



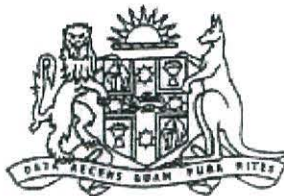
**NEW SOUTH WALES
GOVERNMENT**

***WATER INDUSTRY COMPETITION ACT 2006
(NSW)***

NETWORK OPERATOR'S LICENCE

**Lend Lease Recycled Water (Barangaroo
South) Pty Ltd**

(ACN 158 168 686)



New South Wales

WATER INDUSTRY COMPETITION ACT 2006 (NSW)

Section 10(5)

Notice of Decision - Application for a network operator's licence by Lend Lease Recycled Water (Barangaroo South) Pty Ltd

I, Kevin John Humphries, Minister for Natural Resources, Lands and Water, have considered the advice and recommendations made by the Independent Pricing and Regulatory Tribunal (**IPART**) in its report to me on the application by Lend Lease Recycled Water (Barangaroo South) Pty Ltd (ACN 158 168 686) (**Applicant**) for a network operator's licence under the *Water Industry Competition Act 2006 (NSW)* (**the Act**). I have also considered further information provided by the applicant, and the advice of my Department.

Based on my consideration of IPART's report and the further information and advice provided to me:

- (a) I am satisfied that the Applicant is not a disqualified corporation for the purposes of section 10(3)(a) of the Act;
- (b) I am satisfied that the Applicant is not a corporation that is a related entity (within the meaning of the *Corporations Act 2001* (Cth)) of a disqualified corporation that would have a direct or indirect interest in, or influence on, the carrying out of the activities that the licence would authorise (if granted), for the purposes of section 10(3)(b) of the Act; and
- (c) I am satisfied as to each of the criteria set out in section 10(4) of the Act.

I have also had regard to the licensing principles set out in section 7 of the Act in considering whether or not to grant the licences and what conditions should be imposed on any such licences granted.

Under section 10(5) of the Act, for the reasons set out above, I have decided to grant a network operator's licence to the Applicant, subject to the conditions set out in licence number 15_029, the Act and the *Water Industry Competition (General) Regulation 2008* (NSW). I hereby attach the licence (**Attachment A**).


.....

Minister for Natural Resources, Lands and Water
Dated this 28th day of Feb 2015



New South Wales

Water Industry Competition Act 2006 (NSW)

**Grant of network operator's licence
Licence no. 15_029**

I, Kevin John Humphries, Minister for Natural Resources, Lands and Water, under section 10 of the *Water Industry Competition Act 2006 (NSW)*, grant a network operator's licence to:

Lend Lease Recycled Water (Barangaroo South) Pty Ltd (ACN 158 168 686)

to construct, maintain and operate water industry infrastructure, subject to:

- (i) the conditions imposed by the *Water Industry Competition Act 2006 (NSW)*;
- (ii) the conditions imposed by clause 9 and set out in Parts 1, 2 and 3 of Schedule 1 to the *Water Industry Competition (General) Regulation 2008 (NSW)*;
- (iii) the conditions imposed by the Minister in the attached Schedule A, being special Ministerially-imposed licence conditions for Lend Lease Recycled Water (Barangaroo South) Pty Ltd's network operator's licence; and
- (iv) the conditions imposed by the Minister in the attached Schedule B, being standard Ministerially-imposed licence conditions for all licensed network operators.

.....*Kevin Humphries*.....

Minister for Natural Resources, Lands and Water

Dated this 28th day of Feb 2015

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

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

A1 Activities authorised - non-potable water

A1.1 This Licence authorises:

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

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

Table 1.1A Authorised persons

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

Table 1.1B Authorised persons

| |
|---|
| WJP Solutions Pty Ltd (ACN 131 915 369) |
|---|

Table 1.2A Water industry infrastructure

| |
|---|
| Infrastructure used for the conveyance or reticulation of non-potable water |
|---|

Table 1.2B Water industry infrastructure

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

Table 1.3 Authorised purposes

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

Table 1.4 Area of operations

Lot 3 DP876514 and Lot 5 DP876514.

