



Independent Pricing and Regulatory Tribunal
New South Wales

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

Report to the Minister

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Tribunal Members

The Tribunal members for this review are:

Dr Peter J Boxall AO, Chair

Mr Ed Willett

Ms Deborah Cope

Enquiries regarding this document should be directed to a staff member:

Christine Allen (02) 9290 8412

Robert Aposhian (02) 9290 8406



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1 Executive Summary

This is the Independent Pricing and Regulatory Tribunal's (IPART's) 10th annual report on licence compliance under the *Water Industry Competition Act 2006* (WIC Act).¹ 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 2017-18. It also summarises how the industry has changed over the reporting period, and the activities we undertook in monitoring licensees' compliance.

Overall, the compliance performance of licensees during 2017-18 was high. The number of non-compliances was consistent with levels of compliance in previous years, and most of these were insignificant in nature. The industry also continued to grow steadily, through both an increase in the total numbers of WIC Act licences issued and customers² serviced by these licensees.

IPART continued to hold licensees accountable for their compliance performance, using a risk-based auditing regime and penalties where appropriate. The WIC Act and supporting regulation set out our powers and obligations as the regulator responsible for undertaking this role. To exercise this function, we conducted audits of licence conditions, which helped ensure that licensed schemes are constructed, operated and maintained in a manner that effectively manages the risks to public health, the environment and consumers.

¹ As required under section 89(1) of the WIC Act.

² In this report, 'customers' refers to properties connected to a WIC Act licensee's water or sewerage infrastructure.

Box 1.1 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.³

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 Minister⁴. IPART makes recommendations to the Minister to licence 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 of 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,⁵ and
- ▼ a retail supplier's licence to supply water, and/or provide sewerage services by means of water industry infrastructure.⁶

1.1 Licensee compliance was high

The compliance performance of most of the 33 licensees under the WIC Act during 2017-18 was high. Only 277 non-compliances were identified,⁸ most of which were found to be insignificant in nature. This was substantially less than the previous year, when an unusually high number of non-compliances (40) were reported due to one retail supplier recording 24 insignificant non-compliances. The reported number was consistent with previous years given the increase in the number of licensees and audits.⁹

Four significant non-compliances were identified following an incident notification by the licensee, and were related to incorrect plumbing and delayed reporting. The problem was

³ WIC Act, long title.

⁴ Presently the Minister for Energy and Utilities is the Minister administering the WIC Act.

⁵ WIC Act, section 6(1)(a).

⁶ WIC Act, section 6(1)(b).

⁷ Two non-compliances were reporting non-compliances identified in the 2016-17 annual report, for inclusion in this year's report.

⁸ As at 30 June 2018.

⁹ There were 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.

identified by audit and has been addressed by the licensee, who also paid a penalty and reviewed and updated its risk register in response to our direction.

One significant non-compliance related to insurance changes by a licensee without notifying IPART of the proposed changes. We continue to liaise with the licensee to rectify this non-compliance and implement compliance procedures to manage it in the future.

1.2 Industry and market continued to grow

As at 30 June 2018, the number of network operator licences and retail supplier licences in effect increased to 21 and 11 respectively, compared to 20 and 10 as at 30 June 2017.¹⁰ The number of customers serviced by WIC Act licensees also continued to increase steadily, as did the volumes of recycled water supplied and sewerage collected (Table 1.1).

Table 1.1 Changes in WIC Act licensee market, 2017-18

	2016-17	2017-18	% change
Customers serviced (number):			
Water	4096	4380	7%
Sewerage	4185	5058	21%
Recycled water	Not applicable	5024	NA
Volume of recycled water supplied (ML)	2377	3301	39%
Volume of sewage collected (ML)	575	3550	517%

Source: IPART analysis

Note: The 'volume of collected sewage' 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.

The big increase in the volume of sewerage collected and treated was largely due to the licensing of the Kooragang Industrial Water Scheme (KIWS) in December 2017, operated by Suez Water and Treatment Solutions Pty Ltd.

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

In 2017-18, we continued to 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.

Key elements of this approach are independent audits, including pre-operational new infrastructure and licence plan audits and risk-based periodic operational audits. In 2017-18, we required licensees to conduct five new infrastructure audits, seven licence plan audits and 12 operational audits.

¹⁰ Two network operator licences and one retail licence was granted but one network operator licence was cancelled in December 2017.

1.4 Report structure

The rest of this report discusses our findings for 2017-18 in more detail:

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

2 Licensee compliance in 2017-18

Overall, most licensees demonstrated a high level of compliance with their licence conditions in 2017-18:

- ▼ Among network operator licence holders, 25 non-compliances were identified. Of these, five were found to be significant non-compliances and the remainder were found to be insignificant in nature.¹¹
- ▼ Among retail supplier licence holders, two non-compliances were identified, which were found to be insignificant.

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

We have continued the practice from last year's report of only reporting on actual non-compliances.¹² That is, we have only reported on non-compliances identified in operational audits or reported by the licensee, rather than issues that may develop into non-compliances if not corrected. This is to ensure we only reported on licensees' compliance with their licence conditions and to reduce duplicative reporting.

2.1 Network operators' compliance

Table 2.1 lists the network operators and summarises their non-compliances and how they were identified. It shows that of the 21 active network operators licensed under the WIC Act in 2017-18:

- ▼ 12 had no non-compliances
- ▼ seven had between one and four insignificant non-compliances
- ▼ one had one significant non-compliance (Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST) – Bingara Gorge), and
- ▼ one had four significant non-compliances (Discovery Point Water Factory Pty Ltd).

Most of these non-compliances were identified through operational audits undertaken during the reporting year.

Table 2.2 shows the types of non-compliances identified in 2017-18.

¹¹ That is, the remainder were graded by the auditors as 'non-compliant insignificant' or assessed by IPART to be insignificant as they did not pose an immediate or significant risk to public health, consumers or the environment.

¹² 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 wasn't addressed prior to commercial operation.

Table 2.1 Summary of network operators' compliance performance in 2017-18

Licensee	Licence Number	Scheme	Non-compliance identified by			
			Licensee	Audit	IPART	Total
Veolia Water Australia Pty Ltd (VWA)	09_001	Fairfield-Rosehill	0	2	0	2
SGSP Rosehill Network Pty Ltd	09_002	Fairfield-Rosehill	0	0	0	0
Aquacell Pty Ltd	09_003	1 Bligh St	0	0	0	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST)	10_008	Darling Quarter	0	1	0	1
Sydney Desalination Plant Pty Ltd ^b	10_010	Sydney Desalination Plant	-	NA ^a	-	-
Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST)	10_012	Bingara Gorge	0	3	1	4
Pitt Town Water Factory Pty Ltd	10_014	Pitt Town	0	3	0	3
Orica Australia Pty Ltd	12_016	Orica groundwater scheme	0	0	0	0
Central Park Water Factory Pty Ltd	12_022	Central Park	0	0	0	0
Aquacell Pty Ltd ^c	13_023	Workplace 6	0	NA	0	0
Discovery Point Water Factory Pty Ltd	13_025	Discovery Point	5	0	0	5
Wyee Water Pty Ltd	14_026	Wyee	-	NA	-	-
Lend Lease Recycled Water (Barangaroo South) Pty Ltd	15_029	Barangaroo	0	NA	0	0
Huntlee Water Pty Ltd	15_030	Huntlee	0	4	0	4
Green Square Water Pty Ltd	15_031	Green Square	0	NA	0	0
Aquacell Pty Ltd	15_032	Kurrajong	0	1	0	1
Cooranbong Water Pty Ltd	15_033	Cooranbong	0	3	0	3
Catherine Hill Bay Water Utility Pty Ltd	16_035	Catherine Hill Bay	0	0	1	1
Flow Systems Operations Pty Ltd	16_037	Box Hill North	0	NA	0	0
Suez Water and Treatment Solutions Pty Ltd ^d	16_038	KIWS	0	1	0	1
Narara Ecovillage Co-operative Ltd	17_040	Narara	-	NA	-	-
Flow Systems Operations Pty Ltd	17_042	Shepherds Bay	-	NA	-	-
		Total	5	18	2	25

^a NA indicates that a licensee was not subject to an operational audit in this reporting period.

