



Licence compliance under the *Water Industry Competition Act 2006* (NSW)

Annual Compliance Report to the Minister

October 2021

Water >>

Tribunal Members

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The Independent Pricing and Regulatory Tribunal (IPART)

We make the people of NSW better off through independent decisions and advice. IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

Acknowledgment of Country

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

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

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1 Overview

This is the Independent Pricing and Regulatory Tribunal's (IPART's) 13th annual report on licence compliance under the *Water Industry Competition Act 2006* (WIC Act).ⁱ It sets out our findings on the extent to which the water network operators and retail suppliers licensed under the WIC Act complied with their licence conditions during 2020-21. It also summarises how the industry has changed over the reporting period, and the activities we undertook to monitor licensees' compliance.

Overall, the compliance performance of licensees during 2020-21 remained high. We undertook more audits in 2020-21, focusing more on licensees' implementation of water quality plans. Three schemes were not audited this year because they had achieved a high level of compliance in past auditsⁱⁱ and we deferred 3 operational audits because of difficulties with auditor availability and Covid-19 impacts on licensees' employee and site availability.ⁱⁱⁱ

The industry has continued to grow steadily over the 12 months to 30 June 2021, with a 13% increase in the number of customers receiving recycled water for non-drinking purposes. However, the industry experienced a decrease of 11% in the volume of recycled water produced, due in large part to the continuing effects of Covid-19 on industrial and commercial schemes. In 2020-21 we received 5 applications, comprised of 2 applications for new licences and 3 applications to vary current licences.

We recommended that the Minister grant 7 new or varied licences during the year.^{iv} A number of licence applications are currently 'on hold' at the request of applicants. We discuss licence applications further in section 4.3.

Last year we noted that most applications were from licensees looking to vary current licences. The trend has continued this year. The reasons for this change in application types includes (i) expansion of existing developments to cater for more customers that require an increase in capacity, and (ii) to address a seasonal imbalance between supply and demand for recycled water, i.e. where demand is greater than supply in summer, but supply exceeds demand in winter. Licensees continue to seek additional end uses and customers for recycled water and have foreshadowed future applications to source additional sewage for recycling during peak periods of demand to minimise costs and maximise revenue.

Overall industry growth indicates an increase in interest and acceptance of the private water industry and recycled water in particular. The introduction of indirect potable reuse for recycled water in NSW, supported by an informed community has the potential to significantly increase demand for recycled water and potentially relieve demand on potable water supplies during times of drought. Community acceptance of recycled water for direct potable reuse would remove many of the structural and financial obstacles that currently limit the expansion of the recycled water market. The NSW Government has released a draft of its Greater Sydney Water Strategy in which it proposes to build a demonstration plant for treating sewage to produce purified recycled water for direct potable reuse.^v

During the 2020-21 reporting period, we worked closely with the Department of Planning, Industry and Environment (DPIE) developing a WIC Amendment Bill to improve the workability of the WIC Act 2014 amendments. The finalised Bill will be introduced to Parliament before the end of 2021, Covid-19 impacts permitting.

In our compliance monitoring and enforcement role, we continued to hold licensees accountable for their compliance performance, using a risk-based auditing regime and penalties where appropriate. Our primary objective is to foster a strong compliance culture within our regulated entities and we are mindful of this objective when deciding how to address instances of non-compliance. A high level of compliance supports the WIC Act's dual objectives of competition and development of the recycled water market by ensuring that market participants (WIC Act licensees and public water utilities) can compete on a level playing field, and the community feels confident in using recycled water for non-drinking purposes.^{vi}

The WIC Act and supporting regulation set out our powers and responsibilities. To monitor compliance of licensees, we conducted audits of licence conditions, and assessed whether licensed schemes are constructed, operated and maintained in a manner that effectively manages the risks to public health, the environment and consumers. We also conducted an audit of licence conditions on the supply of water and retail services for our largest retail licensee.

Box 1 About the WIC Act

The WIC Act commenced in August 2008, as part of the NSW Government's strategy for a sustainable water future. Its stated aim is to encourage competition in relation to the supply of water and the provision of sewerage services, and to facilitate the development of infrastructure for the production and reticulation of recycled water.^{vii}

The WIC Act establishes a licensing and compliance regime for water and sewerage service providers that are not public water utilities. IPART administers this regime on behalf of the Minister.^{viii} IPART makes recommendations to the Minister to license new operators whom we have assessed as meeting the required standard and monitors their operation to assess their ongoing ability to safely deliver the services. Where necessary IPART takes enforcement action to address compliance issues.

We can also assess monopoly considerations and recommend action for the Minister's consideration.

IPART's role in monitoring licensees' compliance protects public health, public safety, consumers and the environment, and encourages competition in the market by maintaining market confidence and integrity.

Two types of licences may be granted under the WIC Act:

- A network operator's licence to construct, operate and maintain water industry infrastructure,^{ix} and

Box 1 About the WIC Act

- A retail supplier's licence to supply water, and/or provide sewerage services by means of water industry infrastructure.^x

1.1 Licensee compliance was generally high

The compliance performance of most of the 35 licensees under the WIC Act during 2020-21 was high. We identified 34 non-compliances across 12 licensees,^{xi} most of which were found to be non-material in nature. The number of audits undertaken was slightly higher this year as we completed deferred audits from the previous year, following completion of the water quality plans audits for Altogether Group's schemes.

Non-compliances are discussed in greater detail in section 2.1.1 of the report.

1.2 Industry and market continued to grow

As at 30 June 2021, the number of network operator's licences increased to 23 and the number of retail supplier's licences increased to 12. The number of customers serviced by WIC Act licensees continued to increase, as did the volumes of recycled water supplied and sewage collected (Table 1.1). The increase in the volumes of recycled water supplied has largely been a product of more dwellings being serviced and increasing treatment capacity at established schemes. However, this year has seen a decrease in industrial and commercial use of recycled water, as industrial and business customer numbers were affected by the Covid-19 lockdowns.

Table 1.1 Changes in WIC Act licensee market 2020-21

	2019-2020	2020-2021	% change
Customers serviced (number):			
Water	6,745	7,190	7%
Sewerage	8,977	9,786	9%
Recycled water	9,845	11,102	13%
Volume of recycled water supplied (ML)	4,988	4,443	-11%
Volume of sewage collected (ML)	5,184	4,439	-14%

Source: IPART analysis

Note: The 'volume of sewage collected' does not include treated sewage collected by Aquanet from Sydney Water for further treatment and distribution to industrial users supplied through the Rosehill-Camellia pipeline.

The groundwater treated and supplied to industrial users at Botany Industrial Park by Orica is not included in the operating statistics as treated groundwater does not meet the definition of recycled water in the WIC Act.

1.3 We continued to monitor and enforce compliance using a risk-based approach

In 2020-21, we continued to proactively monitor and enforce WIC Act licensees' compliance with their licence conditions efficiently and effectively. We use a risk-based approach that includes a combination of proactive and responsive measures that are designed to address potential issues before they result in adverse health and safety issues. We also expect licensees to be proactive in identifying potential problems and to work with us to resolve issues and minimise any risks posed by their activities.

Key elements of this approach are independent audits, including pre-operational new infrastructure and licence plan audits, and risk-based periodic operational audits. In 2020-21, we required licensees to conduct 3 new infrastructure audits, 14 licence plan audits and 18 operational audits.

In 2020-21 we completed our review of Altogether Group Pty Ltd's (formerly Flow Systems Pty Ltd) Recycled Water Quality Management Plans (RWQMP). Altogether Group operates 8 schemes in NSW and is the largest private water utility operator licensed under the WIC Act. We assessed the RWQMP for adequacy, consistency and commitment to implementation against the requirements of the Australian Guidelines for Water Recycling (AGWR). These RWQMP audits were followed by a comprehensive audit across its operations in June 2021.

1.4 Report structure

The rest of this report discusses our findings for 2020-21 in more detail:

- Chapter 2 focuses on licensee compliance
- Chapter 3 outlines our activities in monitoring compliance and strengthening the compliance culture of licensees
- Chapter 4 provides more information on the changes in the industry and market, and the licensees' operating statistics and performance measures.

2 IPART's activities in monitoring licence compliance and strengthening the compliance culture of licensees

Licensees are responsible for complying with the conditions of their licence and other obligations under the WIC Act and WIC Regulation. Our aim in monitoring and reporting on the extent of their compliance with these obligations is to hold them accountable for their compliance performance and encourage a culture of full compliance. We also seek to encourage compliance by educating and informing licensees, by facilitating engagement between licensees and other stakeholders or regulators and direct engagement on issues of concern.

