

Assessment of Lend Lease Recycled Water (Barangaroo South) Pty Ltd's application to vary its network operator's licence No.: 15_029

**Prepared under the *Water Industry Competition
Act 2006* (NSW)**

Report to the Minister
June 2015

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1 Summary

Lend Lease Recycled Water (Barangaroo South) Pty Ltd (LLRWBS) has sought a licence variation to its network operator's licence (Lic. No. 15_029) under the *Water Industry Competition Act 2006* (NSW) (WIC Act). This licence has been granted for LLRWBS's recycled water scheme within the Barangaroo development, Sydney. This variation, if granted, will extend the area of operation to include:

- ▼ a small area of Hickson Road, Sydney, adjacent to the Barangaroo development.
- ▼ an area previously referred to as Lot 6, DP 876514, located at the western edge of the licensed area of operation.¹

This licence variation is necessary to permit the Barangaroo scheme to connect to Sydney Water's sewerage main (located in Hickson Road) for sewer mining, and trade waste removal. Without these connections, the Barangaroo scheme could not proceed. It is also necessary to include the former Lot 6, DP 876514 to include all the allotments associated with the treatment plant and reticulation networks that form part of the scheme approved by the development approval MP10-025.

The Hickson Road connections, consisting of two pipelines of approximately 10 each, formed part of the original licence application. However, at the applicant's request,² these were removed from the application. At the time, there was no planning approval for either of these small extensions of the scheme. LLRWBS decided that a subsequent licence variation would be sought once development approval had been obtained for these areas.

Planning approval for the additional areas of operation was granted on 17 November 2014. An additional modification to undertake minor changes to shared services areas in the basement areas was approved on 20 April 2015.³ On 3 June 2015, LLRWBS forwarded an application to the Independent Pricing and Regulatory Tribunal of NSW (IPART) to vary the existing network operator's licence to include a small area in Hickson Road adjacent to the development within the area of operation.

¹ Lot 6, DP 876514 is now part of the larger Lot 200, DP 1204948, referred to as Barangaroo South.

² Email to IPART, Duncan St Clair, Lend Lease – Green Utilities, 7 August 2014.

³ The relevant information can be found on the Department of Planning website at http://majorprojects.planning.nsw.gov.au/index.pl?action=search&page_id=&search=barangaroo&authority_id=&search_site_type_id=&reference_table=&status_id=&decider=&from_date=&to_date=&x=46&y=12.

Under the WIC Act, the Minister may vary existing licence conditions at his/her own discretion or on the application of a licensee.⁴ When determining whether or not to grant a licence variation, the Minister must consider the licensing criteria set out in section 10(4)(a) to (e) of the WIC Act and have regard to the licensing principles as set out in section 7(1) of the WIC Act. The Minister may also consider any other matter that he/she considers relevant.⁵

Following our review, we are satisfied that LLRWBS has satisfactorily met the licensing criteria under section 10(4)(a) to (e) of the WIC Act, having regard to the licence application, and the licensing principles under section 7(1) of the WIC Act.

We therefore recommend that the Minister grants a variation to LLRWBS's network operator's licence 15_029 extending the area of operation to include the connection of the Barangaroo scheme to Sydney Water's existing sewerage main in Hickson Road, Sydney, and to extend the area of operation to include the former Lot 6, DP 876514. The draft variation of licence conditions is in Attachment A of this report.

2 Background

In December 2013, we received LLRWBS's original licence application for a network operator's licence and a retail supplier's licence under the WIC Act. We assessed the network operator's licence application and submitted a report to the Minister in September 2014. The network operator's licence (no. 15_029) was granted by the former Minister on 28 February 2015.

On 3 June 2015, we received a network operator's licence variation application from LLRWBS to slightly increase the area of supply, as described above. This report summarises our analysis, and provides reasons behind our recommendation to grant the variation to the licence.

⁴ Section 15 of the WIC Act and clause 14 of the *Water Industry Competition (General) Regulation 2008* (the Regulation).

⁵ Clause 14(5) of the *Water Industry Competition (General) Regulation 2008* and section 7(2) of the WIC Act.

Legislative requirements for considering variations

Under the WIC Act, the Minister may vary existing licence conditions at his/her motion or following an application by the licensee.⁶ Under the *Water Industry Competition (General) Regulation 2008* (the Regulation), an application to vary licence conditions must be in such form as the Minister may approve, accompanied by such fee as the Minister may determine,⁷ and be lodged at the office of IPART.⁸

The Regulation also outlines information required and matters to be considered when assessing a variation request. Such an application must be accompanied by information as per clause 6(1), (2), and (4) of the Regulation for a variation to a network operator's licence, "...to the extent only to which they are relevant to the application, in the same way as they apply to an application for that kind of licence."⁹ Clause 6(1) and (2) of the Regulation requires the applicant to address each of the matters referred to in section 10(4)(a) to (e) of the WIC Act, relevant to the application.

Section 10(4)(a) to (e) of the WIC Act sets out matters that are relevant to the assessment of a variation to a licence. In considering whether or not to vary the licence, and what conditions (if any) to impose, the Minister must also have regard to the licensing principles as set out section 7(1) of the WIC Act¹⁰ and may have regard to any other matters that it considers relevant.¹¹ These matters have been addressed in our assessment of the LLRWBS's variation request and are provided in section 4 of this report.

Applicant

The applicant, LLRWBS, who is also a network operator's licensee, is a wholly owned subsidiary of Living Utilities Pty Ltd which in turn is a wholly owned subsidiary company of Lend Lease Development Pty Ltd (LLD). Lend Lease Corporation Limited, a publicly listed company, is the ultimate holding company of these organisations. LLRWBS has no direct employees, except for four directors, and will rely on the support of a number of third parties for the construction, operation, maintenance and management of its recycled water scheme at the Barangaroo development.

The third parties that are involved with the scheme are listed in the licence, and are unchanged in the variation application.¹²

⁶ Section 15 of the WIC Act.

⁷ The Minister has not yet approved or determined a form or a fee for licence variations.

⁸ Clause 14 of the Regulation.

⁹ Clauses 14(2) of the Regulation.

¹⁰ Clause 14(4) of the Regulation.

¹¹ Clause 14(5) of the Regulation and section 7(2) of the WIC Act.

¹² Refer Tables 1.1A, 1.1B, 3.1A and 3.1B in Licence No: 15_029.

Existing licensed scheme

LLRWBS has a network operator's licence to construct, operate and maintain:

- ▼ reticulation networks for recycled water and sewerage systems, and
- ▼ a recycled water plant to treat sewage and supply recycled water to the site.

LLRWBS proposes to treat sewage to a standard suitable for the following purposes:

- ▼ dual reticulation
- ▼ toilet flushing
- ▼ irrigation (uncontrolled access)
- ▼ washing machines (cold tap)
- ▼ car washing
- ▼ fire testing
- ▼ process water at the recycled water plant
- ▼ cooling towers.

The scheme will service the Barangaroo precinct. This will include servicing 19 commercial, residential and hotel buildings at Barangaroo South, in addition to future commercial and residential buildings of Barangaroo Central. The treatment plant will have an ultimate capacity of 1050kL/day. It will be constructed in two duplicate treatment trains, with the second train being constructed at a later time as occupancy of the Barangaroo precinct increases.¹³

Sydney Water potable water back-up will be supplied to customers in instances when the plant has to be shut down or in the event that treated water is out of specification. Process plant screenings and other wastes will primarily be discharged to the Sydney Water sewer in accordance with any trade waste agreements established with Sydney Water.

