



Water NSW operating licence review  
2023-24

# Discussion Paper

December 2023

Water >>





## Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

## Tribunal Members

The Tribunal members for this review are:

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Jonathan Coppel

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## Invitation for submissions

IPART invites comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

## Submissions are due by Friday, 8 March 2024

We prefer to receive them electronically via our [online submission form](#).

You can also send comments by mail to:

WaterNSW Operating Licence Review  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop, Sydney NSW 1240

If you require assistance to make a submission (for example, if you would like to make a verbal submission) please contact one of the staff members listed above.

Late submissions may not be accepted at the discretion of the Tribunal. Our normal practice is to make submissions publicly available on our [website](#) as soon as possible after the closing date for submissions. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed above.

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# Contents

## Chapter 1

<b>Our review of the WaterNSW operating licence</b>	<b>5</b>
1.1 We want to know what you think about Water NSW's operating licence	6
1.2 Our review	6
1.3 This report	7
1.4 We seek your views on our draft recommendations	7
1.5 Your feedback informed our draft recommendations	9
1.6 How this Discussion Paper is structured	10
1.7 We invite your feedback on our proposed recommendations	11
1.8 Next steps	12

## Chapter 2

<b>Organisational management systems</b>	<b>13</b>
2.1 Water quality management systems (WQMS)	14
2.2 Asset management system (AMS)	15
2.3 Environmental management system (EMS)	17
2.4 Quality management system (QMS)	18
2.5 Critical infrastructure	19

## Chapter 3

<b>Clarifying the level of service WaterNSW must provide</b>	<b>21</b>
3.1 Performance standards	22

## Chapter 4

<b>Bulk water quality for drinking water suppliers</b>	<b>26</b>
4.1 Bulk water quality policy and service commitments for drinking water suppliers	27
4.2 Water quality monitoring enhancements program	28
4.3 Early warning system	29

## Chapter 5

<b>WaterNSW's obligation to its customers</b>	<b>30</b>
5.1 Customer supply agreements for direct water services	31
5.2 Water allocation accounts	31
5.3 Measuring water supplied, released and extracted	31
5.4 Consultation with customers and the community	32
5.5 Customer service charter	33
5.6 Code of practice on payment difficulties	33
5.7 Family violence policy	34
5.8 Internal complaints handling	34
5.9 Energy and Water Ombudsman NSW (EWON)	36

## Chapter 6

<b>Catchment and river health</b>	<b>37</b>
6.1 Managing catchments across NSW	38
6.2 Research on catchments and river health	40
6.3 Community education	41

**Chapter 7**

<b>Water planning and climate risk readiness</b>	<b>44</b>
7.1 System yield for the declared catchment areas	45
7.2 Water conservation plan	46
7.3 Planning for and managing climate-related risks	47
7.4 Greater Sydney Drought Response Plan	49
7.5 Water supply augmentation planning	50
7.6 Long-term capital and operational plan (LTCOP)	51
7.7 Flood mitigation and management	52

**Chapter 8**

<b>Data and information services</b>	<b>54</b>
8.1 Data management system	55
8.2 The duly qualified persons (DQP) portal	56
8.3 Data sharing agreements with DPE and NRAR	56
8.4 Water sector information hub	57
8.5 Download of metering data	58

**Chapter 9**

<b>Promoting cooperative relationships with stakeholders</b>	<b>59</b>
9.1 Facilitating relationships with government agencies	60
9.2 Promoting cooperative relationships with other stakeholders	63

**Chapter 10**

<b>Administration</b>	<b>65</b>
10.1 Licence objectives	66
10.2 Term of the operating licence	67
10.3 Area of operations	67
10.4 Non-exclusive licence	67
10.5 Licence authorisation	68
10.6 Operational audits	68
10.7 Reporting, record keeping and provision of information	69
10.8 Environmental reporting	70
10.9 End of term review	71
10.10 Notices and approvals	71
10.11 IPART functions	71
10.12 Changes to definitions and interpretation clause	72

**Chapter 11**

<b>Full list of draft recommendations</b>	<b>73</b>
11.1 Full list of draft recommendations for your comment	74

## Chapter 1 »

### Our review of the WaterNSW operating licence

We have made draft recommendations to improve  
WaterNSW's operating licence.

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# 01

## 1.1 We want to know what you think about Water NSW's operating licence

This report sets out our draft recommendations for how WaterNSW's operating licence should change to better meet its objectives for the next 5 years. We seek to ensure that the licence remains current and reflects changes in public expectations, best practice and WaterNSW's circumstances. This report sets out our draft recommendations for how the operating licence should change to better meet its objectives and resolve issues that have arisen during the term of the current licence that may impact its effectiveness. We also seek to resolve the issues we identified during the Review, in a way that imposes the lowest possible cost on WaterNSW (and therefore its customers).

The 2022-2024 operating licence (current licence) authorises WaterNSW to operate under the terms and conditions which address the quality and availability of essential products or services. We are undertaking an end-of-term review (Review) of the 2022-2024 Water NSW operating licence. The licence will expire on 30 June 2024.

WaterNSW is a bulk and drinking water supplier that provides two-thirds of water used in NSW. Its customers include Sydney Water, local water utilities, regional towns, irrigators and the environment. WaterNSW's prices are separately regulated by our price determinations. Price regulation, in combination with licence requirements, help protect customers from excessive (monopoly) prices.

We have released an information paper which summarises the submissions we received from stakeholders in response to our Issues Paper.<sup>1</sup> The stakeholder submissions have informed our recommendations for the draft Licence.

### 1.1.1 Cost-benefit analysis

We are currently undertaking a cost-benefit analysis (CBA) of the options proposed in our discussion paper. The CBA will consider the costs and benefits for the proposed licence conditions. We will consider the outcomes of the CBA when finalising our recommendations for the new Licence. We will publish a CBA analysis paper in early 2024 which will include if and how our draft licence recommendations are impacted and how the draft licence may change based on the outcomes of the CBA.

We will release a CBA analysis paper in early 2024, prior to the public hearing which is planned for February 2024.

## 1.2 Our review

In conducting this Review we will consider if WaterNSW's licence meets all the following requirements:

- adequately protects its customers and the people of NSW
- provides a net benefit to WaterNSW's customers or the people of NSW
- is fit for purpose.

The proposed operating licence objectives are:

1. to authorise and require WaterNSW to:
  - a. provide, construct, operate, manage and maintain efficient, coordinate and commercially viable systems and services for capture and store of water, release of water and supply of water
  - b. protect catchment areas and works.
2. require WaterNSW to conduct these activities in a manner that:
  - a. is efficient, resilient, reliable, sustainable and equitable
  - b. supports the long-term interests of customers and the community
  - c. considers the impacts of climate change, and
  - d. considers equity within and between generations.
3. set efficient and effective terms and conditions, including performance standards, that Water NSW must meet when supplying or providing services in a way that:
  - a. supports its principal objectives under the State Owned Corporations Act 1989 (NSW) and the Water NSW Act 2014, and
  - b. does not prevent or hinder competition.

We will also review the Water NSW Reporting Manual, 2022-2024 (Reporting Manual) as part of the licence review process. We will publish the proposed Reporting Manual on our website in early 2024 for your feedback. We note that the Reporting Manual is an IPART document and does not require the Minister's approval. WaterNSW will publish the Reporting Manual on its website once the new licence comes into effect.

## 1.3 This report

In this report, we explain our proposed recommendations for terms and conditions of the draft licence. We have also published the following information papers to support this report:

- Information Paper 1 – Contextual information<sup>2</sup>
- Information Paper 2 – Summary of submissions to our Issues Paper that have informed our draft recommendations.<sup>3</sup>

## 1.4 We seek your views on our draft recommendations

We welcome your feedback on our draft recommendations for the operating licence discussed in this report. We provide a full list of draft recommendations made in this report in chapter 11.

We want to recommend terms and conditions for the operating licence that reflect customers' preferences and needs. This is particularly important for customers of monopoly suppliers such as WaterNSW where customers cannot change their provider. Your feedback allows a customer-focused approach to the Review which will improve outcomes and ensure we have the right customer protections in the recommended operating licence.

We set out the key proposed changes below:

- Quality management system – inclusion of a quality management system to support WaterNSW's activities and ensure business processes are consistently and systematically undertaken and promote customer focus.
- Performance standards – amend some of the existing performance standards and add new standards which focus on early notification for service interruptions.
- Improve relationships between WaterNSW and drinking water suppliers – require WaterNSW to have a bulk water policy, set out water quality parameters and service commitments for drinking water suppliers, and have an early warning system to notify changes to flow release patterns and water quality monitoring enhancements.
- Improve relationships with other stakeholders – require WaterNSW to enter into cooperation protocols with NSW Fisheries.
- Early warning system – require WaterNSW to maintain a system that provides advance notifications of changes to water source, offtake levels and forecast exceedance of water quantity and quality parameters to better equip downstream users including local water utilities.
- Consultation with customers and the community – allow WaterNSW to determine and implement its own mechanism for consultation in understanding, mitigating and resolving issues with different customer groups.
- Family violence policy – require WaterNSW to have a family violence policy that protects customer privacy and ensures that family violence sufferers can access payment difficulty arrangements.
- Catchment and river health – extend the requirement for WaterNSW's educative role to the non-declared catchments and expand the scope of WaterNSW's research on catchments to include research on river health.
- Climate change – require WaterNSW to engage in ongoing climate risk management activities, and report on and publish climate related disclosures and net zero progress.
- Water planning – enhance cooperation and variously update and implement long term water plans including the Greater Sydney Drought Response Plan,<sup>4</sup> Greater Sydney Water Strategy,<sup>5</sup> the Long-Term Capital and Operating Plan and water supply augmentation planning.
- Data and information sharing – replace the requirements for WaterNSW to have an online portal and data sharing agreement with the requirement for WaterNSW to develop a data management system which includes certain policies and a data 'information hub'.



### 1.4.1 Terminology and plain English

We propose to recommend changes to the structure and language used throughout the licence. We have restructured the licence, adopted plain English wherever possible, and some terminology has changed as a result. Structural changes will help with readability of the Licence and allow stakeholders to easily identify any obligations that relate to them. Our proposed changes to the language used throughout the Licence also aim to increase readability of the obligations, making them easier to understand and enforce. Some terminology changes include:

- “direct water supply service” relates to services currently referred to as supplied services
- “water release service” relates to services previously referred to as capture, store and release (or CSR) services
- “drinking water suppliers” includes local water utilities (LWUs) but could potentially include a drinking water supplier licenced under the *Water Industry Competition Act 2006*.

## 1.5 Your feedback informed our draft recommendations

We considered stakeholder submissions, made in response to the Issues Paper we published in August 2023.<sup>6</sup> The Issues Paper included our analysis of the issues that may be relevant to the licence and this Review. It also provided stakeholders with an opportunity to provide feedback about issues unknown to us. We received submissions from WaterNSW, the NSW Government, Sydney Water, the Water Directorate, Gwydir Valley Irrigators Association Inc (GVIA), the NSW Irrigators' Council (NSWIC), Central NSW Joint Organisation, Lachlan Valley Water (LVW), Lithgow City Council, Singleton Council, the Energy & Water Ombudsman NSW (EWON), the Member for the State Seat of Wagga Wagga, and some which were anonymous.<sup>a</sup>

Our draft recommendations were informed by these submissions and subsequent discussions with key stakeholders to clarify their feedback to the Issues Paper. We also applied lessons learnt from our end-of-term review of 2017-2022 Hunter Water operating licence, where there are similar conditions to the WaterNSW operating licence. Consistency across similar operating licence conditions for the 3 public water utilities that we regulate enables efficient administration for regulators, and potentially enables utilities to benchmark against each other or collaborate on compliance-related solutions.

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<sup>a</sup> The stakeholder submissions to our Issues Paper are available on our [website](#).

## 1.5.1 We have applied 5 principles to our Review



### Principle # 1: Protect customers, consumers and the environment

WaterNSW's operating licence should authorise the provision of services in accordance with its objectives.



### Principle # 2: Setting minimum protections

Licence conditions should be clearly expressed and enforceable so we can hold WaterNSW to **account** when providing the authorised services to its customers.



### Principle # 3: Focus on outcomes

Our Review will focus on **outcomes** for WaterNSW's customers, the community and environment. We will consider how the Licence compliments other regulatory frameworks and tools, and NSW Government policies, to achieve outcomes.



### Principle #4: Set minimum requirements

Our Review will **set minimum requirements** and should not unnecessarily increase the financial burden on WaterNSW customers and the people of NSW. We will explore if the current Licence sets appropriate minimum protections for customers, the community and the environment. This would allow us to monitor WaterNSW's compliance with delivering these protections.



### Principle # 5: Remove redundancy

The Review focuses on removing redundancy and **streamlining** current regulation. This may mean removing current licence conditions that are redundant or duplicative without additional benefits.

## 1.6 How this Discussion Paper is structured

This Discussion Paper addresses our draft recommendations for addressing the key issues relevant to the Review in the operating licence. We have grouped the issues and structured the paper as shown in **Table 1.1**.

Table 1.1 Structure of Discussion Paper and the issues addressed in each chapter

Chapter	Issues covered
Chapter 1: About this review	<ul style="list-style-type: none"> <li>Contextual information about this review</li> <li>We seek your views</li> <li>Next steps</li> </ul>
Chapter 2: Organisational management systems	<ul style="list-style-type: none"> <li>Water quality management systems</li> <li>Asset management systems</li> <li>Environmental management systems</li> <li>Quality management systems</li> <li>Critical Infrastructure</li> </ul>
Chapter 3: Performance standards	<ul style="list-style-type: none"> <li>Water quality</li> <li>Water delivery</li> <li>Service interruptions</li> <li>Temporary trades</li> </ul>
Chapter 4: Bulk water quality for drinking water suppliers	<ul style="list-style-type: none"> <li>Bulk water quality policy</li> <li>Water quality parameters</li> <li>Service commitments</li> <li>Water quality monitoring enhancements program</li> </ul>
Chapter 5: WaterNSW's obligation to its customers	<ul style="list-style-type: none"> <li>Customer supply agreements</li> <li>Early warning system</li> <li>Community consultation requirements</li> <li>Payment difficulties and family violence policy</li> </ul>
Chapter 6: Catchment and river health	<ul style="list-style-type: none"> <li>Catchment management</li> <li>Research program</li> <li>Community education</li> </ul>
Chapter 7: Water planning and climate risk readiness	<ul style="list-style-type: none"> <li>System yield</li> <li>Water conservation plan</li> <li>Climate-related planning and risk management</li> <li>Greater Sydney drought response plan</li> <li>Water supply augmentation planning</li> <li>Long-term capital and operational plan</li> </ul>
Chapter 8: Data and information services	<ul style="list-style-type: none"> <li>Data management system</li> <li>Water sector information hub</li> <li>Downloading metering equipment</li> <li>DQP portal and existing data sharing agreements with DPE and NRAR</li> </ul>
Chapter 9: Promoting cooperative stakeholder relationships	<ul style="list-style-type: none"> <li>MOUs with NSW Health and EPA</li> <li>Roles and responsibility agreement with DPE, NRAR and WAMC</li> <li>Cooperation protocols with NRAR and NSW Fisheries</li> <li>Code of conduct with WIC Act licensees</li> </ul>
Chapter 10: Administration	<ul style="list-style-type: none"> <li>Administrative operating licence conditions (licence objective and authorisations, licence term, performance monitoring and reporting, audits.</li> </ul>
Chapter 11: Full list of draft recommendations	<ul style="list-style-type: none"> <li>Consolidated list of recommendations in this paper</li> </ul>

## 1.7 We invite your feedback on our proposed recommendations

We invite all interested people to make submissions in response to this Discussion Paper by **8 March 2024**.

We look forward to receiving your submission. For more information on how to make a submission and our submission policy, and how to manage confidential or commercially sensitive information in your submission, please see page ii at the front of this paper.