The Minister or IPART may take enforcement action against any licensee that fails to comply with its obligations.^{xii} Such enforcement action includes imposing a monetary penalty or requiring the licensee to take certain actions.

The sections below outline our risk-based approach to monitoring compliance under the WIC Act and the number and type of audits undertaken in 2020-21 as part of this approach.

2.1 Our risk-based approach to monitoring compliance

Our approach includes a range of proactive and responsive measures such as:

- A risk-based independent audit program^{xiii}
- Investigations of incidents, complaints or inadequacies identified through audits or other means
- Requiring immediate incident reporting by licensees^{xiv}
- Requiring annual compliance reports submitted by licensees, including
 - non-compliance exception reporting (ie, requiring the licensee to report only non-compliances, instead of reporting against all licence conditions)
 - declarations for maintaining financial capacity and adequate insurance
- Proactive engagement with other regulators.

IPART aims to keep regulated entities accountable in accordance with their regulatory requirements. Compliance is the responsibility of the regulated entities themselves, and IPART seeks to help licensees strengthen their compliance culture.

2.1.1 Independent audit program





We monitor licensees' compliance with the WIC Act, the WIC Regulation and their licence conditions through periodic, risk-based operational audits, which we initiate.^{xv} The licensee selects independent auditors to undertake audits from a panel of auditors approved by IPART.

However, before licensees commence commercial operation, we also require them to undertake pre-operational audits, including:

- **New infrastructure audits** – these audits are undertaken prior to the Minister granting commercial operation, to determine if the infrastructure is safe to operate, and to check that the new infrastructure complies with all licensing and legislative requirements. A network operator must pass its new infrastructure audit before the Minister can grant approval for the licensee to commence commercial operation.^{xvi} These audits apply to network operator's licences.
- **Licence plan audits** – these audits review the adequacy of a licensee's water quality, sewage management, infrastructure operating and retail supply management plans. Licence plan audits are undertaken prior to commencing commercial operation, as directed by IPART or in response to a significant change to the plan(s).^{xvii} These audits apply to both network operator's and retail supplier's licences.

The auditors must undertake all audits in accordance with our audit guidelines.^{xviii} The audit grades from the audit guidelines applicable in 2020-21 are presented in Figure 2.1.

Figure 2.1 WIC Act audit grades

Grades of compliance	Description
 Compliant	Sufficient evidence is available to confirm that the requirements have been met.
 Non-compliant (non-material)	Sufficient evidence is not available to confirm that the requirements have been met and the deficiency does not adversely impact the ability of the licensee to achieve defined objectives or assure controlled processes, products or outcomes.
 Non-compliant (material)	Sufficient evidence is not available to confirm the requirements have been met and the deficiency does adversely impact the ability of the licensee to achieve defined objectives or assure controlled processes, products or outcomes.
 No Requirement	There is no requirement for the licensee to meet this criterion within the audit period.

Data source: IPART, *Audit Guideline – WIC Act, July 2020*, pp 10-11.

Where relevant, we re-audit any licence conditions where a licensee was previously found to be non-compliant, to check that the licensee has rectified the non-compliances in a timely manner.

Audit findings inform the Tribunal's decisions on matters of compliance with licensees' legal obligations. However, the Tribunal may consider a range of information before deciding whether it is satisfied that a non-compliance has occurred and the materiality of the non-compliance. The Tribunal may reach a different conclusion from an auditor on the matter of compliance or materiality.

2.1.2 Investigations

From time to time we use other means to assess the adequacy of a licensee and encourage better performance. In 2019-20 we investigated the adequacy of a licensee's RWQMP's, following audit findings of systemic issues regarding the effective implementation of this licensee's water quality management plans. These audit findings cast doubt on whether the implemented plans could continue to assure safe operations.

This year we followed up this investigation with both licence plans and operational audits across all of the licensee's schemes to test both the adequacy and implementation of the amended plans.

2.1.3 Immediate incident reporting

Licensees must immediately report incidents that occur in the conduct of a licensee's activities that threaten, or could threaten, water quality, public health or safety, in accordance with the relevant reporting manual. A reported incident may not necessarily involve licence non-compliances.

In the 2020-21 reporting period, we received 22 immediate incident reports from licensees.

None of the reported incidents were determined to be material licence non-compliances requiring enforcement action. We assessed that these incidents did not impact on water quality, public health or safety.

2.1.4 Annual reporting

In addition to immediate incident reporting, licensees are required to submit an annual compliance report by 1 September each year in accordance with the relevant reporting manual published by IPART.^{xix} The annual compliance report is to include information on any non-compliance with its licence conditions, and declarations for maintaining financial capacity and adequate insurance.

Licensees are to declare that they have maintained insurance arrangements appropriate for the nature and size of the activities under their licence and provide certificates of currency for key insurances and details of material changes made during the year.

Licensees that provide small retail customers with essential services (potable water or sewage services) must also include a statement of financial capacity.

Licensees are also required to immediately report all non-compliances that could potentially have a serious impact on water quality, continuity of supply, public health, safety, other licensees or the Government's policy objectives.

2.1.5 Engagement with other regulators

We work closely with NSW Health, seeking advice on matters that may affect human health and facilitating NSW Health input on key audits, risk assessments undertaken by licensees and licence plans.

We also co-ordinate with other regulators where our licensing or compliance monitoring function identifies issues related to their area of expertise or responsibility. This includes:

- The Water Group of the Department of Planning, Industry and Energy
- NSW Fair Trading
- SafeWork NSW
- NSW Fire and Rescue
- NSW Environment Protection Authority
- Local councils

2.2 Monitoring compliance during 2020-21

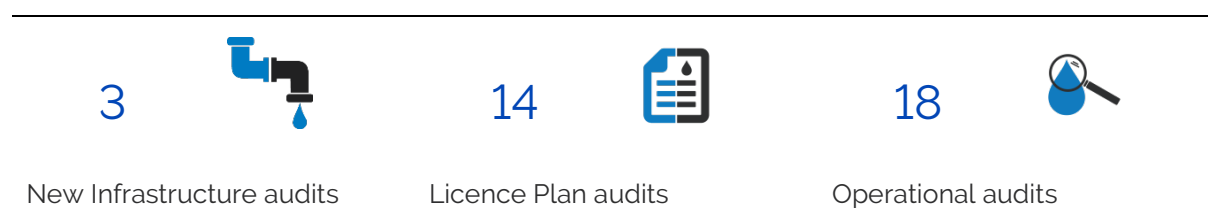
We employed a range of compliance tools to keep regulated entities accountable and to consider the risk associated with their activities and the expected level of compliance during 2020-21. Further information on these tools is in the *IPART Compliance and Enforcement Policy*.^{xx}

2.2.1 Audits undertaken

Independent auditors completed a total of 18 operational audits, 14 licence plans and 3 new infrastructure audits during or covering the 2020-21 reporting period. This includes some audits that were undertaken in the 2019-20 reporting period, for which we did not receive final audit reports in time for inclusion in the 2019-20 compliance report. A breakdown of the types of audits undertaken is shown in Attachment A.

All of our audits conducted during the 2020-21 reporting period implemented COVID-19 safe practices and site visits were generally conducted remotely using video streaming and remote conferencing technology. We asked auditors to identify any risks associated with not visiting the site in person and to identify any follow up inspections that may be necessary to mitigate these risks. Auditors have not identified any urgent risks and we are satisfied that the audits have been carried out to a satisfactory standard.

Figure 2.2 WIC Act audits completed during or covering the 2019-20 reporting period



Notes:

(1) The number of licence plan audits includes new and follow-up licence plan audits.

