



Independent Pricing and Regulatory Tribunal

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

Annual Report 2013/14

Report to the Minister

Water — Compliance Report
October 2014



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1 Executive summary

The licensing regime under the *Water Industry Competition Act 2006* (Act) commenced in August 2008, when the *Water Industry Competition (General) Regulation 2008* (Regulation) came into effect. The legislation was introduced as part of the NSW Government's strategy for a sustainable water future. The aim of the Act is to harness the innovation and investment potential of enhanced competition and private sector involvement in the water and wastewater industries.

Under the Act, we, the Independent Pricing and Regulatory Tribunal (IPART), administer a licensing regime on behalf of the Minister for Natural Resources, Lands and Water (the Minister). Since the regime commenced, 25 licences have been granted to 15 licensees.^{1,2} As at 30 June 2014:

- ▼ thirteen licensees held 21 licences under the Act, comprising:
 - 12 network operator's licences
 - nine retail supplier's licences
- ▼ eight of the 12 schemes had commenced commercial operation under their network operator's licences
- ▼ six of the nine retail suppliers are providing services to customers
- ▼ applications for an additional 16 licences are being assessed, one of which was with the Minister for determination as at 30 June 2014
- ▼ applications for seven licence variations are being assessed, three of which were with the Minister for determination as at 30 June 2014.

¹ Licensees can hold more than one licence.

² Four licences have been cancelled since the regime commenced: Osmoflo Pty Ltd's two licences in 2012/13 and Simmonds & Bristow's two licences in 2013/14.

1.1 Main compliance findings

Overall, licensees operated satisfactorily in 2013/14, with a high level of compliance. Of the 21 licences held at 30 June 2014, 31 breaches of licence conditions were identified through licensees' annual compliance reports and our audit process. In comparison, 25 breaches were identified for the 21 licences held in 2012/13.³ The increase has coincided with an increase in licensed activities since 2012/13 (ie, in 2013/14 licensees were supplying almost three times as many customers than in 2012/13).

Despite the increase, non-compliances identified in this reporting period were considered to be minor in nature, with no immediate adverse impact to customers, the environment or public health and safety. However, 23 of the 31 breaches could lead to problems in the future if not addressed. These breaches primarily related to the need for licence plans updates, to ensure effective management of infrastructure over the medium to long term; and the revision and finalisation of plans, processes and procedures to further mitigate risk.

The self-reporting of licence breaches informs our risk based audit approach. Of the 31 breaches identified in this reporting period, 23 will be subject to further audit in 2014/15 to ensure that they are appropriately addressed. The remaining eight breaches relate to obligations where we intend to take no compliance action. Instead, we propose to recommend that these licence conditions be amended. For example, some obligations breached are found in older licences where specific reporting obligations are no longer consistent with standardised conditions now imposed. In these cases, we intend to recommend that these specific reporting obligations be updated as part of the five year review of each licence.

Some recurring compliance themes were identified during this reporting period. These are outlined below:

- ▼ Most annual compliance reports were not submitted in accordance with our reporting manuals for network operators or retail suppliers.⁴ The main problem was the returns did not include licence breaches that had been previously reported in audits conducted during the year. All licensees will be reminded of their reporting requirements, to improve ongoing compliance.

³ The 21 licences held in 2012/13 did not include two of the licences held in 2013/14 as the Minister cancelled two licences in this reporting period.

⁴ Reporting manuals are available at www.ipart.nsw.gov.au.

- ▼ Some network operators did not resubmit licence plans when minor changes were made. Under some standard Ministerially-imposed licence conditions, licence plans need be submitted to us whenever a change occurs. This requirement was modified in more recently granted licences, where plans are now required to be submitted only when significant changes are made. Further, some licensees did not provide us with insurance certificates of currency, within 10 days, when their insurance period changed. This requirement has also been modified in later licences and notification is now required when the extent and nature of insurance cover has changed. No compliance action is proposed. We intend to recommend that these obligations be progressively standardised in older licences through the five year review of each licence.⁵
- ▼ During audits, several Infrastructure Operating Plans (IOPs) were deemed to contain insufficient detail around lifecycle planning for licensed infrastructure. This was not found to be a significant issue in the short to medium term, as licensed schemes are still relatively new. We intend to reaudit these obligations, to ensure that the obligations are met.
- ▼ Several licensees failed to upload plans, related to licensed sewerage infrastructure, onto their websites. In 2011, the Government partly removed the obligation to publish plans – the requirement was removed in respect to water infrastructure, but not sewerage infrastructure. We have since recommended that this obligation also be removed in relation to sewerage infrastructure. Given implementation difficulties (specifically, licensees' concerns about the protection of their intellectual property), we intend to take no compliance action in respect to these breaches.