^b Sydney Desalination Plant was not operating during the reporting period.

^c Workplace 6 NOL was cancelled at the licensee's request on 15 December 2017 and is not included in the total of active licences that we monitored as at 30 June 2018.

^d Suez was required to undertake a Licence Plans audit, instead of a New Infrastructure and Licence Plans audit (because the plant was already in operation). One non-compliance was found by the auditor.

Note: The schemes highlighted in grey indicate where a licensee reported a nil return as it did not engage in any retail activities authorised under the WIC Act in 2017-18.

Source: IPART Analysis.

Table 2.2 Types of non-compliances identified in 2017-18

Licensee	Licence Number	Scheme	Type of Non-compliance		
			Significant	Insignificant	Reporting
Veolia Water Australia Pty Ltd (VWA)	09_001	Fairfield-Rosehill	0	2	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST)	10_008	Darling Quarter	0	1	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST)	10_012	Bingara Gorge	1	2	1
Pitt Town Water Factory Pty Ltd	10_014	Pitt Town	0	3	0
Discovery Point Water Factory Pty Ltd	13_025	Discovery Point	4	1	0
Huntlee Water Pty Ltd	15_030	Huntlee	0	4	0
Aquacell Pty Ltd	15_032	Kurrajong	0	1	0
Cooranbong Water Pty Ltd	15_033	Cooranbong	0	3	0
Catherine Hill Bay Water Utility Pty Ltd	16_035	Catherine Hill Bay	-	0	1
Suez Water and Treatment Solutions Pty Ltd	16_038	Kooragang	-	1	0
		Total	5	18	2

Source: IPART Analysis.

2.1.1 Network operators that had significant non-compliances

Discovery Point Water (DPW) (Discovery Point scheme)

On 8 March 2018, DPW notified IPART of an incident at its Discovery Point scheme that threatened, or could threaten, water quality, public health or safety. Investigation by the auditor identified that a rainwater tank in another building was connected to the recycled water reticulation system in question. As a consequence, untreated rain water was supplied to the car wash bay, not recycled water as originally intended. Non-complying water quality sample results alerted the licensee to the problem, and the auditor's investigation found that the problem was a result of an errant plumbing connection, not a treatment failure of the scheme.

Following the audit report, we concluded that DPW had contravened its obligation to immediately notify IPART of an incident at its Discovery Point scheme that threatened, or could threaten, water quality, public health or safety, as required by the Regulation. In total, DPW was found to have had four significant non-compliances related to this incident:

- ▼ Several aspects of the water quality plan had not been implemented and were deficient, notably the currency of the risk assessment, the colour of the recycled water pipework, and the accuracy of the 'As-Built' diagram.
- ▼ Based on the water quality results, the Incident Notification Protocol conditions and the delay in notifying the incident, the infrastructure was not operated in a safe manner.

- ▼ Due to several factors (gap in site verification of the reticulation, water quality findings, probable adequacy issues in sign-off of plumbing etc), the non-potable water supplied at the car wash bay was not fit for purpose.
- ▼ Failure to immediately notify us of the incident resulted in IPART issuing a penalty notice of \$20,000 to DPW on 27 July 2018 and an order under section 16 of the WIC Act to review and update the risk register within 28 days of receipt of the notice. Flow Systems (on behalf of DPW) paid the penalty and issued the revised risk register on 22 August 2018.

Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST) (Bingara Gorge scheme)

A significant non-compliance was recorded against VWST for undertaking changes to its insurances without notifying IPART. VWST significantly reduced its insurance limits for three key policies, which affected its Bingara Gorge scheme as well as its Darling Quarter recycled water scheme.

The Tribunal determined to take enforcement action against VWST under section 16 of the WIC Act, to require VWST to take specified action in regard to this matter. We issued a notice to VWST requiring it to take steps to address the shortcomings and notify us of any changes in insurances and provide all information in the timeframes specified in the reporting manual.

2.1.2 Network operators that had insignificant non-compliances

Veolia Water Australia Pty Ltd (VWA) (Fairfield-Rosehill scheme)

The periodic operational audit for VWA's Fairfield-Rosehill scheme identified two insignificant non-compliances that were related to the licensee's insurances, which it changed during the year. The licence requires VWA to notify IPART of any changes to its insurances, and to provide certificates of currency (CoC). VWA had not undertaken either action.

We requested that VWA provide an undertaking to rectify these non-compliances by a specified date. VWA provided the undertaking and the CoCs, but was unable to provide Product Disclosure Statements (PDS) because it has bespoke insurance arrangements and confidentiality arrangements with its insurers. We are pursuing this matter with the licensee.

Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST) (Darling Quarter scheme)

The periodic operational audit for VWST's Darling Quarter scheme identified one insignificant non-compliance related to the implementation of its water quality plan. The auditor found that there were no measures in place to confirm that no out-of-specification water has been delivered into its water supply, due to a lack of data about chlorine concentration in a treated water pipeline. The auditor indicated that VWST should ensure that historical flow data for treated water discharged into supply is retained to verify that no out-of-specification water has been delivered.

We requested that VWST provide an undertaking to rectify this non-compliance by a specified date. VWST submitted an undertaking for approval, committing to assess its monitoring system, replace any defective parts, and take all steps necessary to ensure that there are no

further absences of data without explanation. We approved the undertaking and will check completion at the next operational audit.

Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST) (Bingara Gorge scheme)

The periodic operational audit for VWST's Bingara Gorge scheme identified two insignificant non-compliances:

- ▼ A critical limit setting in the supervisory control and data acquisition (SCADA) system was found to be inconsistent with the specified limit in the Sewage and Recycled Water Quality Management Plan (SRWQMP), and outside the validated limits of the equipment.
- ▼ Although VWST conducts monitoring as specified in its SRWQMP, a review of its sampling records showed that it did not always record the time and date when samples were taken.

VWST addressed the critical limit non-compliance immediately and no further action was taken.

VWST is reviewing its ongoing verification monitoring plan to ensure that the documented program is consistent with both verification requirements and actual practice (ie, the program is actually being implemented), in particular that the date and time is recorded for all samples.

Pitt Town Water Factory Pty Ltd (PTWF) (Pitt Town scheme)

The periodic operational audit of PTWF's Pitt Town scheme identified three insignificant non-compliances. These were failures to ensure that its Infrastructure Operating Plan (IOP), Recycled Water Quality Management Plan (RWQMP) and Sewage Management Plan were fully implemented. In all cases, the auditor noted discrepancies between what had been documented in the overarching plan and the supporting documentation and what had been undertaken in practice.

We requested that PTWF provide an undertaking to rectify these non-compliances by a specified date. PTWF submitted an undertaking for approval, committing to undertake a thorough review of its water quality plans, and to consider each of the auditor's recommendations and opportunities for improvement. We approved the undertaking and will check completion at the next operational audit.

Huntlee Water Pty Ltd (Huntlee scheme)

The periodic operational audit of Huntlee Water's Huntlee scheme identified four insignificant non-compliances. These were that the licensee had failed to:

- ▼ Immediately notify the relevant agencies of incidents in accordance with IPART's notification protocol. The auditor identified four separate incidents that were not reported for up to 18 hours.
- ▼ Ensure that its IOP is fully implemented and kept under regular review and that all its activities are carried out in accordance with the plan.