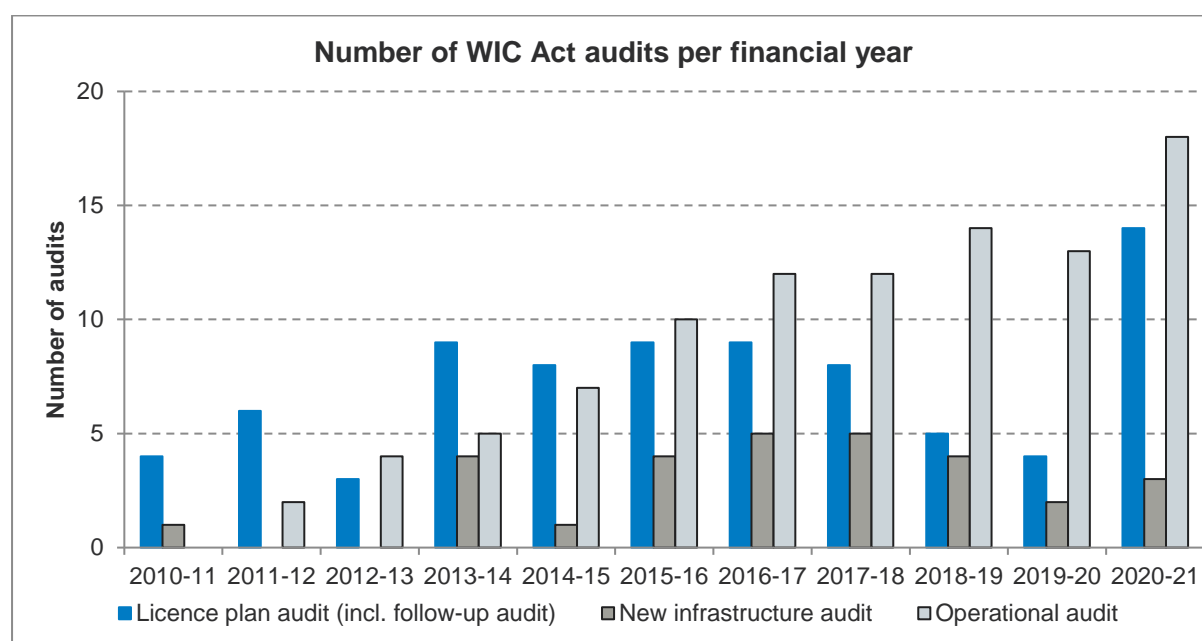
(2) The number of new infrastructure audits is for both new schemes, and additional new infrastructure at existing schemes.

Data source: IPART analysis.

There were fewer new infrastructure audits this year. These are generally required when new schemes are ready to commence commercial operations or when new infrastructure at existing schemes is ready to be commissioned. The Minister granted 7 licences in the 2020-2021 reporting period. This follows on from only 3 new licences being granted in 2019-20^{xxi} meaning there was less need for new infrastructure audits.

Following on from the water quality plan audits conducted in 2019-20, there were significantly more licence plans audits conducted in the reporting period. We required licensees to update licence plans to meet the adequacy and implementation minimum standards we established following the original water quality plan investigations. More work is required by licensees but in general, there has been a significant improvement in the quality of licence plans across the board.

Figure 2.3 Number of WIC Act audits per financial year



Data Source: IPART analysis

3 Licensee compliance in 2020-21

In general, most licensees demonstrated a high level of compliance with their licence conditions in 2020-21. Among 16 audited network operator's licence holders, 3 had no non-compliances. The 8 schemes owned and operated by one licensee each had a combination of material and non-material non-compliances.^{xxii} The material non-compliances represented significant licence breaches, but we noted significant improvement following last year's investigation and audits of its water quality management plans.

We also undertook one retail licence audit this year to test compliance with obligations designed to protect small retail customers.

The non-compliances identified through audits in 2020-21 did not result in any material impacts to water quality, public health and safety or the environment. We discuss material non-compliances further in section 3.1.1

The sections below provide more detail about the licensed network operators and retail suppliers relevant activities during the year, their individual compliance performance and how their non-compliances were addressed.

We are reporting only non-compliances identified in operational audits or reported by the licensee, rather than issues that **may** develop into non-compliances if not corrected. That is, we only report on **actual** non-compliances.^{xxiii} This is to ensure we report on only licensees' compliance with their licence conditions and to reduce duplicative reporting.

3.1 Network operator's compliance

Table 3.1 lists the network operators and summarises their non-compliances and how they were identified. We audited 11 of the 23 network operators licensed under the WIC Act in 2020-21. Two of the licensees not audited were non-operational during the period, 3 are audited only every second year because they have previously established a high level of compliance and 3 audits were deferred or delayed through difficulties with auditor availability and Covid-19 impacts on employee and site availability.

Table 3.2 shows the types of non-compliances identified in 2020-21. These non-compliances were identified through operational audits undertaken during the reporting year, and through incident reporting by licensees in accordance with the requirements of the Reporting Manual. We investigate incidents and decide whether they constitute a non-compliance and whether further action is required. This year there were no incidents requiring further action.

Table 3.1 Summary of network operator's compliance performance in 2020-21

Licensee	Scheme	Non-compliance identified by			
		Licensee	Audit	IPART	Total
Veolia Water Australia Pty Ltd (VWA)	Fairfield-Rosehill	0	0	0	0
SGSP Rosehill Network Pty Ltd	Fairfield-Rosehill	1	0	0	1
Aquacell Pty Ltd	1 Bligh St	0	NA	0	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST)	Darling Quarter	0	0	0	0
Sydney Desalination Plant Pty Ltd ^a	Sydney Desalination Plant	4	0	0	4
Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST)	Bingara Gorge	0	0	0	0
Pitt Town Water Factory Pty Ltd	Pitt Town	0	2	0	2
Orica Australia Pty Ltd	Orica groundwater scheme	0	0	0	0
Central Park Water Factory Pty Ltd	Central Park	2	4	0	6
Discovery Point Water Factory Pty Ltd	Discovery Point	4	6	0	10
Wyee Water Pty Ltd ^b	Wyee	-	-	-	-
Lend Lease Recycled Water (Barangaroo South) Pty Ltd	Barangaroo	0	0	0	0
Huntlee Water Pty Ltd	Huntlee	1	3	0	4
Green Square Water Pty Ltd	Green Square	3	3	0	6
Aquacell Pty Ltd	Kurrajong	0	0	0	0
Cooranbong Water Pty Ltd	Cooranbong	0	3	0	3
Catherine Hill Bay Water Utility Pty Ltd	Catherine Hill Bay	0	0	0	0
Flow Systems Operations Pty Ltd	Box Hill North	0	2	0	2
Suez Water and Treatment Solutions Pty Ltd	KIWS	0	0	0	0
Narara Ecovillage Co-operative Ltd	Narara	0	0	2	2
Flow Systems Operations Pty Ltd	Shepherds Bay	2	5	0	7
Kyeema Wastewater Pty Ltd	Gundaroo			1	1
Total		17	28	3	48

a. Sydney Desalination Plant was operating during the reporting period.

b. Wyee Water Pty Ltd is not operating and is not subject to operational audits at this time.

Source: IPART analysis.

Table 3.2 Types of non-compliances identified in 2020-21

Licensee	Scheme	Non-compliance		
		Material	Non-material	Reporting
Rosehill Network Pty Ltd	Fairfield-Rosehill	0	1	0
Sydney Desalination Plant Pty Ltd ^a	Sydney Desalination Plant	0	4	0
Pitt Town Water Factory Pty Ltd	Pitt Town	1	1	0
Central Park Water Factory Pty Ltd	Central Park	1	5	0
Discovery Point Water Pty Ltd	Discovery Point	4	6	0
Huntlee Water Pty Ltd	Huntlee	1	3	0
Green Square Water Pty Ltd	Green Square	3	3	0
Cooranbong Water Pty Ltd	Cooranbong	1	2	0
Flow Systems Operations Pty Ltd	Box Hill North	1	1	0
Narara Ecovillage Pty Ltd	Narara	0	0	2
Flow Systems Operations Pty Ltd	Shepherds Bay	1	6	0
Kyeema Wastewater Pty Ltd	Gundaroo	0	1	0
Total		13	33	2

Source: IPART analysis.

3.1.1 Network operators that had material non-compliances

Altogether Group

Over the last 2 years Altogether Group has worked with IPART to undertake a series of investigations into improving the quality and adequacy of its water quality management plans. Altogether Group has demonstrated that it is committed to proactively improving its compliance with its licence conditions and has shown significant improvement across all of its 8 licensed schemes.

This year, we initiated two rounds of audits for Altogether Group's various schemes as follows:

High rise schemes (Central Park, Discovery Point, Green Square and Shepherds Bay) – audited in 2020

Following completion of the water quality plan audits in 2019-20, we undertook the deferred audits of 4 schemes collectively titled Altogether Group's 'high-rise' schemes. This combined operational audit resulted in 5 material and 3 non-material non-compliances in total.

