

Appendix 5.1.5(a) Risk Management and Compliance Framework



RISK MANAGEMENT AND COMPLIANCE FRAMEWORK

PURPOSE: Flow Systems is committed to managing its risks and ensuring compliance with all relevant laws and regulations in a proactive, on-going and positive manner. This document outlines Flow's Risk Management and Compliance Framework, which is reviewed every three years by Flow's Board, or otherwise as required.

APPLICABLE TO: Flow Systems Group and all employees

Risk Management

Flow recognises the need to systematically manage and regularly review its risk profile at a strategic, operational, and project level. An integral part of this involves ensuring compliance with all relevant laws and regulations, including the Water Industry Competition Act (and regulations) and workplace health and safety laws.

Flow has developed a Risk Management and Compliance Framework that determines the process and identifies tools for realising its objectives. Not only does it wish to minimise its risks but also maximise its opportunities.

The framework's scope is Group-wide and is aligned with key strategic, operational and project plans. Governance and management roles and responsibilities for risk management are outlined below.

The framework is managed by the Business Manager and overseen by Executive Directors and the Audit & Risk Committee of the Flow Board. Content input comes from those members of the Senior Management team with accountability in specific areas. A risk register is being developed which will be reviewed and reported on once a year by members of the Senior Management team. This will be reviewed by either of Flow's Executive Directors and then recommended to the Flow Board's Audit and Risk Committee for approval. Content and recommendations will be used to inform the Group's audit programme and subsequent iterations of the Risk Register.



Legal Compliance

As part of the risk management process, Flow appreciates that one of its core risks is compliance with statutory and regulatory obligations (including compliance with all relevant licences and approvals). It is committed to not only identifying the legislation which it is obliged to comply with but also monitoring the levels of compliance in the Group. Legal compliance forms an integral part of the Group's Risk Management and Compliance Framework.

Definitions

Controls – are the existing processes, policy, devices, practices or other actions that act to minimize negative risks or enhance positive opportunities.

Impact (or **consequence**) – the outcome of an event which impacts an objective either positively or negatively. The impact may be certain or uncertain and may be expressed qualitatively or quantitatively.

Likelihood – the chance of something happening; whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically.

Risk Assessment – the overall process of identifying, analysing, and evaluating risks. It may also be referred to as a 'risk analysis' or 'risk evaluation' or 'risk profile' and may involve a qualitative and/or quantitative assessment; see Appendix A.

Risk – a threat to the achievement of an objective. That objective can have different aspects (such as financial, health and safety, and reputational goals) and be of various types, e.g. strategic, operational, and project. A risk is often specified in terms of an event or circumstance and the impact or consequences that may flow from it. It is measured in terms of a combination of the impact or consequence of an event and its likelihood. Note that risk is characterised by uncertainty.

Risk Management – the culture, processes, coordinated activities, and structures that are directed towards realizing potential opportunities and/or managing adverse effects. The risk management process involves communicating, consulting, establishing context, identifying, analysing, evaluating, treating, monitoring and reviewing risks.

Risk Owner – the person or entity (e.g. Audit & Risk Committee) with the accountability and authority to manage a risk.



Risk Register – a documented record of each risk identified. It specifies: a description of the risk, its causes and its impacts; an outline of the existing internal and external controls; an assessment of the consequences of the risk should it occur and the likelihood of the consequence occurring, given the controls; a risk rating; and an overall priority for the risk. It should also identify future actions or an action plan.

Types of Risk

- **Strategic Risks** are external and internal forces that may have a significant impact on achieving key strategic objectives. The causes of these risks include such things as national and global economies and, most significantly, Government policy. Often, they cannot be predicted or monitored through a systematic operational procedure. The lack of advance warning and frequent immediate response required to manage strategic risks means they are often best identified and monitored by senior management as part of their strategic planning and review mechanisms.
- **Operational Risks** are inherent in the on-going activities that are performed in an organisation. These are the risks associated with the operation of our facilities, network infrastructure and utility platform, as well as such things as the day-to-day operational performance of staff, the risks inherent in the organisational structure, and the manner in which core operations are performed.
- **Project Risks** are risks associated with projects that are of a specific, sometimes short term nature and are frequently associated with the following: new projects, significant new acquisitions, change management, integration, major IT and capital development projects. Project sponsors are accountable for the achievement of project deliverables and outcomes. However, specific risks associated with project management are normally delegated to project managers for attention and action. Included among the benefits of efficiently managing project risks are the avoidance of unexpected time and cost overruns. In addition, when project risks are well managed, there are fewer integration problems with assimilating required changes back into general management functions.