- ▼ Ensure that its RWQMP is fully implemented and kept under regular review and that all its activities are carried out in accordance with the plan.
- ▼ Ensure that its Sewage Management Plan is fully implemented and kept under regular review and that all its activities are carried out in accordance with the plan.

The auditor noted discrepancies between what had been documented in the overarching plans and the supporting documentation and what had been undertaken in practice.

We requested that Huntlee Water provide an undertaking to rectify these non-compliances by a specified date. It submitted an undertaking for approval, committing to undertake a thorough review of its water quality plans, and to consider each of the auditor's recommendations and opportunities for improvement. We approved the undertaking and will check completion at the next operational audit.

Aquacell Pty Ltd (Kurrajong scheme)

A periodic operational audit of the Kurrajong scheme identified one insignificant non-compliance related to the availability of a plan on Aquacell's website for public inspection, showing the general arrangement of the licensed infrastructure. Aquacell supplied an undertaking to publish the plan and completed the action on 19 March 2018.

Cooranbong Water Pty Ltd (Cooranbong scheme)

The periodic operational audit of the Cooranbong scheme found three insignificant non-compliances. Similar to PTWF and Huntlee Water, it failed to ensure that its IOP, Drinking Water and Recycled Water Quality Management Plans, and Sewage Management Plan were fully implemented. In all cases, the auditor identified discrepancies between what had been documented in the overarching plan and the supporting documentation and what was undertaken in practice.

We requested that Cooranbong Water provide an undertaking to rectify these non-compliances by a specified date. Cooranbong Water submitted an undertaking for approval, committing to undertake a thorough review of its water quality plans, and to consider each of the auditor's recommendations and opportunities for improvement. We approved the undertaking and will check completion at the next operational audit.


Catherine Hill Bay Water Utility Pty Ltd (CHBWU) (Catherine Hill Bay scheme)

CHBWU did not finalise a code of conduct with Central Coast Council (Council) as required under the licence. IPART approved an extension of time to 30 June 2018 to reach agreement with Council but CHBWU did not provide a signed Code of Conduct to IPART by this date.¹³

Suez Water and Treatment Solutions Pty Ltd (Suez) (Kooragang Industrial Water Scheme - KIWS)

A licence plan audit identified one insignificant non-compliance, which related to Suez's RWQMP. This plan which was found to be deficient in several of the elements under the Australian Guidelines for Water Recycling framework for the management and use of recycled water. The deficiencies did not adversely impact plant operations.

¹³ CHBWU provided a voluntary undertaking to complete a Code of Conduct by 30 November 2019.



Suez provided an undertaking to complete the works by 31 October 2018. We agreed to accept a desktop audit to verify that the required amendments to the RWQMP were completed to the auditor's satisfaction.

2.2 Retail suppliers' compliance

Table 2.3 lists the retail suppliers licensed in 2017-18 and summarises their non-compliances and how they were identified. It shows that of the 11 retail suppliers:

- ▼ Nine had no non-compliances
- ▼ Two had one insignificant non-compliance each.
 - VWST (Darling Quarter) did not prepare reports in accordance with the requirements of the Reporting Manual: it incorrectly submitted a NIL return indicating that it did not have any customers, rather than report on its single large customer.
 - Solo Water (Catherine Hill Bay) did not finalise a code of conduct with Central Coast Council (Council) as required under the licence. IPART approved an extension of time to 30 June 2018 to reach agreement with Council but Solo Water did not provide a signed Code of Conduct to IPART by this date.

The non-compliances were identified by IPART. Because of the lower risk associated with retail licence compliance, we generally schedule one audit of each licensee during a 5-year audit program. We did not undertake any audits of retail licences in 2017-18. IPART can undertake audits at any time if we consider that issues exist and to confirm licensees' compliance with their regulatory requirements.

Table 2.3 Summary of retail suppliers' compliance performance in 2017-18

Licensee	Licence Number	Scheme	Non-compliance identified by			
			Licensee	Audit	IPART	Total
Aquacell Pty Ltd	09_004R	Multiple	0	NA	0	0
AquaNet Sydney Pty Ltd	10_01R	Fairfield - Rosehill	0	NA	0	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd	10_009R	Darling Quarter ^a	0	NA	1	1
Sydney Desalination Plant Pty Ltd	10_011R	Sydney Desalination Plant ^b	-	NA	0	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd	10_013R	Bingara Gorge ^a	0	NA	0	0
Orica Australia Pty Ltd	12_017R	Orica groundwater scheme	0	NA	0	0
Flow Systems Pty Ltd	13_001R	Multiple	0	NA	0	0
Lend Lease Recycled Water (Barangaroo South) Pty Ltd	15_034R	Barangaroo	0	NA	0	0
Solo Water Pty Ltd	15_036R	Catherine Hill Bay	0	NA	1	1
Suez Water and Treatment Solutions Pty Ltd	16_039R	KIWS	0	NA	0	0
Narara Ecovillage Co-operative Ltd	17_041R	Narara ^b	-	NA	0	0
Total			0	NA	2	2

a. Veolia Water Solutions and Technologies (Australia) Pty Ltd also submitted (different) incorrect returns for 2017-18, which will be included in next year's annual compliance report.

b. Sydney Desalination Plant and Narara Ecovillage were not operational during the reporting period.

Note: The schemes highlighted in grey indicate where licensees reported a nil return as they did not engage in any retail activities authorised under the WIC Act in 2016-17.

Source: IPART Analysis.

2.3 Reporting compliance

In the 2017-18 reporting period, one network operator and one retail supplier submitted annual returns in a form that was inconsistent with our reporting manual requirements.

- ▼ VWST (Bingara Gorge) - did not report all non-compliances in their annual compliance return.¹⁴
- ▼ VWST (Darling Quarter) - submitted a Nil return incorrectly.

Table 2.4 Licensees who submitted incorrect annual returns in August 2017 (2017-18 reporting period)

Licensee	Licence number	Scheme
Veolia Water Solutions and Technologies (Australia) Pty Ltd	10_012	Bingara Gorge
Veolia Water Solutions and Technologies (Australia) Pty Ltd	10_009R	Darling Quarter

Source: IPART Analysis

We required both licensees to make a voluntary undertaking to rectify the non-compliances. We followed up both licensees in this year's (2018) operational audits, and found that both had rectified the non-compliances.

¹⁴ All non-compliances identified in a reporting period must be reported in a licensee's annual return regardless of whether they have previously been reported in an immediate licence breach report, as the annual return requests additional information eg, action taken and date of compliance. The annual return must also include non-compliances identified in operational audits covering the relevant reporting period.

3 Changes in the water industry and operating statistics

In the 10 years since the WIC Act commenced, 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 2017-18, and the licensees' operating statistics and performance against their performance indicators.