- Discovery Point was found to have 3 material non-compliances as a result of several gaps in implementing its monitoring processes. Deviations from its verification monitoring program led to gaps in data, an inadequate review process to identify any non-compliances, and consequently resulted in non-compliances not being reported in accordance with the scheme licence conditions and incident management procedures. Additionally, there were gaps in the evidence around critical control point implementation, and in meeting its document review requirements.

- Central Park had one non-material non-compliance. The finding was based on not fully implementing its water quality plan, with several minor deficiencies in documentation including out-of-date documents, inconsistent implementation of quality control points and lack of an effective process to confirm water quality compliance.
- Green Square had 2 material non-compliances as a result of several gaps in the implementation of its monitoring processes. Additionally, there were gaps in the evidence around critical control point implementation. Further Green Square did not review or update several key documents in line with the review cycles.
- Shepherds Bay had 2 non-material non-compliances in not fully implementing its water quality plan and the sewerage management plan because documentation was out of date and had not been reviewed within the specified cycles included in the plans. Additionally, the incident management documentation had not been reviewed and updated annually and lacked adequate information on dealing with a protozoa related water quality non-compliance.

All Altogether Group's schemes – audited in 2021

We audited all 8 of Altogether Group's network operator licences for the 2020-21 operational period. We awarded one material non-compliance to each scheme for shortcomings in the implementation of the RWQMP's.

The primary issues identified in the audit in relation to the RWQMP's were:

- i Risk assessment method: Altogether is required to ensure that its plans are fully implemented, that all of its activities are carried out in accordance with those plans. The risk assessment method, which forms the basis of the water quality management plans and sewerage management plans, has not been implemented consistently. This resulted in an underestimation of human health risks across the schemes.
- ii Cross-connection checks: Altogether Group's procedure was assessed as not adequate as it is not clear on the number of audits that need to be taken for each scheme and how the properties to be audited are to be chosen to ensure these are representative.

3.1.2 Network operators that had non-material non-compliances

Altogether Group – Central Park and Shepherds Bay schemes audited in 2020

Both the Shepherds Bay and Central Park schemes recorded a non-material non-compliance due to a number of minor deficiencies in procedural documentation. Deficiencies include the sewerage management plan and incident management documentation being out of date, and a general lack of evidential process to confirm water quality compliance.

Additionally, Shepherds Bay recorded a separate non-material non-compliance for the accompanying scheme management plan also being out of date.

All Altogether Group's schemes – audited in 2021

All of Altogether Group's schemes (excluding Green Square) recorded 1 or 2 non-material non-compliances in the 2021 audit. Of the 8 schemes, 5 schemes supply drinking water. With each of these schemes, issues were identified with the implementation of drinking water quality management plans, and some planned activities not being carried out in accordance with these plans.

Seven of the 8 schemes supply sewage services. With these schemes, issues were identified with the consistent implementation of the sewage management risk plan.

Sydney Desalination Plant (SDP)

SDP self-reported 4 instances where it was non-compliant with IPART's pricing determination.

On 4 occasions through 2020-21, SDP was requested by Sydney Water to respond to an Emergency Response notice when operating in a low production mode as the lowest cost option to mitigate a Public Health Incident.^{xxiv} In order to recover its reasonable costs under such a mode, it was necessary for SDP and Sydney Water to enter into an agreement that was not contemplated under the 2017 pricing determination.

While we acknowledged the incident had little or no impact on customers, it was still considered a technical non-compliance under the operating licence.

Narara Ecovillage (NEV)

We identified 2 non-compliances for NEV.

During 2020-21, NEV constructed a new rising main to transfer raw sewage from its collection tanks directly to Central Coast Council's sewer main. We identified that the connection point was outside the licensed area of operations and notified NEV that it was non-compliant with its licence. NEV has lodged a licence variation to address the noncompliance and a change in how it plans to operate its scheme.

NEV were also found to have not provided all the information required by the reporting manual in its annual report for both its network and retail licences as required.

3.2 Retail suppliers' compliance

Table 3.3 lists the retail suppliers licensed in 2020-21 and summarises their non-compliances and how they were identified. Eight of the 11 retail suppliers had no non-compliances. One licensee self-reported a non-compliance, one licensee recorded a non-compliance following an audit, and one licensee was non-compliant in relation to reporting as per the requirements of the Reporting Manual. These non-compliances are outlined below.

Because of the lower risk associated with retail licence compliance, applying our risk-based approach, we generally undertake audits when information arises that indicates an issue of concern. We undertook one audit of a retail licensee in 2020-21. IPART can undertake audits at any time to confirm licensees' compliance with their regulatory requirements.

Table 3.3 Summary of retail suppliers' compliance performance in 2020-21

Licensee	Scheme	Non-compliance identified by			
		Licensee	Audit	IPART	Total
Aquacell Pty Ltd	Multiple ^a	0	NA	0	0
AquaNet Sydney Pty Ltd	Fairfield - Rosehill	1	NA	0	1
Veolia Water Solutions and Technologies (Australia) Pty Ltd	Darling Quarter	0	NA	0	0
Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant	0	NA	0	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd	Bingara Gorge	0	NA	0	0
Orica Australia Pty Ltd	Orica groundwater	0	NA	0	0
Flow Systems Pty Ltd	Multiple ^a	0	1	0	1
Lend Lease Recycled Water (Barangaroo South) Pty Ltd	Barangaroo	0	NA	0	0
Solo Water Pty Ltd	Catherine Hill Bay	0	NA	0	0
Suez Water Pty Ltd	Kooragang Industrial Water	0	NA	0	0
Narara Ecovillage Pty Ltd	Narara	0	NA	1	1
Total		1	1	1	3

^a See Table 4.2 for the list of schemes covered under this licence.

Source: IPART Analysis.

3.2.1 Retail licence non-compliances

AquaNet retail licence

AquaNet self-identified that they had not maintained a website that contains the relevant information, as required under Clause 12 of Schedule 1 of the WIC Regulation.

Altogether retail licence

We found a material non-compliance in relation to incorrect charging of customers. The audit found there was no evidence of deliberate overcharging and that the incorrect charges are likely to be errors. The recommendations in the audit report, if implemented, should address the internal control issues that caused the non-compliance found during the audit. We have notified Altogether Group that we will initiate another audit in 18 months to assess implementation of the recommendations.

Narara Ecovillage (NEV) retail and network licence

NEV were assessed to be non-compliant with the requirement to report in accordance with the Reporting Manual for both its network and retail licences for the 2020-21 reporting period. We have notified NEV of the issues identified and the improvements required. Updated compliance reports that address the shortcomings have been received from the licensee.

4 Changes in the water industry and operating statistics

In the 13 years since the WIC Act commenced, the non-public water utility segment of the water industry in NSW has grown steadily. The sections below provide an overview of the changes in the industry over time, the licences that were granted or varied in 2020-21, and the licensees' operating statistics and performance against their performance indicators.

4.1 Changes in the industry over time

Since the WIC Act commenced in 2008 the Minister has granted 27 network operator's licences and 16 retail supplier licences. The Minister has cancelled four network operator's licences and four retail supplier licences, each at the licensee's request.^{xxv} The number of retail supplier's licences is lower than network operator's licences because retail suppliers tend to hold one licence across multiple schemes.^{xxvi}

We have assessed applications for a new network and retail licence, and 3 applications to vary existing licences in 2020-21. The Minister granted 7 new licences in 2020-21 and is currently assessing one application to vary an existing licence.

Getting the water balance right is complicated by the seasonality of recycled water uptake and demand for recycled water being higher in summer than winter. Where demand for recycled water outstrips the supply of sewage services to the scheme, licensees risk not being able to maintain supplying recycled water services to customers. Conversely, where the supply of sewage services outstrips the demand for recycled water, licensees are subject to the additional challenges and cost of disposing of the excess recycled water.

Most applications received were licence variations to expand existing areas of operation to increase the number of customers who can be supplied with recycled water. This is because once sewage treatment and the supply of recycled water commences, licensees need to balance the collection of sewage with the supply of recycled water. It is also a reflection of the increase in customers wanting to access recycled water as the new schemes develop and expand.