1.2 Operating statistics

A limited set of operating statistics were provided as part of the annual compliance reports. In summary, water services were supplied to nearly 1,300 customers through approximately 74 km of water and sewer mains. This compares to 2012/13 where only 484 customers were supplied through 65 km of water and sewer mains.

Although customer numbers significantly increased in this reporting period, the total amount of recycled water supplied through schemes licensed under the Act decreased by approximately ten percent in 2013/14 (approximately 2,437 ML vs 2,709 ML in 2012/13).⁶ This decrease was primarily due to the Shell Refinery no longer requiring recycled water sourced from the Fairfield-Rosehill recycled water scheme.

⁵ It is a requirement that all licences are reviewed every five years; see Section 85(2) of the Act.

⁶ This does not take into account groundwater.

Nonetheless, recycled water supplied by licensees continues to reduce Sydney's potable water demand. Further, we anticipate that the amount of recycled water supplied will increase during the next reporting period, as the number of operational recycled water schemes increases.

Similar to 2012/13, the total number of customer complaints regarding licensed schemes was low. In total, 93 customer complaints were received in 2013/14, 92 of which were related to the Wilton scheme. The majority (73) of complaints received by the Wilton scheme were related to billing and account issues. We understand that most complaints related to customers' sewer charges, which are higher than Sydney Water's charges. We note that this scheme is subject to a new licence application by Wilton Water. Further, Wilton Water has informed us that these charges will be aligned to those charged by Sydney Water when it commences supply to the scheme.

1.3 Reforms to the Act and Regulation

The NSW Government has recently finalised its review of the licensing regime and is proposing some significant changes to the Act. The Water Industry Competition Amendment (Review) Bill 2014 (the Bill) was introduced into Parliament in June 2014 and has recently been passed by both houses. Some of the main changes to the regime include:

- ▼ Retail supplier's licences will be limited to the supply of 30 or more small retail customers.
- ▼ Network operator's licences will not be scheme based. Instead, licences will authorise the operation of specific water infrastructure anywhere within NSW.
- ▼ A scheme specific approval will be required to design or operate water industry infrastructure.
- ▼ Metropolitan councils operating water/ sewerage industry infrastructure in Sydney Water's and Hunter Water's areas of operations will be regulated under the Act.
- ▼ Retailer of last resort provisions will be strengthened and operator of last resort provisions introduced.⁷

Until the Bill is enacted, the current licensing arrangements continue to apply.

⁷ Last resort provisions will enable the Minister to appoint retailers and/or network operators to maintain essential services to small retail customers in circumstances where their original suppliers have ceased to operate due to financial failure.

1.4 Structure of this report

This report provides an overview of:

- ▼ licensed activities (Chapter 2)
- ▼ our compliance monitoring process (Chapter 3)
- ▼ non-compliances identified during this reporting period (Chapter 4)
- ▼ licensees' operational statistics (Chapter 5).

Further, the report provides:

- ▼ a brief overview of proposed changes to the new licensing regime (Chapter 6)
- ▼ an overview of the monitoring and compliance framework that supports the licensing regime (Appendix A)
- ▼ full operating statistics, as reported by licensees (Appendix C and Appendix D).

2 Licensed activities

The Act establishes a licensing regime for private sector participants in the water industry. Currently, two types of licences exist under the Act:

- ▼ network operator's licence to construct, maintain and operate water industry infrastructure
- ▼ retail supplier's licence to supply potable or non-potable water, or provide sewerage services by means of water industry infrastructure.