3.1 Changes in the industry over time

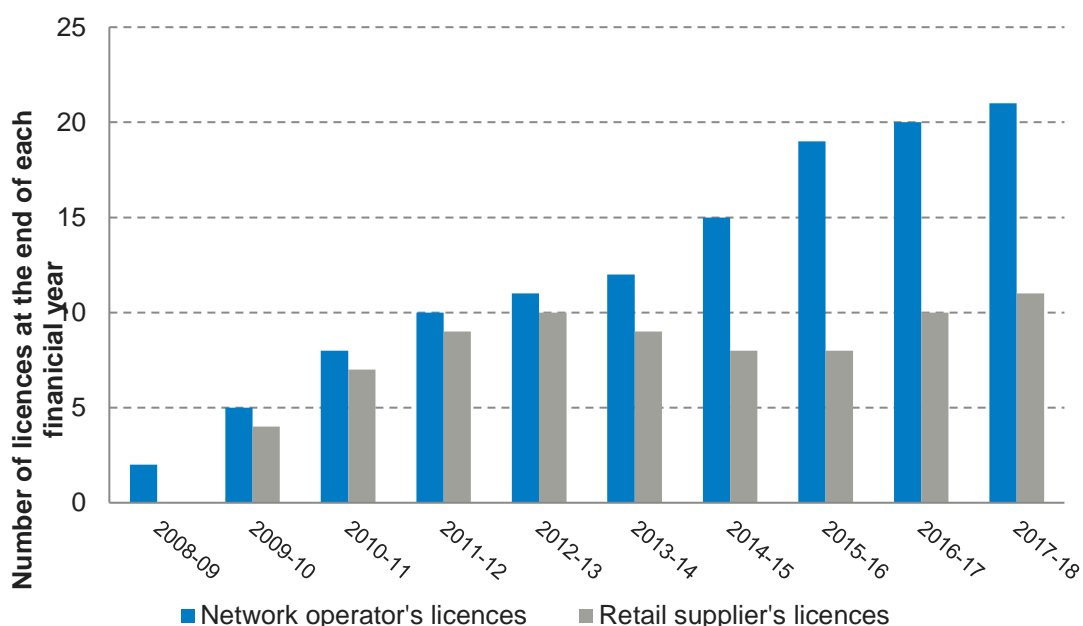
Since the WIC Act commenced in 2008 the Minister has granted 25 network operator licences and 15 retail supplier licences. The Minister has also cancelled four network operator and four retail supplier licences at the licensees' request.¹⁵ The number of retail supplier licences is lower than network operator licences because retail suppliers tend to hold one licence across multiple schemes.¹⁶

As Figure 3.1 and Figure 3.2 show, the number of licences and the number of customers serviced by licensees have both grown steadily over time, and both continued to grow in 2017-18. We note that several licence assessments are in progress, and we anticipate further licence applications for submission to IPART over the next 6 months.

¹⁵ These included the network operator 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).

¹⁶ When a new scheme is added, it is done so through a variation to their retail supplier's licence.

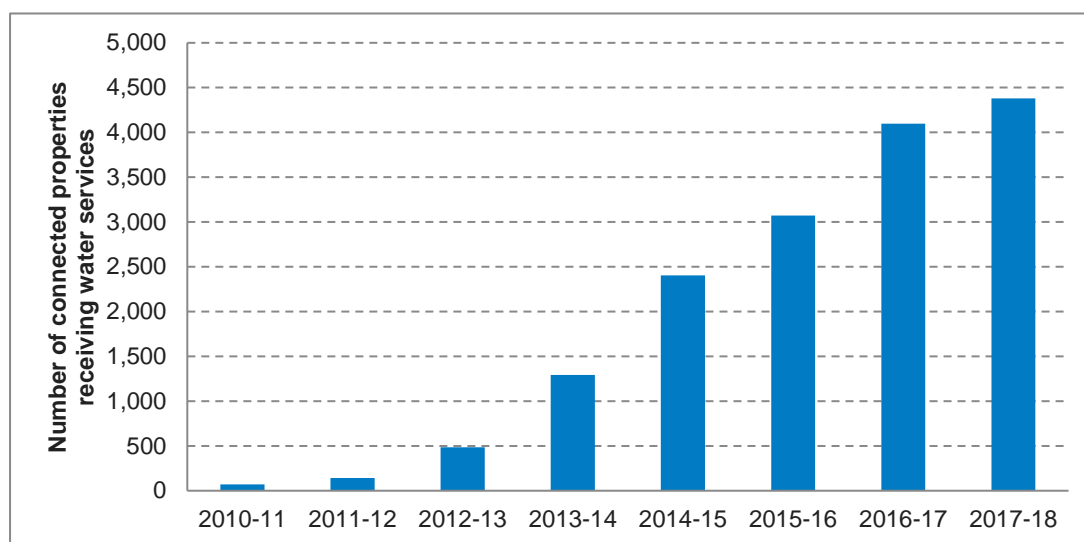
Figure 3.1 Growth in the number of licences since the commencement of the WIC Act



Note: The number of retail supplier's licences has not increased as much as network operator's licences as retail suppliers tend to hold one retail supplier's licence across multiple schemes.

Source: IPART Analysis.

Figure 3.2 Growth in number of properties connected to water supplied by WIC Act licensees



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 figure for 2017-18 is the sum of the new indicators L4 and L5 (Connected residential (L4) and non-residential (L5) properties – water supply).

Source: IPART analysis.

3.2 Licences granted or varied in 2017-18

The Minister granted two new network operator licences and one new retail supplier licence in 2017-18, varied the existing licences of three network operators and four retail suppliers, and cancelled one network operator's licence at its request (Table 3.1).

Table 3.1 Licences granted or varied in 2017-18

The Minister granted, varied and cancelled licences in 2017-18	
Three new licences were granted	The network operator licences were granted to Narara Ecovillage Co-operative Ltd (17_040), and Flow Systems Operations Pty Ltd – Shepherds Bay scheme (17_042)
	The retail supplier licence was granted to Narara Ecovillage Co-operative Ltd (17_041R)
Three network operator licences were varied	Sydney Desalination Plant Pty Ltd (10_010) as a result of a 5-yearly review
	Veolia Water Solutions and Technologies (Australia) Pty Ltd – Bingara Gorge scheme (10_012) as a result of a 5-yearly review
	Orica Australia Pty Ltd (12_016) as a result of a 5-yearly review
Four retail suppliers licences were varied	Sydney Desalination Plant Pty Ltd (10_011R) as a result of a 5-yearly review
	Veolia Water Solutions and Technologies (Australia) Pty Ltd – Bingara Gorge scheme (10_013R) as a result of a 5-yearly review
	Orica Australia Pty Ltd (12_017R) as a result of a 5-yearly review
	Flow Systems Pty Ltd – Shepherds Bay scheme (13_001R)
One network operator's licence was cancelled at the licensee's request	Aquacell Pty Ltd – Workplace 6 NOL (13_023)

Tables 3.2 and 3.3 summarise the network operators and retail suppliers licensed under the WIC Act as at 30 June 2018, and the activities they were licensed to undertake. We note that as at 30 June 2018, three of the 21 network operators and one of the 11 retail suppliers listed on these tables had not yet commenced commercial operation.

Table 3.2 Network operator licences as at 30 June 2018

				Activities authorised		
				Non-potable water	Drinking water	Sewerage services
Licence number	Date licence granted	Licensee	Scheme			
09_001	8 Apr 2009	Veolia Water Australia Pty Ltd	Fairfield-Rosehill ^a	X		
09_002	27 Apr 2009	SGSP Rosehill Network Pty Ltd	Fairfield-Rosehill	X		
09_003	2 Feb 2010	Aquacell Pty Ltd	1 Bligh St	X		
10_008	24 Jun 2010	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Darling Quarter ^b	X		
10_010	9 Aug 2010	Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant		X	
10_012	9 Dec 2010	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Bingara Gorge	X		X
10_014	11 Nov 2010	Pitt Town Water Factory Pty Ltd ^d	Pitt Town	X		X
12_016	23 Apr 2012	Orica Australia Pty Ltd	Orica groundwater scheme	X		
12_022	4 Jan 2013	Central Park Water Factory Pty Ltd ^d	Central Park	X	X	X
13_025	4 Dec 2013	Discovery Point Water Factory Pty Ltd ^d	Discovery Point	X	X	X
14_026	18 Jun 2014	Wyee Water Pty Ltd ^d	Wyee	X	X	X
15_029	28 Feb 2015	Lend Lease Recycled Water (Barangaroo South) Pty Ltd	Barangaroo	X		X
15_030	3 Mar 2015	Huntlee Water Pty Ltd ^d	Huntlee	X	X	X
15_031	25 Sep 2015	Green Square Water Pty Ltd ^d	Green Square	X		
15_032	26 July 2015	Aquacell Pty Ltd	Kurrajong			X
15_033	6 Aug 2015	Cooranbong Water Pty Ltd ^d	Cooranbong	X	X	X
16_035	22 Mar 2016	Catherine Hill Bay Water Utility Pty Ltd	Catherine Hill Bay	X	X	X
16_037	12 May 2016	Flow Systems Operations Pty Ltd ^d	Box Hill North	X		X
16_038	12 Dec 2016	Suez Water and Treatment Solutions Pty Ltd ^c	Kooragang	X		
17_040	4 July 2017	Narara Ecovillage Co-operative Ltd	Narara	X	X	X
17_042	13 Oct 2017	Flow Systems Operations Pty Ltd ^d	Shepherds Bay	X	X	X

^a Also known as Camellia.