Governance and Management

Specific roles and responsibilities for risk management are as follows:

| | |
|---------------------------------------|--|
| Executive Director | <ul style="list-style-type: none"> • Governance responsibility for risk management and legal compliance • Review of Risk Management and Compliance Framework(& material changes) • Determination of the levels of acceptable risk and risk treatments • Monitoring of Risk Register and reporting to Audit & Risk Committee on management of risk issues |
| Senior Management Team | <ul style="list-style-type: none"> • Responsible for risk assessment, management, monitoring and reporting to the Executive Director for all risks relative to their areas of accountability (whether strategic, operational or project level) • Management of the process of identifying and monitoring risk |
| Business Manager | <ul style="list-style-type: none"> • Maintenance of Risk Register • Provision of regular training opportunities for all staff to promote a risk culture • Publication/dissemination of regular risk management and compliance information to keep staff informed of relevant issues • Specific responsibility for WH&S framework and Insurance framework as integral parts of Risk Management and Compliance Framework |
| Project Sponsors and Project Managers | <ul style="list-style-type: none"> • Assessment, management, monitoring and reporting of relative project risks to relevant Senior Management Team members |
| All Staff | <ul style="list-style-type: none"> • Cognisance of operational, project and strategic risks, together with the ability and responsibility – where appropriate – to identify and report increases in risks or new risks in a timely way. It is also expected that tasks will be performed in a careful and conscientious manner that reflects - but is not limited to - Flow Group polices and codes of practice |



It is Flow Group's intention to establish an internal audit function. That function will be provide:

- advice to Senior Management in the development of best practice risk management systems
- oversight of professional independent advice on key risk and control issues
- regular audit reviews of business functions and Flow Group's risk management processes.

While Senior Management members are accountable for risk management in their particular areas, responsibility for good risk management rests with every staff member. This includes conducting themselves in a professional, careful and conscientious manner that contributes to the high ethics and culture within Flow.

Approach

Flows is committed to implementing a process by which strategic, operational and project risks are identified, communicated, monitored and regularly reported. To facilitate this, Flow Group's Risk Management and Compliance Framework proactively and systematically identifies, monitors, and manages risks – both positive and negative.

The risks identified will be determined and monitored by those with accountability in specific areas.

Objectives

Flow Group's risk management objectives are to:

- Identify and manage existing and new risks in a planned and coordinated manner with the minimum of disruption and cost
- Develop a "risk aware" culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions;
- Be perceived by all stakeholders as a leader through adopting best risk management and legal compliance practice; and
- To use its Risk Management and Compliance Framework to promote its business



Risk Actions

The types of risks are categorised as strategic, operational or project type risks.

Flow has five main ways in which it can effectively manage risk, as follows.

1. Accept the risk and make a conscious decision to not take any action
2. Accept the risk but take some actions to lessen or minimize its likelihood or impact
3. Transfer the risk to another individual or organization, by, for example, outsourcing the activity
4. Finance (insure against) the risk
5. Eliminate the risk by ceasing to perform the activity causing it

Process

Flow will maintain a Risk Register that identifies and registers key strategic, operational, and project risks. This is reviewed and reported to the Audit & Risk Committee once a year.

| Risk Category | Area of Business | Risk Description |
|-------------------------|--|------------------|
| Strategic Risks | <ul style="list-style-type: none"> • Stakeholder (Shareholders, Business Partners) • Regulator • Government • Economic Climate | |
| Project Risks | <ul style="list-style-type: none"> • Financial • Utility Operations – Network infrastructure • Marketing & PR • Utility Delivery | |
| Operational Risk | <ul style="list-style-type: none"> • Smart Water Network Build • Smart Water Network Operations • Utility Operation (Retail) • Corporate Platform • Business Continuity/DRP | |



Education

Creating a risk aware culture in the Flow Group is a crucial part of implementing and sustaining a robust risk management and compliance programme. In addition to providing training and support for those with business line responsibilities in the areas of risk and compliance, opportunities will also be provided for all staff to engage in regular training opportunities about relevant risk and compliance issues. Further, tools and/or information that raise awareness about risk management and statutory compliance obligations will be made available.

Communication & Consultation

The Business Manager will regularly communicate with and consult experts and provide reports, which will be reviewed by the Executive Director. If, as a result, the Executive Director determines a material change needs to be made to the Risk Management and Compliance Framework, then the same will be referred to the Audit & Risk Committee which may, if it deems appropriate, approve the material change.