Under section 9 of the Act, we are required to consider applications for licences and furnish a report to the Minister outlining reasons for our recommendation as to whether or not a licence should be granted. The Minister may determine an application by granting the licence or refusing the application.⁸ When considering an application, the Minister is not bound to accept our advice or recommendation.⁹ In 2013/14, based on our recommendations, the Minister:

- ▼ granted two new network operator's licences to Discovery Point Water Pty Ltd (DPW) and Wye Water Pty Ltd (Wye Water)
- ▼ cancelled two licences for one licensee at its request.¹⁰

2.1 Licensees

DPW and Wye Water joined 10 other network operators who were licensed prior to the commencement of this reporting period. Table 2.1 outlines network operator's licences as of 30 June 2014. Similarly, details of the nine retail supplier's licences, held during this reporting period, are provided in Table 2.2.¹¹

⁸ Clause 10(1) of the Act.

⁹ Clause 10(2) of the Act.

¹⁰ Simmonds & Bristow (S&B)'s network operator and retail supplier licences were cancelled on 3 July 2014.

¹¹ Details of all network operator and retail supplier schemes are available at www.ipart.nsw.gov.au.

Table 2.1 Network operator's licences as of 30 June 2014

Licence number	Date licence granted	Licensee	Scheme
09_001	8 April 2009	Veolia Water Australia Pty Ltd (Veolia)	Fairfield-Rosehill ^a
09_002	27 April 2009	SGSP Rosehill Network (SGSPRN)	Fairfield-Rosehill
09_003	2 Feb 2010	Aquacell Pty Ltd (Aquacell)	1 Bligh St
10_008	24 June 2010	Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWS)	Darling Quarter ^b
10_010	9 Aug 2010	Sydney Desalination Plant Pty Ltd (SDP) ^c	Sydney Desalination Plant
10_014	11 Nov 2010	Pitt Town Water Factory Pty Ltd (PTWF)	Pitt Town
10_012	9 Dec 2010	VWS	Wilton ^d
12_016	23 April 2012	Orica Australia Pty Ltd (Orica)	Orica groundwater scheme
12_020	18 Dec 2012	Mirvac Real Estate Pty Ltd (Mirvac)	Chifley Square
12_022	4 Jan 2013	Central Park Water Factory Pty Ltd (CPWF)	Central Park
13_025	4 Dec 2013	DPW	Discovery Point
14_026	18 June 2014	Wyee Water	Wyee

^a Also known as Camellia.

^b Previously known as Darling Walk.

^c SDP went into standby mode in July 2012 when dam storage levels reached 90% capacity. Under current operating rules, SDP will recommence operation when dam storage levels reach 70% and will remain in production until the dam storage levels reach 80%.

^d Also known as Bingara Gorge.

Table 2.2 Retail supplier's licences as of 30 June 2014

Licence number	Date licence granted	Licensee	Scheme
09_004R	2 February 2010	Aquacell	1 Bligh St
10_009R	24 June 2010	VWS	Darling Quarter
10_011R	9 August 2010	SDP	SDP
10_013R	1 March 2011	VWS	Wilton
10_015R	11 November 2010	PTWF	Pitt Town
10_01R	10 March 2010	AquaNet Sydney Pty Ltd (AquaNet)	Fairfield-Rosehill
12_017R	23 April 2012	Orica	Orica groundwater scheme (Orica groundwater)
12_021R	18 December 2012	Mirvac	Chifley Square
13_001R	17 April 2013	Flow Systems Pty Ltd (Flow Systems)	Multiple schemes

2.1.1 Status of licensed schemes and services

In 2013/14, 8 out of 12 licensed network operators were operating schemes. Six retail suppliers were providing services to customers, as outlined in Table 2.3.

Table 2.3 Licensees providing retail services in 2013/14

Licensee	Scheme	Services being provided
Aquacell	1 Bligh Street	Recycled water
AquaNet	Fairfield-Rosehill	Recycled water
Flow Systems	Pitt Town	Recycled water, sewerage
	Central Park ^a	Drinking water, ^b sewerage
Orica	Orica groundwater	Recycled water
PTWF ^c	Pitt Town	Recycled water, sewerage
VWS	Wilton	Recycled water, sewerage

^a Recycled water infrastructure at Central Park is yet to be commissioned.

^b Flow Systems acquires drinking water from Sydney Water to supply customers at Central Park. Recycled water will also be provided from 2014/15.

^c PTWF is a subsidiary of Flow Systems. Flow Systems' retail licence also covers the Pitt Town scheme. As a consequence, PTWF has sought cancellation of its retail supplier's licence (10_015R) on 1 September 2014.