## Have your say

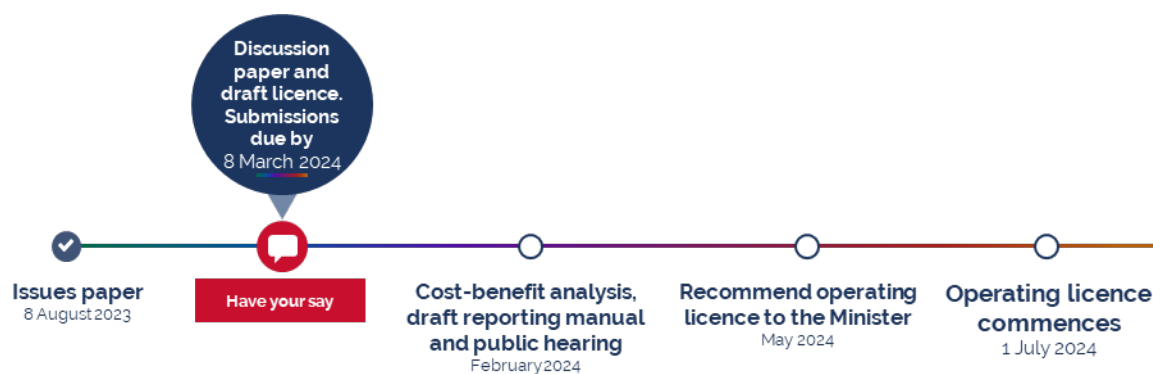
Your input is valuable to our review process.

[Make a submission »](#)

You can be involved by making a submission in response to this Discussion Paper or attending a public hearing.

## 1.8 Next steps

We intend to provide our recommended new Operating Licence to the Minister in May 2024. This will allow a new operating licence to come into effect by 1 July 2024. We will complete the Review according to the timeline below:





## Chapter 2 »

### Organisational management systems

Management systems help to ensure a consistent and predictable response (Part 3 of the draft Licence).



# 02

Section 12(2) of the Act specifies that a licence that authorises WaterNSW to supply water or capture, store and release water must require WaterNSW to provide, construct, operate, manage and maintain efficient, co-ordinated and commercially viable systems and services to capture, store, release or supply water. We consider that requiring WaterNSW to maintain and implement management systems, particularly the Water Quality Management System (WQMS) and Asset Management System (AMS), meets this requirement under the Act.

## 2.1 Water quality management systems (WQMS)

### Draft recommendations

1. Retain the requirement to maintain and undertake activities in accordance with a WQMS and to comply with it (**clause 8**)
2. Exclude drinking water in areas with services already regulated by the *Public Health Act 2010*, section 25 (picnic areas and regional sites) from the scope of the WQMS.

WaterNSW is responsible for the supply or release of raw water for many customers across NSW and for the supply of drinking water to customers in the Fish River Water Supply Scheme (FRWSS). The current Licence separates water quality obligations by the services delivered. These services are the water supplied in the declared catchment including the FRWSS, and the capture, store and release water supplied in the non-declared catchment. It places obligations on WaterNSW to protect water sources through catchment management and managing water under its control, regardless of if it is ultimately for drinking water. WaterNSW must do this by maintaining and implementing a WQMS for both the declared and the non-declared catchments. The WQMS must be consistent with the *Australian Drinking Water Guidelines* (ADWG),<sup>7</sup> or requirements specified by NSW Health or IPART. Outside the declared catchment, there is also a provision for a relevant quality assurance program consistent with the requirements for a quality assurance program under section 25 of the *Public Health Act 2010*.

The ADWG sets the minimum standards, from catchment to tap, necessary to ensure that WaterNSW provides water of an appropriate quality for its intended end-uses, consistent with other water utilities across NSW. The ADWG are the current National Health and Medical Research Council water quality standards.

Our position to keep the requirement to maintain and implement a WQMS was largely supported by the submissions to our Issues Paper. There was widespread support for maintaining separate conditions for WQMS in declared and non-declared catchment areas to reflect the different catchment characteristics, differences in management and level of control. We consider that the WQMS can be tailored to reflect the nature of activities and services that WaterNSW provides from different catchment areas with varying levels of risk. Other submissions noted benefit only occurs if maintaining separate licence conditions reduced regulation and costs for water users.

There was mixed support for having a separate condition for WQMS and reporting requirements for the FRWSS. While separating the obligations for FRWSS from the current obligation could help FRWSS customers better distinguish and understand the services they receive from WaterNSW, we believe that allowing WaterNSW to maintain a consolidated or separate WQMSs provides flexibility for WaterNSW to take regulatory burden and costs into account.

All submissions were supportive of excluding drinking water supplies at picnic areas and regional sites from the scope of the WQMS in the Licence where they are otherwise regulated under Section 25 of the *Public Health Act 2010* through a relevant quality assurance program. Our recommendation removes ambiguity and any perception of duplicated regulation as NSW Health already regulates WaterNSW's drinking water activities at these sites. We note that we have not limited the WQMS to water which has an end-use for drinking purposes as we do not consider there would be any material cost savings resulting from this limitation.

### 2.1.1 Fluoridation of the FRWSS



In response to the issues paper NSW Health supported the addition of obligations relating to fluoridation for the FRWSS. However, we have not recommended including a separate obligation on WaterNSW to fluoridate the water at the FRWSS.

Fluoridation of water in NSW is governed under the *Fluoridation of Public Water Supplies Act 1957*, *Fluoridation of Public Water Supplies Regulation 2022* and the NSW Code of Practice for Fluoridation of Public Water Supplies (Fluoridation Code). Under this legislative framework, NSW utilities must not fluoridate the drinking water they supply except with the approval, or at the direction of NSW Health. Utilities may apply for approval or seek a direction from NSW Health which permits them to fluoridate drinking water supplies.<sup>8</sup> However, if they do choose to fluoridate, the *Fluoridation of Public Water Supplies Regulation 2022* requires that they manage key aspects of fluoridation in accordance with the Fluoridation Code.<sup>9</sup> This applies to WaterNSW.

We consider that compliance with the Fluoridation Code is covered under the licence condition requiring WaterNSW to have a drinking water quality management system consistent with the ADWG once directed to do so by NSW Health.

## 2.2 Asset management system (AMS)

### Draft recommendation

3.  Modify the requirement for WaterNSW to maintain and comply with its Asset Management System to bring it in line with the ISO 55001:2024 during the Licence term (**clause 9(1)**).
4.  Modify the obligation to clarify the links between the AMS and catchment infrastructure works management (**clause 9(2)**) and the construction, maintenance and operation of works (**clause 9(3)**).

The current Licence requires WaterNSW to maintain an AMS consistent with ISO 55001:2014 – *Asset Management – Management Systems – Requirements*.<sup>10</sup> The standard outlines best practice in the asset lifecycle including the establishment, implementation, management and review of assets.<sup>11</sup> The AMS is used to track, manage and maintain WaterNSW's assets. WaterNSW has generally complied with the requirement for it to implement and carry out activities in accordance with the AMS as highlighted in recent operating audits.<sup>12</sup>

The operating licence is currently the only regulatory instrument requiring WaterNSW to have and implement an AMS. We consider that keeping the requirement for WaterNSW to maintain and comply with an AMS is important as it:

- requires WaterNSW to manage its portfolio of assets appropriately, in line with processes that are consistent with an approved industry standard
- keeps WaterNSW accountable for adhering to its asset management processes
- enables us to monitor WaterNSW's compliance with its AMS through compliance audits. We note that if there is a high-risk incident or non-compliance, we are able to audit WaterNSW's asset management practices, identify the root cause, make recommendations to fix the non-compliance and/or take enforcement action where needed
- recognises the criticality of maintaining the AMS for WaterNSW to deliver on its functions and meet performance standards and minimises risk that WaterNSW could cease to maintain and comply with the AMS due to commercial incentives (e.g. if costs to keep and comply with the AMS increase, or if WaterNSW management ceases to deem the AMS necessary).

In our Issues Paper, we sought stakeholder feedback about whether the current obligations related to WaterNSW's AMS should change. Stakeholders generally agreed that the current licence conditions related to maintaining and implementing an AMS continue to be relevant to WaterNSW's operations. In its submission, DPE noted that the FRWSS should be included in the scope of WaterNSW's AMS. Central NSW Joint Organisation, Lachlan Valley Water and Lithgow Council noted that WaterNSW could be required to work with landholders and private asset owners on asset maintenance. We have not amended the AMS obligations to require WaterNSW to explicitly require WaterNSW to engage with stakeholders on its asset maintenance as we consider this should be addressed as part of WaterNSW's stakeholder needs assessment and tested at future operational audits.<sup>a</sup>

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<sup>a</sup> This is considered under section 4.2 of ISO 55001:2014.



## 2.2.1 Asset management standard specified in the operating licence

WaterNSW's AMS is currently certified to AS ISO 55001:2014. The International Organisation for Standardisation (ISO) Technical Committee for asset management systems is currently updating the standard. While the committee has not formally advised when the updated standard will be released, given its current status in the review process (i.e. comments received on the Draft International Standard),<sup>13</sup> we anticipate that it will occur in 2024.<sup>14</sup> Therefore, we propose to recommend requiring WaterNSW to align its AMS with the 2024 requirements by 1 July 2027. We anticipate that this will allow WaterNSW sufficient time to transition its AMS to meet requirements of the updated standard, given ISO transition periods are typically 3 years. In addition, if the revised standard is not published in 2024 as expected, we consider that WaterNSW could nominate an alternate standard (e.g. the 2014 standard) for our consideration and approval.

## 2.2.2 Requirements to manage works in line with the AMS

Under the current Licence, WaterNSW it is expressly required to manage works consistent with the AMS.<sup>15</sup> We propose to recommend grouping these obligations with the AMS clause for consistency and readability purposes. We consider that merging these obligations will also simplify compliance activities undertaken against the asset management requirements under the Licence.

Stakeholders did not raise any issues with these obligations in response to our Issues Paper.

## 2.3 Environmental management system (EMS)

### Draft recommendation



5. Retain the requirement to maintain and comply with an EMS in line with AS/NZS ISO 14001:2016 (**clause 10**).

The current Licence requires WaterNSW to maintain an Environmental Management System (EMS) for managing its environmental responsibilities and the environmental impacts of its services and activities.<sup>16</sup> WaterNSW has generally complied with the requirement for it to implement and carry out activities in accordance with the EMS as highlighted in recent operating audits.<sup>17</sup> The operating licence is currently the only regulatory instrument requiring WaterNSW to have and implement an EMS. We consider that keeping the requirement for WaterNSW to maintain and comply with an EMS is important as it helps WaterNSW to:

- protect the environment by preventing or mitigating adverse environmental impacts
- mitigate potential adverse effects of environmental conditions on the organisation
- assist in the fulfilment of compliance obligations
- enhance environmental performance
- utilise a life cycle perspective that prevent environmental impacts from being unintentionally shifted elsewhere within the life cycle

- achieve financial and operational benefits that can result from implementing environmentally sound alternatives
- communicate environmental information to relevant interested parties.<sup>18</sup>

As discussed in our Issues Paper, we consider that this clause remains current and effective as a regulatory tool and mechanism against which we can monitor compliance.

One stakeholder supported changes to the EMS obligation in the Licence referencing delays to major works, and asset maintenance and repairs. We consider that the licence obligation does not specify the level of detail which must be included in components of WaterNSW's EMS.

We consider that this obligation remains relevant and do not propose any changes to the licence condition requiring WaterNSW to maintain and comply with its EMS.

## 2.4 Quality management system (QMS)

### Draft recommendation



6. Include an obligation requiring WaterNSW to develop, maintain and implement a Quality Management System in line with AS/NZS ISO 9001:2016 (**clause 11**).

A Quality Management System (QMS) is a system that documents processes, procedures and responsibilities for achieving quality policies and objectives. A QMS can be beneficial for organisations to help them deliver quality services and outcomes to meet customers' expectations and regulatory requirements.

Our Issues Paper asked if inclusion of a QMS in the Licence would benefit WaterNSW and/or its customers. WaterNSW did not support the inclusion of a QMS in the Licence, noting that it already has a QMS for parts of the business where it deems a QMS would be beneficial.<sup>b</sup> Other stakeholders, however, supported including an obligation in the licence requiring WaterNSW to develop, maintain and implement a QMS. Stakeholders expected that the inclusion of a QMS requirement in the Licence would help provide customers and other stakeholders with assurance in system operations and WaterNSW's decision making.

<sup>b</sup> WaterNSW considers a QMS is relevant to its Dam Safety Management System and Water Monitoring Quality Management System.

In August 2023, DPE released its report on its 5-yearly review of activities of the department<sup>c</sup> under Section 10 of the *Water Management Act 2000*.<sup>19</sup> DPE subsequently published its Corrective Action Plan in response to the 5-year review findings.<sup>20</sup> The review found that “a quality management framework would support consistent record keeping for decision documentation, enabling auditing, reporting and continual improvement”.<sup>21</sup> The review recommended that the department (including but not limited to WaterNSW) “should establish a quality management framework that supports improved assurance that decisions are being made in alignment with the principles and that assumptions based on linkages between high level instruments and decisions are being tested”<sup>22</sup> and noted that “a quality management system will provide assurance that the principles are given effect and will enable more efficient reporting”.<sup>23</sup> In its submission to us, WaterNSW noted that while it may be heading towards requiring an agency-wide QMS, it considered requiring a QMS, at this stage, is not appropriate.

However, given the gaps identified in the Section 10 review and the data integrity and reliability issues raised by stakeholders, we consider that WaterNSW, its customers and other stakeholders would benefit from the inclusion of QMS in its Licence. We propose to recommend including an obligation requiring WaterNSW to develop and comply with a QMS in line with AS/NZS ISO 9001:2016 or another standard approved by IPART in writing, to allow sufficient flexibility if required. Given the proposed obligation is a new condition, we will carefully consider stakeholder feedback and the outcomes of the cost-benefit analysis of the proposed obligation before we make our final recommendation.

We do not propose to require certification of the QMS. We consider that the matter of certification is a business decision and note that our compliance monitoring and enforcement costs could be reduced by relying on any certification audits of a certified QMS. While the certification audit may not eliminate the need for our operational audits, it could result in a reduced audit scope. This would allow us to minimise duplication and regulatory burden on WaterNSW.

## 2.5 Critical infrastructure

### Draft recommendation



7. Do not impose national security clearance requirements in the Licence.

The current Licence does not have any conditions in relation to critical infrastructure. In our Issues Paper we explored whether Licence obligations were required to impose national security clearance requirements for executive level employees responsible for operational technology security, network operations security, and personnel security operations; and at least two board members. We also cited that there were already provisions in the Sydney Water Operating Licence in relation to cyber security. These provisions have been there since 2019.

<sup>c</sup> In the context of the Section 10 review, the department includes the Department of Planning and Environment – Water group (Water group), Department of Planning and Environment – Environment and Heritage group (Environment and Heritage group), Natural Resources Access Regulator (NRAR) and WaterNSW.

Notwithstanding the above, WaterNSW is required to adhere to obligations listed under the Commonwealth Government's *Security of Critical Infrastructure Act 2018* (Cth) (SOCI Act). This includes producing and complying with a Critical Infrastructure Risk Management Program. WaterNSW's submission acknowledged the above and advised that it has already developed appropriate processes to address obligations under the SOCI Act. While WaterNSW recognised the need for Negative Vetting Level 1 (NV1) national security clearances, it did not consider that an additional Licence condition is needed. This is because WaterNSW are currently in the process of selecting staff to hold the most appropriate level of security vetting. An additional Licence condition in this area may therefore be redundant.

Sydney Water's submission supported WaterNSW's position that a Licence condition is not needed. Sydney Water cited that depending on the nature of the work many of its own staff already hold security vetting regardless of whether it is a Licence condition or not. We note, also, that without an obligation in the Licence, WaterNSW would need to continue to meet its obligations in relation to the SOCI Act.

Given the above we consider that a Licence condition in relation to national security clearance requirements is not required.



## Chapter 3 »

### Clarifying the level of service WaterNSW must provide




Performance standards impact the level and quality of service that customers receive (Part 4 of the draft Licence).

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### 3.1 Performance standards

#### Draft recommendations

-  8. For direct water supply services:
  - a. retain the water quality standard requiring compliance with the water quality management system (**clause 15.1 D-WQ-1**)
  - b. include a water delivery standard requiring timely delivery of services (**clause 15.1 D-WD-1**)
  - c. include a service interruption standard requiring WaterNSW to provide timely notification of cease to pump orders<sup>a</sup> (**clause 15.1 D-SI-1**)
  - d. remove the requirement for WaterNSW to manage service interruptions in line with its AMS.
-  9. For water release services:
  - a. include a water quality standard for bulk water released from dams with multi-level offtake points, having consideration to temperature and algal readings consistent with a quality assurance program under section 25 of the *Public Health Act 2010*, or the Australian Drinking Water Guidelines (**clause 15.1 R-WQ-1**)
  - b. modify existing water delivery performance standard targets related to rectifying incorrect water orders and releasing water orders in a timely manner (**clause 15.1 R-WD-1 and R-WD-2**)
  - c. include a water delivery performance standard related to timely delivery of rescheduled water orders (**clause 15.1 R-WD-3**)
  - d. include service interruption performance standards around the rescheduling of water orders and timely notification in the event that WaterNSW ceases to or becomes unable to release water (**clause 15.1 R-SI-1 and R-SI-3**)
  - e. modify the existing service interruption performance standard related to consultation about rescheduled water orders (**clause 15.1 R-SI-2**).
  - f. remove the requirement for WaterNSW to manage service interruptions in line with its AMS.
-  10. For the Fish River water supply scheme,
  - a. Modify the requirement for all water supplied to be compliant with WaterNSW's WQMS (**clause 15.2 FR-WQ-1**).