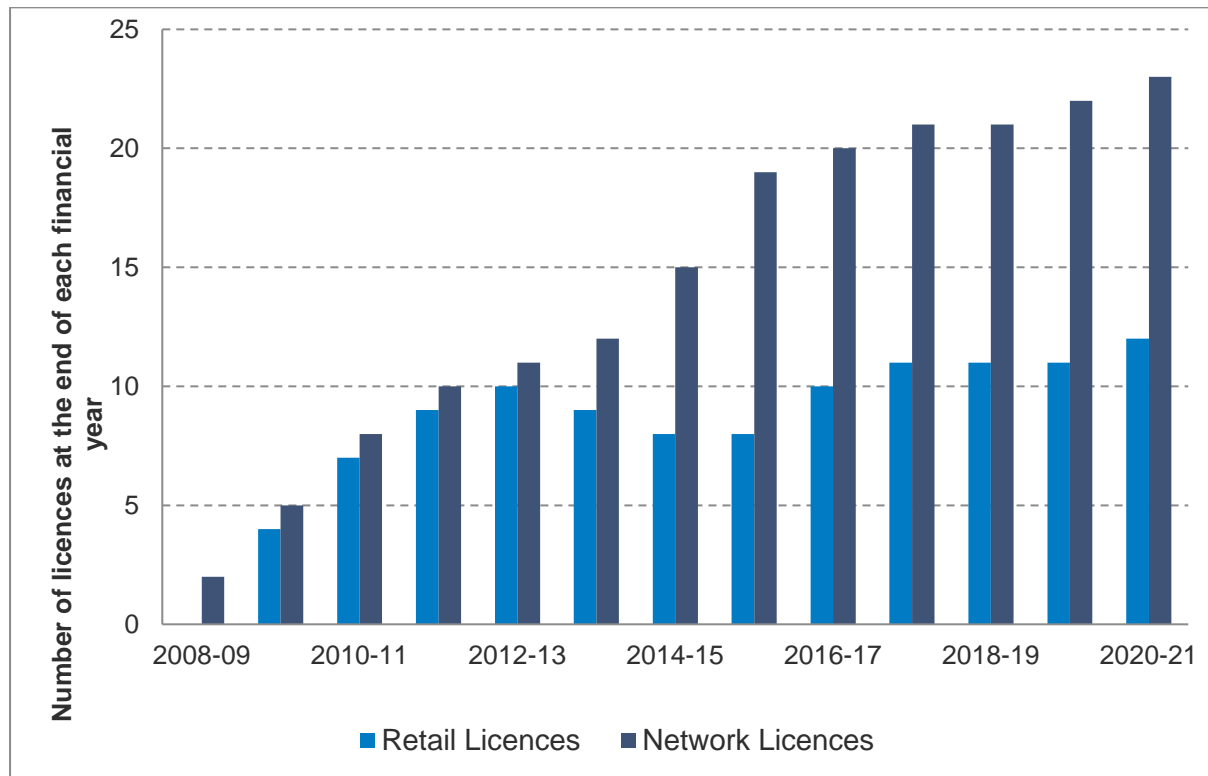
The need to maintain water balance has driven some innovation, including:

- Licensees sourcing additional semi-rural customers only for supply of recycled water
- Licensees foreshadowing seasonal pricing for recycled water and possible restrictions on recycled water usage to manage demand during peak periods
- Licensees seeking to 'sewer mine' from larger public water utilities, collecting additional sewage from their network during periods of peak demand for recycled water
- One licensee seeking to dispose of excess recycled water through the local Council sewage treatment plant.

We expect to see more applications from licensees to vary current licences to manage water balance in the coming years.

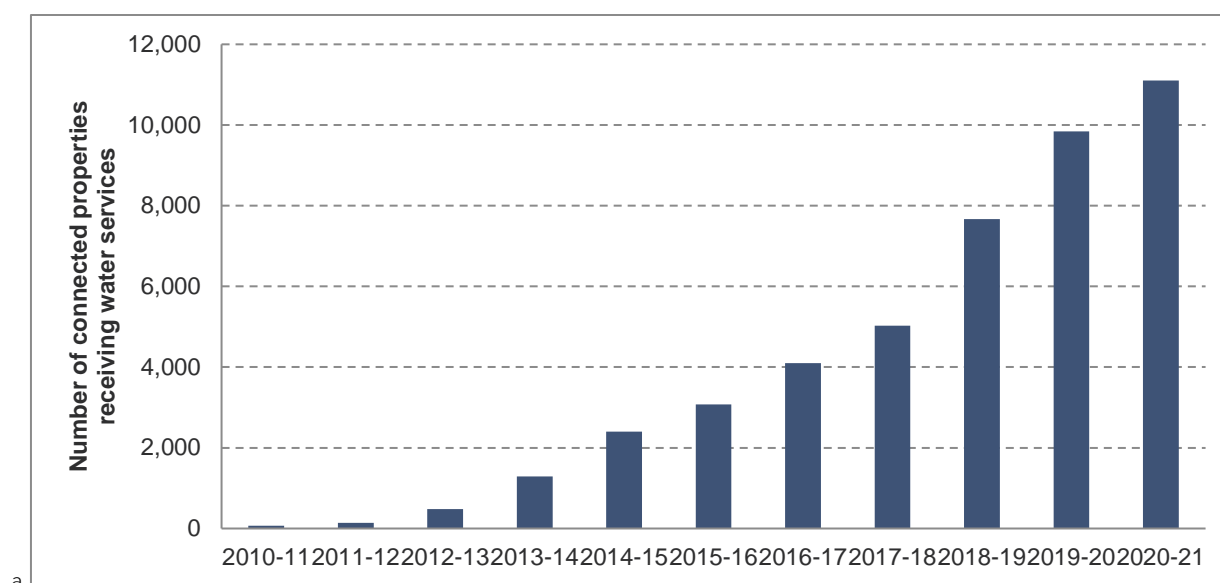
As Figure 4.1 and Figure 4.2 show, the number of licences and the number of customers serviced by licensees have both grown steadily over time. We note that several licence assessments are in progress, and we anticipate further licence applications for submission to IPART over the next six months.

Figure 4.1 Growth in the number of licences since the commencement of the WIC Act



Source: IPART analysis

Figure 4.2 Growth in number of properties connected to recycled water supplied by WIC Act licensees



a.

Notes:

- 1) The first customers were serviced in 2010-11. Therefore, we have excluded the 2008-09 and 2009-10 reporting periods.
- 2) In 2018, we removed most of the performance indicators from the Reporting Manual, including the relevant indicator NWI C4 (Total number of connected properties – water supply). The figures from 2017-2018 onwards is the sum of the new indicators L8 and L9 (Connected residential (L8) and non-residential (L9) properties receiving recycled water services).

Source: IPART analysis

4.2 WIC Amendment Bill

Since 2018, IPART has been working closely with DPIE to amend the WIC Amendment Act 2014. The original Amending Act had a number of areas that required review to improve workability for the industry and the regulators. A new WIC Amendment Bill 2021 has now been finalised.

It is anticipated that the Bill will be introduced to Parliament this year, Covid-19 impacts permitting. Once the Bill has been passed by Parliament, we will work with DPIE to finalise the new supporting regulations, with public consultation slated for early 2022. The new licensing framework is intended to commence by the end of 2022.

4.3 Licences granted or varied^{xxvii} in 2020-21

Assessment of WIC Act licences is complex and requires consideration of possible impacts on customers, communities, the environment and public health. While some licence applications provide close to all necessary information when submitted, most are submitted in a form that requires further information from the applicants. Some licence applications require changes to scheme design, additional information or amended environmental assessment reports that result in resubmission of applications. The Tribunal undertakes a high level of scrutiny and only makes a recommendation to the Minister to grant a licence when it is satisfied that all the requirements for operating safely under a licence can be met. To do so, the assessment includes ensuring that schemes are safe, particularly where recycled water is being supplied to residential customers for non-drinking purposes. We also ensure that small retail customers are protected from schemes that may not be viable in the long term,

The Minister granted 7 new licences in 2020-21^{xxviii} In addition, we have:

- Received 15 applications as at 1 July 2021. No new applications were submitted during the year.
- Made recommendations for the Minister to grant 6 licences during the reporting period.
- Received requests to withdraw 2 applications after having been 'on hold' at the request of the applicants over a long period
- Put 6 applications 'on hold' while the applicants consider changes to their proposed schemes.

We also completed and submitted one application to the Minister to vary an existing licence after 1 July 2021. The Minister approved the licence variation for Rosehill Network Pty Ltd on 20 September 2021.

Tables 4.1 and 4.2 summarise the network operators and retail suppliers licensed under the WIC Act as at 30 June 2021, and the activities they were licensed to undertake.