2.2 Licence variations

No licences were varied in this reporting period. However, at the 30 June 2014, three licence variations were with the Minister for determination:

- ▼ network operator's licence
 - DPW for licence 13_025
- ▼ retail operator's licence
 - Aquacell for licence 09_004R
 - Flow Systems for licence 13_001R.

2.3 Licence cancellations

Under section 16(6) of the Act, the Minister can cancel licences at the request of the licensee.

S&B sought cancellation of its network operator and retail supplier licences on 27 March 2013. The proposed scheme supplying a new residential development did not proceed. Instead, Bryon Shire Council (the local public authority) is now providing sewerage services to this development. The Minister cancelled the licences on 3 July 2014.

2.4 Licence applications and variation requests

As of 30 June 2014, we were assessing licence applications for 16 additional licences (Table 2.4).¹² Further, we were assessing licence variations for seven licences, as outlined in Table 2.5.¹³

Table 2.4 Licence applications being processed at 30 June 2014

Applicant	Scheme	Licence type
Aquacell	Kurrajong	Network operator
	Kurrajong	Retail supplier
	Narara Eco-Village	Network operator
	Narara Eco-Village	Retail supplier
	Workplace 6 ^a	Network Operator
Catherine Hill Bay Water Utility Pty Ltd (CHBWU)	Catherine Hill Bay	Network operator
Cooranbong Water Pty Ltd ^b	Cooranbong	Network operator
Green Square Water Pty Ltd ^c	Green Square	Network operator
Huntlee Water Pty Ltd ^d	Huntlee	Network operator
Lend Lease Recycled Water (Barangaroo South) Pty Ltd (LLRWBS)	Barangaroo	Network operator
	Barangaroo	Retail supplier
Snowy Hydro Ltd	Cabramurra	Network operator
Solo Water Pty Ltd (Solo Water)	Multiple schemes ^e	State-wide retail supplier's licence
University of Western Sydney	UWS	Network operator
	UWS	Retail supplier
Wilton Water Pty Ltd (Wilton Water) ^f	Wilton	Network operator

^a With the Minister for determination.

^b Cooranbong Water Pty Ltd is a subsidiary company of Flow Systems.

^c Green Square Water Pty Ltd is a subsidiary company of Flow Systems.

^d Huntlee Water Pty Ltd is a subsidiary company of Flow Systems.

^e Schemes currently included in Solo Water's application include Catherine Hill Bay and Wilton.

^f VWS currently holds network operator and retail supplier licences (10_012 and 10_013R) for activities at Wilton Village. Wilton Water is proposing to become the new network operator for the scheme.

¹² At the time of writing, we had provided our recommendation to the Minister for one licence application for determination.

¹³ This figure includes the three licence variations with the Minister for determination.

Table 2.5 Licence variation requests being processed at 30 June 2014

Applicant	Licence number	Scheme	Variation
Aquacell	09_004R	Aquacell's retail supplier licence ^a	To allow Aquacell to provide retail services for its Workplace 6 scheme.
DPW	13_025	Discovery Point ^b	To include drinking water on its network operator's licence. ^c
Flow Systems	13_001R	Cooranbong Discovery Point ^d Green Square Huntlee Water Wye Water	Five individual licence variation requests were received to vary one state-wide retail supplier's licence.

^a This variation was with the Minister for determination as at 30 June 2014. The variation was granted on 2 July 2014.

^b This variation was with the Minister for determination as at 30 June 2014. The variation was granted on 7 July 2014, with Flow Systems' variation for its retail supplier's licence (13_001R).

^c DPW proposes to acquire drinking water from Sydney Water to supply customers at Discovery Point.

^d This variation was with the Minister for determination as at 30 June 2014. The variation was granted on 7 July 2014, with DPW's variation for its network operator's licence (13_025).

3 Compliance monitoring

Licence conditions are imposed via the Act, Regulation, and the Minister (through Ministerially imposed licence conditions). Conditions may also refer to other legislation, statutory instruments or documents.¹⁴

3.1 Licensees' self-reporting

Licensees are required to keep records relating to their activities. Further, they are required to report any licence breaches to us. This information is primarily provided in licensees' annual compliance reports, submitted by 30 August each year. Licensees are required to prepare annual reports in accordance with our network operator's or retail supplier's reporting manuals.¹⁵

Licensees are also required to immediately report high-risk breaches, as per our reporting manuals. None were reported in 2013/14.