A2 [Not applicable]**A3 Activities authorised – sewerage services****A3.1 This Licence authorises:**

- a) the Licensee and any authorised persons specified in Table 3.1A to construct, maintain and operate the water industry infrastructure specified in Tables 3.2 A and 3.2B; and:
 - b) any authorised persons specified in Table 3.1B to construct, maintain and operate the water industry infrastructure specified in Table 3.2B,
- for the authorised purposes specified in Table 3.3, within the area of operations specified in Table 3.4, subject to the conditions imposed by or under the Act, the Regulation and this Licence.

Table 3.1A Authorised persons

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

Table 3.1B Authorised persons

WJP Solutions Pty Ltd (ACN 131 915 369)

Table 3.2A Water industry infrastructure

Infrastructure for the storage, conveyance or reticulation of sewage.

Table 3.2B Water industry infrastructure

Infrastructure for the treatment and storage of sewage.

Table 3.3 Authorised purposes

Sewage collection, transport and treatment
Effluent disposal to sewer and effluent transfer to non-potable water system

Table 3.4 Area of operations

Lot 3 DP876514 and Lot 5 DP876514

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

- (a) The Licensee must have the technical, financial and organisational capacity to carry out the activities authorised by this Licence.
- (b) If a party to an Agreement proposes to
 - (i) terminate the Agreement,

- (ii) novate the Agreement,
- (iii) assign or transfer any of its rights or obligations under such an Agreement to any other person, or
- (iv) alter the Agreement in any way that materially reduces the Licensee's technical, financial or organisational capacity to carry out the activities authorised by this Licence

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

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

A5 Appropriate insurance arrangements

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

| Insurance type | Policy Number | Limit of Indemnity |
|-----------------------------|---------------------|--------------------|
| Public & Products Liability | 99-0002027LGR | \$50m |
| Professional Indemnity | PL-SY-SPC-14-502183 | \$50m |
| Professional Indemnity | 0300014434 | \$15m |
| Pollution Liability | AU00004086L14A | USD \$25m |
| Pollution Liability | AU0001923L14A | USD \$50m |

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

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

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

A5.3 Before commencing to operate the Specified Water Industry Infrastructure under this Licence, the Licensee must demonstrate to the satisfaction of the Minister that it has made and

will continue to maintain appropriate arrangements with respect to insurance. (Note that this requirement relates to physical rather than commercial operation of the Specified Water Industry Infrastructure.)

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

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

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

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

INTERPRETATION AND DEFINITIONS

Interpretation

In this Schedule A, unless the context requires otherwise:

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

Definitions

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

In this Schedule A:

| | |
|-----------|--|
| Act | means the <i>Water Industry Competition Act 2006</i> (NSW). |
| Agreement | means any agreement or deed provided to IPART in connection with the Licensee's application for this Licence |
| Licence | means this network operator's licence granted under section 10 of the Act. |
| Licensee | means the person to whom this Licence is granted under section 10 of the Act. |

Minister

means the Minister responsible for Part 2 the Act.

Regulation

means the *Water Industry Competition (General) Regulation 2008* (NSW).

Superseded

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

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

B1 Complying with NSW Health requirements

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

B2 Complying with Audit Guidelines from IPART

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

B3 Reporting in accordance with the Reporting Manual

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

B4 Reporting information in relation to the Register of Licences

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

B5 Monitoring

- B5.1 The Licensee must undertake any monitoring that is required for the purposes of this

Licence, any Plan, the Act or the Regulation in accordance with this clause B5.

B5.2 The Licensee must keep the following records of any samples taken for monitoring purposes specified in the Water Quality Plan:

- a) the date on which the sample was taken;
- b) the time at which the sample was collected;
- c) the point or location at which the sample was taken; and
- d) the chain of custody of the sample (if applicable).

B5.3 The Licensee must ensure that analyses of all samples taken for the purposes of Verification Monitoring are carried out by a laboratory accredited for the specified tests by an independent body that is acceptable to NSW Health, such as the National Association of Testing Authorities or an equivalent body.

B6 Provision of copy of Plan

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

B7 Delineating responsibilities – interconnections

B7.1 If a code of conduct has not been established under reg 25 of the Regulation, the Licensee must (by a date specified by IPART) establish a code of conduct (**Licensee's Code of Conduct**) in accordance with this clause B7.