¹³ Lend Lease Recycled Water (Barangaroo South) – Network and Retail Licence application – p 27 and Attachment 5: http://www.ipart.nsw.gov.au/Home/Industries/Water/Private_Sector_Licensing_WICA/Lend_Lease_Recycled_Water_Barangaroo_South_Pty_Ltd_-_Network_Operator.

Scheme variation

LLRWBS proposes to vary its existing licensed area of operation to include a small area of Hickson Road, and a small area on the western edge of the site, identified as Lot 6, DP 876514 (**Lot 6**) in the planning approval. The sewage infrastructure in Hickson Rd involve two approximately 10 metre underground pipes connecting the licensed recycled water treatment plant to Sydney Water's existing sewerage main. The proposed water industry infrastructure will include:

- ▼ a sewer mining pipeline to allow extraction of sewage from Sydney Water's sewerage main
- ▼ a trade water pipeline to return waste by-products from the treatment plant, and out-of-specification treated water to Sydney Water's sewer main.

There is no construction activity related to water industry infrastructure in Lot 6. It forms part of the common basement area of Barangaroo South, and should be included in the licensed area of operation, as it has development approval as part of the overall scheme.

LLRWBS has also provided the following information in support of its variation request:

- ▼ A Utility Services Agreement (USA) between LLRWBS and Sydney Water. A copy of the signed execution page and Table of Contents has been provided by Sydney Water as evidence to demonstrate that a code of conduct has been established.
- ▼ Two modifications of the Planning Minister's approval (MP10_0025 MOD 4 and MOD 5) as evidence that planning approval has been granted to the infrastructure constructed in Hickson Road, and inclusion of Lot 6 in the area of operation.

3 Consultation and submissions

Previously we have publicly consulted on the original application which covered the whole scheme, including the connections of the recycled water scheme to Sydney Water's sewerage main located in Hickson Road (the subject of this licence variation).

We consider that there is no material change in risk associated with the scheme by extending the area of operation into a small area of Hickson Road. As previously stated, the whole scheme could not proceed without connections to Sydney Water's sewerage main in Hickson Road.

Sydney Water provided information and a copy of the signed page of execution of the USA to support LLRWBS's application.¹⁴

We have relied on the NSW Self Insurance Corporation's (SICorp) previous comprehensive assessment of the whole scheme to inform our analysis of insurance arrangements (see section 4.4 of the report). LLRWBS has not provided updated insurance information since SICorp's review.

Further, we have updated Vincents Chartered Accountants (Vincents) financial capacity advice which was provided in relation to the whole scheme. We obtained more recent financial data (2013-14) from Lend Lease Corporation (LLC) and Lend Lease Developments (LLD) and undertook an additional financial review for the parent companies and the project (see section 4.2.2 of the Report).

4 Assessment of application

This section of the report contains our assessment of LLRWBS's licence variation application and our recommendations. Our assessment considers each of the following requirements of the WIC Act:

A licence must not be granted to:

- a) a disqualified corporation, or
- b) a corporation that is a related entity of a relevant¹⁵ disqualified corporation.

A licence variation may not be granted unless the Minister is satisfied as to each of the following:

- that the applicant has, and will continue to have, the capacity (including technical, financial and organisational capacity) to carry out the activities that the licence (if granted) would authorise
- that the applicant has the capacity to carry out those activities in a manner that does not present a risk to public health
- that the applicant has made, and will continue to maintain, appropriate arrangements with respect to insurance
- in the case of an application for a licence to supply water, that, if such a licence is granted, sufficient quantities of the water supplied by the licensee will have been obtained otherwise than from a public water utility

¹⁴ Sydney Water considered the USA a commercial-in-confidence document, and preferred not to release the details of the agreement publicly.

¹⁵ Where the disqualified corporation would have a direct or indirect interest in, or influence on, the carrying out of the activities that the licence would authorise if granted. *Water Industry Competition Act 2006*, section 10(3)(b).

- in the case of an application for a network operator's licence, that the applicant has the capacity to carry out the activities that the licence (if granted) would authorise in a manner that does not present a significant risk of harm to the environment¹⁶
- such other matters as the Minister considers relevant, having regard to the public interest.¹⁷

In considering whether or not a licence variation is to be granted, and what conditions are to be imposed on such a licence, regard is to be had to the following principles:

- the protection of public health, the environment, public safety and consumers generally
- the encouragement of competition in the supply of water and the provision of sewerage services
- the ensuring of sustainability of water resources
- the promotion of production and use of recycled water
- the promotion of policies set out in any prescribed water policy document
- the potential for adverse financial implications for small retail customers generally arising from the activities proposed to be covered by the licence
- the promotion of the equitable sharing among participants in the drinking water market of the costs of water industry infrastructure that significantly contributes to water security.¹⁸

4.1 Disqualified corporation and related entity checks

We consider that the applicant is neither a disqualified corporation nor a corporation that is a related entity of a relevant¹⁹ disqualified corporation.

In making this recommendation, we have considered the following information:

- ▼ A statutory declaration signed by two directors stating that:
 - Neither LLRWBS, nor any director or person concerned in the management of LLRWBS is, or would be, a disqualified corporation or a disqualified individual within the meaning of the WIC Act and
 - LLRWBS is not a related entity of a disqualified corporation that would have a direct or indirect interest in, or influence on, the carrying out of activities that the licence would authorise if granted.

¹⁶ *Water Industry Competition (General) Regulation 2008 (NSW)*, clause 7.

¹⁷ *Water Industry Competition Act 2006 (NSW)*, sections 10(3) and (4).

¹⁸ *Water Industry Competition Act 2006 (NSW)*, section 7.

¹⁹ A related entity that would have a direct or indirect interest in, or influence on, the carrying out of the activities that the licence authorises. *Water Industry Competition Act 2006*, section 10(3)(b).

- ▼ Information provided by LLRWBS regarding details of the:
 - trustees (past and current) of any trusts in relation to which LLRWBS is a beneficiary
 - current beneficiaries of any trusts in relation to which LLRWBS is a trustee
 - relevant related entities,²⁰ and
 - names of the Chief Financial Officer and Chief Executive Officer for LLRWBS and each of LLRWBS's relevant related entities.
- ▼ Results of ASIC and Dun & Bradstreet reports that we have obtained for LLRWBS, and for the three relevant related entities,²¹ confirmed that these companies are not disqualified nor are their directors or persons concerned in the management disqualified individuals.²²
- ▼ Results of our search of the WIC Act licence database,²³ confirming in part the above.

4.2 Capacity (including technical, financial and organisational capacity) to carry out the activities

LLRWBS has applied for a variation to its existing network operator's licence to extend its licensed area of operation to connect a dual 10m pipeline allowing extraction of sewage from Sydney Water's sewerage main in Hickson Road, and to allow return of trade waste to the sewer. It has also requested inclusion of Lot 6 to align its approved areas of operation to its development approval.

We assessed LLRWBS's technical, financial and organisational capacity to carry out the activities subject to this licence variation. Our assessment was largely based on LLRWBS's capacity at the time of making its original application. We took this approach bearing in mind that the infrastructure involved in this variation application is minor and represents a very small percentage of the infrastructure being constructed for this scheme.

²⁰ LLRWBS identified the following relevant related entities: Lend Lease Corporation Pty Ltd (ABN 32 000 226 228), Lend Lease Development Pty Ltd (ABN 33 000 311 277) and Living Utilities Pty Ltd (ABN 93 605 014 202).

²¹ Lend Lease Corporation Pty Ltd is the ultimate holding company; Lend Lease Development Pty Ltd and Living Utilities Pty Ltd are the intermediate holding companies between Lend Lease Corporation and LLRWBS.

²² We obtained the ASIC and Dun & Bradstreet reports on 16 June 2015.