Non-compliances identified through licensees' self-reporting are outlined in chapter 4.

3.2 Audits

In addition to licensees' self-reporting, breaches can be identified through audits. Two types of audits are conducted prior to a licensee being granted approval for commercial operation. Licence plans¹⁶ audits and new infrastructure audits are conducted to review the adequacy of plans, determine if infrastructure is safe to operate and confirm that all licensing and legislative requirements¹⁷ are being met. All audits are required to be conducted by approved auditors from our Water Licensing Audit and Technical Services Panel (Panel), in line with our Audit Guideline.^{18,19}

¹⁴ For example, licence conditions require compliance with codes of conduct and licence plans. Further, the *Environmental Planning and Assessment Act 1979*, *Protection of the Environment Operations Act 1997*, *Public Health Act 2010*, *Plumbing and Drainage Code of Practice*, *Australian Drinking Water Guidelines* and *Australian Guidelines for Water Recycling* must also be followed.

¹⁵ Reporting manuals are available at www.ipart.nsw.gov.au.

¹⁶ Licence plans may include infrastructure operating plans, water quality plans, sewage management plans or retail supply management plans, as relevant to the licence.

¹⁷ Refer to Appendix A.3 for details.

¹⁸ Refer to Appendix A.4 for details of our Panel.

¹⁹ Our Audit Guideline is available at www.ipart.nsw.gov.au.

Finally, network operators who are operating schemes are periodically subject to risk based audits to assess licence compliance (operational audits).²⁰ Due to the small number of customers supplied, licensed retail suppliers have not previously been subject to operational audits. In response to increased customer numbers, we intend to commence audits of some retail suppliers in 2014/15.

Section 3.2.1 outlines audits undertaken in this reporting period. Non-compliances identified in these audits are discussed in chapter 4.

3.2.1 Audits conducted in 2013/14

Audits undertaken in this reporting period are outlined below.

Table 3.1 Licence plans audits undertaken in 2013/14

Licensee	Scheme	Audit date
Aquacell	1 Bligh St	8 July 2013
CPWF	Central Park ^a	18 Oct 2013 20 May 2014
DPW	Discovery Point	21 May 2014
Mirvac	Chifley Square	14 April 2014
Orica	Orica groundwater	11 Feb 2014
SGSPRN	Fairfield-Rosehill	7 May 2014
VWS	Darling Quarter	5 March 2014

^a The initial audit, in 2013, addressed drinking water and sewerage. The subsequent audit, in 2014, addressed recycled water.

Table 3.2 New infrastructure audits undertaken in 2013/14

Licensee	Scheme	Audit date
CPWF	Central Park ^a	18 Oct 2013 20 May 2014
DPW	Discovery Point	21 May 2014
Mirvac	Chifley Square	14 April 2014

^a The initial audit, in 2013, addressed drinking water and sewerage. The subsequent audit, in 2014, addressed recycled water.

Table 3.3 Operational audits undertaken in 2013/14

Licensee	Scheme	Audit date	Audit period
Aquacell	1 Bligh St	6 September 2013	3 Nov 2011 – 26 July 2013
Orica	Orica groundwater	11 February 2014	23 April 2012 – 29 Nov 2013
SGSPRN	Fairfield-Rosehill	7 May 2014	2 May 2013 – 29 Nov 2013
Veolia	Fairfield-Rosehill	8 May 2014	29 Feb 2012 – 28 Feb 2014
VWS	Darling Quarter	5 March 2014	22 Sept 2011 – 29 Nov 2013

²⁰ Refer to Appendix A.2 for details.

4 Licence compliance

Overall, licensees operated satisfactorily in 2013/14, with a high level of compliance. Of the 21 licences held at 30 June 2014, 31 breaches of licence conditions were identified through licensees' annual compliance reports and our audit process. In comparison, 25 breaches were identified for the 21 licences held in 2012/13.²¹ The increase coincides with an increase in licensed activities since 2012/13 (ie, in 2013/14, licensees were supplying almost three times as many customers than in 2012/13).