A risk culture will be embedded through an induction training programme and on-going risk awareness initiatives.



Appendix A: Types of Risk

Sources of Risk

When identifying risks, all sources of potential risk should be considered. Some sources of risk are generic to all organisations. These include:

'People' Risks, including:

- Human Resource Management practices
- Recruitment
- Induction
- Training & Development
- WH&S (occupational health and safety)
- WH&S Management Systems
- Hazard Management
- Industrial Action
- Manual Handling
- Health
- Rehabilitation
- EEO (equal employment opportunities)
- Fraud, Corruption & Crime

Environmental Risks, including:

- Natural Hazards
- Technological Hazards
- Security
- Hazardous and Toxic Materials (e.g. chemicals, asbestos, gas etc)
- Public health
- Emergency/ Disaster Management
- Environment
- Waste and Refuse
- Radiation

Organisational Management Risks, including:

- Finance
- Insurance
- Workers Compensation
- Public Liability
- Legal Relationships
- Projects



- International Economics
- Market Competition
- Commercial/ Business/ Contractual/ Consultancy Activities and Interruptions
- Property and Physical Assets
- Fleet
- Information Technology/ Computer Systems
- Business Continuity Resumption

Appendix 5.1.7(a) Retail Supply Management Plan



Retail Supply Management Plan

Huntlee Water

Submitted to: Independent Pricing and Regulatory Tribunal

Submitted by: Flow Systems Pty Ltd

Date: 10 June 2014

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1 Introduction

This Retail Supply Management Plan forms part of the Flow Systems group's overall management plan framework for its local water utility scheme at the new residential and mixed use development at Huntlee known as 'Huntlee Water' (the "Scheme")

The Scheme is based on the following:

the supply of sewage, recycled water and drinking water services ("Services") by Flow Systems Pty Ltd ("Flow Systems") pursuant to its retail supplier's licence

and

the operation of the underlying network by Flow Systems' wholly-owned subsidiary; Huntlee Water Pty Ltd ("HW") pursuant to its network operator's licence

Purpose

This Retail Supply Management Plan (the “Plan”) is developed for the following purposes:

- To identify those events or circumstances which may affect the supply of Services, and to assess the probability of the such events or circumstances
- To implement appropriate back-up procedures including arrangements for alternative supply in response to such incidents
- To outline the policies and procedures to ensure compliance with Flow Systems group’s codes of practice in relation to:
 - customer complaints
 - missed payments and debt recovery
 - marketing and transfer

Flow Systems is responsible for reviewing and updating the Plan.

References to Flow Group shall include reference to Flow Systems and all its wholly-owned subsidiaries, including Huntlee Water Pty Ltd (‘HW’, ABN 69167418608).

General

HW has applied for a Network Operator Licence. HW operates and maintains the water and sewerage infrastructure network forming an integral part of the Scheme at the Cooranbong Water development (the “Network”). Flow Systems holds Retail Supplier’s Licence No. 13_001. Flow Systems provides the Services to end-user customers based on HW’s Network.

The Network comprises a recycled water facility and associated reticulation infrastructure (sewerage, drinking water and recycled water) on which Services are provided by Flow Systems to end users, together with inter-connections with Hunter Water Corporation’s mains network.

Flow Systems relies on HW to ensure continuity of supply through Network redundancy and appropriate prudent operational and risk management framework. Further, HW was established as a special purpose network operator for the Huntlee Development and, as such, is reliant on all resourcing from Flow Systems, which is provided pursuant to a Corporate Services Agreement dated 14 January 2013 between Flow Systems and HW.

In the event of Flow Systems’ financial failure, its ability to continue to provide retail services would be adversely affected – especially given supply of such services is dependent on delivery of the same via HW as operator of the Network through which the services are being delivered by Flow Systems to its customers. Any financial failure of Flow Systems would also directly affect HW directly. In such circumstances, the Water Industry Competition Act 2006 (as amended) has ‘retailer of last resort’ and ‘operator of last resort’ mechanisms which would be triggered. Given HW’s proximity to Hunter Water’s sewer and water mains network, Flow Systems understands that the Minister would direct Hunter Water to step in and deliver sewerage and water services direct to customers in the Wyee Water development as retailer of last resort. This is consistent with Hunter Water’s submission in relation to the retailer and operator of last resort regimes under the *Water Industry Competition Act 2006* (September 2011).