²³ There are currently no disqualified corporations or individuals on the register pursuant to the *Water Industry Competition Act 2006*, sections 16(e) and 16(f).

4.2.1 Technical capacity

We are satisfied that LLRWBS has the technical capacity to extend its area of operation to include Lot 6, and a small area of Hickson Road to connect the proposed recycled water treatment plant to Sydney Water's sewerage main in Hickson Road.

We consider our previous assessment on the technical capacity of LLRWBS in 2014 is still valid and relevant.²⁴ Our position is based on having undertaken a thorough assessment of the full scope of work, which is consistent with the current variation to extend the area of operation into Hickson Road, to connect to Sydney Water's sewerage main. It is also consistent with the approved area of operations in the Barangaroo South's planning approval, following the modifications approved by the Department of Planning and Environment (DPE).

Our previous assessment in 2014 concluded that LLRWBS, with the capacities of the authorised persons listed in their current licence, had demonstrated technical capacity to safely and reliably construct, operate and maintain water industry infrastructure. Evidence provided includes draft reports, plans and procedures for the proposed scheme; preliminary risk assessment; CV's for specific personnel nominated to the project; and a preliminary design of the scheme. We received no submission regarding LLRWBS's technical capacity.

Further, we reviewed additional information such as work as executed drawings, certificates of compliance for the connecting sewers in Hickson Road and a copy of the signature page of the USA as evidence of an executed agreement. This information supported that LLRWBS has the technical capacity to work with third parties to design and construct sewerage infrastructure required to connect the recycled water treatment plant to Sydney Water's existing sewerage main in Hickson Road.

We recommend no changes to LLRWBS's licence conditions in this area. The applicable licence conditions within the existing licence are special conditions A1, A3 and A4 in Schedule A, and standard conditions in Schedule B of the licence.

4.2.2 Financial capacity

We are satisfied that LLRWBS has adequate financial capacity to extend its area of operation to include Lot 6, and a small area of Hickson Road to capture the water industry infrastructure required to connect the existing recycled water treatment plant to the Sydney Water's sewerage main in Hickson Road.

²⁴ Refer IPART website - IPART's Report to the Minister, 28 February 2015, http://www.ipart.nsw.gov.au/Home/Industries/Water/Private_Sector_Licensing_WICA/Lease_Recycled_Water_Barangaroo_South_Pty_Ltd_-_Network_Operator.

Our previous assessment in 2014 concluded that LLRWBS, and its parent entities, had satisfactorily demonstrated that it has the ongoing financial capacity to carry out the activities to be licensed. Evidence provided included the projected cash flows, Deed of Undertaking between the parent company Lend Lease Development Pty Ltd and LLRWBS, financial statements for the parent entities and Vincents Chartered Accountants' financial capability report. We received no submission regarding LLRWBS's financial capacity.

The financial assessment of LLRWBS and its ultimate holding company was undertaken in full by Vincents in August 2014, and updated in September 2014. Vincents was satisfied that LLRWBS had adequately demonstrated the ongoing financial capacity of its parent entities.

As part of the assessment of the licence variation, we undertook additional financial review of LLRWBS, LLD and Lend Lease Corporation for the 2013-14 financial year and the current cash flow projections provided by LLRWBS.

The current cash flows provided by LLRWBS (at 12 June 2015) differ from the cash flows considered by Vincents in its assessment in August 2014. LLRWBS had considered the Barangaroo South Development to generate positive cash flows from the initial year of operation (ie, 2015-16 financial year), in the current cash flow projection LLRWBS considers that the Barangaroo South development will generate positive cash flows from the seventh year of operation (ie, 2021-22 financial year). LLRWBS have indicated the change to its cash flow projections are primarily the result of:

- ▼ Changes in the staging of building roll-out. Previously it was expected that all buildings in the development would be in operation in 2018-19. However this timeline has been extended, as it is possible the development will not be completed until 2021-22, and
- ▼ LLRWBS has now executed contracts with its operations and maintenance service providers, with actual costs higher than had been estimated in the cash flows previously provided.²⁵

Having regard to the assessment made by Vincents, the latest financial accounts of LLD and Lend Lease Corporation, and updated cash flows for LLRWBS, we consider the financial capacity of LLD, combined with the assured financial relationship between LLD and LLRWBS through the Deed of Undertaking, has demonstrated that LLRWBS has the financial capacity to carry out the activities to be licensed.

We recommend no changes to LLRWBS current licence conditions in this area. The relevant licence condition is special condition A4 in Schedule A in the licence.

²⁵ Email to IPART, David Radford, Lend Lease – Living Utilities, 24 June 2015.

4.2.3 Organisational capacity

We are satisfied that LLRWBS has the organisational capacity to extend its area of operation to include Lot 6, and a small area of Hickson Road to connect the recycled water treatment plant to the existing sewerage main in Hickson Road.

Our previous assessment in 2014 concluded that LLRWBS, with the capacities of the authorised persons listed in their current licence, had demonstrated organisational capacity to safely and reliably construct, operate and maintain water industry infrastructure. Evidence provided included CV's of key personnel nominated to the project; an appropriate organisational structure, size and expertise to manage the proposed scale of work, and a risk assessment. We received no submission regarding LLRWBS's organisational capacity.

We consider our previous assessment on the organisational capacity of LLRWBS in September 2014 is still valid, and applicable to this licence variation assessment. The proposed variation to extend the area of operation to capture the infrastructure connecting to the sewerage main in Hickson Road is consistent with the original scope of work. No additional information was submitted or assessed in this variation application.

We recommend no changes to LLRWBS's licence conditions in this area. The relevant licence condition is special condition A4 in Schedule A of the licence.

4.3 Capacity to carry out those activities in a manner that does not present a risk to public health

We are satisfied that LLRWBS has the capacity to extend its area of operation to include Lot 6, and a small area of Hickson Road to connect the recycled water treatment plant to Sydney Water's existing sewerage main in Hickson Road, in a manner that does not present a risk to public health.

Our previous analysis showed that LLRWBS, through its relationship with the authorised third parties nominated in the current licence and its preliminary risk assessments and draft management plan, has demonstrated sufficient capacity to:

- ▼ design, construct, operate and maintain the proposed water industry infrastructure to minimise the risks to public health
- ▼ analyse and manage hazards from source to end use.

Evidence provided included a preliminary risk assessment and draft management plans. The preliminary risk assessment captured hazardous events such as treatment plant failure, potential odour from the sewerage system, and accidental discharge of sewage into the basement and environment.

As part of the original application, a submission was received from NSW Health. It had a concern with volatile contaminants in the source water input. This would be addressed through the detailed risk assessment prior to commercial operation of the treatment plant. NSW Health's second concern was the proposed use of rain water to supplement potable supply. LLRWBS later confirmed that stormwater and/or roof-water will not be used as a source of potable water at Barangaroo.

We consider that previous information submitted by LLRWBS demonstrates that it has the capacity to expand its area of operation to capture additional infrastructure to connect the recycled water treatment plant to Sydney Water's existing sewerage main in a manner that does not present a risk to public health.

We recommend no change to LLRWBS's licence conditions in this area. The relevant licence conditions are B1, B4, B5 and B8 in Schedule B of the licence.

4.4 Appropriate arrangements with respect to insurance

We are satisfied that LLRWBS has made, and will continue to maintain, appropriate insurance arrangements.