Despite the increase, non-compliances identified in this reporting period were considered to be minor in nature, with no immediate adverse impact to customers, the environment or public health and safety. However, 23 of the 31 breaches could lead to problems in the future if not addressed. These breaches primarily related to the need for licence plans updates, to ensure effective management of infrastructure over the medium to long term; and the revision and finalisation of plans, processes and procedures to further mitigate risk.

The self-reporting of licence breaches informs our risk based audit approach. Of the 31 breaches identified in this reporting period, 23 will be subject to further audit in 2014/15 to ensure that they are appropriately addressed. The remaining eight breaches relate to obligations where we intend to take no compliance action. Instead, we propose to recommend that these licence conditions be amended. For example, some obligations breached are found in older licences where specific reporting obligations are no longer consistent with standardised conditions now imposed. In these cases, we intend to recommend that these specific reporting obligations be updated as part of the five year review of each licence.

Section 4.1 details common breaches identified for several licensees in this reporting period. Sections 4.2 and 4.3 provide details of breaches identified in this reporting period. Breached licence conditions have been referenced in footnotes.

²¹ The 21 licences held in 2012/13 did not include two of the licences held in 2013/14 as the Minister cancelled two licences in this reporting period.

4.1 Common compliance themes across licensees

While compiling data for this report, we identified some common compliance themes that impacted a number of licensees. These are summarised below.

4.1.1 Incorrectly submitted returns

During our review of licensees' annual returns, we identified that most returns were provided to us incorrectly.²² As outlined in section 3.1, licensees are required to submit annual returns to us as per the network operator and retail supplier reporting manuals.²³ Many licensees failed to:

- ▼ report on licence obligations²⁴ breached during the reporting period (namely non-compliances identified during audits)
- ▼ provide sufficient information (as per our reporting manuals) in relation to licence breaches in the reporting period²⁵
- ▼ initially provide us with correct statistics for some performance indicators²⁶
- ▼ provide NIL returns in the correct format.

As outlined in chapter 3, we adopt a risk-based approach to our audit program. Where licensees have incorrectly reported non-compliances against conditions of their licences, we propose to take this into consideration when deriving upcoming audit scopes. Further, we propose to remind licensees of their reporting requirements, to ensure annual returns are provided to us in the correct format in upcoming years.

4.1.2 Lifecycle planning

Although not a significant issue in the earlier stages of operation, appropriate infrastructure planning and maintenance procedures need to be in place when schemes begin to mature (ie, in the medium to long term). Refining Infrastructure Operating Plan (IOP) documentation to include details about infrastructure life-span, system redundancy and renewal arrangements, in conjunction with implementation of related procedures, is likely to ensure that infrastructure is operated and maintained effectively.

²² These will be reported on in the 2014/15 compliance report to the Minister.

²³ Reporting manuals are available at www.ipart.nsw.gov.au.

²⁴ As outlined in Appendix D of the relevant reporting manuals. This includes clauses from the Act, Regulation and Ministerially imposed licence conditions.

²⁵ For example, period of non-compliance and remedial actions taken.

²⁶ Appendix E of both reporting manuals details how to calculate performance indicators.

To date, primarily new infrastructure has been licensed under the Act. During this reporting period, adequate lifecycle planning was not evident in six of the 12 network operator licensees' IOPs.²⁷ This constitutes a breach of up to two general licence conditions, outlined in the Regulation.²⁸ We intend to reaudit these obligations in the next audit period, to ensure that the obligations are met.

4.1.3 Matters to be contained on licensees' websites

Under the Regulation, a licensee must place licence plans pertaining to licensed **sewerage** infrastructure on its website.²⁹ During this reporting period, several licensees failed to report non-compliance against this licence clause.

We note that in 2011, the Government removed the obligation from the Regulation for licensees to place licence plans on their websites for **water** infrastructure.³⁰ However, no such amendment was made in relation to plans associated with **sewerage** infrastructure. In previous years, we have reported that unless we received advice from the Minister to the contrary, we did not intend to take enforcement action against licensees breaching this condition.³¹ This is based on licensees' concerns about intellectual property in these plans, coupled with our view that the public release of sewage infrastructure and management plans had no benefit to customers. This remains our position. We do not intend to take action in response to these breaches.