^b Also known as Darling Walk.

^c As of 30 November 2017, Suez changed its trading name to Suez Water Pty Ltd.

^d Each licensee is a subsidiary company of Flow Systems Pty Ltd.

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

<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 3.3 Retail supplier licences as at 30 June 2018

Licence number	Date licence granted	Licensee	Scheme	Activities authorised		
				Non-potable water	Drinking water	Sewerage services
09_004R	2 Feb 2010	Aquacell Pty Ltd	1 Bligh Street	X		
			Workplace 6	X		
10_01R	10 Mar 2010	AquaNet Sydney Pty Ltd	Fairfield-Rosehill ^a	X		
10_009R	24 Jun 2010	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Darling Quarter ^b	X		
10_011R	9 Aug 2010	Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant		X	
10_013R	1 Mar 2011	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Bingara Gorge	X		X
12_017R	23 Apr 2012	Orica Australia Pty Ltd	Orica groundwater scheme	X		
13_001R	17 Apr 2013	Flow Systems 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
15_034R	13 July 2015	Lend Lease Recycled Water (Barangaroo South) Pty Ltd	Barangaroo	X	X	X
15_036R	22 Sept 2016	Solo Water Pty Ltd	Catherine Hill Bay	X	X	X
16_039R	12 Dec 2016	Suez Water and Treatment Solutions Pty Ltd	Kooragang	X	X	
17_041R	4 July 2017	Narara Ecovillage Co-operative Ltd	Narara	X	X	X

^a Also known as Camellia.

^b Also known as Darling Walk.

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

<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>

3.3 Operating statistics

We collate the operating statistics provided by licensees as part of licensees' annual compliance returns.¹⁷ Overall, the statistics for 2017-18 indicate:

- ▼ Licensees collected 3550 ML of sewage, which is a 517% increase on last year's total of 575 ML. This increase was primarily due to the addition of the KIWS scheme, which accounted for more than half of the increase in volume (2173 ML), and the continuing expansion of residential schemes at Bingara Gorge, and across the greenfield schemes at Huntlee, Cooranbong and Box Hill North.
- ▼ There was an increase in non-potable water supplied in this reporting period. The volume this year (3301 ML) was 39% more than last year's total of 2,377 ML.
- ▼ WIC Act licensees supplied services to 4,380 potable water, 5,024 recycled water and 5,058 sewerage connections. This constitutes an increase of 28% for both customers receiving water services and customers receiving sewerage services.¹⁸

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

3.4 Performance measures

Licensees are required to report on a set of performance measures that assist IPART to assess the performance of their schemes. This year, we reviewed the performance measures that apply to WIC Act licensees and significantly reduced the number that licensees must report on.¹⁹ The purpose of the review was to ensure we collect information that is useful and does not impose unnecessary regulatory costs on licensees. The revised performance measures will continue to assist us in assessing performance of the licensees.

This is the first year we have collected this data (summarised in Appendix B and Appendix C). Performance data supplied by licensees indicate that in 2017-18:

- ▼ Of the 5,058 customers serviced by WIC Act licensees, 836 experienced an unplanned water interruption that lasted for more than five continuous hours. These include:
 - 565 customers of Veolia Water Solutions and Technologies (Australia) Pty Ltd's Bingara Gorge scheme²⁰
 - 268 customers of Flow Systems Pty Ltd's Cooranbong scheme, and
 - 3 industrial customers of Orica Australia Pty Ltd's Orica scheme.
- ▼ There were three instances of a customer experiencing three or more water interruptions lasting more than one hour, all at Orica.

¹⁷ 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.

¹⁸ Note: we do not have separate figures for recycled water supplied to customers prior to this financial year, as a total volume of water supplied was reported by licensees.

¹⁹ We have reduced the number of performance indicators from 121 to 27 indicators. Of the 27 indicators, WIC Act network licensees must report on 7 performance criteria; retail licensees must report on 9 licence criteria. Refer <https://www.ipart.nsw.gov.au/Home/Industries/Water/Reviews/Compliance/Water-Utility-Performance-Indicators-Review-2018/29-Jun-2018-Final-Report-Review-of-water-utility-performance-indicators/Final-Report-Water-Utilities-Performance-Indicators-Review-June-2018>

²⁰ One outage of six hours to undertake a cross-connection audit at Bingara Gorge.

-
- ▼ There were two instances of customers being without potable water, all at Cooranbong. The average duration of these unplanned interruptions to potable water supply was 240 minutes.
 - ▼ Of the 5,057 customers serviced by WIC act licensees, 720 customers experienced water pressure failures, including:
 - 155 at Cooranbong, and
 - 565 at Bingara Gorge.
 - ▼ There was one instance of an uncontrolled wastewater overflow at Pitt Town.

4 IPART's activities in monitoring licence compliance

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 full compliance.

The Minister or IPART may take enforcement action against any licensee that fails to comply with its obligations.²¹ 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 2017-18 as part of this approach.

4.1 Our risk-based approach

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

- ▼ a risk-based independent audit program
- ▼ annual exception reporting by licensees
- ▼ immediate incident reporting by licensees,²² and
- ▼ analysis of licensees' annual compliance returns.

4.1.1 Independent audit program

Once licensees are operational, we monitor their compliance with the WIC Act, WIC Regulations and their licence conditions through periodic, risk-based operational audits, which we initiate.²³ The licensee selects independent auditors to undertake the operational audits from a panel of auditors approved by IPART.

However, we also require them to undertake pre-operational audits, including:

- ▼ **New infrastructure audits** - 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.²⁴ This audit applies to network operators' licences.

²¹ WIC Act, section 16.

²² Note: Incidents may not necessarily be licence non-compliances.