2 Customer Services

Customer Contact

Flow Systems will provide customer services and support through its web-based Customer platform. Customers will have online access to all relevant information relating to:

- Water usage
- Billing and general Customer account information
- Diagrams and site maps relating to the Customer's property

In addition, Flow Systems will offer phone and on-line e-mail support ensuring all Customer enquiries and complaints are dealt with efficiently.

Customer Enquiries and Complaints

Flow Systems has developed a Code of Practice for Customer Complaints which is consistent with the Australian Standard for complaints handling AS ISO 10002—2006. Flow Systems is committed to treating complaints promptly, fairly, equitably, confidentially and professionally and at no cost to the customer. Flow Systems has also worked with NSW Health to develop a water quality complaints process.

It is Flow Systems' intention to incorporate and implement the relevant water industry code of conduct once it is finalised. Flow Systems' Code of Practice for Customer Complaints is attached as Appendix 1 and is available on Flow Systems' website. Customers are able to review this before they agree to be bound by Flow Systems' standard Customer Contract, which governs the terms and conditions on which Customers receive the Services.

Customers are generally the owners of the property to which Services are supplied. However, in the case where owners are not the occupiers of the property, Flow Systems' Code of Practice for Customer Complaints will apply equally to the treatment of any enquiry or complaint by the tenant despite the tenant not being a Customer

Missed Payments and Debt Recovery Code of Practice

Flow Systems is committed to assisting Customers in relation to timely bill payment but recognises there may be circumstances where timely payment is compromised (including financial hardship and other factors beyond a Customer's control).

Flow Systems has developed a Code of Practice for Missed Payments and Debt Recovery. The Code specifies steps that Flow Systems will take in relation to overdue bills, unpaid bills and disputes. For instance, a short term payment plan will be available for Customers suffering financial hardship.

The Code of Practice for Missed Payments and Debt Recovery is available on Flow Systems' website and customers will be made aware of the Code prior to commencement of supply.

In no event will an essential service to a Customer be disconnected as a result of non-payment. In exceptional cases, such as wilful damage to our water supply system or a serious health or environmental risk caused by backflow of any substance from a Customer's water supply system into our water supply system, Flow Systems reserves its right to either manage pressure levels in the delivery of Services or disconnect. If Flow Systems restricts the supply of Services, it will provide both the Customer and the tenant (in the case where our Customer is the landlord) with reasonable notice that it intends to restrict supply and continue to provide a reasonable flow for basic health and hygiene purposes.

A copy of our Code of Practice for Missed Payments and Debt Recovery is attached as Appendix 2.

3 Incident Identification and Responses

Incident Identification and Responses

Flow Systems is committed to the uninterrupted supply of Services to its Customers to the extent practically possible in the event of any incidents in the network being operated and maintained by HW and on which Flow Systems relies for the provision of Services to Customers. The Network has been designed to ensure that in the event of any incident the chance of interruption to the supply of Services is minimised by virtue of redundancy and back-up/ stand-by features in the Network.

Flow Systems has identified those incidents which may occur below; it has assessed the probability of their occurrence and has listed its response.

Flow Systems is committed to minimising any inconvenience to the Customer in the event of the occurrence of any incident. Stage 1 volumes are provided below.

Water Sources

- Average daily drinking water supplied from Hunter Water is 711kL/d
- Average daily wastewater production is 993kL/d

Water Demands

- Average daily drinking water to Hunter Water Customers is 711kL/d
- Average daily recycled water to Hunter Water Customers is 941KL/d

Risk Assessment

A series of Risk Assessment workshops have been conducted to identify and establish processes to mitigate any health and environmental risks and to ensure that interruptions are minimised. Workshop participants included representatives from Flow Systems and key partners and suppliers in connection with the Network at Cooranbong.

Output from the workshops included a detailed risk assessment and an Incident and Emergency Response Management Plan for the Network at Cooranbong. Flow Systems will review both the risk assessment and the Incident and Emergency Response Plan annually in order to identify and incorporate any necessary changes.

Interruption Due to Incidents or Operational Problems

Design of the Network includes a level of redundancy to ensure that it can operate reliably and loss of supply due to operating problems will be rare.

Allowance has been made to connect a temporary generator at the recycled water facility in the event of a long term power outage.

The recycled water facility has full redundancy in the major process trains, i.e. pumps, tanks, MBR membranes, UV systems, blowers etc.

The Network delivery system includes a 364 KL flow balance storage tank regulating delivery of sewage into the recycled water facility, as well as 1200KL recycled water storage tanks to smooth out supply fluctuations.

Drinking water is supplied to HW under an inter-utility services agreement with Hunter Water.