As part of the original licence application assessment in 2014, NSW Self-Insurance Corporation (SI Corp) undertook a comprehensive review of LLRWBS's insurances for the scheme. As a result of this review additional special licence conditions were added to the Licence and changes made to the Deed of Undertaking (provided by the parent company to LLRWBS to indemnify the subsidiary against uninsurable risks). The existing licence conditions A5.1 to A5.6 detail the minimum insurance limits of indemnity to be available in relation to the licensed activities, insurance policies to be maintained, demonstration of appropriate insurance arrangement prior to commercial operation, notification requirement if any changes are proposed, and provide information to IPART when requested.

The activities described for the licence variation are included in the scope of works covered in the various insurance policies applicable to this scheme. We consider the previous assessment on insurance is still valid and applicable to the proposed variation. Additional insurance information is not required for our assessment at this stage. Before LLRWBS commence operation, it must demonstrate to the satisfaction of the Minister that it has made and will continue to maintain appropriate insurance arrangement.²⁶

We recommend no change to LLRWBS's existing licence conditions in this area. The relevant licence conditions are A5.1 to A5.6 in Schedule A of the licence.

²⁶ LLRWBS's network operator's licence (15_029) condition A5.3.

4.5 Sufficient quantities of water supplied by the licensee obtained otherwise than from public water utility

Not applicable to an application for a network operator's licence variation.

4.6 Capacity to carry out those activities in a manner that does not present a significant risk of harm to the environment

We are satisfied that LLRWBS has the capacity to extend its area of operation to include Lot 6, and a small area of Hickson Road to connect the recycled water treatment plant to Sydney Water's existing sewerage main in Hickson Road, in a manner that does not present a significant risk of harm to the environment.

Our original analysis showed that LLRWBS had established agreements with third parties to ensure that the licensee is resourced with companies and personnel with:

- ▼ the capacity to comply with environmental regulations
- ▼ a thorough understanding of environmental regulations and risk assessment processes, and
- ▼ the capacity to implement environmental management processes and risk mitigation activities in relation to the licensed activities.

Our previous assessment in 2014 concluded that LLRWBS, with the capacities of the authorised persons listed in their current licence, had demonstrated sufficient capacity to construct, operate and maintain water industry infrastructure, in a manner that does not present a significant risk of harm to the environment. Evidence provided includes demonstrated experience in preparing environmental risk assessment reports and implementing mitigation measures for construction and operation of treatment plants within Australia; site-specific preliminary risk assessment; regulatory approval of the project within the area of operation. As part of the assessment of the original application, we received a submission from the EPA. Its concern regarding odour emissions, monitoring of treated water quality and site management plan to include assessment of risks to waters will be addressed in licence plans that LLRWBS must prepare prior to commercial operation.

As part of this licence variation assessment, LLRWBS's:

- ▼ Capacity to comply with environmental regulation is demonstrated through our previous assessment where its third parties' previous experience in preparing environmental risk assessments and implementing mitigation measures for the construction and operation of treatment plants within Australia (including for major public water utilities and for WICA schemes in Fairfield and Kurnell) was considered appropriate.

- ▼ Understanding of environmental regulation in NSW is demonstrated by the relevant planning approval submitted as part of their licence variation application. Modifications of Planning Minister's approval (MP10_0025 MOD 4 and MOD 5) under Section 75W of the *Environmental Planning & Assessment Act 1979* included changes to the extent of shared services in the basement, which capture the additional water and sewerage infrastructure in the extended area in Hickson Road, and to include all the allotment areas associated with the treatment plant and reticulation networks in Barangaroo South.
- ▼ Capacity to implement environmental management processes in relation to the activities to be licensed is demonstrated in our previous assessment. The licensed activities in the variation have already been assessed as sufficient. The preliminary risk assessment showed LLRWBS has the capacity to identify and manage environmental risks of the scheme.

We consider that the information submitted by LLRWBS demonstrates that it has the capacity to extend its area of operation to connect the recycled water treatment plant to Sydney Water's existing sewerage main in a manner that does not present a significant risk of harm to the environment. We also consider the environmental assessment reports submitted by LLRWBS as part of its requested modifications to the existing development approval are sufficient to include Lot 6 in the increased area of operations.

We consider that LLRWBS's licence conditions require no additional requirements to prevent significant harm to the environment.

4.7 Public interest considerations

We did not identify any additional matters with regard to the public interest in relation to LLRWBS's capacity to extend its area of operation to include Lot 6, and a small area of Hickson Road to connect the recycled water treatment plant to Sydney Water's existing sewerage main.

Our assessment in 2014 concluded that there were no additional matters that were raised with regard to public interest during the stakeholder consultation process, and our analysis of the licence application.

We consider the small extension of the area of operation into Hickson Road is consistent with the activities already granted in the existing licence, and therefore unlikely to raise any additional public interest issues. We also consider the inclusion of Lot 6 as consistent with regards the development approval for the site, and the scheme.

We consider that LLRWBS should not be subject to additional licence conditions in respect to public interest considerations.

4.8 Licensing principles

We have had regard to each of following licensing principles in making a recommendation as to whether or not the application to vary LLRWBS's network operator's licence should be granted, and if so, what conditions to impose.

4.8.1 Protection of public health

We have had regard to protection of public health through our assessment of LLRWBS's capacity to build the additional infrastructure to connect the recycled water treatment plant to Sydney Water's existing sewerage main in a manner that does not present a risk to public health. As outlined in section 4.3 of this report, we assessed LLRWBS's capacity to manage the key risks posed to public health by the activities to be licensed.

With the third parties nominated in the existing licence as authorised persons, we consider that LLRWBS has the organisational capacity, technical capacity and experience to undertake the activities in a way that will satisfactorily manage risks to public health, the environment and consumers. The connection to Sydney Water's sewerage main in Hickson Road is essential to operate the whole scheme. It allows sewer mining as a source of feed water for the recycled water plant, and safe discharge of trade waste to sewer.

If the Minister grants the request to vary LLRWBS's network operator's licence, we consider that public health will be protected in relation to the activities licensed.

4.8.2 Protection of the environment

In having regard to protection of the environment, we considered the approvals obtained/required under the *Environmental Planning and Assessment Act 1979* (EP&A Act) for the activities to be licensed. The EP&A Act is the central legislation that controls planning and development in NSW.

We understand that all of the activities to be licensed have obtained approval under the EP&A Act. The development has been approved under Part 3A of the EP&A Act as a State Significant Development. Several additional modifications have been submitted and approved by the Department of Planning and Environment, including approval of the construction of pipework in Hickson Rd, the extension of the areas covered by the consent to include the portion of Hickson Rd that contains the infrastructure, and the inclusion of Lot 6 to the approved area of operation, as part of the common basement area of the Barangaroo South development.

These approvals have been verified through a review of the Department of Planning and Environment's website, and additional information provided by the applicant.

In having regard to protection of the environment, we also considered the following information, submitted by LLRWBS that is relevant to the licensed works:

- ▼ **Environmental Assessment Report Project Application – Bulk Excavation and Basement Car Parking PA1 (Barangaroo Stage 1) and Appendices, June 2010, Development Consent No. MP10_023.** This report provided a description of the sewer services, which is consistent with the licensed activities. It also provided an overarching environmental assessment and proposed mitigation measures for the whole site including the connection to sewerage main in Hickson Rd.
- ▼ **Section 75W Modification – MP10_025 (MOD 4 and MOD 5) Commercial Building C4, and the accompanying Secretary's Environmental Assessment Reports (November 2014 and April 2015) from Department of Planning & Environment.** These reports increased the land area subject to approval MP10_025 to include Lot 6 (basement areas), and the area in Hickson Road that will be subject to works to install the connection to Sydney Water's sewerage main.

We consider the existing licence conditions are adequate and consider that LLRWBS should not be subject to any additional licence conditions in relation to protection of the environment, if a licence variation is granted.