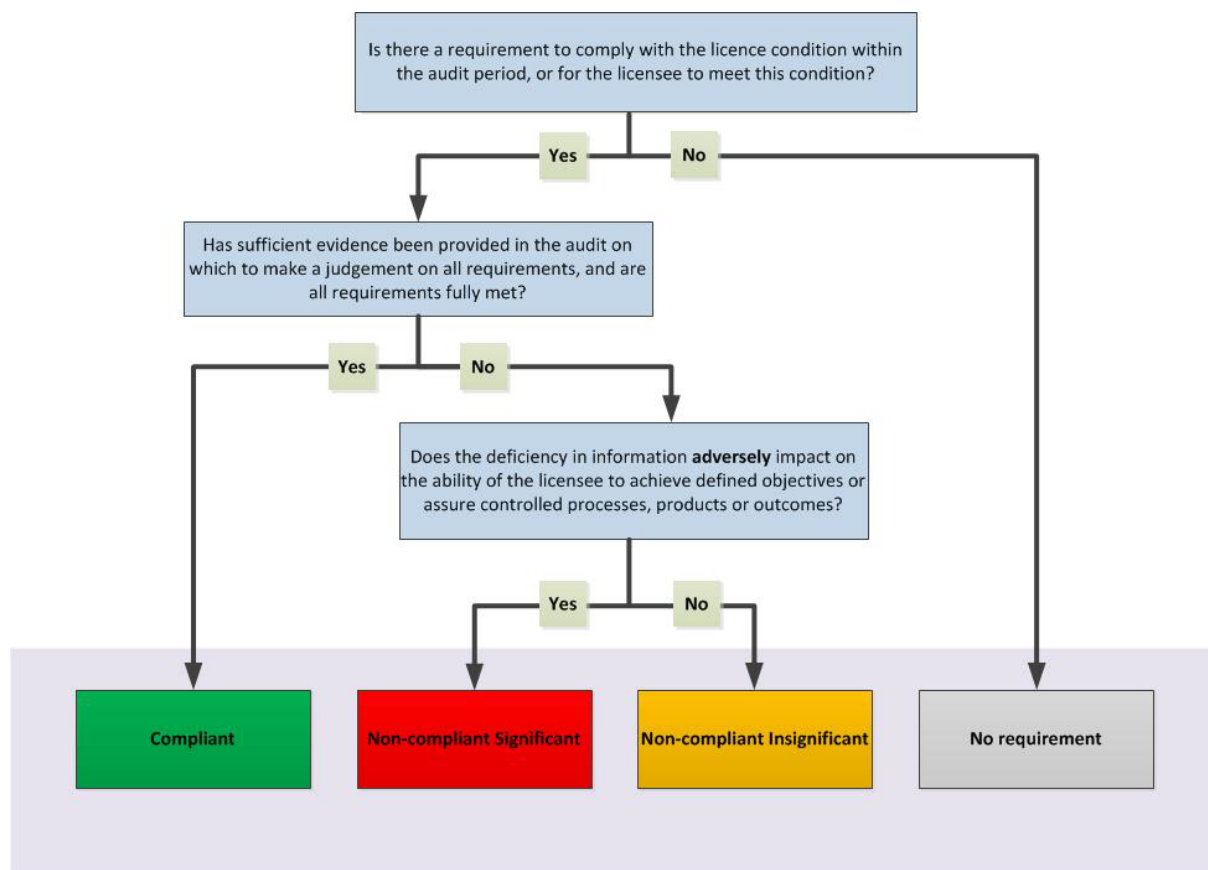
²³ Refer to Appendix A - Compliance framework for more information.

²⁴ See WIC Regulation, Schedule 1, clause 2(2).

- ▼ **Licence plan audits** – conducted to 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).²⁵ This audit applies to both network operator and retail supplier licences.

The auditors must undertake all audits in accordance with our audit guidelines.²⁶ The audit grades from the audit guidelines applicable in 2017-18 are presented in Figure 4.1.

Figure 4.1 WIC Act audit grades



Source: IPART, *Audit Guideline for Greenfield Schemes – July 2013*, p 13 and *Audit Guideline for Brownfield Schemes – July 2013*, p 9. Note that these two guidelines have been superseded and replaced by *Audit Guideline – WIC Act, September 2018*.

We have published a revised Audit Guideline in September 2018 with new audit grades. The 2018-19 Annual Report will report on audit results using the revised audit grades.

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.

²⁵ See WIC Regulation, Schedule 1, clauses 6, 7, 13 and 14 and Schedule 2, clause 7A.

²⁶ 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>

4.1.2 Exception reporting

Exception reporting means a licensee is only required to report any non-compliance with its licence conditions. The licensee primarily provides this information in its annual compliance returns, which are submitted by 1 September each year. Licensees must prepare their annual returns in accordance with the relevant reporting manual published by IPART.²⁷

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.²⁸

4.1.3 Immediate incident reporting

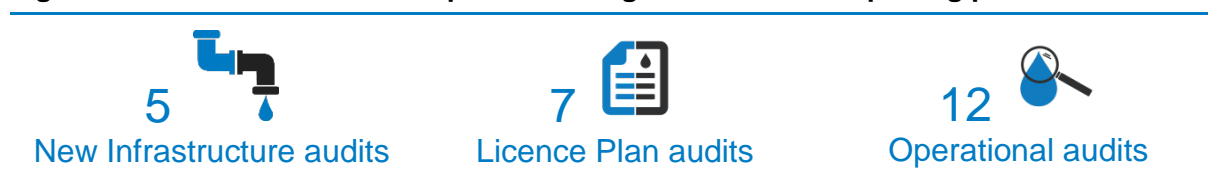
Licensees must immediately report incidents that occur in the conduct of a licensee's activities that threaten, or could threaten, water quality, public health or safety, in accordance with the relevant reporting manual. A reported incident will not necessarily involve licence non-compliances.

In 2017-18, we received one immediate report in this reporting period. This report related to non-complying water quality sample results at Flow Systems Pty Ltd Discovery Point scheme, as discussed in section 2.1.1.

4.2 Audits undertaken in 2017-18

Independent auditors completed a total of 24 audits relating to the 2017-18 reporting period compared to 26 audits for the 2016-17 reporting period. A breakdown of the types of audits undertaken is shown in Figure 4.2.

Figure 4.2 WIC Act audits completed relating to the 2017-18 reporting period



Note: The number of licence plan audits includes new and follow-up licence plan audits.

Note: The number of new infrastructure audits is for both new schemes, and additional new infrastructure at existing schemes.

Source: IPART Analysis.

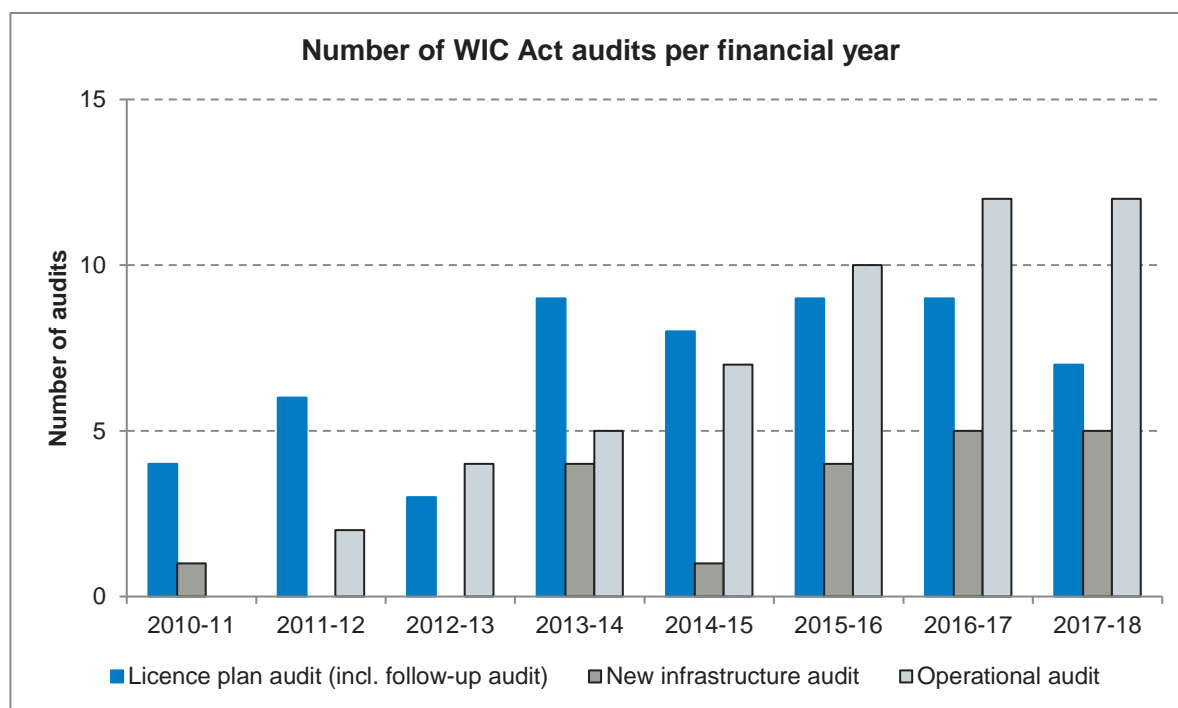
The number of audits undertaken this year is consistent with previous years (see Figure 4.3). The number has been reduced somewhat by the reduction in operational audits for licensees with a good compliance history.²⁹

²⁷ Our network supplier's and retail supplier's reporting manuals are available on our website at <https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Licence-Compliance-Reporting>

²⁸ We have classified which licence conditions, if breached, are required to be reported 'immediately' to IPART in our reporting manuals available.