<sup>a</sup> Cease-to-pump events occur when licenced water users must stop taking water from a river system (namely, when it falls below a predetermined level as defined in the relevant water sharing plan). Cease-to-pump events last for as long as flows within the river system remain below that level.

-  11. For water trades:
  - a. Retain the current temporary trades performance standards (**clause 15.3 T-AP-1, T-AP-2 and T-AP-3**)
  - b. Include a requirement that at least 95% of customers who place a non-complying trade application are contacted to rectify that order within 1 business day (**clause 15.3 T-AP-4**).
-  12. Clarify that the requirement to meet water quality performance standards for water release services, and certain performance standards for water delivery and service interruptions excludes non-conformance due to:
  - a. extreme events that WaterNSW cannot reasonably prevent or mitigate (**clause 13(b)(i)**)
  - b. WaterNSW complying with another law.
-  13. Include an obligation for WaterNSW to make its annual report on performance standards publicly available (**clause 14**).

The *Water NSW Act 2014* (Act) requires the Licence to set performance standards for water delivery, water quality and service interruptions.<sup>24</sup> Performance standards in the Licence can also relate to other matters.

Performance standards set the minimum levels of service that WaterNSW must meet and hold WaterNSW accountable to deliver the services to the standards we expect. Without mandatory performance standards, there is also risk that customers may not understand the levels of service they can expect from WaterNSW, or that WaterNSW may not continue to provide the service in an efficient and consistent manner. We note that performance standards do not prevent WaterNSW from providing a greater level of service if this aligns with its customers' preference.

While performance standards specify a desired outcome, they do not prescribe how a service provider must achieve the outcome. This allows service providers to adapt their systems and processes to varying local circumstances.

Our proposed recommendations largely seek to set minimum standards for system and service reliability, resulting in improved service expectations and stakeholder relationships and hold WaterNSW accountable to deliver the services to the standards we expect. We propose to recommend maintaining and amending most of the performance standards in the current Licence and add new performance standards to provide customers with timely notification in the case of water delivery delays. We propose to recommend new performance standards for delivery and timing of direct water supplies and water release services. We also propose to remove a performance standard requiring service interruptions to be managed in accordance with WaterNSW's asset management system as we consider the current standard duplicates WaterNSW's obligation to comply with its asset management system, discussed in Chapter 2.2.

Stakeholder feedback to our Issues Paper, related to water delivery and timeliness, generally supported amending the existing performance standards. Stakeholders agreed that the current standards could be reviewed to make them more outcomes-focused whilst continuing to allow WaterNSW flexibility to improve and innovate to ensure its performance is in line with customer expectations and willingness to pay. We note that some stakeholders identified that there could be benefit in recording service interruptions issues related to asset management, including duration of service interruptions and time taken to rectify these. However, we do not consider these types of standards would provide customers with a better understanding of the level of service they can expect and consider that this would be better addressed in WaterNSW's AMS.

We received stakeholder feedback related to water quality standards, that noted value in following established industry guidelines such as the Australian Drinking Water Guidelines. There was clear support for distinguishing between performance standards for water that is directly supplied to customers compared to those related to water released into rivers.

We also consulted with stakeholders, following responses to the Issues Paper, at a performance standards workshop. The workshop outcomes identified that stakeholders could benefit from the inclusion of performance standards that required WaterNSW to proactively communicate with stakeholders about issues related to water quality, water delivery and service interruptions. The outcomes from this workshop have informed our draft recommendations.

We will carefully consider stakeholder feedback and the outcomes of the cost-benefit analysis of the proposed obligation before we make our final recommendation.

### 3.1.1 Clarifying when the performance standards do not apply

There are times that WaterNSW cannot meet certain performance standards for reasons outside of its control. We propose to recommend including an exemption in the Licence to clarify that the performance standards do not apply where issues are caused by either:

- extreme events that Water NSW could not reasonably have prevented or mitigated
- WaterNSW's compliance with a direction under law (e.g. if directed to stop releasing water by the Minister or SES).

We propose that these exemptions would not apply to the performance standards directed at communicating with customers and account processing or those requiring compliance with the water quality management system.

Under the current licence, WaterNSW is required to provide an annual report to IPART on its performance against the performance standards. However, WaterNSW is not required to publicly report against the standards. We consider there is benefit (i.e. increase transparency to customers) in requiring WaterNSW to publish an annual report that identifies how it tracked against the performance standards. Therefore, we propose to recommend including an obligation in the Licence that requires WaterNSW to publish its annual report on compliance with the performance standards on its website.

Stakeholders did not raise any concerns related to any of these issues in response to our Issues Paper.

### 3.1.2 We differentiate between calendar and business days

WaterNSW is required to service its customers on a daily basis (i.e. not just on business days). Our performance standards distinguish between standards that apply by reference to 'business days' and those that apply by reference to 'days'. Business days apply to administrative matters whereas days – which includes days that are weekends and public holidays – apply to water delivery and service interruption performance standards.

## Chapter 4 »

### Bulk water quality for drinking water suppliers

Drinking water suppliers rely on water information from WaterNSW (Part 5 of the draft Licence).





## 4.1 Bulk water quality policy and service commitments for drinking water suppliers

### Draft recommendations

14. We propose to replace the requirement for WaterNSW to have a register and an information request procedure for LWUs, with new requirements for WaterNSW to:
- a. develop and publish a policy regarding water quality for drinking water suppliers that specifies roles and responsibilities of parties including WaterNSW's role in improving the quality of water, the monitoring of it, identifying and reducing hazards and risks and educating drinking water suppliers on accessing and understanding water quality data (**clause 16(1)(a)**)
  - b. develop the policy in consultation with NSW Health and the relevant drinking water suppliers (**clause 16(2)**)
  - c. maintain current contact details for each drinking water supplier (**clause 16(1)(b)(iii)**)
  - d. include processes for determining water quality monitoring parameters, engaging with drinking water suppliers and data provision (**clause 17**)
  - e. determine the water quantity and water quality parameters consistent with the processes set out in the policy (**clause 17**)
  - f. publish a summary of its service commitments to drinking water suppliers (**clause 19**).

To ensure continuity and quality of supply, drinking water suppliers such as Local Water Utilities (LWUs) rely on information provided by WaterNSW. Information on WaterNSW's bulk water quality and water source events is used to inform the LWUs' drinking water quality assurance programs or management systems, which includes the LWUs' water treatment processes.

The current Licence requires WaterNSW to maintain a register of contact details, known as the LWU Register, and implement a procedure for providing information to Local Water Utilities, known as the LWU Information Request Procedure.<sup>25</sup> This request procedure is a reactive process that has not been widely used by LWUs during the current and previous licence terms.

A water quality policy for drinking water suppliers that specifies roles and responsibilities of parties, including educating drinking water suppliers on accessing and understanding water quality data, goes part way to replacing the current Licence's reactive information request procedure.

A more proactive and customer focused arrangement would have greater utility to drinking water suppliers in planning and adjusting treatment and delivery of drinking water to its customers. Further, it would enhance the ability for LWUs to have effective and timely responses to adverse water quality or quantity events and prepare or warn communities in an appropriate manner.

There was widespread support for a more coordinated approach to water quality monitoring, management and proactively providing information to drinking water suppliers.

The proposed requirement to develop new policies and procedures is anticipated to increase WaterNSW's current responsibilities. Therefore, we will carefully consider stakeholder feedback and the outcomes of the cost-benefit analysis of the proposed obligation before we make our final recommendation.

## 4.2 Water quality monitoring enhancements program

### Draft recommendations

15. We propose to add a requirement increasing WaterNSW's responsibilities to monitor and provide information on water source events and the quality of raw water provided to drinking water suppliers, including:
  - a. requiring WaterNSW to maintain an ongoing water quality monitoring enhancement program which takes into account the Water Quality Roadmap published by the Department on October 2021 and the activities already undertaken by Water NSW under the Town Water Risk Reduction Program
  - b. requiring WaterNSW to annually report to IPART on the water quality monitoring enhancements program (**clause 20**).

Water is released from dams and reservoirs based on the water orders requested from LWUs and is extracted from rivers and streams at various points downstream. WaterNSW collects water quality data at various locations across the state. However, LWUs are not able to easily access this information.

Additional monitoring of water released for LWUs would pre-emptively identify changed water quality and allow downstream drinking water suppliers to prepare or warn communities appropriately. The Town Water Risk Reduction Program (developed and supported by DPE) is a partnership between LWUs and the wider water sector to enable LWUs to strategically manage risks and priorities in town water systems.<sup>26</sup>

This recommendation progresses the requirement of the 2017-2022 WaterNSW Operating Licence requiring WaterNSW to undertake a review of monitoring requirements for LWUs. This review was completed in 2019.<sup>27</sup> The review identified several opportunities to improve water quality monitoring for LWUs. The key findings from the water quality monitoring review included improving awareness of existing information and data, enhancing data and information availability and enhancements to the current monitoring program. Given the proposed obligation is a new condition, we will carefully consider stakeholder feedback and the outcomes of the cost-benefit analysis of the proposed obligation before we make our final recommendation.

Our position was well supported through feedback on the Issues Paper. We heard that drinking water suppliers such as LWUs often do not have adequate resilience and/or capability in their storage and treatment infrastructure to deal with sudden or significant changes in bulk water quality, flow, or delivery, including from WaterNSW operated river systems.

## 4.3 Early warning system

### Draft recommendation



16. Modify the requirements of the advance notification system to address information gaps in water quality data and flood risk (**clause 18**).

The current licence requires WaterNSW to maintain an advance notification system to notify customers and other stakeholders of changes to flow release patterns. Customers and stakeholders must register to receive such notifications.<sup>28</sup>

We propose to recommend building on this existing condition in line with stakeholder feedback. We understand that LWUs need advance notification of changes to water quality arising from changes to source water, that is, water offtake levels and the location of water that is used to supply WaterNSW's customers. This type of information can assist LWUs in water treatment planning, for example, the type and extent of filtration needed for removal of turbidity. We recognise that WaterNSW already maintains its WaterInsights Portal where customers can find valuable information on water allocations, volumes in storages, water quality alerts and more.<sup>29</sup>

We consider that WaterNSW should develop a set of key water quality parameters to provide interested stakeholders with a notification of significant water quality changes. These parameters would be in addition to the minimum performance standards captured under Part 4 of the proposed Licence. WaterNSW would also provide a summary of service commitments to drinking water suppliers that sets out the water quantity and water quality parameters for each region, and the types of advance notifications covered by the early warning system. We do not propose that Water NSW must comply with these water quality parameters, but rather the intent is for it to provide notification of any exceedances under the early warning system.

We also propose to recommend incorporating conditions to report on the predicted volumes of water at downstream gauges. This is to have better insights into possible flooding and associated impacts such as blocked transport routes. We acknowledge that WaterNSW already maintains an Early Warning Network system allowing users to nominate and monitor dam information and the type of notifications receive. Given that the risk of flooding occurs rapidly and is subject to constant monitoring, we consider that advance notifications over a 24-hour time period is appropriate to address material risks of flooding. It may not be practical to estimate flood risks over a longer duration. Given the proposed obligation is a new condition, we will carefully consider stakeholder feedback and the outcomes of the cost-benefit analysis of the proposed obligation before we make our final recommendation.

## Chapter 5 »

### WaterNSW's obligation to its customers

Protecting customers' rights and clarifying WaterNSW's requirements for consultation with its customers (Parts 6 and 7 of the draft Licence).

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## 5.1 Customer supply agreements for direct water services

### Draft recommendation

- 17. Retain the requirement for WaterNSW to establish and maintain customer supply agreements with customers to which it provides direct water supply services (**clause 21**).

The current licence requires WaterNSW to establish and maintain agreements with customers, other than Sydney Water, that receive direct water supply services.<sup>30</sup> The minimum requirements which these agreements must contain are specified in the current licence. We consider that this clause remains relevant to WaterNSW's operations and provides direct water supply customers with an understanding of what they can expect as a customer of WaterNSW. We propose to recommend retaining the current licence condition, with minor amendments to clarify that the customer supply agreements also extend to Fish River Water Supply Scheme customers.

Stakeholders did not raise issues with this obligation in response to our Issues Paper.

## 5.2 Water allocation accounts

### Draft recommendation

- 18. Retain the requirement for WaterNSW to maintain a water allocation account for customers with licences issued under the *Water Act 1912* or the *Water Management Act 2000* (**clause 22**).

Under the current Licence, WaterNSW must maintain a water allocation account for customers that hold a water licence.<sup>a 31</sup> We consider this clause continues to serve its purpose. We propose to recommend retain this obligation with minimal changes.

Stakeholders did not raise any issues with this obligation in response to our Issues Paper.

## 5.3 Measuring water supplied, released and extracted

### Draft recommendation

- 19. Retain and clarify the requirement for WaterNSW to determine the volume of water supplied to direct water supply customers and extracted by customers receiving water release services on an annual basis (**clause 23**).

<sup>a</sup> Water licences are issued to customers under Chapter 3, Part 2 of the *Water Management Act 2000* or Part 2, Division 3 of the *Water Act 1912*.

The current licence requires WaterNSW to determine the volume of water taken by customers at least once a year.<sup>32</sup> This data is largely used by WaterNSW to accurately bill customers, manage accounts and assist with its reporting requirements. We note, however, that the data is also used by other stakeholders, including Government agencies to meet their regulatory functions. Therefore, we propose to recommend minor amendments to the clause to not limit the purpose of collection and use of this data to billing and reporting. We consider that this does not change the intent of the clause.

Stakeholders did not raise any issues with this obligation in response to our Issues Paper.

## 5.4 Consultation with customers and the community

### Draft recommendations

- 20. Modify the requirements about how WaterNSW consults with its customers so the obligation focuses on the outcomes of the engagement (**clause 25**).
- 21. Remove the requirement to maintain the Customer Advisory Group (CAG) and include requirements to engage with different customer groups (**clause 25(2)**).

The current Licence requires WaterNSW to establish and maintain advisory groups for customers in its area of operations.<sup>33</sup> The Licence also requires that WaterNSW must regularly consult with these groups and even prescribes the various types of customer representations, for example, stock and domestic water users, regulation river water users, and others.<sup>34</sup> While appropriate customer engagement is important for transparency and information sharing (e.g. notifying customers of upcoming maintenance work), we consider that the existing provision places unnecessary regulatory burden on WaterNSW. The current conditions related to customer advisory groups are prescriptive and lack the flexibility allowing WaterNSW to determine how best to engage with these groups. We therefore propose to make these conditions more outcomes focused with further autonomy to WaterNSW on the way in which this is carried out.

We propose to recommend maintaining provisions for WaterNSW to engage with customer representatives as a minimum level of service. This requires WaterNSW to consider representation from a broad range of stakeholders including Aboriginal cultural heritage water users. We consider that the equivalent provisions in the Hunter Water Operating Licence<sup>35</sup> can be applied here.<sup>b</sup> We do not expect WaterNSW will have a revised mechanism of engagement with customer representatives ready by 1 July 2024 (i.e. the commencement date of the 2024 Operating Licence), and we prefer allowing sufficient time for development. Therefore, we propose to recommend allowing a one-year timeframe prior to implementation for WaterNSW to achieve an outcome that is mutually beneficial for WaterNSW and its stakeholders.

<sup>b</sup> We note that there are differences in both utilities' functions, stakeholders and operations.



We note that the effectiveness of WaterNSW's engagement with customers and stakeholders will be assessed in line with our Water Regulation Handbook and the 3C's framework.<sup>36</sup> This is needed as part of WaterNSW's submission to IPART for water price determination. Finally, we propose to recommend that WaterNSW must undertake a review of its consultation and engagement process at least one year prior to expiry of the Licence. This review will be used to inform the next iteration of the operating licence. The above measures seek to ensure that the risks of improper or inadequate engagement are minimised.