The following contingencies have been put in place to mitigate the risk of breakage on either Hunter Water's drinking water distribution mains and the Network's reticulation infrastructure:

The Network is monitored on a 24 hour basis 7 days per week with early warning alarms and equipment condition tested through monitoring of critical control points.

Early warning alarms allow HW to identify and follow any short term trend and take appropriate corrective action to rectify any water quality or supply issues and avoid interruption to supply.

Maintenance regimes have been put in place by Flow Systems and its suppliers to ensure that the Network operates continually and reliably. Planned maintenance that necessitates a partial or full shutdown of equipment will be scheduled in periods of low demand so that supply can be maintained wherever possible.

To the extent that there are interruptions due to operating problems, these issues will be temporary and corrected by HW as specified in the infrastructure operating plans as submitted in connection with HW's Network Operator's Licence application

In the event that any part of the Network is damaged by any party or a force majeure event, then HW has the ability to back feed supply via its network ring main however supply may need to be interrupted while the damage is repaired. .

Reasonable precautions have been taken to prevent such occurrences such as registration of all Network master plans with Dial before you Dig, mechanical protection such as bollards have been built around critical supply infrastructure, continuous Network surveillance is also in place via telemetry.

Interruptions to Sewage Service

In the event that there is any material incident in relation to the sewerage delivery part of the Network, wastewater will be diverted from the recycled water facility direct via by-pass to Hunter Water's sewerage mains. Accordingly, Customers will continue to receive uninterrupted sewage service supply.

The following incidents have been identified as a possible cause for interruption to wastewater supply to the recycled water facility: nil supply due to breakages in the reticulation system leading to overflows or leakages and / or the recycled water facility within the Huntlee Water development. The probability of each of these incidents has been identified as low. In each case HW has both systems and redundancy measures in place to prevent or minimise the disruption of supply. Early detection systems include real-time telemetry data, alarms triggered through the SCADA system and notification by Customers.

Through HW's Incident and Emergency Response Management plan, a wastewater event would be triggered; this triggers an emergency response call out team under arrangements with appointed contractors. Further, HW can isolate the incident and switch to Network redundancy; spare parts and or arrange alternative supply of services via pump outs/cartage are further aspects of our back-up arrangements to minimise disruption in delivery of Services to Customers.

Interruptions to Recycled Water Supply

The recycled water facility itself and associated reticulation Network infrastructure has been designed such that it can operate reliably and consistently to supply recycled water to the required specification so that the probability of interruption due to supply issues is low. The following incidents have been identified as a possible cause for interruption to recycled water supply: nil supply due to wastewater supply Network incidents, leakage, and water quality. The probability of each of these incidents has been identified as low.

In each case HW has both systems and redundancy measures in place to prevent or minimise the disruption of supply. Early detection systems include real-time telemetry data, alarms triggered through the SCADA system and notification by Customers. Through HW's Incident and Emergency Response Management Plan, a recycled water event would be triggered.

Arrangements are in place with Hunter Water to supply potable water as a backup supply as an alternative to recycled water.

Interruptions to Drinking Water Supply

Under the inter-utility services agreement with Hunter Water, Hunter Water will work with HW to restore the service as quickly as possible. HW will provide as much information as practicable on the HW website. The service will advise you how long the interruption is likely to last, and how to obtain supplies of water, where applicable.

HW will work with Hunter Water to provide access to emergency supplies of water where reasonable and necessary having regard to the particular circumstances.

Disruptions to Customer Centre

In the event that there is an internet failure and Customers are unable to use the Customer Centre, Customers will be able to use the 1300 enquiries telephone number.

Explanation of Terms

Network redundancy – Sewage and recycled water mains have redundancy built into the Master plan design for the Network. Different routes can be utilised to bring sewage to the recycled water facility and to deliver recycled water to Customers, should a main be affected or out of service for any reason.

Systems redundancy – Smaller systems such as pump sets, blowers, tanks, UV systems etc., have been duplicated. If one unit becomes unavailable, then standby equipment is available to use to keep the process running.

Potable water top-up – this will be used should the recycled water facility be unable to meet the recycled water demand (e.g. insufficient sewage, or facility shutdown). Potable water tops up the recycled water storage tanks and is delivered through the recycled water mains network. Should the recycled water main become unavailable, a maintenance contract is in place to immediately repair the pipes on a 24hr 7 day/week basis.