Table 4.1 Network operator's licences as at 30 June 2021

Date licence granted	Licensee	Scheme	Activities authorised		
			Non-potable water	Drinking water ^a	Sewerage services
8 Apr 2009	Veolia Water Australia Pty Ltd	Fairfield-Rosehill	x		
27 Apr 2009	SGSP Rosehill Network Pty Ltd	Fairfield-Rosehill	x		
2 Feb 2010	Aquacell Pty Ltd	1 Bligh St	x		
24 Jun 2010	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Darling Quarter ^b	x		
9 Aug 2010	Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant		x	
9 Dec 2010	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Bingara Gorge	x		x
11 Nov 2010	Altogether Pitt Town Pty Ltd ^c	Pitt Town	x		x
23 Apr 2012	Orica Australia Pty Ltd	Orica groundwater scheme	x		
4 Jan 2013	Altogether Central Park Pty Ltd ^c	Central Park	x	x	x
4 Dec 2013	Altogether Discovery Point Pty Ltd ^c	Discovery Point	x	x	X
18 Jun 2014	Altogether Wyee Pty Ltd ^c	Wyee ^d	x	x	x
28 Feb 2015	Lend Lease Recycled Water (Barangaroo South) Pty Ltd	Barangaroo	x		x
3 Mar 2015	Altogether Huntlee Pty Ltd ^c	Huntlee	x	x	x
25 Sep 2015	Altogether Green Square Pty Ltd ^c	Green Square	x		
26 July 2015	Aquacell Pty Ltd	Kurrajong			x
6 Aug 2015	Cooranbong Water Pty Ltd ^c	Cooranbong	x	x	x
22 Mar 2016	Catherine Hill Bay Water Utility Pty Ltd	Catherine Hill Bay	x	x	x
12 May 2016	Altogether Operations Pty Ltd ^c	Box Hill North	x		x
12 Dec 2016	Suez Water Pty Ltd	Kooragang	x		
4 July 2017	Narara Ecovillage Co-operative Ltd	Narara	x	x	x
13 Oct 2017	Altogether Operations Pty Ltd ^c	Shepherds Bay	x	x	x
26 June 2020	Altogether Operations Pty Ltd ^c	Glossodia	X		X
25 Sep 2020	Kyeema Wastewater Pty Ltd	Gundaroo			X

^a The WICA licensees authorised to provide drinking water (other than SDP) resell drinking water sourced from Sydney Water and Hunter Water.

^b Also known as Darling Walk.

^c Each licensee is a subsidiary company of Altogether Group Pty Ltd.

^d Wyee has not commenced commercial operation

Source: IPART, Register of licences granted under the WIC Act. Refer

<https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/licensing-wica-administrative-ipart-website-private-sector-licensing-website-documents/wica-licence-register-august-2018.pdf>

Table 4.2 Retail supplier licences as at 30 June 2021

Date licence granted	Licensee	Scheme	Activities authorised		
			Non-potable water	Drinking water ^a	Sewerage services
2 Feb 2010	Aquacell Pty Ltd	1 Bligh Street	x		
		Workplace 6 ^b Kurrajong	X		
10 Mar 2010	AquaNet Sydney Pty Ltd	Fairfield-Rosehill	x		
24 Jun 2010	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Darling Quarter ^c	x		
9 Aug 2010	Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant		x	
1 Mar 2011	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Bingara Gorge	x		x
23 Apr 2012	Orica Australia Pty Ltd	Orica groundwater scheme	x		
17 Apr 2013	Altogether Group Pty Ltd	Pitt Town	x		x
		Central Park	x	x	x
		Discovery Point	x	x	x
		Wyee	x	x	x
		Cooranbong	x	x	x
		Huntlee	x	x	x
		Green Square	x		
		Box Hill North	x		x
		Shepherds Bay	x	x	x
13 July 2015	Lend Lease Recycled Water (Barangaroo South) Pty Ltd	Barangaroo	x	x	x
22 Sept 2016	Solo Water Pty Ltd	Catherine Hill Bay	x	x	x
12 Dec 2016	Suez Water and Treatment Solutions Pty Ltd	Kooragang	x	x	
4 July 2017	Narara Ecovillage Co-operative Ltd	Narara	x	x	x
25 Sep 2020	Kyeema Wastewater Pty Ltd	Gundaroo			x

a The WICA licensees authorised to provide drinking water (other than SDP) resell drinking water sourced from Sydney Water and Hunter Water.

b This scheme is now being operated and supplied by Sydney Water.

c Also known as Darling Walk.

Source: IPART, Register of licenses granted under the WIC Act. Refer

<https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/licensing-wica-administrative-ipart-website-private-sector-licensing-website-documents/wica-licence-register-august-2018.pdf>

4.4 Operating statistics

We collate the operating statistics provided by licensees as part of licensees' annual compliance returns.^{xxx} Overall, the statistics for 2020-21 indicate:

- Licensees collected 4,439 ML of sewage, which is a 14% decrease on last year's total of 5,184 ML. This decrease was primarily due to the continuing effects of Covid-19 on industrial and commercial schemes, which suffered significant drops in the volume of sewage collected and water used. Residential schemes continued to expand and increase the volume of recycled water supplied to its customers.
- There was also a decrease in non-potable water supplied in this reporting period. The volume this year (4,443 ML) was 11% less than last year's total of 4,988 ML.
- WIC Act licensees supplied services to 7,190 potable water, 11,102 recycled water and 9,786 sewerage connections. This constitutes an increase of 7% for potable water customers, 13% for recycled water customers and 9% for sewerage customers.

The operating statistics for individual licensees are provided in Appendix B and Appendix C.

4.5 Performance measures

Licensees are required to report on a set of performance measures that assist IPART to monitor the performance of the schemes.

This is the fourth year we have collected this data (summarised in Appendix B and Appendix C). Although not a direct measure, a comparison of WIC Act licensees' performance data against performance standards applied to public water utilities for the same measures indicates a high standard of performance.^{xxx}

Performance data supplied by licensees indicate that in 2020-21:

- Of the 11,102 customers receiving recycled water services:
 - Two experienced an unplanned water interruption that lasted for more than five continuous hours. The Bligh St scheme had a supply interruption as did the Kooragang Industrial Water Scheme.
 - There were no instances of customers experiencing three or more water interruptions lasting more than one hour.
- Of the 7,190 customers receiving potable water, there were 3 instances of customers being without supply, 2 at Cooranbong (average duration 38 minutes) and one at Catherine Hill Bay (average duration 10 minutes). No properties experienced water pressure failures.
- Of the 9,786 customers receiving sewerage services, 78 customers experienced an uncontrolled wastewater overflow:
 - 13 customers at Pitt Town
 - 25 customers at Huntlee
 - 12 customers at Cooranbong, and
 - 28 customers at Box Hill.

Appendices



A Audits undertaken in 2020-21

Table A.1 Audits for the 2019-20 reporting period

Licensee	Scheme	Audit period	Date final report received
Operational audits			
Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant	1 July 2019 – 30 June 2020	18 September 2020
Veolia Water Solutions and Technologies Pty Ltd ^a	Bingara Gorge	1 July 2019 – 30 June 2020	18 September 2020
Catherine Hill Bay Water Utility Pty Ltd	Catherine Hill Bay	1 December 2019 – 30 October 2020	22 March 2021
Altogether Central Park Pty Ltd	Central Park	1 Jan 2019-20 June 2020	1 November 2020
Altogether Discovery Point Pty Ltd	Discovery Point	1 Jan 2019-16 June 2020	1 November 2020
Altogether Green Square Pty Ltd	Green Square	1 Jan 2019-16 June 2020	1 November 2020
Altogether Operations Pty Ltd	Shepherds Bay	1 Jan 2019-16 June 2020	1 November 2020
Altogether Central Park Pty Ltd	Central Park	2 June 2020-30 April 2021	15 August 2021
Altogether Discovery Point Pty Ltd	Discovery Point	17 June 2020- 30 April 2021	15 August 2021
Altogether Green Square Pty Ltd	Green Square	17 June 2020- 30 April 2021	15 August 2021
Altogether Operations Pty Ltd	Shepherds Bay	17 June 2020- 30 April 2021	15 August 2021
Altogether Huntlee Pty Ltd	Huntlee	1 March 2020 – 30 April 2021	15 August 2021
Altogether Cooranbong Pty Ltd	Cooranbong	1 March 2020 – 30 April 2021	15 August 2021
Altogether Pitt Town Pty Ltd	Pitt Town	1 March 2020 – 30 April 2021	15 August 2021
Altogether Operations Pty Ltd	Box Hill	1 March 2020 – 30 April 2021	15 August 2021
Veolia Water Australia Pty Ltd	Fairfield – Rosehill	1 April 2018 – 31 March 2020	2 August 2020
SGSP Rosehill Network Pty Ltd	Fairfield – Rosehill	1 July 2018- 30 June 2020	19 September 2020
Altogether Group Pty Ltd	Retail Licence	31 Jan 2020-31 Jan 2021	7 May 2021
Licence Plan Audits			
Altogether Huntlee Pty Ltd	Huntlee	N/A	17 December 2020
Altogether Cooranbong Pty Ltd	Cooranbong	N/A	3 March 2021
Altogether Pitt Town Pty Ltd	Pitt Town	N/A	17 December 2020
SGSP Rosehill Network Pty Ltd	Fairfield – Rosehill	N/A	31 January 2021
AquaNet Pty Ltd	Rosehill Network – Retail	N/A	2 October 2020
Altogether Central Park Pty Ltd	Central Park	N/A	31 March 2021