## 5.5 Customer service charter

### Draft recommendation



22. Modify the requirement for WaterNSW to have a customer service charter (**clause 24**).

The current licence requires WaterNSW to establish and maintain a customer service charter.<sup>37</sup> As discussed in our Issues Paper, we consider that this clause remains relevant to WaterNSW's customer service obligations. However, consistent with the proposed changes to the obligation to consult with customers and the community (section 5.4 above), we consider it no longer necessary to specify the processes in developing a charter within this obligation. This is because the proposed obligation to consult with customers and the community (i.e. clause 25(2)) now specifies the outcomes which may previously have formed part of the charter. We propose to recommend changes to this clause to simplify and clarify its intent.

Stakeholders did not raise any concerns with the customer service charter obligations in response to our Issues Paper.

## 5.6 Code of practice on payment difficulties

### Draft recommendation



23. Retain the requirement for WaterNSW to have, and carry out its activities in accordance with, a code of practice on payment difficulties and to make it available online (**clause 26**).

The current licence requires WaterNSW to maintain and implement a code of practice for payment difficulties to support customers experiencing financial hardship.<sup>38</sup> We consider the obligation remains current, essential, and effective. We propose to recommend keeping the current licence obligation with minor amendments to simplify the requirement. We note that the code of practice is closely linked to the family violence policy, to ensure customers experiencing family violence have access to payment difficulty arrangements, as discussed in section 5.7, below.

Stakeholders did not raise any issues in with the code of practice in response to our Issues Paper.

## 5.7 Family violence policy

### Draft recommendation



24. Include a new requirement for WaterNSW to maintain, comply with, publish and notify customers of, a family violence policy (**clause 27**).

Customers and consumers experiencing family violence may experience financial hardship and therefore require access to payment difficulty processes. Customers experiencing family violence should be able to feel confident that their personal information is secure, and their privacy is safeguarded. WaterNSW is currently required to implement a code of practice on payment difficulties (discussed in section 5.6). However, the current licence does not require WaterNSW to provide customers experiencing family violence access to payment difficulty assistance and protection of their personal information.

We consider that requiring WaterNSW to have a family violence policy and notify customers about it would directly benefit impacted customers. Key benefits include decreased financial stress and risk of potential physical and/or psychological harm. In addition, inclusion of a family violence policy would provide improved societal outcomes of safer communities. We note that our proposed approach is also consistent with contemporary best practice for essential service providers (including other public water utilities) in supporting and improving the well-being of customers affected by family violence.

We consider that a family violence policy is only effective if customers are aware of its existence and know how to gain access to it. It is important that WaterNSW provides information and educates its customers on how to gain access to these services. Therefore, we propose to recommend requiring that WaterNSW make the policy available on its website and notify customers of it in their bills (at least annually).

Stakeholder submissions related to this issue strongly supported our position.

## 5.8 Internal complaints handling

### Draft recommendation



25. Modify the requirement to maintain an internal complaint handling procedure to reflect the revised standard for complaints handling and include new requirements for WaterNSW to provide a summary of the process on its website and provide a copy to anyone that requests it (**clause 28**).

Requiring WaterNSW to maintain and implement an internal complaints handling procedure is beneficial to customers. If the service provided does not meet their expectations, customers should have the opportunity to provide feedback and make complaints. This in turn allows the utility to improve its services in line with customer expectations. An effective complaints handling mechanism means that customers should receive a higher quality of service than they otherwise would, everything else being the same. This is particularly important in the case of suppliers of essential services like WaterNSW where customers do not have the choice of changing providers.

To ensure WaterNSW continues to implement the internal complaints handling procedure and protects its customers, we propose to retain the requirement to maintain an internal complaint handling procedure in the operating licence. Without such an obligation, we consider that WaterNSW may be less prompt in resolving customer complaints where it might be advantageous to ignore or delay a response. An organisation in a competitive market would have strong incentives to address customer complaints promptly or lose market share to those competitors who do. However, that competitive discipline is absent for Water NSW because customers do not have a choice of provider.

The current licence requires WaterNSW to maintain and implement a complaint handling procedure in line with *AS/NZS 10002:2014: Guidelines for complaints management in organizations* or another standard approved by IPART.<sup>39</sup> We consider that this requirement provides an effective and transparent customer complaints service to WaterNSW's customers. We note that the currently referenced version of the standard has been superseded by the 2022 version.

EWON's submission to our Issues Paper proposed updates to the guideline. In particular, EWON noted that Sydney Water and Hunter Water are required to provide a copy of the procedure to anyone that requests it. We consider this approach would allow customers to easily access the complaints handling procedure at any time, should they need.

We propose to recommend updating the Licence to require WaterNSW to maintain and comply with a procedure that meets the requirements of the 2022 guideline by 1 July 2025, and maintain the current procedure in the interim. We also propose to require WaterNSW to publish a summary statement on its website that explains how a customer can make a complaint, and how WaterNSW will respond and provide this statement to customers when requested.

## 5.9 Energy and Water Ombudsman NSW (EWON)

### Draft recommendation



26. Retain the requirement for WaterNSW to be a member of EWON and make publicly available online contacts and details of dispute resolution services provided by EWON (**clause 29**).

The current licence requires WaterNSW to be a member of EWON to help resolve disputes with customers.<sup>40</sup> We consider that this obligation remains relevant and is essential to protecting WaterNSW's customers. We note the importance of ensuring customers continue to be aware of EWON's services and understand how to contact EWON.

Stakeholders did not raise any issues in with this obligation in response to our Issues Paper.

## Chapter 6 »

### Catchment and river health

The health of a catchment and its river systems directly correlates to the quality and quantity water available (Part 8 of the draft Licence).



### Box 6.1 WaterNSW has declared and non-declared catchment areas

Under section 40 Act, the Governor may declare an area of land as a declared catchment area of WaterNSW. To date, only Sydney's drinking water catchments have been declared under this provision.

The declared catchment covers an area close to 16,000km<sup>2</sup> and "extends from north of Lithgow in the upper Blue Mountains, to the source of the Shoalhaven River near Cooma in the south – and from Woronora in the east to the source of the Wollondilly River west of Crookwell."

Catchments that are not deemed declared catchment areas are considered non-declared catchment areas.

Source: WaterNSW, [Sydney's drinking water catchments](#).

## 6.1 Managing catchments across NSW

### Recommendation

- 27. Retain the requirement for WaterNSW to manage and protect declared catchment areas only (**clause 31**).
- 28. Include a new requirement that requires WaterNSW to publicly report on the health of the catchments by 30 November each year (**clause 52**).



The current licence only requires WaterNSW to undertake catchment management activities in the declared catchment areas.<sup>41a</sup> More specifically, it requires WaterNSW to protect and enhance the quality and quantity of water in the declared catchment areas in line with the Act.<sup>42</sup> WaterNSW manages the Greater Sydney drinking water catchment to ensure the reliability and quality of water for customers in the Greater Sydney, Illawarra, Blue Mountains, Southern Highlands, Goulburn and Shoalhaven regions.<sup>43</sup> This includes undertaking catchment management and protection activities in the declared catchment areas. WaterNSW is also required to participate in catchment audits of the health of declared catchment areas. Catchment management encompasses the management of both the quality and quantity of water available.<sup>b</sup>

In non-declared catchment areas, WaterNSW leases approximately 2500km<sup>2</sup> of 'foreshore land' which is primarily managed by local landholders. We understand that the terms and conditions of the lease do not specify catchment management targets but appear to focus on minimising erosion, sediment movement, nutrient ingress, and pesticide, herbicide and fertiliser usage.

In our Issues Paper, we sought feedback about whether WaterNSW's catchment management responsibility should extend to the non-declared catchment areas. Three stakeholders supported expanding catchment management responsibility to include non-declared catchment areas. Two stakeholders did not support our proposal. DPE noted that several government agencies (e.g. Local Land Services) are currently responsible for catchment management. Further, DPE also noted that it is currently in the process of delivering 3 key actions under the NSW Water Strategy,<sup>44</sup> which aims to improve catchment management practices across NSW.<sup>c</sup>

We consider that expanding the scope of WaterNSW's obligation to include the non-declared catchment areas may result in duplicative catchment management activities being undertaken by different parties. We also note that delivery of the NSW Water Strategy actions is likely to improve catchment management practices across the non-declared catchment areas. Therefore, we do not propose to include non-declared catchments in the scope of WaterNSW's catchment management function.

Although we do not propose to amend this licence obligation to include the non-declared catchment areas, our draft recommendation seeks to expand the scope of both WaterNSW's catchment health research and educative role obligations to include non-declared catchment areas. We consider that the findings from the proposed research program (with a wider scope, covering its entire area of operations) would allow WaterNSW to better understand the impacts of various activities across catchments. This, coupled with our recommendation to increase the scope of WaterNSW's current education program, to include the non-declared catchment areas is likely to have a positive impact on catchment health and the associated river systems.

<sup>a</sup> At this stage, only Sydney's drinking water catchments have been declared under section 40 of the Act. Catchments that are not declared catchment areas are considered non-declared catchment areas. We note that if the Governor were to declare other catchment areas under section 40 of the Act, WaterNSW would be required to undertake its functions and meet its objectives in those areas as well.

<sup>b</sup> Under Part 6.5 of the *State Environmental Planning Policy (Biodiversity and Conservation) 2021*, the objectives of the Sydney drinking water catchment are "to provide for healthy water catchments that will deliver high quality water to the Sydney area while also permitting compatible development" and "to provide for development in the Sydney Drinking Water Catchment to have a neutral or beneficial effect on water quality".

<sup>c</sup> Action 3.2 is to 'take landscape-scale action to improve river and catchment health', Action 4.4 is to 'better integrate land use planning and water management' and Action 6.9 is to 'promote and improve integrated water cycle management'.

We also propose to recommend including an obligation for WaterNSW to publicly report on the health of the catchment, in line with the reporting manual. The aim of this is to improve transparency of how WaterNSW's activities continue to impact the catchments. We consider the report could be informed by WaterNSW's research findings discussed in section 6.2, below.

## 6.2 Research on catchments and river health

### Recommendation



29. Modify the scope of the requirement for WaterNSW to undertake catchment research to the non-declared catchment areas and associated rivers with an aim to improve the health of WaterNSW's catchments and rivers, ultimately bettering water quality (**clause 32**).

Under the current Licence, WaterNSW must maintain and report on research programs for the declared catchment areas only.<sup>45</sup> There is currently no corresponding obligation in the Licence requiring WaterNSW to have a program of research for the non-declared catchment areas nor is there a specific requirement to include river health in the scope of the program. This is despite the Act referring to WaterNSW undertaking research on catchments generally.

As discussed in our Issues Paper, WaterNSW's Source Water Protection Strategy sets out WaterNSW's 6 priority areas, its targets and approach to source water protection until 2040.<sup>46</sup> The strategy notes that WaterNSW's catchment management practices have historically focused on point source pollution and minimising risks to public health.<sup>d</sup> WaterNSW has an established scientific research program to investigate risks to water quality and identified solutions to address the risks. Under the current strategy, WaterNSW aims to identify how it can better address the impacts of diffuse pollution sources on the catchment. This includes impacts from climate change, the increased frequency of bushfire events and population growth from significant urban development in the drinking water catchment.

We sought stakeholder feedback to our Issues Paper about whether WaterNSW's research program should include the non-declared catchment areas. WaterNSW, DPE, LVW, Singleton Council and The Water Directorate supported expanding the research program to include the non-declared catchment areas.

<sup>d</sup> For example from urban developments, on-site wastewater systems (such as septic tanks), sewage treatment plants, dairy farms and chemical collections in the declared catchment.

As part of our Issues Paper, we also sought feedback on whether WaterNSW should be required to manage river health beyond the current licence requirements (i.e. monitoring and reporting against catchment health indicators identified in the Reporting Manual). Most stakeholders did not provide a clear position on if there would be benefit in increasing WaterNSW's river health management responsibilities. However, WaterNSW noted that the legislative, policy and institutional frameworks would need to change prior to mandating river health management activities under the Licence. WaterNSW also reiterated the impact catchment management has on river health. DPE considered that while there was benefit in managing river health, assigning responsibility to WaterNSW would result in significant burden.<sup>e</sup>

We consider that expanding the scope of the research program will support WaterNSW's ability to improve catchment and river health in all areas in which it operates. We also propose to recommend including river health within the scope of WaterNSW's research programs, given its direct impact on water quality. We anticipate that the findings from the proposed research program would serve as a starting point to develop its community education program(s), discussed below. Given the proposed change will increase WaterNSW's responsibility for research programs, we will carefully consider stakeholder feedback and the outcomes of the cost-benefit analysis of the proposed obligation before we make our final recommendation.

## 6.3 Community education

### Recommendation



30. Modify the requirement for WaterNSW to undertake an educative role to maintain an ongoing community education program for non-declared catchment areas and downstream rivers (**clause 33**).

Under the current Licence, WaterNSW must undertake an educative role for its activities and functions in the declared catchment areas.<sup>47</sup> WaterNSW presently meets this obligation through initiatives including the WaterInsights Portal,<sup>f</sup> its customer service centre, exhibitions and site visit opportunities, publicly available resources on WaterNSW's website, and social media presence. The current Licence also authorises WaterNSW to undertake an educative role in communities in non-declared catchment areas. However, there is currently no obligation requiring WaterNSW to develop and implement education programs in non-declared catchments.

<sup>e</sup> DPE also noted that it is undertaking relevant key actions under the NSW Water Strategy as discussed above.

<sup>f</sup> The [WaterInsights Portal](#) is a publicly available online tool that provides users with information about how WaterNSW manages water. This includes (but is not limited to) the following details for regulated, unregulated and groundwater sources: storage volumes; water quality; water availability, allocation and account balances; river flows/levels; rainfall forecast; historic stream, water allocation and usage data; rules and conditions that govern water management; and WaterNSW updates and alerts (e.g. algae alerts or flow restrictions).

As discussed in our Issues Paper, we consider that there is merit in WaterNSW developing and implementing community education programs for the non-declared catchment areas. Doing so is likely to positively impact catchment and river health, ultimately improving water quality and reducing costs to treat the water.<sup>g</sup> This is primarily due to WaterNSW's limited control of catchment and river health in the non-declared catchment areas. Further, the requirement for WaterNSW to develop and implement education programs in the non-declared catchment areas would also allow the community to develop its understanding of WaterNSW's functions and role in the regional communities in which it operates.

WaterNSW, DPE, The Water Directorate, LVW, NSWIC and Singleton Council supported expanding WaterNSW's educative role to non-declared catchment areas. Stakeholders noted that this could help improve state-wide water literacy and reduce confusion about WaterNSW's role in the catchment areas. Stakeholders also identified the importance of both active and passive education programs, particularly in the non-declared catchment areas.

We consider that expanding the scope of WaterNSW's educative role to include declared and non-declared catchments and its associated rivers, in line with WaterNSW's functions under the Act could lead to improved outcomes for catchment and river health, and ultimately water quality. We also note that an expanded scope for the educative role would meet the other objectives of WaterNSW, namely, to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates.<sup>48</sup>

We propose to recommend focusing the requirements of WaterNSW's education program so it aligns with WaterNSW's functions and key risks to the NSW water system. Therefore, we have sought to clearly identify key outcomes which the education program must seek to:<sup>h</sup>

- improve community understanding about:<sup>i</sup>
  - WaterNSW's roles, responsibilities and functions in the different regions in which it operates
  - the impacts of pollution on catchment and river health
  - the impact of illegal activities on the catchments and rivers
  - importance of well-designed and maintained stormwater and on-site sewage management systems on lands near catchments and rivers
- Inform landholder and land user practices in catchments and along waterways that directly impact water quality and sustainability
- Help customers and the community understand how they can engage with WaterNSW about projects in their region
- Contribute to state-wide water literacy.

<sup>g</sup> Where relevant and predominantly at extraction points.

<sup>h</sup> As discussed in chapter 6.2 we are also proposing to expand WaterNSW's research program to include the non-declared catchment areas and river health. We anticipate that WaterNSW's research in this area will inform key areas relevant to its community education program under this section of the Licence.

<sup>i</sup> We also propose to require WaterNSW to work with landholders and the community to improve practices in catchments and along waterways that impact on catchment and river health.

