved as to form
The Minister for Transport, Public Works,
Ports and Marines, Civil Aviation and
Urban Water Supply


MR. AMOS BANGABITI



SPECIMEN

SUBSCRIPTION AGREEMENT

UNELCO VANUATU LIMITED

A Corporation with a paid up capital of 335,290, 000 VATU
Registered office : INPACT KUMUL HIGHWAY, PORT VILA
PORT VILA WATER SUPPLY

SUBSCRIPTION AGREEMENT No.....

The undersigned : (Surname, Christian name).....

Postal Address

Home Telephone No..... Work Telephone No.....

After having read and accepted the terms of the Schedule of Conditions and the Subscription Policy of the Water Service who manages the water supply in Port Vila, a copy of which has been lodged with the Ministry of Transport, Public Works, Ports and Marines, Civil Aviation and Urban Water Supply and the supplementary clauses which may have been added with the approval of the Government, HEREBY CONTRACT A SUBSCRIPTION FOR A PERIOD OF ONE YEAR for the supply of drinking water, the place and use of the supply being as described below :

Subdivision Lot No.....

Street..... Street No.....

Suburb.....

Building.....

or House.....

Name of the Proprietor.....

Diameter of the Connection.....

Diameter of the meter

Average Daily Flowm³/d

Peak Hourly Flow.....m³ /h

INCIDENTAL COSTS

(Payable on signing the policy)

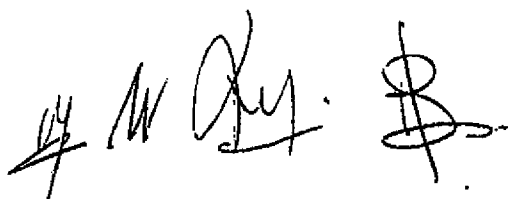
Advance on consumption.....

Meter Installation.....

Establishment Fee.....

The meter is the property of UNELCO

Registered the..... Cancelled the.....

Handwritten signature and a circular stamp.

GENERAL CONDITIONS

ARTICLE 1 : Water is supplied to the subscriber in accordance with the Schedule of Conditions of the Management and Operation Contract for water supply in Port Vila and with the Subscription Policy of the Water Service.

ARTICLE 6 : In the event of a malfunction of a meter, the subscriber shall inform the supplier immediately and consumption shall then be calculated on the basis of that of the corresponding quarter of the previous year, or failing that, that of the previous quarter.

ARTICLE 2 : The subscriber is forbidden:
- To sell to third parties water supplied by the Water Service.
- To modify pipework before the meter
- To remove the seal of the meter

ARTICLE 7 : The sum due for water supply and other charges to the subscriber are payable by the due date for the quarter on presentation or dispatch of an invoice to the subscriber. Failing payment within fifteen (15) days of the said presentation the supply may be cut off fifteen (15) days after official notification by registered letter and the subscription cancelled by the expiry of the current term. The expenses resulting from this action shall be charged to the subscriber without prejudice to action against the subscriber for breach of contract.

ARTICLE 3 : The subscriber shall make available the space necessary for the meter (s). The diameter of the connection and of the meter shall be determined by the water supplier and the subscriber. The maintenance of the surroundings of the meter shall be carried out by the subscriber in accordance with the conditions of the Subscription Policy.

ARTICLE 8 : Clauses of this Agreement shall be applicable for its duration to the subscriber or his beneficiaries. The policy shall be renewed by tacit renewal for a duration of one (1) year if it is not cancelled by one of the parties, by registered mail, thirty (30) days at least before the expiry date of the current term.

ARTICLE 4 : The subscriber shall pay a security deposit in accordance with the Subscription Policy. This sum shall not be subject to the payment of interest and shall be returned to the subscriber at the end of the contract, after deduction of monies due by the subscriber to the Water Service. The subscriber is responsible for the maintenance of his installation, for which the operation remains under his entire responsibility. An authorised representative of the supplier may inspect installations on private property in order to prescribe measures stop losses and wastage. In the case where these measures are not adhered to within a period of fifteen (15) days, the subscriber shall have water supply to his connection turned off and shall be liable for the cost of this operation.

ARTICLE 9 : All disputes which may arise from the application of this contract shall be submitted to the supreme court of Vanuatu.

ARTICLE 5 : The Water Service shall not be liable for damages resulting from interruption from supply resulting from Acts of God or unforeseeable causes (in particular bursting of pipes) or due to maintenance and repair of pipework. Water losses resulting from the negligence of the subscriber may lead to the temporary or permanent interruption to his water supply. The subscribers shall incur the costs without recourse to indemnity for damages caused by the installation, the water connection, constructed in accordance with accepted practice. Furthermore he shall not claim an indemnity for damages on their property due to leaks on their connection.

Executed and signed in duplicate

PORT VILA, THE

For UNELCO VANUATU LIMITED
PORT VILA WATER SUPPLY

Surname and christian name of signatory;

Signature (1)

(1) hand written mention "Read and Approved"