4 Evaluation and Auditing

Flow Systems has an evaluation program to enable the adherence to its Code of Practice for Customer Complaints, Debt Recovery, the Marketing Code of Conduct and the Transfer Code of Conduct. Evaluation is undertaken internally by management whilst periodic auditing is conducted by an independent 3rd party on behalf of IPART.

Furthermore evaluation is used in planning and overall system improvement. In summary the key deliverables from the evaluation process are as follows:

Evaluation

Through the assessment of long term (i.e. 12 months or greater) data:

- Assess long term performance against Flow Systems' various Customer code objectives
- Identify emerging issues.
- Plan and or identify process improvements.

In order to ensure the long-term adherence, Flow Systems processes are monitored to proactively identify problems, the following is implemented:

Once per year, the Retail KPI performance is presented, allowing discussion, review and forward planning. The following is included in the presentation:

Key performance data trends over the year

- Summary of incidents, causes and remediation actions
- Any changes to Services over the year, requiring updates to the RSMP.
- All results are documented and presented as part of the yearly regulatory/stakeholder report

Auditing

To ensure that Flow continues to meet its quality performance standards and its obligations under its Customer Codes, Flow Systems will periodically perform audits of:

- the Customer Relationship Management system
- operational and customer communications activities
- the effectiveness of incident and emergency response or other specific aspects of water quality management

Flow Systems performs internal evaluations regularly, with external audits performed periodically at IPART's direction. The external audits have a specific focus on:

The adequacy and effectiveness of measures taken by Flow to maintain those quality and performance standards referred to in the Licence over the period from the previous audit.

A dedicated audit report is presented by the external auditing party. This is distributed to the relevant stakeholders. All actions are transferred across into the monthly internal management report for tracking, including:

- Action
- Responsibility
- Progress
- Due date

Any outstanding actions are transferred across to the yearly regulatory/stakeholder report, with an inclusion on the reasoning for the action outstanding. A summary of the results from the audit is included in the yearly regulatory/stakeholder report.

IPART notification process

IPART will be informed within a timely manner of changes to the services it provides. The following are triggers for changes:

- Changes in the services Flow Systems provides, i.e. any services to industrial customers within the catchment
- Changes in the corporate structure within Flow Systems
- Changes in inter-utility water supply agreements
- Changes in the risk assessment based on updated information

5 Review and Improvement

Feedback from the following stakeholders is used to continuously update this Plan:

- Flow Systems' board of directors, management and operators
- Customers
- Local Council
- Community groups
- Regulators
- Contractors
- Suppliers
- Service providers

The results from the review and auditing processes are used to update and improve the Plan as required.

Quality assurance

As part of Flow Systems' commitment to ensure the complete management plan remains up-to-date, remains relevant and effectively documents the management of the risks associated with retail supply of Services pursuant to its retail supplier's licence, the triggers for a Plan review include:

- Changes in regulatory requirements (as monitored by Flow Systems)
- Changes to the Services supplied
- Changes required by the management of Flow Systems
- Changes requested and approved by relevant stakeholders.
- Changes to the operational structure of Flow Systems
- 12 months has passed since a risk review has been completed.

Training

Flow Systems has developed its own in-house company-specific training programs for all Customer Services staff, supplemented with training delivered by a 3rd party training services providers from time to time. Flow Systems regularly reviews staff records to ensure that they are adequately trained to effectively and efficiently fulfil the required role. The following approach will be used for the review:

After a maximum period of 12 months Flow Systems will review training records to ensure requirements are adequately covered and the necessary information included after any incident, which may be linked to staff fault, Flow will review the training requirements of the Retail staff.

Marketing Code of Conduct

FLOW Systems is committed to following the [Marketing Code of Conduct](#) as set out in the Water Industry Competition (General) Regulation 2008.

Accordingly we will:

- not engage in misleading, deceptive or unconscionable conduct, whether by act or omission;
- not exert undue pressure on a Customer, nor harass or coerce a Customer;
- ensure that information provided to Customers is truthful and in plain language;
- ensure that information provided to individual Customers is relevant to that Customer's circumstances; and
- provide only timely, accurate, verifiable and truthful comparisons.

Transfer Code of Conduct

Flow Systems is committed to following the [Transfer Code of Conduct](#) as set out in the Water Industry Competition (General) Regulation 2008.

Compliance

Flow Systems recognises that it is obliged to systematically manage and regularly review its risk profile at a strategic, operational, and project level. Flow Systems has developed a risk management and compliance framework that determines the process and identifies tools for realising its objectives.