We consider that this approach will continue to allow WaterNSW sufficient flexibility to develop and implement a program that meets the needs of the various regions in which it operates. Given the proposed change will increase WaterNSW's community education program responsibilities, we will carefully consider stakeholder feedback and the outcomes of the cost-benefit analysis of the proposed obligation before we make our final recommendation.

## Chapter 7 »

### Water planning and climate risk readiness

Water planning and climate risk preparedness ensure sustainable services now and into the future (Part 9 of the draft Licence).





## 7.1 System yield for the declared catchment areas

### Draft recommendations

31. Retain the existing system yield requirements with the following modifications:
- clarify the definition of 'in the long term' to mean 30 years
  - clarify that WaterNSW must consider climate change impacts, consult with Sydney Water and consider guidance from DPE in determining system yield
  - modify the triggers for which WaterNSW must recalculate system yield
  - include a requirement for WaterNSW to provide information on system yield and how it was calculated upon request
  - include a condition for WaterNSW to make the design criteria publicly available online (**clause 34**).

WaterNSW manages catchment infrastructure works to protect the quantity of available water.<sup>a</sup> System yield, as defined in the Licence, refers to the amount of water that WaterNSW estimates (using a hydrological model) can be supplied from water sources within the declared catchment areas annually over the long term based on:

- inflows to the catchment infrastructure works in the declared catchment areas
- an adopted set of operational rules
- the design criteria.

We consider that evapotranspiration is also an important factor in a hydrological model. We have not specified this in the licence and seek stakeholder feedback on whether this, or other factors, require additional specificity.

We consider these are fundamental requirements particularly for long-term water planning and projections. A determination of the system yield has also become an increasingly important factor in recent times. This is because of the impact that climate change is having on the level and variability of rainfall as well as the context of a rising population driving up water demand.

The current licence condition continues to be effective. We recommend building on the existing framework for system yield. We consider that any recalculation of system yield should consider climate change. This provides a more accurate understanding of water availability with respect to long-term changes in rainfall, temperature and other climatic conditions.

It is our view that WaterNSW, Sydney Water and DPE must work together in the recalculation of System Yield. This is essential to provide holistic information on water security and system resilience. Accordingly, we have made provisions for this in the proposed Licence.

<sup>a</sup> Catchment infrastructure works are defined under the Act as (a) water storages, water mains or connected or associated works; or (b) monitoring devices in, under, over or near any works in (a); or (c) any works ancillary or antecedent to any works in (a) or (b); or (d) hydroelectric plants or associated infrastructure or works. Catchment infrastructure works may also be prescribed by the WaterNSW Regulations.

In 2021 the responsibility for water supply augmentation was transferred from WaterNSW to Sydney Water via a Ministerial direction. To reflect this arrangement, we have required WaterNSW to consult with Sydney Water when calculating system yield. Although Sydney Water has the responsibility for water supply augmentation, we consider that the Operating Licence should still require WaterNSW to advise the Minister if it considers that future demand for Bulk Water may exceed that System Yield and when this exceedance will occur.

We also propose to recommend making this information more transparent and accessible to the public. For this reason we propose that upon request from an individual, WaterNSW must provide information on system yield including an explanation of how it was calculated. We also propose that WaterNSW ensure that the design criteria are made accessible online to the public. We have also proposed that 'long term' be set as at least a 30 year timeframe to provide further clarity on this condition.

Stakeholders including WaterNSW and DPE generally considered the existing provisions are fit-for-purpose. DPE's submission supported the continuation of WaterNSW being required to recalculate System Yield following droughts and changes to the operating rules.

## 7.2 Water conservation plan

### Recommendation



32. Include new requirements for WaterNSW to maintain and comply with a 5-year conservation plan and retain the requirements to maintain a water conservation strategy and water conservation program until it has developed the plan (**clause 35**).

Water conservation is essential to maximising the availability of drinking water particularly during periods of drought. We consider that water conservation measures should commence prior to drought declarations to ensure water is conserved and not consumed. We consider this would improve resilience by reducing the impacts of drought and enabling faster recovery. As discussed in our Issues Paper, we propose to recommend updating WaterNSW's water conservation licence obligations to replace the requirement for a Water Conservation Strategy with a Water Conservation Plan. We propose to require that the plan is consistent with the Greater Sydney Water Strategy,<sup>49</sup> NSW Water Strategy<sup>50</sup> and Water Efficiency Framework.<sup>51</sup>

In its response to our Issues Paper, WaterNSW noted that it was supportive of our proposed change but raised cost and implementation timeframes as potential issues. While our CBA will consider this, we propose to allow adequate time (one year from commencement of the 2024 Operating Licence) for transitioning. This means that WaterNSW must develop and implement its new Water Conservation Plan by 1 July 2025.

WaterNSW also indicates that consideration needs to be given to the extent that the Water Efficiency Framework can be applied.

Stakeholders such as the Water Directorate, Lachlan Valley Water Inc., Lithgow City Council and Central NSW were generally supportive of the change. Lithgow City Council and Central NSW Joint Organisation also draw attention to identifying and repairing water leakages. This was in the context of a 236 km pipeline to supply water to Oberon and Lithgow. We do not propose to include a specific condition in relation to this pipeline but would expect that WaterNSW considers and carries out this work as part of its commitment to water conservation in line with the Water Efficiency Framework. Both stakeholders also highlight the relationship between leakage detection, maintenance and WaterNSW's asset management system. We consider these issues are also addressed by the asset management system discussed in section 2.2 of this report.

We also propose to recommend adding a requirement to the Licence, requiring WaterNSW to review and update the Water Conservation Plan and provide the updated version to DPE and IPART annually. We consider that the purpose of this reporting is primarily to inform DPE's water planning function.

### 7.3 Planning for and managing climate-related risks

#### Draft recommendations

- 33. Add new requirements, consistent with the NSW Climate Risk Ready Guide, for WaterNSW to:
  - a. designate a climate change risk officer to lead a climate risk assessment team and, if the climate change risk officer is not an executive level appointment, designate an executive level sponsor by 30 November 2024,
  - b. assess Water NSW's current level of climate risk management maturity on the enterprise scale by 30 June 2025,
  - c. meet, on the enterprise scale, a systematic<sup>b</sup> level of climate risk management maturity by 30 November 2026,
  - d. meet, on the enterprise scale, an embedded<sup>c</sup> level of climate risk management maturity by 30 November 2029 (**clause 36**),

Climate change is a long-term shift in temperatures and weather patterns. NSW's climate is projected to change with increasing frequency, duration and intensity of extreme weather events such as bushfires, floods and changing weather patterns.<sup>52</sup> Climate change impacts are a significant risk to WaterNSW's core functions and can critically impact NSW communities and the environment.

<sup>b</sup> As defined in NSW Department of Planning, Industry and Environment's, *Climate Risk Ready NSW Guide*, March 2021.

<sup>c</sup> Ibid.

We understand that WaterNSW is working towards tackling climate change, having regard to both mandatory legislative requirements as well as aspirational targets. However, the current licence does not include explicit conditions about how WaterNSW should prepare for and manage climate change impacts. With this in mind, we propose to recommend updating WaterNSW's obligations by requiring WaterNSW to engage in an ongoing climate risk assessment and management process that is consistent with the NSW Climate Risk Ready Guide and considers principles of the NSW Government's Climate Change Adaptation Strategy.<sup>53</sup> We propose prescribing initial steps which progress to more outcomes-focussed requirements as WaterNSW's climate risk management matures.

We have recommended new licence conditions which require WaterNSW to meet the adoption by Water NSW of, and reasonable progression through, climate risk maturity levels, a concept which underpins the NSW Climate Risk Ready Guide comprising 5 tiers:<sup>d</sup>

- Fundamental – climate change risk assessments have been undertaken in isolated parts of the organisation. Climate change risk is not considered in risk frameworks.
- Repeatable – climate change risk is considered in risk management frameworks and processes. Climate risk assessments are undertaken in isolated parts of the organisation.
- Systematic – clear and disciplined climate change risk management processes are established and proactively managed with an annual review of adaptation action implementation. A climate risk officer role is established in a central corporate function.
- Embedded – priority climate change risks for the organisation have been identified. An organisation-wide adaptation strategy for managing climate risks has been established. Monitoring, learning and reporting on climate risks is consistent.
- Advanced – climate change risk assessments and adaptation responses consider broader economic, financial, social and environmental resilience. Shared and interdependent risks are being actively managed. Monitoring, learning and reporting on climate risks results in continuous improvement.

To support these requirements, we have recommended broadening the Licence objectives to require WaterNSW to conduct its activities in a manner that considers the impacts of climate change and equity between generations (see also section 10.1 of this report on licence objectives).

The submissions on the Issues Paper broadly supported including explicit reference to climate change in the Licence conditions. Mandating financial disclosures and net zero reporting was supported where they are not duplicative or conflicting with other current or future requirements.

While there was also broad support for requiring WaterNSW to develop and maintain climate-related risk management consistent with the NSW Climate Risk Ready Guide,<sup>54</sup> WaterNSW did not support an explicit requirement for this. Water NSW asserted that it is currently developing a Climate Risk and Adaptation Plan, which addresses the requirements of the Guide. Water NSW also noted they are required by NSW Treasury under the *Government Sector Finance Act 2018* to report on climate-related financial disclosures in addition to reporting obligations under the *National Greenhouse and Energy Reporting Act 2007*.

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<sup>d</sup> Ibid.

Regional water users were supportive of requirements for WaterNSW's climate change risk readiness where, given the public interest demands, programs are funded by Government and not passed through to water users.

## 7.4 Greater Sydney Drought Response Plan

### Draft recommendations

34. Modify the requirements relating to the Greater Sydney Drought Response Plan to require WaterNSW to:
- a. cooperate with Sydney Water to jointly review the Greater Sydney Drought Response Plan.
  - b. implement actions under the Greater Sydney Drought Response Plan that are assigned to it or jointly assigned to it with Sydney Water
  - c. clarify the obligation to update the Greater Sydney Drought Response Plan with Sydney Water using a best endeavours approach
  - d. include a requirement to submit the updated Greater Sydney Drought Response Plan to DPE (**clause 37**).

Given the consequences of water scarcity and its implications on the people of NSW, it is important that the licence require WaterNSW to take appropriate drought prevention measures. Drought planning and system resilience should begin well in advance of a forecast drought, i.e. before water availability depletes rapidly. Moreover, population growth, climate change and other factors place additional stress on our state's natural water resources. For these reasons, the NSW Government has developed the Greater Sydney Drought Response Plan (GSDRP) that provides a pathway for drought planning and the continuity of water supply.<sup>55</sup> It requires wholistic collaboration between WaterNSW, Sydney Water and the DPE.

Given the importance of water availability and system reliability, we propose to clarify WaterNSW's role in relation to the GSDRP. This includes using a best endeavours approach to work collaboratively with Sydney Water to update the plan and submit to the Minister. There are also provisions to submit the plan to DPE at least 30 working days and to consider DPE's comments prior to submission to the Minister.

In our Issues Paper, our preliminary position was to require WaterNSW to review the Greater Sydney Drought Response Plan (in cooperation with Sydney Water) and maintain and implement that plan. Submissions from stakeholders including WaterNSW and Sydney Water were generally supportive of this.

Given the importance of water availability and system reliability, we propose to clarify WaterNSW's role in relation to the GSDRP. This includes using a best endeavours approach to work collaboratively with Sydney Water to update the plan and submit to the Minister. There are also provisions to submit the plan to DPE at least 30 working days and to consider DPE's comments prior to submission to the Minister.

Stakeholders did not consider that a requirement to implement actions under the GSDRP was needed. While we acknowledge the parallels to the Greater Sydney Water Strategy including the use of an adaptive management approach, we consider that WaterNSW should be responsible for implementing actions under the GSDRP. This would reinforce its commitment to drought planning and management and is consistent with the draft Sydney Water operating licence which the Tribunal is currently consulting on. It would also ensure the implementation of the GSDRP could be enforced as a breach of the licence.

## 7.5 Water supply augmentation planning

### Draft recommendation



35. Include a new requirement that WaterNSW maintain an MOU with Sydney Water to cooperate on water supply augmentation (**clause 38**).

In 2021, some accountability for water supply augmentation was assigned to Sydney Water.<sup>e</sup> The arrangements are currently managed under an existing MOU between Sydney Water and WaterNSW. There are no obligations in the current licence that specify this relationship, and we consider there is a role for the licence to address this gap.

We have also provided clarity in relation to the sharing of data, information, and knowledge to support the water supply augmentation function. This is to ensure transparency and the delivery of best outcomes for the residents of Greater Sydney. Finally, we also propose to recommend adding a condition to ensure the sharing of resources to adequately support the function, including access to WaterNSW's subject matter experts where appropriate.

In line with DPE's submission, this condition will assist in coordinated planning and cooperation between the two parties.

We consider that this MOU should not confer exclusivity rights on WaterNSW in terms of augmented water supply (clause 4 of the licence).

<sup>e</sup> Sydney Water's agreed Decision Framework for SDP Operation (June 2022) developed with DPE in response to Action 2.2a of the Greater Sydney Water Strategy implementation plan.

## 7.6 Long-term capital and operational plan (LTCOP)

### Draft recommendation

36. Modify the requirement to maintain a LTCOP and remove the requirements to implement actions under the Greater Sydney Water Strategy.
- a. revise the requirement for WaterNSW to maintain a LTCOP
  - b. remove requirements for WaterNSW to implement actions under the Greater Sydney Water Strategy
  - c. remove the condition specifying the directions from the Minister to WaterNSW to implement actions under the Greater Sydney Water Strategy (**clause 39**).

The long-term capital and operational plan (LTCOP) is an adaptive, long-term plan for Greater Sydney that sets out the key infrastructure and operational decisions for the Greater Sydney region to 2050.<sup>56</sup> The LTCOP captures investment needs to meet growth, renewals, service standards and water strategy outcomes to ensure that the provision of water services can meet demand due to population growth, climate change, regulatory environment changes and evolving technologies.<sup>57</sup> The LTCOP is aligned with the NSW Water Strategy<sup>58</sup> and the Greater Sydney Water Strategy.<sup>59</sup> It also provides the context for future pricing proposals to IPART.

Delivery of the LTCOP and its associated actions are shared between Sydney Water and WaterNSW. Our intention is to ensure consistency between the Sydney Water and WaterNSW Operating Licences in relation to this condition. We propose to clarify that the LTCOP should take into account the strategic context provided by the NSW Government's key policies in this area, in particular the NSW Water Strategy and Greater Sydney Water Strategy.

Noting the importance of the LTCOP particularly to drive investment in system resilience, we consider that it is appropriate for WaterNSW, Sydney Water and DPE Water to work collaboratively. We have made provisions in the Licence to address this, including consultation with Sydney Water and DPE Water prior to finalisation of the LTCOP.

WaterNSW indicated support to maintaining an LTCOP and suggested that any update is reflected in Sydney Water's revised operating licence.<sup>f</sup> To the extent practical, we have sought to address this. We also acknowledge Sydney Water's proposal to use a best endeavours approach on consultation as this allows compliance to be monitored on aspects within its control.

DPE and the Water Directorate supported the requirement to maintain an LTCOP and suggested that it encompass the non-declared catchment. We acknowledge this, however to our knowledge there has been no formal policy outlining that an LTCOP is to be conducted for the non-declared catchment. It is our understanding that the LTCOP is a requirement of the GSWs Implementation Plan, specifically Action 2.5. For this reason, we propose to recommend that the existing condition limiting this to the declared catchment is appropriate.

<sup>f</sup> We are currently undertaking an end of term review of the Sydney Water operating licence 2019-2024.



We consider that the LTCOP is the appropriate plan to consider and implement actions from the Greater Sydney Water Strategy. We therefore consider the licence should not include a provision for WaterNSW to implement any action from the Greater Sydney Water Strategy. Further, we also consider that the licence should not require WaterNSW to implement any action that the Minister directs. We note that the Minister already has the ability to issue directions to WaterNSW under the *State Owned Corporations Act 1989*.

## 7.7 Flood mitigation and management

### Recommendations



37. Retain the authorisation to undertake flood mitigation and management in all areas of New South Wales, except for the Sydney catchment area as defined by the Act (**clause 5(1)(l)**).