4.8.3 Protection of public safety

We have had regard to the protection of public safety through our assessment of LLRWBS's original application, and its prescribed third parties' technical capacity to construct water industry infrastructure as described in the original assessment report. As outlined in section 4.3 of this report, we assessed LLRWBS's capacity to manage key risks to public safety by the activities to be added to the licence.

If the Minister grants the variation to the network operator's licence to LLRWBS, we consider that public safety will be protected in relation to the activities licensed.

4.8.4 Protection of consumers generally

We have had regard to the protection of consumers through our assessment of LLRWBS's technical capacity to construct water industry infrastructure as described in the original assessment report. As outlined in section 4.3 of this report, we assessed LLRWBS's capacity to protect consumers through:

- ▼ its ongoing contractual links to the third parties listed in the current Licence, who have the necessary technical experience constructing, operating and maintaining similar schemes, and
- ▼ its experience with large-scale residential and commercial developments of this type generally.

If the Minister approves this licence variation, we consider that consumers generally will continue to be protected in relation to the activities licensed.

4.8.5 Encouragement of competition

Historically, Sydney Water has provided monopoly supply of drinking water and sewerage services in the Sydney area. The existing licence (including this proposed variation) enables a new entity to treat and discharge sewage from the new development, and provide recycled water for non-potable uses to residential and commercial customers, thus encouraging competition in the provision of these services.

4.8.6 Ensuring sustainability of water resources

Recycled water will be sourced from sewage that would otherwise have been treated and discharged to the environment. It will replace drinking water for toilet flushing, cold water clothes washing, irrigation, car washing, fire testing and cooling towers. This improves the sustainability of water resources by not creating further demands on it as population grows.

4.8.7 Promotion of production and use of recycled water

The supply of recycled water to the Barangaroo precinct promotes its use as a substitute for potable water for specific uses. The recycled water plant, and the use of recycled water, forms one of the sustainability measures of the Barangaroo development, which are being promoted as a key feature of the development. One of LLD's stated aims for Barangaroo is for it to be Australia's first large scale carbon neutral community and the recycled water plant is one of the central features in achieving that aim.

4.8.8 Promotion of policies set out in any prescribed water policy document

The Metropolitan Water Plan is the only prescribed water policy document currently specified in the WIC Regulation. The Metropolitan Water Plan outlines strategies to secure greater Sydney's water supply now and in the future.

The supply of recycled water to the Barangaroo South development is consistent with the key initiatives of the Metropolitan Water Plan, including in relation to water recycling, water efficiency and innovation.²⁷

4.8.9 Potential for adverse financial implications for small retail customers

This principle mainly applies to retail supplier licence applications and is being considered separately as part of LLRWBS's retail licence application.

4.8.10 Promotion of equitable sharing of the costs of water industry infrastructure that significantly contributes to water security.

The development will be supplied with drinking water by Sydney Water, at the regulated price, as determined by IPART. LLRWBS has entered into a Utility Services Agreement with Sydney Water to extract sewage from its reticulation network for treatment and reuse, and dispose of trade waste to Sydney Water's network.²⁸ We consider that these actions contribute to the equitable sharing of costs and contribute to water security.

4.9 Additional matters considered

In addition to assessing the application against the licensing criteria and principles of the WIC Act, we also considered whether the applicant's services should be subject to price regulation, at this time.

4.9.1 Monopoly supply and price regulation

Our previous recommendation was that LLRWBS should not be declared a monopoly supplier. Our position has not changed.

Should the Minister declare any monopoly services at Barangaroo, we recommend that the Minister does not refer these services to IPART for a determination of pricing or a periodic review of pricing policies.

²⁷ 2010 Metropolitan Water Plan – NSW Office of Water, August 2010, p 27.

²⁸ While the Utility Services Agreement is executed, some conditions may not become active until certain requirements are met.

We note that, in its Supply Agreement, LLRWBS has indicated that it would ensure that its recycled water and wastewater usage and service charges will reflect the charges published by IPART for equivalent supply by Sydney Water. We consider this to be reasonable, and for this reason, should the Minister declare any monopoly services, we recommend that the Minister does not refer these monopoly services to IPART for price regulation, at this time.

5 Recommendations

We recommend that the Minister:

- ▼ **grants a variation to the area of operation of the existing network operator's licence (licence number 15_029) to Lend Lease Recycled Water (Barangaroo South) Pty Ltd (see revised condition A1, Table 1.4, and A3 Table 3.4 in the draft variation of licence conditions in attachment A). No other changes to existing licence conditions are proposed, and**
- ▼ **does not declare Lend Lease Recycled Water (Barangaroo South) Pty Ltd to be a monopoly supplier in relation to the supply of recycled water, and the provision of sewerage services to residential and commercial customers at the Barangaroo site.**

Should the Minister declare any monopoly services at Barangaroo, we recommend that the Minister does not refer these services to IPART for a determination of pricing or a periodic review of pricing policies

The Minister must consider, but is not bound to accept, any advice or recommendation in this report in determining the licence application. The Minister may, if circumstances so require, seek further advice from us in relation to the licence application.²⁹

The Minister is required to provide IPART with a notice of the decision and of the reasons for the decision on making a decision whether or not to grant the licence³⁰. We will then make the information in the notice available to the public on our website, in accordance with the requirements of the WIC Act.³¹

²⁹ *Water Industry Competition Act 2006*, section 10(2).

³⁰ *Water Industry Competition Act 2006*, section 10(5).

³¹ *Water Industry Competition Act 2006*, section 10(6).

A Draft variation of licence conditions



NEW SOUTH WALES GOVERNMENT

WATER INDUSTRY COMPETITION ACT 2006
(NSW)

NETWORK OPERATOR'S LICENCE



New South Wales

Water Industry Competition Act 2006 (NSW)

Variation of Licence Conditions Network Operator's Licence No. 15_029

I, the Hon. Niall Blair MLC, Minister for Lands and Water, under section 15 of the *Water Industry Competition Act 2006* (NSW), make the following variations to the licence conditions of the Network Operator's Licence No. 15_029 granted to Lend Lease Recycled Water (Barangaroo South) Pty Ltd (ACN 158 168 686):

- (i) Amend condition **A1, Table 1.4 Area of operations** and condition **A3, Table 3.4 Area of operations**, to delete the text of each table and replace with:
"Lot 101 in DP 1204946, Lot 200 in DP 1204948 and the area within the boundary lines marked with the following co-ordinates in the survey plan at Attachment A to this Licence:
 - a. E333757.062/N6251552.676 to E333782.445/N6251555.963 (Northern boundary line);
 - b. E333782.445/N6251555.963 to E333795.867/N6251442.480 (Eastern boundary line);
 - c. E333795.867/N6251442.480 to E333769.530/N6251439.654 (Southern boundary line); and
 - d. E333769.530/N6251439.654 to E333757.062/N6251552.676 (Western boundary line)."
- (ii) Insert new Attachment A (attached to this notice).
- (iii) Replace any reference in the licence to "Dalkia Solutions Pty Limited" with "Veolia Energy Solutions Pty Ltd".

.....
Minister for Lands and Water

Dated this

day of

20

SCHEDULE A -SPECIAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS FOR LEND LEASE RECYCLED WATER (BARANGAROO SOUTH) PTY LTD'S NETWORK OPERATOR'S LICENCE

This schedule sets out the conditions which the Minister imposes pursuant to section 13(1)(b) of the Act. In addition to these special Ministerially-imposed conditions, the Licensee is subject to obligations imposed by the Act, the Regulation and the standard Ministerially-imposed licence conditions set out in Schedule B. The Minister may vary the conditions in this schedule or impose new conditions, provided there is no inconsistency with the conditions imposed on the Licensee by the Act or the Regulation.