²⁹ 'Good compliance history' is defined as no significant non-compliances and minimal insignificant non-compliances. 'Minimal non-compliances' is defined as no repeat non-compliances, less than two insignificant non-compliances in any year, and no more than four non-compliances in total over the previous three years.

Figure 4.3 Number of WIC Act audits per financial year



Note: The 2017-18 Licence Plan audit figure includes the audit conducted following the incident at Discovery Point.

Data source: IPART Analysis

We have received auditors' reports for the operational audits noted in Table 4.1. The table includes details of some audits that were undertaken in the 2016-17 reporting period, for which we did not receive final audit report in time for inclusion in the 2016-17 compliance report.

Table 4.1 Operational audits relating to the 2017-18 reporting period

Licence number	Licensee	Scheme	Audit period	Date final report received
Network operators				
09_001	Veolia Water Australia Pty Ltd	Fairfield-Rosehill	1 April 2016-31 March 2018	8 June 2018
09_002	SPI Rosehill Network Pty Ltd	Fairfield-Rosehill	1 August 2016-31 July 2017	21 September 2017
09_003	Aquacell Pty Ltd	1 Bligh St	1 March 2016-28 April 2017	20 July 2017
10_008	Veolia Water Solutions and Technologies Pty Ltd	Darling Quarter	1 April 2016-31 May 2017	12 October 2017
10_012	Veolia Water Solutions and Technologies Pty Ltd	Bingara Gorge	1 July 2016-31 March 2018 ^a	8 June 2018
10_014	Pitt Town Water Factory Pty Ltd ^c	Pitt Town	1 June 2016-31 October 2017	28 February 2018
12_022	Central Park Water Factory Pty Ltd ^c	Central Park	1 June 2016-30 April 2017	7 July 2017
13_025	Discovery Point Water Factory Pty Ltd ^c	Discovery Point	1 November 2015-30 April 2017	7 July 2017
15_030	Huntlee Water Pty Ltd ^c	Huntlee	1 October 2016-31 October 2017	28 February 2018
15_032	Aquacell Pty Ltd	Kurrajong	1 December 2016-30 November 2017	2 March 2018
15_033	Cooranbong Water Pty Ltd ^c	Cooranbong	1 October 2016-31 October 2017	28 February 2018
Incident operational audit				
13_025	Discovery Point Water Factory Pty Ltd ^c	Discovery Point	8 March 2018 ^b	23 April 2018

^a The Bingara Gorge audit was deferred at the licensee's request to include new infrastructure that was being commissioned.

^b Date of incident notification to IPART.

^c Each licensee is a subsidiary company of Flow Systems Pty Ltd.

Source: IPART Analysis





Appendices



A Compliance framework

We monitor licence compliance by various means, including periodic self-reporting, audits, information from other regulators and complaints to the Energy and Water Ombudsman NSW.

A.1 Periodic self-reporting

We have developed two reporting manuals, one for each licence type (ie, network operator and retail supplier). These manuals explain our approach to compliance monitoring and clarify reporting requirements for licensees. The reporting manuals can be found on our website at:

<https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Licence-Compliance-Reporting>

A.1.1 Classification of conditions

The reporting manuals prioritise compliance reporting by classifying all licence obligations as requiring either 'immediate' or 'annual' reporting, based on an assessment of the potential impact of a breach of the obligation.

Immediate reporting is limited to those licence obligations where a breach could have serious consequences or have a critical impact on the NSW Government's policy objective(s). Annual reporting is required for all other obligations.

A.1.2 Immediate licence compliance reporting

Where a licence breach requires immediate reporting, the licensee is required to initially telephone and email IPART and within five business days follow-up with written confirmation using the template provided in the reporting manual. Reporting must occur as soon as a licensee becomes aware that a breach is likely to occur or has occurred.

Licensees are also required to immediately notify IPART, the Minister and potentially affected licensed network operators, retail suppliers or public water utilities of any incident in the conduct of the licensee's activities that threatens, or could threaten, water quality, public health or safety. Such incidents may or may not involve a licence breach. The Incident Notification procedure³⁰ will undergo a review in 2018-19.

³⁰ Refer to *Incident Notification by Network Operators and Retail Suppliers – Water Industry Competition Act 2006* on our website at <https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Licence-Compliance-Reporting/Incident-notification-Incident-notification-by-network-operators-and-retail-suppliers-February-2018>

Licensees are required to include details in their annual compliance returns of any breach that was already reported in accordance with either the immediate licence compliance reporting or immediate incident notification requirements.³¹

A.1.3 Annual licence compliance report

Licensees are required to submit annual compliance returns certifying that they have complied with their licence obligations.³² Licensees that have breached a licence obligation are required to provide an exception report which details the:

- ▼ date or period of licence breach
- ▼ extent and nature of the licence breach (including whether and how many customers and/or other licensees have been affected)
- ▼ results of any monitoring (where applicable)
- ▼ reasons for licence breach
- ▼ actions taken to rectify the breach and to prevent it re-occurring, and
- ▼ actual/anticipated date of full compliance.

Annual operating statistics must also be provided as part of the annual compliance returns.

A.2 Licensing and regulatory compliance audits

Risk based auditing forms a critical component of our compliance and monitoring framework. The key objectives of the audit framework are to:

- ▼ support the policy objectives of the legislative framework
- ▼ minimise the risk of supply failure
- ▼ assist the Minister or IPART in monitoring compliance with the requirements of the legislation and licence conditions
- ▼ assist the Minister or IPART to review licences
- ▼ ensure licensees develop adequate Infrastructure Operating Plans, Water Quality Plans, Sewage Management Plans or Retail Supply Management Plans (as relevant)
- ▼ ensure infrastructure is maintained in a satisfactory condition, and
- ▼ support the general transparency and integrity of the scheme.

The WIC Act does not prescribe the frequency of audits that we may require as part of our compliance reporting or licence review process. We use a risk based approach to determine when and how often a compliance audit must be conducted, based on the nature, scale and potential impacts of the licensed activity being undertaken and the licensee's record of compliance. It is possible that compliance audits will be required annually for some licensees.

³¹ IPART, *Network Operators' Reporting Manual under the Water Industry Competition Act 2006*, July 2018, and *Retail Suppliers' Reporting Manual under the Water Industry Competition Act 2006*, July 2018.

³² IPART, *Network Operators' Reporting Manual under the Water Industry Competition Act 2006*, July 2018 and *Retail Suppliers' Reporting Manual under the Water Industry Competition Act 2006*, July 2018.

At a minimum, an audit will be required at least every five years to assist in the licence review process.

A.3 Other audits

Audits are also conducted for other aspects of the licensing regime. Licensees undertake audits of licence plans and new infrastructure when they wish to request the Minister's approval for commercial operation of new schemes.