The current Operating Licence does not authorise flood mitigation in the declared catchment. As mentioned in our [Issues Paper](#), the NSW Parliamentary Research Service has identified a number of barriers before which WaterNSW can undertake this role. Specifically, this includes practical limitations of existing dams, i.e. the design and configuration, as well as other instruments including but not limited to:

- water supply and water use work approvals
- operating protocols
- water sharing plans<sup>60</sup>

It should be noted that changes to these instruments are beyond the scope of our operating licence review. As per WaterNSW's submission, dams (and the corresponding Operating Protocols) in the declared catchment are designed for water supply security only. We are cognisant that holding lower volumes of water for additional airspace would reduce system yield. This would adversely impact water availability for Greater Sydney at a time where droughts are already placing stress on water supply.

WaterNSW also maintains an Early Warning Network system to provide notifications of a significant dam release and/or an emergency situation.<sup>61</sup> It is our understanding that WaterNSW provides data to the Bureau of Meteorology (the Bureau) as per requirements of the *Water Act 2007*. The NSW State Emergency Services (SES) and the Bureau issue flood warning information to the public using information from the NSW gauge network.<sup>62</sup>

We note DPE's submission that no decision has been made from the NSW Government in relation to WaterNSW's role in flood mitigation and management within the declared catchment. Should the NSW Government decide to alter WaterNSW's role in flood mitigation and management, then the Operating Licence can be amended accordingly. This would be after the upgrade of dams, and development of systems, procedures and other components to enable flood mitigation.

At this stage, we do not consider that the operating licence should authorise flood mitigation in the declared catchment. In this case, clause 1.2.1(k) of the current Operating Licence remains fit-for-purpose. We will reconsider should there be any changes to WaterNSW's role by the NSW Government.

## Chapter 8 »

### Data and information services

WaterNSW is the custodian of data that is used by a wide range of stakeholders, including government agencies (Part 10 of the draft Licence).



## 8.1 Data management system

### Draft recommendation



38. Include a new obligation requiring WaterNSW to maintain and comply with a data management system that includes a data governance policy, data quality policy, and a data sharing policy (**clause 41**).

WaterNSW is responsible for collecting, managing, and providing access to NSW water resource data and information. In 2016 the NSW government transferred key data and information systems to WaterNSW including all the data and information within them.<sup>63</sup> This means WaterNSW is now custodian of most NSW water resource data and information.<sup>a</sup>

The current licence requires WaterNSW to collect, manage and share data and information through obligations in the Roles and Responsibilities Agreement (RRA), data sharing agreements and the conditions in the licence related to the Duly Qualified Persons (DQP) portal.<sup>64</sup> The obligations in the RRA and data sharing agreements required WaterNSW to use its best endeavours to agree to the terms and conditions in the agreements. Stakeholders have told us this requirement has resulted in outcomes that may be unsuited to WaterNSW's functions. The obligations related to the DQP portal are prescriptive and limit the obligations for data management and sharing to data and information related to the DQP portal.

We propose to recommend the licence require WaterNSW to develop and maintain a data and information management system. A more outcomes focused approach will allow WaterNSW to determine the most effective and efficient way to manage and share data and information.

The licence condition will require WaterNSW to develop and maintain a data management system that includes:

- A data governance policy that is consistent with the NSW Data and Custodianship Policy and the *State Records Act 1998*.<sup>65</sup> The policy should address data collection and provision requirements, roles and responsibilities of third parties, and identify process and procedures related to data management.
- A data quality policy consistent with the NSW Government's Standard for Data Quality Reporting.<sup>66</sup> The policy should ensure data is fit for purpose; metadata is collected and stored; poor quality data is identified, classified and remediated; and data quality statements are applied at the data element level to all data.<sup>b</sup>
- A data sharing policy consistent with the NSW Government's Open Data Policy.<sup>67</sup> The data sharing policy should identify the types of data available for access, how it can be accessed, and the types of data and information WaterNSW can share and how to request it.

<sup>a</sup> We note the following differences between data custodians and owners as described in the [NSW Government Data Glossary](#). Data custodians are responsible for developing, managing, care and maintenance of a specified dataset or information asset; ensuring that all legal, regulatory and policy requirements are met in relation to the management of the specified dataset or information asset; determining the conditions for appropriate use, sharing and distribution of the specified dataset or information asset. While this term is often used interchangeably with data owner, we consider data owners are responsible for the collection and accuracy of the data or information.

<sup>b</sup> In its' submission on the Issues Paper, NRAR suggested that data more than one data standard could apply.

We propose to recommend that the operating licence conditions are broadened beyond the current conditions to properly encompass WaterNSW's responsibility as the custodian of NSW water resource data through the implementation of a data management system. We consider this will address stakeholder concerns about data and information quality, and access to information and data required to deliver its functions. Given the proposed obligation is a new condition, we will carefully consider stakeholder feedback and the outcomes of the cost-benefit analysis of the proposed obligation before we make our final recommendation.

Stakeholders have raised concerns about access to, and the quality of data. In particular, DPE and NRAR require timely and quality data to conduct their functions.

## 8.2 The duly qualified persons (DQP) portal

### Draft recommendation



39. Remove all obligations related to the DQP portal.

We propose to recommend removing the requirement for WaterNSW to maintain and operate an online DQP portal for the collection storage and access of DQP information and data. The portal is used by DQPs to lodge validation certificates for compliant metering equipment, and by WaterNSW and NRAR for operational and compliance activities.

In removing the requirement to maintain the DQP portal we are not proposing that WaterNSW no longer maintain the DQP portal, rather that it is maintained and operated in accordance with the data management system proposed to be included in the new licence. While we intend to remove the prescription, the outcome will still be the same.

All submissions received on the issues paper supported the development and operation of an IT system to provide access to data and information. We are also proposing that WaterNSW develop a water sector information hub (see section 8.4 of this report), and until the hub is implemented maintain a system to allow government agencies to access data and information held by WaterNSW.

## 8.3 Data sharing agreements with DPE and NRAR

### Draft recommendation



40. Remove the requirements for WaterNSW to maintain data sharing agreements with DPE and NRAR.

We propose to recommend removing the requirement for WaterNSW to maintain data sharing agreements with DPE and NRAR. We consider that the proposed data management system will clarify obligations about how WaterNSW must manage data quality, and how it must share and provide access to data/information.<sup>c</sup>

In its submission to our Issues Paper, NRAR identified that the current data sharing agreement does not always result in an outcome that allows NRAR to undertake its compliance and enforcement functions. NRAR suggested that the current data/information access and sharing and quality requirements should be embedded in the Licence. We discuss our approach to this in section 8.1, above.

## 8.4 Water sector information hub

### Draft recommendations



41. Include a new obligation requiring WaterNSW to lead the co-design and development of an 'information hub' with central storage, management and access to water sector information and data, and deliver it (**clause 42**).

In 2016 the NSW government transferred custodianship of its water sector information systems to WaterNSW through a deed of business transfer. WaterNSW provides access to a number of these information systems to NSW government departments and agencies to allow them to undertake their statutory functions and serve the people of NSW.

Over time data and information needs have changed, and access to data and information is becoming increasingly important for WaterNSW's government stakeholders. To improve access to information and data we are proposing WaterNSW co-design a water sector information hub to create a central repository where data and information can be stored, maintained and accessed by relevant government departments and agencies. This will create efficiencies, by reducing the burden on WaterNSW to share data that isn't easily accessed and allow stakeholders to extract the data themselves. It will also ensure there is one source of truth, preventing duplication in data collection and management. We consider that there would be benefit in transitioning to a self-service model, which is not easily supported by the current information systems.

WaterNSW is currently working with DPE and NRAR to develop a Joint Technology Roadmap (Roadmap), which explores the technology needs across NSW's water sector (i.e. the information hub). We note, however, the Roadmap does not clarify how the agencies will deliver the information hub. Therefore, we consider the Licence is an appropriate tool to fill this gap and require the development and delivery of the water sector information hub.

<sup>c</sup> Under the data quality and data sharing policies discussed in section 8.1 of this report.

In its submissions to the issues paper DPE, NRAR, and WaterNSW, supported the development and operation of an IT system to maintain and share information and data. While the Central NSW Joint Organisation and Lithgow council identified the need to reduce duplication in data collection and management. From the submissions we received, there was no objection to include a condition for WaterNSW to develop and maintain an IT system to provide access to data and information.

Under our proposed recommendation, until the information hub is delivered WaterNSW will still be required to provide access to a system which allows government agencies to access data and information relevant to their functions. This will ensure government agencies will be able to access the systems they presently have access to in the interim.

We consider that the obligation for WaterNSW to have an information hub is new and will impose additional burden on WaterNSW. Therefore, we will carefully consider stakeholder feedback and the outcomes of the cost-benefit analysis of the proposed obligation before we make our final recommendation.

## 8.5 Download of metering data

### Draft recommendation



42. Retain the requirement to download metering data at intervals of no more than 12 months (**clause 43**).

WaterNSW is currently required to download data from metering equipment at least once every 12 months.<sup>68</sup> We propose to recommend keeping this condition to ensure WaterNSW can continue to determine water extraction volumes.

In its submission WaterNSW suggested removing this obligation from the licence, as there are only a limited number of sites that are captured by this condition due to the increased number of telemetry sites. We consider that while the number of affected sites is small, continuing to collect this data is useful.



## Chapter 9 »

### Promoting cooperative relationships with stakeholders

WaterNSW relies on, and is relied upon by, other agencies and stakeholders (Parts 7 and 11 of the draft Licence).



## 9.1 Facilitating relationships with government agencies

WaterNSW maintains important, cooperative relationships with stakeholders including NSW Government stakeholders, private water utilities and other entities. Our draft recommendations in this section focus on the licence conditions required to ensure that WaterNSW maintains the required relationships with relevant stakeholders.

### Draft recommendations

- ✓ 43. Retain the requirement for WaterNSW to maintain and comply with memoranda of understanding with NSW Health (**clause 44**) and the EPA (**clause 45**) and specify the nature of those memoranda of understanding.
- ✓ 44. Modify the obligation for WaterNSW to maintain the Roles and Responsibilities Agreement (RRA) with DPE to clarify that the :
  - a. obligation also extends to NRAR and WAMC, and
  - b. RRA is not limited to the conduct of Conferred Functions (**clause 46**).
- ✓ 45. Modify the requirement for WaterNSW to maintain and comply with a cooperation protocol with NRAR (**clause 47**).
- ✓ 46. Include an obligation for WaterNSW to use its best endeavours to enter into, a cooperation protocol with NSW Fisheries by 30 June 2025 and to maintain and comply with that protocol (**clause 48**).

The Act requires WaterNSW to enter into MOUs with the EPA and the Secretary of the Ministry of Health.<sup>69</sup> The current licence requires WaterNSW to develop and/or maintain cooperative relationships with Government stakeholders through memoranda of understanding (MOUs).<sup>a</sup> Strong relationships with other government bodies encourages alignment with WaterNSW's operations and expectations from Government, regulators and the public. We consider that MOUs and cooperation protocols are a relatively low-cost way for parties to establish effective working relationships. Further, they provide sufficient flexibility for parties to reviewed and update them as required, while promoting cooperative approaches to addressing issues of mutual concern.

We propose to recommend that the Licence should continue to specify the nature of the MOUs with NSW Health and the EPA as required by the Act, and to require Water NSW to maintain and comply with those MOUs. We also propose to clarify the obligations about the RRA with DPE. Finally, we propose to amend MOU requirement with NRAR to be a cooperation protocol and require WaterNSW to enter into a cooperation protocol with NSW Fisheries by 30 June 2025.

<sup>a</sup> Clauses 6.13, 6.14 and 6.16 of the current licence requires MOUs with NSW Health, EPA and NRAR.

### 9.1.1 Memoranda of understanding with NSW Health and EPA

NSW Health is the lead agency for guiding water-related public health incident responses. The current MOU with NSW Health recognises NSW Health's role in providing advice to the Government about drinking water quality standards and the supply of water which is safe to drink.

Water NSW's current MOU with the EPA recognises EPA's role as the environment regulator for NSW. The MOU also recognises the EPA's role in preventing, avoiding, reducing and mitigating the effects of pollution events in the declared catchment areas and controlled areas, and other WaterNSW owned and managed lands across NSW.<sup>70</sup>

Stakeholders did not identify any concerns with the existing MOUs with NSW Health or the EPA in response to our Issues Paper.

We propose to recommend that the Licence should continue to specify the nature of the MOUs with NSW Health and the EPA as required under the Act, and to require Water NSW to maintain and comply with those MOUs. We also propose to clarify the obligations about the RRA with DPE. Finally, we propose to amend MOU requirement with NRAR to be a cooperation protocol and require WaterNSW to enter into a cooperation protocol with NSW Fisheries by 30 June 2025.

### 9.1.2 Roles and responsibilities agreement (RRA) with DPE, NRAR and WAMC

The RRA requires WaterNSW to collect, manage, protect and share or provide access to water resource information and data. Without the RRA, there could be duplication in efforts to collect and manage water resource data across the state. Further, there would be a risk that water data/information users would not have access to important historic data.

The current licence requires WaterNSW to maintain and comply with parts of the RRA.<sup>b 71</sup> It also requires WaterNSW to maintain and comply with data sharing agreements with DPE and NRAR, and maintain and provide access to the Duly Qualified Persons (DQP) portal.<sup>72</sup> Not only are the conditions prescriptive, but they also limit the scope of information that WaterNSW must collect, manage and share or provide access to.

We propose to recommend keeping the requirement for WaterNSW to maintain the RRA with DPE. However we propose to clarify that NRAR and WAMC are also party to the agreement. We also propose to remove the existing limitation that limits the agreement to responsibilities regarding the conduct of conferred functions. We consider that WaterNSW should be required to comply with all parts of the RRA.

In response to the Issues Paper, stakeholders generally agreed that the RRA clarified WaterNSW's obligations around the collection, managing and sharing of water information and data. Stakeholders also agreed that WaterNSW should implement and comply with the RRA.

<sup>b</sup> The RRA largely identifies the roles and responsibilities of agencies that are party to the agreement (i.e. WaterNSW, DPE, NRAR and WAMC) for the purposes of collecting, managing, protecting and sharing data and information. The RRA was last revised in 2021.

We propose to require WaterNSW to use its best endeavours to update the RRA to clarify the roles and responsibilities of each party to the agreement. We also propose to require WaterNSW to identify the datasets covered by the agreement and clarify the custodian and owner of each dataset.<sup>c</sup>

### 9.1.3 Cooperation protocol with NRAR

The current Licence requires WaterNSW to use its best endeavours to maintain and comply with an MOU with NRAR.<sup>d</sup> 73 The MOU is intended to “form the basis for an ongoing cooperative relationship between the parties to the memorandum to assist in meeting their joint responsibilities and principal objectives of water supply and compliance and enforcement”.<sup>74</sup>

Our Issues Paper sought stakeholder feedback on whether the Licence should prescribe additional requirements for the MOU with NRAR. One stakeholder noted that the MOU could be clearer in addressing any overlap between each agency’s responsibilities. Two stakeholders did not agree with prescribing additional requirements in the Licence. However, NRAR requested that the MOU identify and clarify the types of matters which should be included.

We note that the Act does not require WaterNSW to have a MOU with NRAR, therefore, for clarity we propose to recommend amending the “MOU” to a cooperation protocol. We also propose to amend the obligation to clarify that the protocol is intended to recognise the shared compliance and enforcement responsibilities of the agencies and identify the needs and constraints of each party.

### 9.1.4 Cooperation protocol with NSW Fisheries

As discussed in our Issues Paper, prior to the formation of WaterNSW, the State Water licence included an obligation requiring it to enter into an MOU with the former Department of Primary Industry<sup>e</sup> to “address the impact of State Water’s operations and information sharing arrangements on the aquatic habitat and fish passage.”<sup>75</sup> We sought stakeholder feedback, in response to our Issues Paper, that sought to understand if adding a similar requirement would be of benefit to WaterNSW and NSW Fisheries. Most stakeholders did not have a position on our question. WaterNSW considered that an arrangement mandated in the Licence was not required. However, DPE noted that WaterNSW and NSW Fisheries could benefit from a ‘relationship management arrangement’ to clearly articulate the roles and responsibilities of parties in forming cooperative and collaborative relationships for related actions.

<sup>c</sup> We note that there is key difference between data owners and custodians as discussed in section 8.1 of this report.

<sup>d</sup> NRAR is the independent regulator that was established under the *Natural Resources Access Regulator Act 2017*. NRAR is responsible for ensuring the effective, efficient, transparent and accountable compliance and enforcement measures for natural resources management legislation and maintaining public confidence in the enforcement of the natural resources management legislation.