Flow Systems is committed to:

Conducting all of its business operations and dealings in full compliance with the law, and

Ensuring that all its employees understand what they must do so that Flow Systems achieves full compliance

- In order to deliver on its commitment to full compliance with the law, Flow Systems will:
 - Establish and maintain governance structures, management systems and controls and reflect the nature of the obligations and associated compliance risks
 - Foster and maintain a culture that values and supports compliance through strong leadership, participation, training and development
 - Monitor the regulatory environment and record and administer applicable obligations
 - Assign responsibility for managing compliance with every obligation to responsible managers
 - Monitor compliance performance including requiring periodic assurances as to compliance from responsible managers
 - Engage in periodic audits and reviews of compliance and compliance systems which may be self-instigated or required by regulators
 - Coordinate the preparation of both internal and external reports regarding compliance

- Receive, investigate and respond to complaints and reports of compliance issues
- Flow Systems has developed its management infrastructure, operating systems, procedures and policies, to enable it to comply with relevant industry specific regulations and codes Refer to Appendix 3 for FLOW Systems' Risk Management and Compliance Framework.
- The compliance management systems are overseen by Flow Systems' Executive Risk Management Compliance Committee.

6 Appendices

Appendix 1 – Customer Complaints Code of Practice

Appendix 2 – Missed Payment and Debt Recovery Code of Practice

Appendix 3 - Risk Management and Compliance Framework

Appendix 5.1.7(b) Customer Complaints Code



Customer Complaints

Purpose

Flow Systems Pty Ltd (“Flow”) delivers services to Customers pursuant to its retail supplier’s licence no. 13_001R.

The purpose of the Code of Practice is to describe the process that Flow will use to respond to complaints by Customers.

Applicable to

This Code applies to all complaints from Flow’s existing and potential Customers (including enquiries and complaints initiated by tenants who are not technically Customers *per se*). This Code applies to complaints regarding any Flow activity.

For the purposes of this Code, references to “Customer” shall be deemed to be a reference to a tenant of a Customer where any complaint has been lodged by a tenant

Code of Practice

Flow recognises that Customers may need to contact us to make a complaint if a service, product, decision or action fails to meet their expectations or our standards. This Code covers:

- Complaints Handling
- Complaints Resolution
- Escalation
- Compliance and Continuous Improvement

Complaints Handling

Flow is committed to treating complaints promptly, fairly, equitably, confidentially and professionally at no cost to the Customer. Flow’s aim is to manage complaints such that they can support the constant improvement of our Customer services.

If a Customer has a complaint regarding any aspect of our Services, the Customer should contact us and we will aim to resolve the issue as quickly as we can. Flow welcomes Customer (including tenant) and community feedback as it helps us to identify problems and improve our operations. You can contact us in the following ways:

- Telephone: Customer/Community Line 1300 803 803
- E-mail: contact@flowsystems.com.au



All complaints will be recorded, classified and tracked in Flow's Customer Relationship Management System (CRM). Customers will be provided a unique "ticket" number for each complaint which the Customer can retain and/or recall for future enquiries.. This will also enable Flow to track all complaints.

In addition, any documentation received will be retained in the CRM under the corresponding "ticket" number.

Customer complaints will be investigated by a Flow Customer Service Officer (CSO). After investigation, Customers will be advised of the resolution with all comments, actions and resolutions recorded in the Flow's CRM against the Customer's corresponding "ticket" number.

Complaints Resolution

Flow will receive, acknowledge, investigate, and respond to complaints promptly. Where a response and/or remedy can be provided immediately, we will provide the information to, or take the necessary action for, the complainant and close the complaint.

Our aim is to resolve a Customer's problem as quickly as we can. If it cannot be resolved immediately, we will respond to, or provide a status update within 2 working days.

More complex problems may need to be looked into further and Flow will attempt to resolve complaints within 20 days of initial contact. During this time we may contact the Customer for further information or the Customer can contact us for an update.

Where a complaint is of a serious or urgent nature, complaints will be resolved as soon as practical. Flow will ensure protection of confidential and personal information in receiving and resolving complaints through compliance with its Privacy Policy which is available on the Flow website.

Resources, Training & Continual Improvement

Flow will ensure that complaints are handled by appropriately trained Customer Services staff and that the complaints handling process is adequately resourced in order to meet its complaints response goals described above.

Flow has access to detailed reports on complaints and how they are resolved and Flow's senior management will use these reports to review and continually improve the complaints handling process, where necessary.



Escalation

If a complaint cannot be resolved by Flow's Customer Services team to the Customer's satisfaction, then the Customer can ask to refer the matter to a higher level of senior management within Flow.