A1 Activities authorised - non-potable water

A1.1 This Licence authorises:

- a) the Licensee and any authorised persons specified in Table 1.1A to construct, maintain and operate the water industry infrastructure specified in Tables 1.2A and 1.2B; and
- b) any authorised persons specified in Table 1.1B to construct, maintain and operate the water industry infrastructure specified in Table 1.2B,

for the authorised purposes specified in Table 1.3; within the area of operations specified in Table 1.4, subject to the conditions imposed by or under the Act, the Regulation and this Licence.

Table 1.1A Authorised persons

Lend Lease Building Pty Ltd (ACN 000 098 162)
Veolia Energy Solutions Pty Ltd (ACN 129 471 558)
Veolia Water Operations Pty Ltd (ACN 061 161 297)

Table 1.1B Authorised persons

WJP Solutions Pty Ltd (ACN 131 915 369)

Table 1.2A Water industry infrastructure

Infrastructure used for the production, filtration, treatment, storage and conveyance or reticulation of non-potable water

Table 1.2B Water industry infrastructure

Infrastructure used for the production, filtration, treatment or storage of non-potable water

Table 1.3 Authorised purposes

Dual reticulation
Toilet flushing
Irrigation (uncontrolled access)
Washing machines (cold tap only)
Car washing
Process water at the recycled water plant
Fire test

Table 1.4 Area of operations

Lot 101 in DP 1204946, Lot 200 in DP 1204948 and the area within the boundary lines marked with the following co-ordinates in the survey plan at Attachment A to this Licence:

- a. E333757.062/N6251552.676 to E333782.445/N6251555.963 (Northern boundary line);
 - b. E333782.445/N6251555.963 to E333795.867/N6251442.480 (Eastern boundary line);
 - c. E333795.867/N6251442.480 to E333769.530/N6251439.654 (Southern boundary line); and
 - d. E333769.530/N6251439.654 to E333757.062/N6251552.676 (Western boundary line).
-

A2 Activities authorised – drinking water

Not Applicable

A3 Activities authorised – sewerage services

A3.1 This Licence authorises:

- a) the Licensee and any authorised persons specified in Table 3.1A to construct, maintain and operate the water industry infrastructure specified in Tables 3.2 A and 3.2B; and:
- b) any authorised persons specified in Table 3.1B to construct, maintain and operate the water industry infrastructure specified in Table 3.2B,

for the authorised purposes specified in Table 3.3, within the area of operations specified in Table 3.4, subject to the conditions imposed by or under the Act, the Regulation and this Licence.

Table 3.1A Authorised persons

Lend Lease Building Pty Ltd (ACN 000 098 162)
Veolia Energy Solutions Pty Ltd (ACN 129 471 558)
Veolia Water Operations Pty Ltd (ACN 061 161 297)

Table 3.1B Authorised persons

WJP Solutions Pty Ltd (ACN 131 915 369)

Table 3.2A Water industry infrastructure

Infrastructure for the treatment, storage, conveyance or reticulation of sewage.

Table 3.2B Water industry infrastructure

Infrastructure for the treatment and storage of sewage.

Table 3.3 Authorised purposes

Sewage collection, transport and treatment

Effluent disposal to sewer and effluent transfer to non-potable water system

Table 3.4 Area of operations

Lot 101 in DP 1204946, Lot 200 in DP 1204948 and the area within the boundary lines marked with the following co-ordinates in the survey plan at Attachment A to this Licence:

- e. E333757.062/N6251552.676 to E333782.445/N6251555.963 (Northern boundary line);
 - f. E333782.445/N6251555.963 to E333795.867/N6251442.480 (Eastern boundary line);
 - g. E333795.867/N6251442.480 to E333769.530/N6251439.654 (Southern boundary line); and
 - h. E333769.530/N6251439.654 to E333757.062/N6251552.676 (Western boundary line).
-

A4 Ongoing capacity to operate**A4.1**

- (a) The Licensee must have the technical, financial and organisational capacity to carry out the activities authorised by this Licence.
- (b) If a party to an Agreement proposes to
 - (i) terminate the Agreement, novate the Agreement,
 - (ii) assign or transfer any of its rights or obligations under such an Agreement to any other person, or
 - (iii) alter the Agreement in any way that materially reduces the Licensee's technical, financial or organisational capacity to carry out the activities authorised by this Licence

the Licensee must provide IPART with written notice as soon as practicable but no later than 3 months before the time when the proposed action is to occur. The written notice must include details of how the service provided under the Agreement will be provided subsequent to the proposed termination, novation, assignment, transfer or alteration.

(c) The Licensee will also provide IPART with written notice as soon as practicable but no later than 3 months prior to reaching the Sunset Date, as defined in the Deed of Undertaking between Lend Lease Development Pty Ltd and Lend Lease Recycled Water (Barangaroo South) Pty Limited.

A5 Appropriate insurance arrangements

A5.1 The Licensee must maintain insurance that is appropriate for the size and nature of the activities authorised under this Licence. Consistent with this requirement, the Licensee must ensure that the following limits of indemnity are available, and continue to be available, in relation to the activities authorised by the licence:

Insurance type	Policy Number	Limit of Indemnity
Public & Products Liability	99-0002027LGR	\$50m
Professional Indemnity	PL-SY-SPC-14-502183	\$50m
Professional Indemnity	0300014434	\$15m
Pollution Liability	AU00004086LI14A	USO \$25m
Pollution Liability	AU0001923L14A	USO \$50m

It is noted that the above list of insurance policies is not exhaustive and that the suite of insurance policies provided by the applicant in connection with the licence application informed the decision that insurance arrangements are appropriate, as required by section 10(4)(c) of the WIC Act.

A5.2 The Licensee is required to maintain the following insurance policies, or policies in equivalent terms, for the periods shown in the table below.

Insurance type	Policy Number	Period of time
Professional Indemnity	PL-SY-SPC-14-502183	7 years after the conclusion of construction of the Specified Water Industry Infrastructure
Professional Indemnity	0300014434	7 years after the Specified Water Industry Infrastructure ceases to operate or is sold by the Licensee, whichever occurs earlier
Pollution Liability	AU0001923L14A	7 years after the Specified Water Industry Infrastructure ceases to operate or is sold by the Licensee, whichever occurs earlier

A5.3 Before commencing to operate the Specified Water Industry Infrastructure under this Licence, the Licensee must demonstrate to the satisfaction of the Minister that it has made and will continue to maintain appropriate arrangements with respect to insurance. (Note that this requirement relates to physical rather than commercial operation of the Specified Water Industry Infrastructure.)

A5.4 If the Licensee proposes to make any material changes to its insurance arrangements (including in relation to the type or level of insurance held), it must notify IPART in writing at least three months prior to making the proposed change.

A5.5 The Licensee must provide to IPART in accordance with the Reporting Manual a copy of each certificate of currency for the insurance maintained by the Licensee with respect to the activities authorised by the Licence.

[Note: it is acknowledged that certificates of currency or policy wordings for financial year 2014-15 have already been sighted and do not need to be provided again. This requirement applies to future periods.]

A5.6 From time to time, when requested in writing by IPART, the Licensee must provide a report to IPART as to the adequacy of its insurance arrangements, in the manner, form and time specified by IPART.