<sup>e</sup> The Department of Primary Industry Fisheries NSW (DPI Fisheries) is now within the Department of Regional NSW.

We propose to recommend adding a licence condition requiring WaterNSW to enter into a cooperation protocol with NSW Fisheries by 30 June 2025. The purpose of the protocol would be to recognise shared responsibilities around ecologically sustainable development and the protection of the environment.<sup>f</sup> The protocol would also propose to identify how WaterNSW and NSW Fisheries could cooperatively meet shared responsibilities and maintain a cooperative relationship between the parties. We consider the protocol will help clarify what each party is responsible for and reduce confusion about the responsibilities of both parties with respect to the delivery of tasks and projects with shared responsibilities across NSW.

## 9.2 Promoting cooperative relationships with other stakeholders

### Draft recommendations



47. Modify the requirement for WaterNSW to cooperate with WIC Act licensees that seek to establish a code of conduct with WaterNSW and comply with any code of conduct entered into (**clause 30**).

#### 9.2.1 WIC Act

We recommend retaining the current licence condition requiring WaterNSW to use reasonable endeavours to cooperate with WIC Act licensees seeking to establish a code of conduct required by a WIC Act licence, where WaterNSW has received a request from the WIC Act licensee to establish such a code.<sup>76</sup> Establishing a code of conduct is intended to encourage ongoing cooperation and fair competition between Water NSW and WIC Act licensees.

We recommend removing the condition in the current operating licence which states that, where the Minister has established a code of conduct under the WIC Regulation, WaterNSW will be taken to have entered into a code of conduct with a WIC Act licensee by applying that code of conduct to that WIC Act licensee.<sup>77</sup> We understand that this provision is likely to be taken out of the WIC Regulation. We may recommend not making this change in the final operating licence if the change to the WIC Regulation does not take effect before we make our recommendation on the Licence conditions.

#### 9.2.2 Improving relationships with local water utilities

### Draft recommendation



48. Do not impose a requirement for WaterNSW enter into a MOU, protocol or policy to manage its relationships with local water utilities.

<sup>f</sup> In particular, related to including conservation of fish reserves and habitat.

The Act and Licence do not currently require WaterNSW to enter into MOUs with local water utilities (LWUs), nor do they preclude the parties from establishing MOUs at its discretion. Our Issues Paper asked whether the Licence should specify an MOU, protocol or policy to manage WaterNSW's relationships with LWUs.

Four stakeholders noted that there would be benefit in requiring WaterNSW to better manage its relationships with local water utilities via an obligation in the Licence. In particular, stakeholders identified that local water utilities would benefit from early warning of poor water quality or issues with water delivery and service. Further, from subsequent discussions with stakeholders, we understand that local water utilities would benefit from early communication to allow them to prepare for potentially changed operating conditions for their infrastructure (e.g. where the quality of water provided to them is lower than anticipated). We consider that this is best addressed by the water quality policy for drinking water suppliers discussed in section 4.1 and the early warning system in section 4.3.

WaterNSW did not support adding MOU, protocol or policy obligations in the Licence for this purpose. It noted that it was involved in the Town Water Risk Reduction Program as discussed in chapter 4.2 of this report.

### 9.2.3 Cooperation protocols with other organisations

Our Issues Paper sought responses on whether the Licence should include MOUs (or similar) with other stakeholders. In its submission, DPE noted that there could be benefit in requiring WaterNSW to enter into arrangements with the NSW Aboriginal Land Council (NSWALC) and the Native Title Service Provider Corporation (NTSCORP).

NSWALC is an independent statutory corporation that was established under the *Aboriginal Land Rights Act 1983*. It represents NSW's 120 Local Aboriginal Land Councils who represent the Aboriginal communities across NSW.<sup>78</sup> NSWALC's advocacy relevantly seeks to ensure the social, cultural and economic outcomes of water align with Aboriginal requirements and expectations.

NTSCORP is an Aboriginal representative body that seeks to promote social justice, and economic and social independence for the Aboriginal people across NSW.<sup>79</sup> It assists Traditional Owners about future act activities including consultation opportunities for water licences.<sup>9</sup>

At this stage, we have not recommended the inclusion of cooperation protocols with NSWALC or NTSCORP. However, we will seek input from both organisations to understand if the inclusion of a protocol, which aims to form the basis for an ongoing cooperative relationship between the parties to the protocol, would benefit NSWALC and NTSCORP. If the organisations support the inclusion of a protocol (or similar), we will consider if the Licence should include obligations to this effect.

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<sup>9</sup> Future acts are proposals to interact with land in a manner that affects native title rights and interests.

## Chapter 10 »

### Administration

This chapter discusses the operating licence objectives, term of the licence, requirements to comply with pricing determinations and other administrative matters (Parts 1, 2, 13, 14 and 15 of the draft Licence).

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# 10



## 10.1 Licence objectives

### Draft recommendation



49. Replace the current licence objectives with objectives that better align with the Act (**clause 1**).

An operating licence should clearly identify objectives which describe what outcomes the licence aims to achieve. Clearly articulating the licence objectives allows people to understand why specific conditions are included in the licence.

The current licence objectives seek to provide transparent, auditable terms for WaterNSW to undertake its activities, recognise the interests of its stakeholders and impose the minimum regulatory burden on WaterNSW by avoiding regulatory duplication.<sup>80</sup> We propose to recommend updating the licence objectives to better align with the objectives set out in the Act. Further, we propose to broaden the Licence objectives to require WaterNSW to conduct its activities in a manner that considers the impacts of climate change and equity within and between generations.

We also propose that the licence require WaterNSW to consider the licence objectives when undertaking any activity or function authorised or required by the licence.

### 10.1.1 Setting out explicit climate change objectives

We propose to recommend amending the licence objectives to provide greater certainty and establish clear expectations for WaterNSW with respect to its climate change obligations under the Licence. Therefore, we intend to clarify public and government expectations on WaterNSW to:

- conduct its activities in a manner that considers the impacts of climate change
- provide or consider equity within and between generations.

We expect that this will require WaterNSW to engage with customers and the wider community, stakeholders and regulators about future challenges and promote conversations that balance risk, costs and interests in both the short and longer term.

## 10.2 Term of the operating licence

### Draft recommendation

- 50. Set out a 5-year Licence term (**clause 2**).

The Act sets out that the term of an operating licence is to be for a maximum of 5 years.<sup>81</sup> We propose to recommend that the Licence be set for the entire allowable term, commencing on 1 July 2024.

## 10.3 Area of operations

### Draft recommendation

- 51. Clarify that the licence applies to Water NSW's whole area of operations (**clause 3**)

The current licence sets out WaterNSW's area of operations in a definition.<sup>82</sup> We propose to elevate the area of operations to the body of the Licence and to confirm that the licence applies to Water NSW's whole area of operations. Water NSW's area of operations is set out in the Act.

## 10.4 Non-exclusive licence

### Draft recommendation

- 52. Retain the non-exclusivity clause in the Licence (**clause 4**).

The current licence states that the operating licence does not prohibit another person from providing services in WaterNSW's area of operations that are the same as, or similar to, WaterNSW's services.<sup>83</sup> We propose to retain this existing operating licence condition.

We did not receive any stakeholder submissions to our Issues Paper seeking changes to this obligation.

## 10.5 Licence authorisation

### Draft recommendation



53. Retain the licence authorisations in the Licence (**Part 2**).

This licence condition specifies what functions the operating licence authorises WaterNSW to do. Including an authorisation clause in the operating licence meets the requirements of the Act.<sup>84</sup>

We recommend retaining the authorisation clauses in the Licence, with no significant changes, as we consider it continues to be effective. We have not reviewed the list of conferred functions set out in Schedule A to the draft licence. This list was originally prepared by the Department and is included in the current licence.

We did not receive any stakeholder submissions to our Issues Paper seeking changes to the licence authorisation clauses, including the conferred functions list.

## 10.6 Operational audits

### Draft recommendation



54. Retain the requirements related to operational audits (**clause 53**).

We undertake annual operational audits of the 3 public water utilities that we regulate (i.e. WaterNSW, Sydney Water and Hunter Water) as part of our function to monitor the utilities' compliance with its operating licences. Operational audits, coupled with the utilities' self reporting, is an important part of our compliance monitoring function.

The Act states that IPART must ensure that Water NSW's operational audits are prepared in accordance with the operating licence.<sup>85</sup> This means that the operating licence must include terms and conditions for the operational audits. We propose to recommend retaining the current licence obligations related to operational audits. This will allow us to monitor WaterNSW's compliance with licence obligations and helps us understand if WaterNSW is on track to deliver on its objectives.

We propose to recommend minor changes to the current obligation. This is to reflect changes to operational audit processes, in some instances (i.e. remote audit interviews and field verification visits), since the COVID-19 pandemic commenced.

## 10.7 Reporting, record keeping and provision of information

### Draft recommendation

- 55. Modify the reporting requirements to clearly identify and define WaterNSW's reporting obligations from the reporting manual to the Licence.
- 56. Include a new requirement for WaterNSW to submit an annual report on water quality in the declared catchment areas to IPART and NSW Health and publish the report on its website (**clause 51**).
- 57. Retain the existing:
  - a. operational audit requirements (**clause 53**)
  - b. reporting and record keeping requirements (**clause 54**)
  - c. provision of information and performance monitoring requirements (**clause 55**)
  - d. obligations requiring WaterNSW to cooperate with the person appointed to undertake the catchment audit (**clause 56**).

The current licence requires WaterNSW to comply with its reporting obligations in accordance with the licence and reporting manual.<sup>86</sup>

The Reporting Manual sets out the information that WaterNSW must report to IPART. These reporting requirements support our function in monitoring WaterNSW's compliance with its licence (together with the operational audits discussed above). We recommend retaining the current operating licence condition to comply with the Reporting Manual to ensure that Sydney Water complies with the Reporting Manual. Further, under the reporting manual, WaterNSW must provide various reports to IPART (and other agencies such as NSW Health).<sup>87</sup> We propose to formalise the existing obligations by including them in the Licence, noting that the proposed reporting manual will detail what the reports must include.

The current licence also requires WaterNSW to provide information to IPART, NSW Health or auditors acting on our behalf.<sup>88</sup> We recommend retaining these requirements to support the audit and review processes. The information that WaterNSW is required to provide could be reporting information, compliance and performance information to support the operational audit process, water quality information to NSW Health, or other information that we may request to support our reviews under the operating licence.

Similarly, the current licence requires WaterNSW to cooperate with the auditor appointed to undertake a catchment health audit under section 42 of the Act<sup>89</sup>. The information required informs the outcomes of the catchment audit which audits the health of the declared catchment areas. We do not propose any changes to this obligation.

## 10.8 Environmental reporting

### 10.8.1 Environmental performance indicators

#### Draft recommendation

- 58. Retain the requirement for WaterNSW to monitor and compile environmental indicators consistent with the reporting manual. Amend the obligation to clarify that WaterNSW must report this data in a way that allows for year-to-year comparison of the indicators (**clause 49**).

The current licence requires WaterNSW to monitor, record and compile data on environmental indicators relevant to the declared catchment, and report on the indicators in line with the reporting manual.<sup>90</sup> We propose to recommend keeping this requirement but remove the requirement for WaterNSW to only report on these indicators for the declared catchment areas. We consider that environmental indicators are applicable to more than just the declared catchment as WaterNSW's operations, in its entirety, impact the environment.

At this stage, we propose to clarify the scope of reporting in the reporting manual. We consider this approach will allow us to consider if WaterNSW's environmental reporting extend to the non-declared catchment areas (e.g. if Government policy changes) during the Licence period.

### 10.8.2 Climate related disclosures

#### Draft recommendation

- 59. Add a new requirement for WaterNSW report and publish annually its progress towards Net Zero and to report against the International Sustainability Standards Board (ISSB) sustainability-related disclosure standards (**clause 50**).

The current licence does not require WaterNSW to make climate related disclosures. We propose to recommend adding this requirement but where this reporting may be already required under another law, WaterNSW will not be required to duplicate this reporting. In either case, WaterNSW will be required to make the information publicly available.

The ISSB reporting standards enable consistent, comparable and reliable reporting on sustainability information.<sup>91</sup> They are designed to ensure that sustainability related information are reported alongside financial information—in the same reporting package. The ISSB reporting standards include the extent to which organisations are managing their scope 1, 2 and 3 emissions. They include the extent that the organisations identify and respond to climate risks and will help identify areas where organisations are able to assist other organisations. They also enable the comparison of organisations across jurisdictions.

## 10.9 End of term review

### Draft recommendation



60. Retain the licence obligations related to end of term review (**clause 60**).

This clause confirms when we intend to undertake the next operating licence review, the purpose of the review and that Water NSW must provide us with information to assist with the review. We have not recommended any change to the existing operating obligation.

We did not receive any stakeholder submissions to our Issues Paper seeking changes to this obligation.

## 10.10 Notices and approvals

### Draft recommendation



61. Modify the licence obligations related to how and when communications under the Licence must be given to confirm that it applies to approvals (**clause 61**).

The current licence condition confirms how notices under the licence must be presented.<sup>92</sup> We recommend modifying the obligation to confirm that it applies to approvals given under the licence (for example, where IPART approves an extension of time or the application of an alternative standard). We have not recommended any other changes to the current licence obligation.

We did not receive any stakeholder submissions to our Issues Paper seeking changes to this obligation.

## 10.11 IPART functions

### Draft recommendation



62. Confer functions on IPART in connection with operational audits of Water NSW (**clause 62**).

The Act provides that IPART has such functions as may be conferred or imposed on it by an operating licence in connection with operational audits of Water NSW.<sup>93</sup> We propose to recommend that IPART's key functions in connection with operational audits be confirmed by conferring those functions on IPART under the operating licence. This supports transparency.

## 10.12 Changes to definitions and interpretation clause

The current licence defines terms used throughout the licence. We have reviewed the definitions and propose significant changes to clarify the meaning of the defined terms and improve readability. We also propose removing unnecessary definitions and relying on definitions already included in the Act and the *Interpretation Act 1987*.<sup>94</sup>

We seek your feedback on any further changes required.

### 10.12.1 Direct water supply services and water release services

The current licence includes definitions for Supplied water and CSR water.<sup>a</sup> We seek to clarify the service type under the proposed definitions as follows:

- direct water supply service means the service of supplying bulk water directly to a customer through a pipe, canal or other means<sup>b</sup>
- water release service means the service of making bulk water available by passively or actively releasing water from a work into a river or stream for the customer to extract, cultural flows, or environmental flows.<sup>c</sup>

We seek your feedback to understand if anything should be included or excluded from these new definitions.

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<sup>a</sup> Supplied water refers to water that is taken from works that are owned and/or controlled by WaterNSW whereas CSR water refers to water that is captured, stored and released.

<sup>b</sup> I.e. equivalent to the previous 'Supply' definition.

<sup>c</sup> I.e. the equivalent of the previous 'CSR' definition.



## Chapter 11 >>

### Full list of draft recommendations

For your comment

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# 11

## 11.1 Full list of draft recommendations for your comment

The full list of draft recommendations made in this Discussion Paper are available below.