B7.2 The Licensee's Code of Conduct must set out the respective responsibilities of:

- a) the Licensee; and
- b) each licensed network operator, licensed retail supplier and/or public water utility that supplies water, provides sewerage services or constructs, maintains or operates any other water industry infrastructure in the Specified Area of Operations,

by, at a minimum, providing for:

- c) if the Specified Water Industry Infrastructure is connected to any other water industry infrastructure, who is responsible for repairing, replacing or maintaining any pipes, pumps, valves, storages or other infrastructure connecting the Specified Water Industry Infrastructure to the other water industry infrastructure;
- d) who is responsible for water quality;
- e) who is liable in the event of the unavailability of water;
- f) who is liable in the event of failure of the Specified Water Industry Infrastructure;
- g) the fees and charges payable in respect of the use of the Specified Water Industry Infrastructure; and
- h) who is responsible for handling customer complaints.

B7.3 Before the Licensee brings the Specified Water Industry Infrastructure into commercial operation or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between the Licensee and the other licensed network operators, licensed retail suppliers and/or public water utilities referred to in clause B7.2.

B7.4 [Not applicable]

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

B8 Notification of changes to end-use

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

B9 Notification of commercial operation

B9.1 This clause B13 applies each time the Licensee has brought any of the Specified Water Industry Infrastructure into commercial operation.

B9.2 The Licensee must:

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

INTERPRETATION AND DEFINITIONS

Interpretation

In this Schedule B, unless the context requires otherwise:

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

Definitions

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

In this Schedule B:

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

| | |
|---|--|
| Audit Guidelines | means the document entitled "Audit Guideline – Water Industry Competition Act 2006" which is prepared by IPART and is available on IPART's website at www.ipart.nsw.gov.au , and any other guidelines issued by IPART in relation to audits under the Act. |
| Authorised Person | means the authorised persons specified in, as applicable: <ul style="list-style-type: none"> (i) Schedule A, clause A1, Table 1.1A and 1.1B; (ii) Schedule A, clause A2, Table 2.1; and (iii) Schedule A, clause A3, Table 3.1A and 3.1B. |
| Authorised Purposes | means the authorised purposes specified in, as applicable: <ul style="list-style-type: none"> (i) Schedule A, clause A1, Table 1.3; (ii) Schedule A, clause A2, Table 2.3; and (iii) Schedule A, clause A3, Table 3.3. |
| IPART | means the Independent Pricing and Regulatory Tribunal of New South Wales established under the <i>Independent Pricing and Regulatory Tribunal Act 1992</i> (NSW). |
| Licence | means this network operator's licence granted under section 10 of the Act. |
| Licensee | means a person to whom this Licence is granted under section 10 of the Act. |
| Licensee's Code of Conduct | has the meaning given in clause B7.1. |
| Minister | means the Minister responsible for Part 2 of the Act. |
| NSW Health | means the Water Unit of NSW Ministry of Health and any of the local health districts as defined by the NSW Ministry of Health. |
| Plan | means any infrastructure operating plan, water quality plan or sewage management plan that the Licensee is required to prepare under the Regulation. |
| Regulation | means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW). |
| Reporting Manual | means the document entitled "Network Operator's Reporting Manual," which is prepared by IPART and is available on IPART's website at www.ipart.nsw.gov.au . |
| Specified Area of Operations | means the area of operations specified in, as applicable: <ul style="list-style-type: none"> (i) Schedule A, clause A1, Table 1.4; (ii) Schedule A, clause A2, Table 2.4; and (iii) Schedule A, clause A3, Table 3.4. |
| Specified Water Industry Infrastructure | means the water industry infrastructure specified in, as applicable: <ul style="list-style-type: none"> (i) Schedule A, clause A1, Table 1.2A and 1.2B; (ii) Schedule A, clause A2, Table 2.2; and (iii) Schedule A, clause A3, Table 3.2A and 3.2B. |
| Verification Monitoring | means verification monitoring as described in the document entitled "Australian Drinking Water Guidelines" or the document entitled "Australian Guidelines for Water Recycling" as the case may be. |
| Water Quality Plan | means the water quality plan that the Licensee is required to prepare under the Regulation. |