Altogether Discovery Point Pty Ltd	Discovery Point	N/A	3 March 2021
Altogether Green Square Pty Ltd	Green Square	N/A	3 March 2021
Altogether Operations Pty Ltd	Shepherds Bay	N/A	3 March 2021
Altogether Huntlee Pty Ltd	Huntlee	N/A	3 March 2021
Altogether Cooranbong Pty Ltd	Cooranbong	N/A	3 March 2021
Altogether Pitt Town Pty Ltd	Pitt Town	N/A	3 March 2021
Altogether Operations Pty Ltd	Box Hill	N/A	3 March 2021
Narara Ecovillage Cooperative Ltd	Narara	N/A	5 March 2021
Infrastructure Audits			
Altogether Huntlee Pty Ltd	Huntlee	N/A	27 August 2020
Altogether Pitt Town Pty Ltd	Pitt Town		27 August 2020
Altogether Cooranbong Pty Ltd	Cooranbong	N/A	30 September 2020

Source: IPART analysis

B Annual operating performance statistics – network operators

Table B.1 shows key statistics for the 23 network operators.

Table B.1 Operating statistics for WIC Act network operators in 2020-21

Licence number	Licensee	Scheme	A1	A2	A3	A4	A10	A11	A12
09_001	Veolia Water Australia Pty Ltd	Fairfield-Rosehill	0	0	0	0	0	0	0
09_002	SGSP Rosehill Network Pty Ltd	Fairfield-Rosehill	0	0	0	0	0	NA	NA
09_003	Aquacell Pty Ltd	1 Bligh St	1	0	0	0	0	0	0
10_008	Veolia Water Solutions and Technologies Pty Ltd (Darling Walk)	Darling Quarter	0	0	0	0	0	0	0
10_010	Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant	0	0	0	0	0	0	0
10_012	Veolia Water Solutions and Technologies Pty Ltd	Bingara Gorge	0	0	0	0	0	0	0
10_014	Altogether Pitt Town Pty Ltd	Pitt Town	0	0	0	0	0	13	0
12_016	Orica Australia Pty Ltd	Orica Groundwater scheme	0	0	0	NA	0	0	0
12_022	Altogether Central Park Pty Ltd	Central Park	0	0	0	0	0	0	0
13_025	Altogether Discovery Point Pty Ltd	Discovery Point	0	0	0	0	0	0	0
14_026	Altogether Wyee Pty Ltd	Wyee	0	0	0	0	0	0	0
15_029	Lend Lease Recycled water (Barangaroo South) Pty Ltd	Barangaroo	0	0	0	0	0	0	0
15_030	Altogether Huntlee Pty Ltd	Huntlee	0	0	0	0	0	25	0
15_031	Altogether Green Square Pty Ltd	Green Square	0	0	0	0	0	0	0
15_032	Aquacell Pty Ltd	Kurrajong	0	0	0	0	0	0	0
15_033	Altogether Cooranbong Pty Ltd	Cooranbong	0	0	2	38	0	12	0
16_035	Catherine Hill Bay Water Utility Pty Ltd	Catherine Hill Bay	0	0	1	10	0	0	0
16_037	Altogether Operations Pty Ltd	Box Hill North	0	0	0	0	0	28	0
16_038	Suez Water and Treatment Solutions Pty Ltd	Kooragang Industrial Water Scheme (KIWS)	1	0	NA	NA	0	NA	NA

17_040	Narara Ecovillage Co-operative	Narara	0	0	0	0	0	0	0
17_042	Altogether Operations Pty Ltd	Shepherds Bay	0	0	0	0	0	0	0
19_043	Altogether Operations Pty Ltd	Glossodia	NA	NA	NA	NA	NA	NA	NA
20_044	Kyeema Wastewater Pty Ltd	Gundaroo	NA	NA	NA	NA	NA	0	0
Total			2	0	3	48	0	78	0

Legend: Performance indicators – definitions used in the table above

A1	Number of properties that experience an unplanned water interruption that lasts for more than five continuous hours in the financial year.
A2	Number of properties that experience three or more water interruptions that each lasts for more than one hour in the financial year.
A3	The total number of unplanned interruptions where customers are without potable water supply, during the reporting year (interruptions).
A4	The average duration for which a customer is without potable water, due to an unplanned supply interruption during the reporting year (minutes).
A10	Number of properties that experience a water pressure failure in the financial year.
A11	Number of properties (other than public properties) that experience an uncontrolled wastewater overflow in dry weather in the financial year.
A12	Number of properties (other than public properties) that experience three or more uncontrolled wastewater overflows in dry weather in the financial year.

C Annual operating performance statistics – retail suppliers

Table C.1 shows key statistics for the 12 retail supply licensees.

Table C.1 Operating statistics for WIC Act retail suppliers in 2020-21

Licence number	Licensee	Scheme	L1 (ML)	L2 (ML)	L3 (ML)	L4 '000	L5 '000	L6 '000	L7 '000	L8 '000	L9 '000
09_004R	Aquacell Pty Ltd	1 Bligh St and Kurrajong	5.43	5.43	15.65	0	0	0.025	0.001	0	0.001
10_01R	AquaNet Sydney Pty Ltd	Fairfield- Rosehill	1312.68	1312.68	0	0	0	0	0	0	0.009
10_009R	Veolia Water Solutions and Technologies Pty Ltd (Darling Walk)	Darling Quarter	16.6	13.43	32.1	0	0	0	0	0	0.001
10_011R	Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant	19627	0	0	0	0	0	0	0	0
10_013R	Veolia Water Solutions and Technologies Pty Ltd (Bingara)	Bingara Gorge	214.84	214.84	194.22	0	0	0.886	0.008	0.632	0.006
12_017R	Orica Australia Pty Ltd	Orica groundwater scheme	1483.744	1437.831	0	0	0	0	0	0	0.005
13_001R	Altogether Group Pty Ltd	Pitt Town, Central Park, Discovery Point, Wyee, Huntlee, Green Square, Cooranbong, Box Hill North, Shepherds Bay	1415.74	755.46	1128.03	6.75	0.069	8.222	0.054	9.685	0.3
15_034R	Lend Lease Recycled water (Barangaroo South) Pty Ltd	Barangaroo	63.4	63.4	118	0	0	0.235	0.014	0.159	0.013
15_036R	Solo Water Pty Ltd	Catherine Hill Bay	68.4	26.64	40.16	0.32	0	0.29	0	0.29	0
16_039R	Suez Water and Treatment Solutions Pty Ltd	KIWS	3325	2050	2910	0	0.001	0	0.001	0	0.001
17_041R	Narara Ecovillage Co-operative Ltd	Narara	2.1	0.8	1.2	0.05	0	0.05	0	0	0
20_045R	Kyeema Wastewater Pty Ltd	Gundaroo	NA	NA	0	NA	NA	0	0	NA	NA
Total			26,051.2	4,442.7	4,439.4	7,120.0	70.0	9,708.0	78.0	10,766.0	336.0

Note: Orica treats groundwater only and is not included in the operating statistics as treated groundwater does not meet the definition of recycled water in the WIC Act.