INTERPRETATION AND DEFINITIONS

Interpretation

In this Schedule A, unless the context requires otherwise:

- (i) the singular includes the plural and vice versa;
- (ii) headings are used for convenience only and do not affect the interpretation of this Schedule A;
- (iii) a reference to a document includes the document as modified from time to time and any document replacing it;
- (iv) a reference to a person includes a natural person and any body or entity whether incorporated or not;
- (v) a reference to a clause is to a clause in this Schedule A;
- (vi) a reference to a schedule is to a schedule to this Licence;
- (vii) a reference to a law or statute includes regulations, rules, codes and other instruments under it, and consolidations, amendments, re-enactments or replacements of them; and
- (viii) explanatory notes do not form part of this Licence, but in the case of uncertainty may be relied on for interpretation purposes.

Definitions

Expressions used in this Schedule A that are defined in the Act or the Regulation have the meanings set out in the Act or the Regulation.

In this Schedule A:

Act	means the <i>Water Industry Competition Act 2006</i> (NSW).
Licence	means this network operator's licence granted under section 10 of the Act.
Licensee	means the person to whom this Licence is granted under section 10 of the Act.
Minister	means the Minister responsible for Part 2 the Act.
Regulation	means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).

SCHEDULE B - STANDARD MINISTERIALLY-IMPOSED LICENCE CONDITIONS FOR ALL LICENSED NETWORK OPERATORS UNDER THE ACT

This schedule sets out the standard conditions which the Minister imposes on the Licensee and all other licensed network operators pursuant to section 13(1)(b) of the Act. In addition to these standard Ministerially-imposed conditions, the Licensee is subject to obligations imposed by the Act, the Regulation and the special Ministerially-imposed licence conditions set out in Schedule A. The Minister may vary the conditions in this schedule or impose new conditions, provided there is no inconsistency with the conditions imposed on the Licensee by the Act or the Regulation.

B1 Complying with NSW Health requirements

- B1.1 The Licensee must carry out the activities authorised by this Licence in compliance with any requirements of NSW Health that:
- a) IPART has agreed to; and
 - b) are notified from time to time to the Licensee by IPART in writing.

B2 Complying with Audit Guidelines from IPART

- B2.1 The Licensee must comply with any Audit Guidelines issued by IPART.

B3 Reporting in accordance with the Reporting Manual

- B3.1 The Licensee must prepare and submit reports in accordance with the Reporting Manual.

B4 Reporting information in relation to the Register of Licences

- B4.1 Within 14 days of any change in relation to the following, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual:
- a) any source from which the water handled by the Specified Water Industry Infrastructure is derived;
 - b) the Authorised Purposes of the water handled by the Specified Water Industry Infrastructure;
 - c) the identity of each licensed retail supplier or public water utility that has access to the infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of supplying water to its customers;
 - d) any other water infrastructure to which the Specified Water Industry Infrastructure is connected;
 - e) the identity of each licensed retail supplier or public water utility that has access to infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of providing sewerage services to its customers;
 - f) any other sewerage infrastructure to which the Specified Water Industry Infrastructure is connected;
 - g) the arrangements for the disposal of waste from the Specified Water Industry Infrastructure.

B5 Monitoring

- B5.1 The Licensee must undertake any monitoring that is required for the purposes of this Licence, any Plan, the Act or the Regulation in accordance with this clause B5.

- B5.2 The Licensee must keep the following records of any samples taken for monitoring purposes specified in the Water Quality Plan:
- a) the date on which the sample was taken;
 - b) the time at which the sample was collected;
 - c) the point or location at which the sample was taken; and
 - d) the chain of custody of the sample (if applicable).
- B5.3 The Licensee must ensure that analyses of all samples taken for the purposes of Verification Monitoring are carried out by a laboratory accredited for the specified tests by an independent body that is acceptable to NSW Health, such as the National Association of Testing Authorities or an equivalent body.

B6 Provision of copy of Plan

- B6.1 Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor engaged to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.

B7 Delineating responsibilities – interconnections

- B7.1 If a code of conduct has not been established under clause 25 of the Regulation, the Licensee must (by a date specified by IPART) establish a code of conduct (**Licensee's Code of Conduct**) in accordance with this clause B7.
- B7.2 The Licensee's Code of Conduct must set out the respective responsibilities of:
- a) the Licensee; and
 - b) each licensed network operator, licensed retail supplier and/or public water utility that supplies water, provides sewerage services or constructs, maintains or operates any other water industry infrastructure in the Specified Area of Operations
- by, at a minimum, providing for:
- c) if the Specified Water Industry Infrastructure is connected to any other water industry infrastructure, who is responsible for repairing, replacing or maintaining any pipes, pumps, valves, storages or other infrastructure connecting the Specified Water Industry Infrastructure to the other water industry infrastructure;
 - d) who is responsible for water quality;
 - e) who is liable in the event of the unavailability of water;
 - f) who is liable in the event of failure of the Specified Water Industry Infrastructure;
 - g) the fees and charges payable in respect of the use of the Specified Water Industry Infrastructure; and
 - h) who is responsible for handling customer complaints.
- B7.3 Before the Licensee brings the Specified Water Industry Infrastructure into commercial operation or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between the Licensee and the other licensed network operators, licensed retail suppliers and/or public water utilities referred to in clause B7.2.
- B7.4 Not Applicable

B7.5 The Licensee must not contravene the Licensee's Code of Conduct to the extent that it makes the Licensee responsible or liable for the matters set out in it.

B8 Notification of changes to end-use

B8.1 If the Licensee proposes to operate the Specified Water Industry Infrastructure to supply water for an end-use which is not set out in the most recent Water Quality Plan provided to IPART, the Licensee must notify IPART in writing at least 3 months before commencing such operation.

B9 Notification of commercial operation

B9.1 This clause B9 applies each time the Licensee has brought any of the Specified Water Industry Infrastructure into commercial operation.

B9.2 The Licensee must:

- a) notify IPART in accordance with the Reporting Manual that it has brought the relevant Specified Water Industry Infrastructure into commercial operation; and
- b) provide such notification within 10 days after it has brought the relevant Specified Water Industry Infrastructure into commercial operation.

INTERPRETATION AND DEFINITIONS

Interpretation

In this Schedule B, unless the context requires otherwise:

- (i) the singular includes the plural and vice versa;
- (ii) headings are used for convenience only and do not affect the interpretation of this Schedule B;
- (iii) a reference to a document includes the document as modified from time to time and any document replacing it;
- (iv) a reference to a "person" includes a natural person and any body or entity whether incorporated or not;
- (v) a reference to a clause is to a clause in this Schedule B;
- (vi) a reference to a schedule is to a schedule to this Licence;
- (vii) a reference to a law or statute includes regulations, rules, codes and other instruments under it, and consolidations, amendments, re-enactments or replacements of them; and
- (viii) explanatory notes do not form part of this Licence, but in the case of uncertainty may be relied on for interpretation purposes.

Definitions

Expressions used in this Schedule B that are defined in the Act or the Regulation have the meanings set out in the Act or the Regulation.

In this Schedule B:

Act means the *Water Industry Competition Act 2006* (NSW).

Audit Guidelines means the document entitled "Audit Guideline – Water Industry Competition Act 2006" which is prepared by IPART and is available on IPART's website at www.ipart.nsw.gov.au, and any other

guidelines issued by IPART in relation to audits under the Act.