4.1.4 Provision of information

Under Schedule B of some network operator licences, standard Ministerially-imposed conditions require licensees to:

- ▼ provide us with amended licence plans whenever any changes are made to licensees' plans³²
- ▼ provide us with certificates of currency within 10 days whenever the type, level or period of insurance held by licensees changes.³³

These obligations were amended in later licences such that:

- ▼ licence plans are only required to be resubmitted to us where a significant change occurs
- ▼ insurance certificates of currency only need to be provided whenever the type or level of insurance changes.

²⁷ Identified by auditors through licence plans audits.

²⁸ Schedule 1, clause 6 (for water infrastructure) and clause 13 (for sewerage infrastructure).

²⁹ Schedule 1, clause 16(b)-(c).

³⁰ Schedule 1, clause 12(b)-(c).

³¹ Our most recent advice to the (then) Minister, was in August 2013.

³² Schedule B, clause B9 of Ministerially imposed licence conditions.

³³ Schedule B, clause B3.3 of a Ministerially imposed licence conditions.

We plan to progressively include these amendments in all licences, through the five year review of each licence.³⁴ Licensees should continue to report non-compliances against these obligations until their licences are amended.

4.2 Network operator non-compliances

This section provides an overview of all non-compliances pertaining to network operator's licences. Table 4.1 provides a snapshot of non-compliances reported in 2013/14.

Table 4.1 Summary of network operator compliance breaches

Scheme	Licensee	Non-compliances reported by licensee	Non-compliances identified through audits	Total
1 Bligh St	Aquacell	-	5	5
Central Park	CPWF	-	6	6
Chifley Square	Mirvac	-	2	2
Darling Quarter	VWS	-	4	4
Discovery Point	DPW	-	6	6
Fairfield-Rosehill	Veolia	-	-	-
Fairfield-Rosehill	SGSPRN	1	3	4
Orica groundwater	Orica	1	-	1
Pitt Town	PTWF	-	-	0
SDP	SDP	-	-	0
Wilton	VWS	1	1	2
Wyee	Wyee Water	-	-	0
	Total	3	27	30

4.2.1 1 Bligh Street

Aquacell did not report any non-compliances of its network operator's licence in 2013/14. Aquacell was subject to two audits in 2013/14. Non-compliances identified by the auditors are outlined below:³⁵

- ▼ The IOP contained an inadequate level of detail for long-term use. In particular, the auditor noted that Aquacell's IOP contained insufficient detail regarding infrastructure management procedures.³⁶

³⁴ Section 85(2) of the Act.

³⁵ The auditors deemed all reported non-compliances to be insignificant in nature. Further, the auditors identified that licence plans non-compliances were not significant enough to warrant a follow up licence plans audit but can be audited during the licensee's next operational audit.

³⁶ Schedule 1, clause 6(1)(b), (c) and (e) of the Regulation.

- ▼ Aquacell's Water Quality Plan (WQP) required updates to address Element 7 of the Australian Guidelines for Water Recycling (AGWR).³⁷ Element 7 relates to employee awareness and training. In particular, the auditors found that the licensee should add confined spaces training to the training register.
- ▼ Critical Control Points (CCPs)³⁸ were not all aligned with Aquacell's WQP. The auditors noted, during field verification, that the minimum ultraviolet intensity (UVI) critical limit was set to 12.0 instead of 12.2 as per the WQP.³⁹ The auditors commented that this difference was not significant enough to pose a significant threat to the system. Further, chlorine limits were found to be stricter in the field than the WQP and therefore posed no threat to the system.⁴⁰
- ▼ Aquacell's IOP and WQP audit reports were not available on the scheme's website.⁴¹
- ▼ An insurance certificate of currency was not submitted to us within the 10 day period when Aquacell's insurance changed.⁴²

The auditors acknowledged that these non-compliances did not pose significant risks at the time of auditing. However, risks associated with the scheme may increase over time if not addressed. We will re-audit breached clauses during the next audit of this scheme in 2014/15. No further action is recommended at this time.

³⁷ Schedule 1, clause 7(1)(b) of the Regulation.

³⁸ CCPs are points along the system at which a control can be applied. They are essential to prevent or eliminate a hazard or reduce it to an acceptable level. Critical limits (maximum/minimum values) are set to prevent, eliminate or reduce biological, chemical or physical hazards.