- ▼ Licence plan audits and subsequent licence plan audits are conducted to review the adequacy of plans.³³
- ▼ New infrastructure audits are conducted to determine if new infrastructure is capable of operating safely and complies with all licensing and legislative requirements.

A.4 Audit panel

Only an approved auditor can conduct audits on behalf of the Minister, IPART or a licensee for the purposes of the licensing scheme under the WIC Act. An approved auditor is a person nominated by IPART, chosen by the licensee from a panel of persons nominated by IPART, or nominated by the licensee and approved by IPART.³⁴

IPART established the Water Licensing Audit and Technical Services Panel (the Panel) in 2008-09 as the preferred approach to the appointment of auditors.

Auditors may apply to become a member of the Panel at any time, subject to satisfying the selection criteria. A list of approved auditors on the Panel is available on our website at:

<https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Audit-Guidelines-Technical-Services-Audit-Panel/Water-Licensing-Audit-and-Technical-Services-Panel-List-of-approved-Auditors-and-Area-Specialists-December-2016>

A.5 Audit guidelines

The audit guidelines, which include the audit approach, detailed audit scopes and reporting templates for each type of audit, can be found on our website at:

<https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Audit-Guidelines-Technical-Services-Audit-Panel>

³³ Licence plans may include infrastructure operating plans, water quality plans, sewage management plans or retail supply management plans, as relevant to the licence.

³⁴ WIC Regulation, clause 31.

B Annual operating statistics – network operators

Table B.1 shows key statistics for the 21 network operators.

Table B.1 Operating statistics for WIC Act network operators in 2017-18

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	NA	NA	NA	NA	NA	NA	NA
09_003	Aquacell Pty Ltd	1 Bligh St	0	0	0	0	0	0	0
10_008	Veolia Water Solutions and Technologies Pty Ltd	Darling Quarter ^a	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 ^a	565	0	0	0	565	0	0
10_014	Pitt Town Water Factory Pty Ltd	Pitt Town	0	0	0	0	0	1	0
12_016	Orica Australia Pty Ltd	Orica Groundwater scheme	3	3	NA	NA	NA	NA	NA
12_022	Central Park Water Factory Pty Ltd	Central Park	0	0	0	0	0	0	0
13_025	Discovery Point Water Factory Pty Ltd	Discovery Point	0	0	0	0	0	0	0
14_026	Wyee Water Pty Ltd	Wyee	0	0	0	0	0	0	0

Licence number	Licensee	Scheme	A1	A2	A3	A4	A10	A11	A12
15_029	Lend Lease Recycled water (Barangaroo South) Pty Ltd	Barangaroo	0	0	0	0	0	0	0
15_030	Huntlee water Pty Ltd	Huntlee	0	0	0	0	0	0	0
15_031	Green Square Water 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	Cooranbong Water Pty Ltd	Cooranbong	268	0	2	240	155	0	0
16_035	Catherine Hill Bay Water Utility Pty Ltd	Catherine Hill Bay	0	0	0	0	0	0	0
16_037	Flow Systems Operations Pty Ltd	Box Hill North	0	0	0	0	0	0	0
16_038	Suez Water and Treatment Solutions Pty Ltd	Kooragang Industrial Water Scheme (KIWS)	0	0	0	0	0	0	0
17_040	Narara Ecovillage Co-operative	Narara	NA	NA	NA	NA	NA	NA	NA
17_042	Flow Systems Operations Pty Ltd	Shepherds Bay	0	0	0	0	0	0	0
		Total	836	3	2	240	720	1	0

^a No data supplied

Note: Schemes highlighted in grey were not operating in 2017-18

Source: IPART analysis

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 statistics – retail suppliers

Table C.1 shows key statistics for the 11 retail supply licensees.

Table C.1

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	7.42	7.42	13.936	0	0	0	0.023	0	0.001
10_01R	AquaNet Sydney Pty Ltd	Fairfield- Rosehill	1298.067	1298.067	NA	NA	NA	NA	NA	0	0.009
10_009R	Veolia Water Solutions and Technologies Pty Ltd (Darling Walk)	Darling Quarter	43.636	37.613	58.705	0	0	0	0.001	0	0.001 ^a
10_011R	Sydney Desalination Plant Pty Ltd ^b	Sydney Desalination Plant	0	0	0	0	0	0	0	0	0
10_013R	Veolia Water Solutions and Technologies Pty Ltd (Bingara)	Bingara Gorge	93.661	66.619	138.652	0.561	0.004	0.561	0.004	0.561	0.004
12_017R	Orica Australia Pty Ltd	Orica groundwater scheme	1381.17	1381.17	NA	NA	0.003	NA	NA	NA	NA
13_001R	Flow Systems Pty Ltd	Pitt Town, Central Park, Discovery Point, Wyee, Huntlee, Green Square, Cooranbong, Box Hill North, Shepherds Bay	1062	342	966	3.695	0.049	4.18	0.049	4.18	0.028

Licence number	Licensee	Scheme	L1 (ML)	L2 (ML)	L3 (ML)	L4 '000	L5 '000	L6 '000	L7 '000	L8 '000	L9 '000
15_034R	Lend Lease Recycled water (Barangaroo South) Pty Ltd	Barangaroo	0.193	0.193	196.563	0	0	0.159	0.013	0.159	0.013
15_036R	Solo Water Pty Ltd	Catherine Hill Bay	10.48	1.56	2.69	0.067	0	0.067	0	0.067	0
16_039R	Suez Water and Treatment Solutions Pty Ltd	KIWS	463	1547	2173	0	0.001	0	0.001	0	0.001
17_041R	Narara Ecovillage Co-operative Ltd	Narara	NA	NA	NA	NA	NA	NA	NA	NA	NA
		Total	4,359.6	3,300.5	3,549.5	4,323.0	57.0	4,967.0	91.0	4,967.0	57.0

a The Darling Quarter scheme supplies one non-residential customer only.

b The Sydney Desalination Plant was not operating in 2017-18

Note: The schemes highlighted in grey indicate where licensees reported a Nil return indicating that it did not engage in any retail activities authorised under the WIC Act in 2017-18.

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

AGWR	Australian Guidelines for Water Recycling
Aquacell	Aquacell Pty Ltd
Barangaroo	Lend Lease Recycled Water (Barangaroo South) Pty Ltd
Catherine Hill Bay/ CHBWU	Catherine Hill Bay Water Utilities Pty Ltd
CEMP	Construction Environmental Management Plan
Central Park	Central Park Water Factory Pty Ltd
Cooranbong	Cooranbong Water Pty Ltd (also known as North Cooranbong)
DPW/Discovery Point	Discovery Point Water Factory Pty Ltd
DWQMP	Drinking Water Quality Management Plan
Flow Systems	Flow Systems Pty Ltd
IOP	Infrastructure Operating Plan
IPART	Independent Pricing and Regulatory Tribunal of NSW
Kooragang/KIWS	Kooragang Industrial Water Scheme
Minister	Minister for Energy and Utilities
ML	Megalitres
Narara	Narara Ecovillage Co-operative Ltd
OEMP	Operational Environmental Management Plan
Panel	Technical Services and Water Licensing Audit Panel
RWQMP	Recycled Water Quality Management Plan
SCADA	Supervisory Control and Data Acquisition
SGSPRN	SGSP-Rosehill Network Pty Ltd

SRWQMP	Sewage and Recycled Water Quality Management Plan
Suez	Suez Water and Treatment Solutions Pty Ltd, or Suez Water Pty Ltd (after 30/11/2017)
VWA	Veolia Water Australia Pty Ltd
VWS&T	Veolia Water Solutions and Technologies (Australia) Pty Ltd
WIC Act	<i>Water Industry Competition Act 2006 (NSW)</i>
WIC Regulation	<i>Water Industry Competition (General) Regulation 2008 (NSW)</i>