Authorised Person	means the authorised persons specified in, as applicable: <ul style="list-style-type: none">(i) Schedule A, clause A1, Table 1.1;(ii) Schedule A, clause A2, Table 2.1; and(iii) Schedule A, clause A3, Table 3.1.
Authorised Purposes	means the authorised purposes specified in, as applicable: <ul style="list-style-type: none">(i) Schedule A, clause A1, Table 1.3;(ii) Schedule A, clause A2, Table 2.3; and(iii) Schedule A, clause A3, Table 3.3.
Design Phase	means the period during which any design works are carried out in relation to the water industry infrastructure that the Licensee is authorised to construct, maintain and operate under this Licence.
Insurance Expert	means an insurance broker which holds an Australian financial services licence under Part 7.6 of the <i>Corporations Act 2001</i> (Cth) that authorises the broker to provide financial product advice for, and deal in, contracts of insurance within the meaning of Chapter 7 of that Act.
IPART	means the Independent Pricing and Regulatory Tribunal of New South Wales established under the <i>Independent Pricing and Regulatory Tribunal Act 1992</i> (NSW).
Licence	means this network operator's licence granted under section 10 of the Act.
Licensee	means a person to whom this Licence is granted under section 10 of the Act.
Licensee's Code of Conduct	has the meaning given in clause B10.1.
Minister	means the Minister responsible for Part 2 of the Act.
NSW Health	means the Water Unit of NSW Ministry of Health and any of the local health districts as defined by the NSW Ministry of Health.
Plan	means any infrastructure operating plan, water quality plan or sewage management plan that the Licensee is required to prepare under the Regulation.
Regulation	means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).
Reporting Manual	means the document entitled "Network Operator's Reporting Manual," which is prepared by IPART and is available on IPART's website at www.ipart.nsw.gov.au .
Specified Area of Operations	means the area of operations specified in, as applicable: <ul style="list-style-type: none">(i) Schedule A, clause A1, Table 1.4;(ii) Schedule A, clause A2, Table 2.4; and(iii) Schedule A, clause A3, Table 3.4.
Specified Water Industry	means the water industry infrastructure specified in, as applicable: <ul style="list-style-type: none">(i) Schedule A, clause A1, Table 1.2;

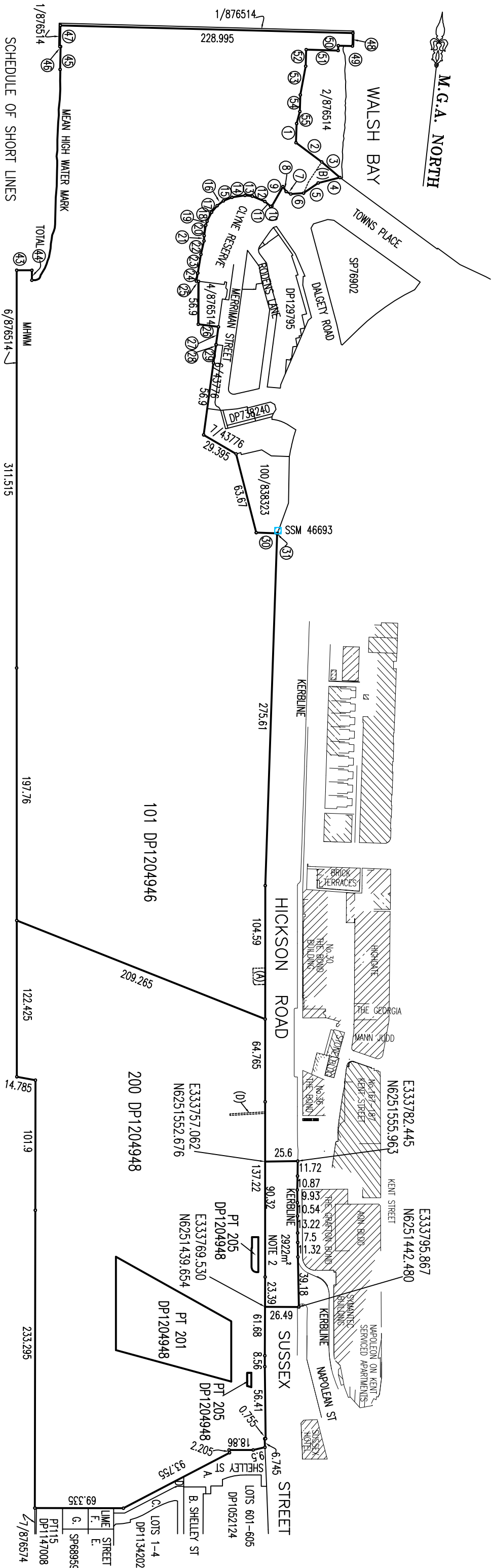
Infrastructure	(ii) Schedule A, clause A2, Table 2.2; and (iii) Schedule A, clause A3, Table 3.2.
Verification Monitoring	means verification monitoring as described in the document entitled “Australian Drinking Water Guidelines” or the document entitled “Australian Guidelines for Water Recycling” as the case may be.
Water Quality Plan	means the water quality plan that the Licensee is required to prepare under the Regulation.

DRAFT

Attachment A – Location map

DRAFT

M.G.A. NORTH



SCHEDULE OF SHORT LINES

LINE	DISTANCE	LINE	DISTANCE
1	15.035	29	14.385
2	25.215	30	10.2
3	18.72	31	0.475
4	17.54	32	8.97
5	13.885	33	10.2
6	10.06	34	16.56
7	4.165	35	5.23
8	4.61	36	8.56
9	17.425	37	0.755
10	1.16	38	6.745
11	5.88	39	9.51
12	10.705	40	18.86
13	5.775	41	2.205
14	10.295	42	14.04
15	7.295	43	11.855
16	6.245	44	7.755
17	6.595	45	17.985
18	7.84	46	0.605
19	3.345	47	16.53
20	8.33	48	10.09
21	4.04	49	11.14
22	10.79	50	3.825
23	14.865	51	25.015
24	6.405	52	12.94
25	1.73	53	22.875
26	15.95	54	13.04
27	14.11	55	9.74
28	0.145		

ORIGIN OF CO-ORDINATES: SSM 46693 IN HICKSON ROAD.
E 333 712.559
N 6252045.086
AZIMUTH IS ON M.G.A. NORTH.

02	PW	COORDS ADDED, LOTS UPDATED	23/6/15
01	PW	INITIAL PLAN	21/5/14
REVISION	BY	REVISION DESCRIPTION	DATE

LOTS AT GROUND LEVEL ONLY ARE SHOWN ON THIS PLAN.
EASEMENTS CREATED BY DP1204948 ARE NOT SHOWN ON THIS PLAN.
LOTS IN DP1204948 ARE SUBJECT TO A BUILDING MANAGEMENT STATEMENT

DP1204948 IS A PLAN WITH LOTS IN STRATUM AT BASEMENT LEVEL 2, BASEMENT LEVEL 1, GROUND FLOOR AND LEVEL 1 & ABOVE.

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NOTES:

- PLAN SHOWS TITLE DIMENSIONS OF
1.1. LOT 101 IN DP1204946
1.2. LOTS AT GROUND LEVEL WITHIN DP1204948
- AREA WITHIN HICKSON ROAD WHERE WORKS ARE PROPOSED IN ASSOCIATION WITH THE BLACKWATER TREATMENT PLANT.

- (A) EASEMENT FOR SEWERAGE PUMPING STATION (DP1080540)
(B) RIGHT OF WAY VARIABLE WIDTH (DP876514)
(D) EASEMENT FOR DRAINAGE 1.22 WIDE (J23252 & DP106510)

PLAN SHOWING OPERATIONAL AREA
OF BLACKWATER TREATMENT PLANT
BARANGAROO

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SCALE: 1:3000	DATE: 21/5/2014		
DATUM: AHD	CLIENT: LEND LEASE		
PROJECT No. 1400	SHEET SIZE: A3		
DRAWN	CHECKED	COORDINATED	APPROVED
DD	PW	PW	PW
DRAWING No. BLACKWATER TREATMENT PLANT SITE PLAN			REVISION 02