Source: IPART analysis

Legend: Licence data - definitions

L1	Total volume of water supplied (ML)	The total volume of drinking and non-potable water supplied, including for environmental flows and bulk water exports in the financial year.
L2	Total volume of non-potable water supplied (ML)	The total volume of non-potable water supplied by the utility during the reporting year, in megalitres (ML).
L3	Total volume of wastewater collected (ML)	The total volume of wastewater collected by the utility during the reporting year, in megalitres (ML).
L4	Connected residential properties – water supply (000s)	The number of connected residential properties receiving water supply services from the utility during the reporting year (properties 000s).
L5	Connected non-residential properties – water supply (000s)	The number of connected non-residential properties receiving water supply services from the utility during the reporting year (properties 000s).
L6	Connected residential properties – wastewater (000s)	The number of connected residential properties receiving wastewater services from the utility during the reporting year (properties 000s).
L7	Connected non-residential properties – wastewater (000s)	The number of connected non-residential properties receiving wastewater services from the utility during the reporting year (properties 000s).
L8	Connected residential properties – recycled water supply (000s)	The number of connected residential properties receiving recycled water services from the utility during the reporting year (properties 000s).
L9	Connected non-residential properties – recycled water supply (000s)	The number of connected non-residential properties receiving recycled water services from the utility during the reporting year (properties 000s).

Glossary

Altogether/Altogether Group	Altogether Group Pty Ltd
Aquacell	Aquacell Pty Ltd
Barangaroo	Lend Lease Recycled Water (Barangaroo South) Pty Ltd
Box Hill	Box Hill scheme (licensed to Altogether Operations Pty Ltd)
Catherine Hill Bay/ CHBWU	Catherine Hill Bay Water Utilities Pty Ltd
Central Park	Altogether Central Park Pty Ltd
Cooranbong	Altogether Cooranbong Pty Ltd
Discovery Point	Altogether Discovery Point Pty Ltd
DPIE	Department of Planning, Industry and Environment
Green Square	Altogether Green Square Pty Ltd
Huntlee	Altogether Huntlee Pty Ltd
IPART	Independent Pricing and Regulatory Tribunal
Kooragang/KIWS	Kooragang Industrial Water Scheme
Minister	Minister for Water, Property and Housing
ML	Megalitres
Narara	Narara Ecovillage Co-operative Ltd
Panel	Technical Services and Water Licensing Audit Panel
Pitt Town	Altogether Pitt Town Pty Ltd
Shepherds Bay	Shepherds Bay scheme (licensed to Altogether Operations Pty Ltd)
Solo Water	Solo Water Pty Ltd
SDP	Sydney Desalination Plant Pty Ltd
SGSPRN	SGSP-Rosehill Network Pty Ltd (also known as Rosehill Network Pty Ltd)

Suez	Suez Water Pty Ltd
VWA	Veolia Water Australia Pty Ltd
VWST	Veolia Water Solutions and Technologies (Australia) Pty Ltd
WIC Act	Water Industry Competition Act 2006 (NSW)
WIC Regulation	Water Industry Competition (General) Regulation 2008 (NSW)
WQP	Water Quality Plan
WUA	Water Utilities Australia Pty Ltd

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- i As required under section 89(1) of the WIC Act.
- ii The schemes that were rewarded with biennial audits this year include Veolia Water Australia (Licence no. 09_001), Rosehill Network (Licence No. 09_002), and Suez Water (Licence no. 16_038). These schemes will be audited during the 2021-22 period to assess whether compliance is being maintained.
- iii The 3 schemes deferred were 1 Bligh St (09_003), Darling Quarter (10_008), Narara Ecovillage (17_040).
- iv The 7 licences granted by the Minister were: Green Square NOL (15_031), Box Hill NOL (16_037), Catherine Hill Bay NOL (16_035), Kyeema Wastewater NOL and RSL (20_044 and 20_045R), and 2 variations to Altogether Group's retail supplier's licence (13_001R).
- v Greater Sydney Water Strategy, available at <https://www.industry.nsw.gov.au/water/plans-programs/metro-water-plans/gsws>.
- vi The long title of the WIC Act is *An Act to encourage competition in relation to the supply of water and the provision of sewerage services and to facilitate the development of infrastructure for the production and reticulation of recycled water; and for other purposes*.
- vii WIC Act, long title.
- viii Presently the Minister for Water, Property and Housing is the Minister administering the WIC Act.
- ix WIC Act, section 6(1)(a).
- x WIC Act, section 6(1)(b).
- xi As at 30 June 2021. There were 34 non-compliances in 2019-20, 27 non-compliances in both 2018-19 and 2017-18, 40 non-compliances in 2016-17, 20 non-compliances in 2015-16, 39 non-compliances in 2014-15 and 31 non-compliances in 2013-14.
- xii WIC Act, section 16.
- xiii We focus on licence conditions which seek to manage the biggest risks to safety, public health, customers, consumers and the environment and on licensees with poor records of compliance. We also reduce audit frequency or scope for licensees who demonstrate good compliance.
- xiv We note that incidents may not necessarily be licence non-compliances.
- xv For more information refer to our Audit Guidelines at <https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Audit-Guidelines-Technical-Services-Audit-Panel>.
- xvi See WIC Regulation, Schedule 1, clause 2(2).
- xvii See WIC Regulation, Schedule 1, clauses 6, 7, 13 and 14 and Schedule 2, clause 7A.
- xviii Our Audit Guidelines are available at <https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Audit-Guidelines-Technical-Services-Audit-Panel>.
- xix For more information, refer to the WIC Act Network Operator's and retail Supplier's Reporting Manuals available at <https://www.ipart.nsw.gov.au/Home/Industries/Water/Compliance/Policies-manuals-guidelines>.
- xx IPART, *Compliance and Enforcement Policy, December 2017*, available at <https://www.ipart.nsw.gov.au/Home/Industries/Special-Reviews/Reviews/IPART-Regulation/Compliance-and-Enforcement-Policy/19-Dec-2017-Final-Policy/IPART-Compliance-and-Enforcement-Policy-December-2017>.
- xxi IPART, *Annual Compliance Report to the Minister, October 2020*, p 10, available at <https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Licence-Compliance-Reporting/Compliance-Report-Licence-Compliance-under-the-Water-Industry-Competition-Act-2006-NSW-October-2020>.
- xxii Refer to Audit Grades on pp 10-11 of *Audit Guideline, Water Industry Competition Act 2006, July 2020*.
- xxiii Prior to 2015-16 we reported on potential non-compliances identified in licence plans, new infrastructure and operational audits that would have become non-compliances if the issue was not addressed prior to commercial operation.
- xxiv In March 2020, Sydney Water and WaterNSW (along with NSW Health) identified a risk to Sydney's water supply following serious bushfires and then significant rain. As a precaution, SDP has continued to operate, despite the fact that dam levels rising above 70% would usually trigger the plant to shut down. SDP was asked to remain operational at minimum flows (50ML/day) so that it could quickly ramp up to full capacity should the water quality in dams deteriorate. The situation continued throughout the 2020-21 reporting period.
- xxv These included the network operator's licences of Simmonds & Bristow (09_005, cancelled on 3 July 2013), Osmoflo Water Supply Pty Ltd (11_018, cancelled on 17 December 2012), Mirvac Real Estate Pty Ltd (12_020, cancelled on 15 June 2016), and Aquacell Pty Ltd (13_023 cancelled on 15 December 2017); and the retail supplier licences of Simmonds & Bristow (09_006R, cancelled on 3 July 2013), Pitt Town Water Factory Pty Ltd (10_015R, cancelled on 15 December 2014), Osmoflo Water Supply Pty Ltd (11_019R, cancelled on 17 December 2012) and Mirvac Real Estate Pty Ltd (12_021R, cancelled on 15 June 2016).
- xxvi When a new scheme is approved by the Minister (as a network operator's licence), it is added to the existing retail supplier's licence under a separate application to vary the retail supplier's licence.
- xxvii Does not include 5-year licence reviews, which is a statutory obligation under the WIC Act.
- xxviii The Minister granted varied network licences to Altogether Group for its schemes at Cooranbong and Green Square. She also granted Altogether Group varied retail licences for Cooranbong, Glossodia, Central Park Shepherds Bay and Green Square under 2 separate approvals. The Minister also granted a varied network licence to Catherine Hill Bay Water Utility, and new network and retail licences to Kyeema Wastewater for its scheme at Gundaroo.
- xxix We review the numbers provided and where necessary, we clarify data with licensees. We do not audit the data and rely on the licensees' quality assurance processes to ensure it provides accurate information. We retain the right to audit this information if we perceive inconsistencies or errors.

^{xxx} Public Water Utilities are measured against performance standards set per 10,000 customers. These are published in the *Sydney Water Operating Licence 2019-2023 Compliance and Performance Report – Performance Standards for Service Interruptions 2020-21* and the *Hunter Water Compliance and Performance Report – September 2021*.