If the Customer is still dissatisfied with the outcome, the Customer may choose to contact the Energy and Water Ombudsman NSW (EWON). Flow is a registered member of EWON. EWON provides an independent way of resolving complaints. The Ombudsman is able to make decisions without any interference, based on what is fair and reasonable in the circumstances of each case. This service is free to Customers.

EWON contact details are:

- Freecall: 1800 246 545
- Freefax: 1800 812 291
- Freepost: Reply paid K1343, Haymarket NSW 1239
- Email: omb@ewon.com.au
- Website: <http://www.ewon.com.au/index.cfm/contact-us/>

Appendix 5.1.7(c) Missed Payments and Debt Recovery Code



Missed Payments

Purpose

The purpose of this document is to outline the code of conduct relating to Customers that have missed payment.

Applicable to

This policy applies to all Customers.

Code of Conduct

In the event a Customer is experiencing difficulty paying a bill or is concerned about meeting a payment on time, Flow shall try to reach an agreement on the amounts to pay spread over a reasonable period of time.

Payment options and methods may include:

- a short extension of time
- a payment plan to pay the account in regular instalments over an agreed time-frame
- a budget plan where regular manageable amounts are debited from the Customer's nominated account, or:
- access to a Payment Assistance Scheme that operates through local welfare agencies.

Collection

Reminder Notice:

If a Customer fails to make payment on the due date, Flow will contact the Customer immediately thereafter, including sending a reminder notice.

Warning Notice:

At least 7 days prior to taking action for non-payment, Flow Systems will send a payment warning notice that:



- a. specifies any assistance that is available to the Customer, including information about EWON and Flow's payment assistance policy; and
- b. advises the Customer that the payment is overdue and must be paid for the Customer to avoid legal action or supply restriction; and
- c. cautions that, if legal or restriction action is taken, the Customer may incur additional costs in relation to those actions.

In the case of a tenant

Our legal and billing relationship is with the owner of the property. We do not bill tenants for our services. Any arrangement that a tenant has with the landlord is a private matter between them.

In the event a landlord has missed an account payment, Flow may allow a short extension of time so the tenant can contact the property owner or managing agent.

Flow will not commence any recovery action during this agreed period.

In the case of a business

For business Customers, Flow may offer a short extension of time to allow settlement of the account based on reasonable commercial considerations.

In considering these options overdue accounts attract interest charges.

Actions for Non Payment

Restriction and Legal Action

As a last resort, Flow may restrict the supply of Services to a property and/or take legal action if:

- a. more than 14 days have elapsed since the issue of the reminder notice to the Customer
- b. more than 7 days have elapsed since the issue of the warning notice to the Customer
- c. Flow or its agent have attempted to make contact with the Customer by telephone, email or in person, about the non-payment
- d. the Customer has been notified of the proposed restriction or legal action and the associated costs, including the cost of removing the restriction device; and
- e. the Customer has
 - i. been offered a flexible payment plan and the Customer has refused or failed to respond; or
 - ii. agreed to a flexible payment plan and has failed to comply with the arrangement.

Limits on restriction and legal action Flow will not commence legal action or take steps to restrict a Customer's service due to non-payment if:



- a. the amount owed by the Customer is eligible for, and the Customer has lodged an application for, a government funded concession relating to amounts charged by Flow and the application remains outstanding; or
- b. the Customer is a landlord, and:
 - i. the amount is in dispute between the Customer and the tenant; or
 - ii. the amount in dispute is subject to an unresolved complaint procedure in accordance with Flow's Customer Complaints Code.

Additional limits on restriction

Flow will not take steps to restrict a Customer's service due to non-payment if:

- a. it is a Friday, public holiday, weekend, day before a public holiday, or after 3pm; or
- b. the Customer is registered as medically dependant

If the supply to a Customer's property is restricted; Flow will continue to provide flow for basic health and hygiene purposes and endeavour to notify the occupants either by email or a phone call at the time.

Removal of restrictions

Flow will restore a restricted service within 24hours of becoming aware that the reason for the restriction has been resolved.

Before the service is restored, the Customer will be required to pay the overdue amount or make an agreed payment arrangement. Flow may impose a reasonable charge to cover Flow's costs for the removal of the restriction.

Flow will always prefer to help Customers (and Customer's tenants) in relation to any financial difficulties, so that Flow does not need to restrict any Service.

If you have a problem with a missed payment please get in touch with us asap at contact@flowsystems.com.au or 1300 803 803.