### Recommendations

1.	Retain the requirement to maintain and undertake activities in accordance with a WQMS and to comply with it ( <b>clause 8</b> )	14
2.	Exclude drinking water in areas with services already regulated by the <i>Public Health Act 2010</i> , section 25 (picnic areas and regional sites) from the scope of the WQMS.	14
3.	Modify the requirement for WaterNSW to maintain and comply with its Asset Management System to bring it in line with the ISO 55001:2024 during the Licence term ( <b>clause 9(1)</b> ).	15
4.	Modify the obligation to clarify the links between the AMS and catchment infrastructure works management ( <b>clause 9(2)</b> ) and the construction, maintenance and operation of works ( <b>clause 9(3)</b> ).	15
5.	Retain the requirement to maintain and comply with an EMS in line with AS/NZS ISO 14001:2016 ( <b>clause 10</b> ).	17
6.	Include an obligation requiring WaterNSW to develop, maintain and implement a Quality Management System in line with AS/NZS ISO 9001:2016 ( <b>clause 11</b> ).	18
7.	Do not impose national security clearance requirements in the Licence.	19
8.	For direct water supply services:	22
a.	retain the water quality standard requiring compliance with the water quality management system ( <b>clause 15.1 D-WQ-1</b> )	22
b.	include a water delivery standard requiring timely delivery of services ( <b>clause 15.1 D-WD-1</b> )	22
c.	include a service interruption standard requiring WaterNSW to provide timely notification of cease to pump orders ( <b>clause 15.1 D-SI-1</b> )	22
d.	remove the requirement for WaterNSW to manage service interruptions in line with its AMS.	22
9.	For water release services:	22
a.	include a water quality standard for bulk water released from dams with multi-level offtake points, having consideration to temperature and algal readings consistent with a quality assurance program under section 25 of the <i>Public Health Act 2010</i> , or the Australian Drinking Water Guidelines ( <b>clause 15.1 R-WQ-1</b> )	22
b.	modify existing water delivery performance standard targets related to rectifying incorrect water orders and releasing water orders in a timely manner ( <b>clause 15.1 R-WD-1 and R-WD-2</b> )	22
c.	include a water delivery performance standard related to timely delivery of rescheduled water orders ( <b>clause 15.1 R-WD-3</b> )	22
d.	include service interruption performance standards around the rescheduling of water orders and timely notification in the event that WaterNSW ceases to or becomes unable to release water ( <b>clause 15.1 R-SI-1 and R-SI-3</b> )	22
e.	modify the existing service interruption performance standard related to consultation about rescheduled water orders ( <b>clause 15.1 R-SI-2</b> ).	22
f.	remove the requirement for WaterNSW to manage service interruptions in line with its AMS.	22

10.	For the Fish River water supply scheme,	22
a.	Modify the requirement for all water supplied to be compliant with WaterNSW's WQMS ( <b>clause 15.2 FR-WQ-1</b> ).	22
11.	For water trades:	23
a.	Retain the current temporary trades performance standards ( <b>clause 15.3 T-AP-1, T-AP-2 and T-AP-3</b> )	23
b.	Include a requirement that at least 95% of customers who place a non-complying trade application are contacted to rectify that order within 1 business day ( <b>clause 15.3 T-AP-4</b> ).	23
12.	Clarify that the requirement to meet water quality performance standards for water release services, and certain performance standards for water delivery and service interruptions excludes non-conformance due to:	23
a.	extreme events that WaterNSW cannot reasonably prevent or mitigate ( <b>clause 13(b)(ii)</b> )	23
b.	WaterNSW complying with another law.	23
13.	Include an obligation for WaterNSW to make its annual report on performance standards publicly available ( <b>clause 14</b> ).	23
14.	We propose to replace the requirement for WaterNSW to have a register and an information request procedure for LWUs, with new requirements for WaterNSW to:	27
a.	develop and publish a policy regarding water quality for drinking water suppliers that specifies roles and responsibilities of parties including WaterNSW's role in improving the quality of water, the monitoring of it, identifying and reducing hazards and risks and educating drinking water suppliers on accessing and understanding water quality data ( <b>clause 16(1)(a)</b> )	27
b.	develop the policy in consultation with NSW Health and the relevant drinking water suppliers ( <b>clause 16(2)</b> )	27
c.	maintain current contact details for each drinking water supplier ( <b>clause 16(1)(b)(iii)</b> )	27
d.	include processes for determining water quality monitoring parameters, engaging with drinking water suppliers and data provision ( <b>clause 17</b> )	27
e.	determine the water quantity and water quality parameters consistent with the processes set out in the policy ( <b>clause 17</b> )	27
f.	publish a summary of its service commitments to drinking water suppliers ( <b>clause 19</b> ).	27
15.	We propose to add a requirement increasing WaterNSW's responsibilities to monitor and provide information on water source events and the quality of raw water provided to drinking water suppliers, including:	28
a.	requiring WaterNSW to maintain an ongoing water quality monitoring enhancement program which takes into account the Water Quality Roadmap published by the Department on October 2021 and the activities already undertaken by Water NSW under the Town Water Risk Reduction Program	28
b.	requiring WaterNSW to annually report to IPART on the water quality monitoring enhancements program ( <b>clause 20</b> ).	28
16.	Modify the requirements of the advance notification system to address information gaps in water quality data and flood risk ( <b>clause 18</b> ).	29
17.	Retain the requirement for WaterNSW to establish and maintain customer supply agreements with customers to which it provides direct water supply services ( <b>clause 21</b> ).	31

18.	Retain the requirement for WaterNSW to maintain a water allocation account for customers with licences issued under the <i>Water Act 1912</i> or the <i>Water Management Act 2000</i> ( <b>clause 22</b> ).	31
19.	Retain and clarify the requirement for WaterNSW to determine the volume of water supplied to direct water supply customers and extracted by customers receiving water release services on an annual basis ( <b>clause 23</b> ).	31
20.	Modify the requirements about how WaterNSW consults with its customers so the obligation focuses on the outcomes of the engagement ( <b>clause 25</b> ).	32
21.	Remove the requirement to maintain the Customer Advisory Group (CAG) and include requirements to engage with different customer groups ( <b>clause 25(2)</b> ).	32
22.	Modify the requirement for WaterNSW to have a customer service charter ( <b>clause 24</b> ).	33
23.	Retain the requirement for WaterNSW to have, and carry out its activities in accordance with, a code of practice on payment difficulties and to make it available online ( <b>clause 26</b> ).	33
24.	Include a new requirement for WaterNSW to maintain, comply with, publish and notify customers of, a family violence policy ( <b>clause 27</b> ).	34
25.	Modify the requirement to maintain an internal complaint handling procedure to reflect the revised standard for complaints handling and include new requirements for WaterNSW to provide a summary of the process on its website and provide a copy to anyone that requests it ( <b>clause 28</b> ).	34
26.	Retain the requirement for WaterNSW to be a member of EWON and make publicly available online contacts and details of dispute resolution services provided by EWON ( <b>clause 29</b> ).	36
27.	Retain the requirement for WaterNSW to manage and protect declared catchment areas only ( <b>clause 31</b> ).	38
28.	Include a new requirement that requires WaterNSW to publicly report on the health of the catchments by 30 November each year ( <b>clause 52</b> ).	38
29.	Modify the scope of the requirement for WaterNSW to undertake catchment research to the non-declared catchment areas and associated rivers with an aim to improve the health of WaterNSW's catchments and rivers, ultimately bettering water quality ( <b>clause 32</b> ).	40
30.	Modify the requirement for WaterNSW to undertake an educative role to maintain an ongoing community education program for non-declared catchment areas and downstream rivers ( <b>clause 33</b> ).	41
31.	Retain the existing system yield requirements with the following modifications:	45
	a. clarify the definition of 'in the long term' to mean 30 years	45
	b. clarify that WaterNSW must consider climate change impacts, consult with Sydney Water and consider guidance from DPE in determining system yield	45
	c. modify the triggers for which WaterNSW must recalculate system yield	45
	d. include a requirement for WaterNSW to provide information on system yield and how it was calculated upon request	45
	e. include a condition for WaterNSW to make the design criteria publicly available online ( <b>clause 34</b> ).	45

32.	Include new requirements for WaterNSW to maintain and comply with a 5-year conservation plan and retain the requirements to maintain a water conservation strategy and water conservation program until it has developed the plan ( <b>clause 35</b> ).	46
33.	Add new requirements, consistent with the NSW Climate Risk Ready Guide, for WaterNSW to:	47
	a. designate a climate change risk officer to lead a climate risk assessment team and, if the climate change risk officer is not an executive level appointment, designate an executive level sponsor by 30 November 2024,	47
	b. assess Water NSW's current level of climate risk management maturity on the enterprise scale by 30 June 2025,	47
	c. meet, on the enterprise scale, a systematic level of climate risk management maturity by 30 November 2026,	47
	d. meet, on the enterprise scale, an embedded level of climate risk management maturity by 30 November 2029 ( <b>clause 36</b> ),	47
34.	Modify the requirements relating to the Greater Sydney Drought Response Plan to require WaterNSW to:	49
	a. cooperate with Sydney Water to jointly review the Greater Sydney Drought Response Plan.	49
	b. implement actions under the Greater Sydney Drought Response Plan that are assigned to it or jointly assigned to it with Sydney Water	49
	c. clarify the obligation to update the Greater Sydney Drought Response Plan with Sydney Water using a best endeavours approach	49
	d. include a requirement to submit the updated Greater Sydney Drought Response Plan to DPE ( <b>clause 37</b> ).	49
35.	Include a new requirement that WaterNSW maintain an MOU with Sydney Water to cooperate on water supply augmentation ( <b>clause 38</b> ).	50
36.	Modify the requirement to maintain a LTCOP and remove the requirements to implement actions under the Greater Sydney Water Strategy.	51
	a. revise the requirement for WaterNSW to maintain a LTCOP	51
	b. remove requirements for WaterNSW to implement actions under the Greater Sydney Water Strategy	51
	c. remove the condition specifying the directions from the Minister to WaterNSW to implement actions under the Greater Sydney Water Strategy ( <b>clause 39</b> ).	51
37.	Retain the authorisation to undertake flood mitigation and management in all areas of New South Wales, except for the Sydney catchment area as defined by the Act ( <b>clause 5(1)(l)</b> ).	52
38.	Include a new obligation requiring WaterNSW to maintain and comply with a data management system that includes a data governance policy, data quality policy, and a data sharing policy ( <b>clause 41</b> ).	55
39.	Remove all obligations related to the DQP portal.	56
40.	Remove the requirements for WaterNSW to maintain data sharing agreements with DPE and NRAR.	56
41.	Include a new obligation requiring WaterNSW to lead the co-design and development of an 'information hub' with central storage, management and access to water sector information and data, and deliver it ( <b>clause 42</b> ).	57
42.	Retain the requirement to download metering data at intervals of no more than 12 months ( <b>clause 43</b> ).	58

43.	Retain the requirement for WaterNSW to maintain and comply with memoranda of understanding with NSW Health ( <b>clause 44</b> ) and the EPA ( <b>clause 45</b> ) and specify the nature of those memoranda of understanding.	60
44.	Modify the obligation for WaterNSW to maintain the Roles and Responsibilities Agreement (RRA) with DPE to clarify that the :	60
	a. obligation also extends to NRAR and WAMC, and	60
	b. RRA is not limited to the conduct of Conferred Functions ( <b>clause 46</b> ).	60
45.	Modify the requirement for WaterNSW to maintain and comply with a cooperation protocol with NRAR ( <b>clause 47</b> ).	60
46.	Include an obligation for WaterNSW to use its best endeavours to enter into, a cooperation protocol with NSW Fisheries by 30 June 2025 and to maintain and comply with that protocol ( <b>clause 48</b> ).	60
47.	Modify the requirement for WaterNSW to cooperate with WIC Act licensees that seek to establish a code of conduct with WaterNSW and comply with any code of conduct entered into ( <b>clause 30</b> ).	63
48.	Do not impose a requirement for WaterNSW enter into a MOU, protocol or policy to manage its relationships with local water utilities.	63
49.	Replace the current licence objectives with objectives that better align with the Act ( <b>clause 1</b> ).	66
50.	Set out a 5-year Licence term ( <b>clause 2</b> ).	67
51.	Clarify that the licence applies to Water NSW's whole area of operations ( <b>clause 3</b> )	67
52.	Retain the non-exclusivity clause in the Licence ( <b>clause 4</b> ).	67
53.	Retain the licence authorisations in the Licence ( <b>Part 2</b> ).	68
54.	Retain the requirements related to operational audits ( <b>clause 53</b> ).	68
55.	Modify the reporting requirements to clearly identify and define WaterNSW's reporting obligations from the reporting manual to the Licence.	69
56.	Include a new requirement for WaterNSW to submit an annual report on water quality in the declared catchment areas to IPART and NSW Health and publish the report on its website ( <b>clause 51</b> ).	69
57.	Retain the existing:	69
	a. operational audit requirements ( <b>clause 53</b> )	69
	b. reporting and record keeping requirements ( <b>clause 54</b> )	69
	c. provision of information and performance monitoring requirements ( <b>clause 55</b> )	69
	d. obligations requiring WaterNSW to cooperate with the person appointed to undertake the catchment audit ( <b>clause 56</b> ).	69
58.	Retain the requirement for WaterNSW to monitor and compile environmental indicators consistent with the reporting manual. Amend the obligation to clarify that WaterNSW must report this data in a way that allows for year-to-year comparison of the indicators ( <b>clause 49</b> ).	70
59.	Add a new requirement for WaterNSW report and publish annually its progress towards Net Zero and to report against the International Sustainability Standards Board (ISSB) sustainability-related disclosure standards ( <b>clause 50</b> ).	70

60.	Retain the licence obligations related to end of term review ( <b>clause 60</b> ).	71
61.	Modify the licence obligations related to how and when communications under the Licence must be given to confirm that it applies to approvals ( <b>clause 61</b> ).	71
62.	Confer functions on IPART in connection with operational audits of Water NSW ( <b>clause 62</b> ).	71

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- <sup>1</sup> IPART, [WaterNSW Operating Licence Review Issues Paper](#), August 2023.
- <sup>2</sup> IPART, [Information paper – contextual information](#), December 2023.
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- <sup>4</sup> NSW Department of Planning and Environment, [Greater Sydney Drought Response Plan](#). Accessed on 23 November 2023.
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- <sup>7</sup> NHMRC, [Australian Drinking Water Guidelines](#), September 2022.
- <sup>8</sup> Section 1 of the [Fluoridation of Public Water Supplies Act 1957](#).
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- <sup>10</sup> Clause 5.1.1 of the Licence.
- <sup>11</sup> Standards Australia, [AS ISO 55001:2014 Asset management – Management systems – Requirements](#), 2014.
- <sup>12</sup> IPART, [Report to the Minister, WaterNSW 2021 operational audit](#). March 2022, and IPART, [Report to the Minister, WaterNSW's compliance with its operating licence 2021-22](#). March 2023.
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- <sup>16</sup> Clause 5.2 of the Licence.
- <sup>17</sup> IPART, [Report to the Minister, WaterNSW 2021 operational audit](#). March 2022, and IPART, [Report to the Minister, WaterNSW's compliance with its operating licence 2021-22](#). March 2023.
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- <sup>19</sup> NSW Department of Planning and Environment, [Review of the activities of the department under Section 10 of the Water Management Act 2000](#), August 2023, p12.
- <sup>20</sup> NSW Department of Planning and Environment, [Corrective Action Plan: Review of the activities of the department under Section 10 of the Water Management Act 2000](#), October 2023.
- <sup>21</sup> NSW Department of Planning and Environment, [Review of the activities of the department under Section 10 of the Water Management Act 2000](#). August 2023, p12.
- <sup>22</sup> NSW Department of Planning and Environment, [Review of the activities of the department under Section 10 of the Water Management Act 2000](#), August 2023, p13.
- <sup>23</sup> NSW Department of Planning and Environment, [Review of the activities of the department under Section 10 of the Water Management Act 2000](#), August 2023, p112.
- <sup>24</sup> Section 12(2) of the Act.
- <sup>25</sup> Clause 3.4 of the Licence.
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- <sup>27</sup> WaterNSW, [Local Water Utility Release – Review of the monitoring of the quality of water released to LWUs](#), June 2019.



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- <sup>28</sup> Clause 6.4 of the [Licence](#).
- <sup>29</sup> WaterNSW, [WaterInsights](#). Accessed on 7 December 2023.
- <sup>30</sup> Clause 6.1 of the [Licence](#).
- <sup>31</sup> Clause 6.2 of the [Licence](#).
- <sup>32</sup> Clause 6.3.1 of the [Licence](#).
- <sup>33</sup> Clause 6.5 of the [Licence](#).
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- <sup>40</sup> Clause 6.10.1 of the [Licence](#).
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- <sup>45</sup> Clause 2.7 of the [Licence](#).
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- <sup>48</sup> Section 6(2)(b) of the [Act](#).
- <sup>49</sup> NSW Department of Planning and Environment, [Greater Sydney Water Strategy](#), August 2022.
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- <sup>64</sup> Clauses 2.8.8, 6.15.1, 6.17.1. and 6.19 of the [Licence](#).
- <sup>65</sup> NSW Government, [NSW Data & Information Custodianship Policy](#), June 2013, and [State Records Act 1998](#).
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- <sup>70</sup> [Memorandum of Understanding between WaterNSW and the Environment Protection Authority](#), executed on 4 October 2022.
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- <sup>83</sup> Clause 1.4 of the [Licence](#).
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- <sup>85</sup> Section 57(3) of the [Act](#).
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- <sup>87</sup> IPART, [Water NSW Reporting Manual 2022-2024](#), October 2022.
- <sup>88</sup> Clause 7.3 of the [Licence](#).
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