³⁹ The UVI critical limit informs minimum UVI levels to meet dosing requirements.

⁴⁰ Schedule 1, clause 7(4)(a) of the Regulation.

⁴¹ Schedule 1, clause 12(d)-(e) of the Regulation.

⁴² Schedule B, clause B3.3 of the Ministerially imposed network operator's licence 09_003.

4.2.2 Central Park

CPWF did not report any non-compliances of its network operator's licence in 2013/14. CPWF was subject to four audits in 2013/14. The reports from the two most recent audits – ie, a follow-up licence plans audit and a recent new infrastructure audit – are currently being finalised.⁴³ Non-compliances identified during the two initial audits are outlined below.

- ▼ The IOP contained insufficient detail regarding infrastructure management procedures. Further, the Asset Management Plan (AMP)⁴⁴ had not been finalised.⁴⁵
- ▼ CPWF's WQP required updates to fully address the 12 elements of the ADWG.⁴⁶ The auditors found a number of deficiencies around Elements 1, 2 and 6, as follows:
 - Element 1 relates to a commitment to drinking water quality management. In particular, the auditors found that CPWF needed to update its stakeholder contact list.
 - Element 2 relates to assessment of the drinking water system. In particular, the auditors noted that CPWF should augment its risk assessment to include uncertainty analysis.
 - Element 6 relates to the management of incidents and emergencies. Specifically, the auditors identified that CPWF should finalise its incident/emergency management plan and update its emergency contact list.
- ▼ The Sewage Management Plan (SMP) did not contain a completed incident and emergency management plan. Further, the emergency contact list required updating with regards to non-CPWF contacts.⁴⁷
- ▼ CPWF commenced commercial operation of its potable water and sewerage infrastructure prior to obtaining written approval from the Minister. CPWF was in breach of its licence until approval for commercial operation was granted by the Minister on 23 January 2014.⁴⁸ This non-compliance was discussed in our 2012/13 report to the Minister. The relevant extract from this report is provided at Appendix B.

⁴³ From preliminary discussions with the auditors, we do not anticipate that major non-compliances will be reported.

⁴⁴ The AMP is supplementary documentation to be used in conjunction with the IOP.

⁴⁵ This non-compliance breaches two clauses in Schedule 1 of the Regulation: clause 6(1)(a)-(b), which outlines additional conditions for licensed water infrastructure; and clause 13(1)(a)-(b), which outlines additional conditions for licensed sewerage infrastructure.

⁴⁶ Schedule 1, clause 7(1)(a) of the Regulation.

⁴⁷ Schedule 1, clause 14(1)(a)-(b) of the Regulation.

⁴⁸ Schedule 1, clause 2(1) of the Regulation.

- ▼ There was an absence of an executed service agreement between CPWF and Sydney Water Corporation (Sydney Water) outlining the respective responsibilities of both parties.⁴⁹ The auditors noted that a draft service agreement was in the process of being finalised at the time of auditing.

The auditors identified that CPW's IOP would need to be re-audited for Licence Plan adequacy. The auditors identified that both the WQP and the SMP did not require full re-audits, except to review progress against non-compliances identified in the 2013/14 audit. The auditors acknowledged that the non-compliances identified did not pose significant risks at the time of auditing. However, risks associated with the scheme will increase over time if some of these obligations are not addressed.

A follow-up licence plans audit was conducted on 20 May 2014 and is currently being finalised. From preliminary discussions with the auditors, we do not anticipate significant non-compliances will be reported. No further action is recommended at this time.

4.2.3 Chifley Square

Mirvac was not operating under its network operator's licence and did not report any licence breaches in 2013/14.⁵⁰ The scheme was subject to two audits in 2013/14. Non-compliances identified by the auditors are outlined below.⁵¹

- ▼ The IOP for Chifley Square required minor updates regarding ongoing performance of the recycled water infrastructure. Further, the auditors noted that Mirvac should upgrade its data management system to ensure sufficient CCP data availability for monitoring purposes and future audits.⁵²
- ▼ Mirvac's WQP required updates to confirm the suitability of certain CCP limits and to clearly define maximum acceptance times for CCP exceedance, to fully address the 12 elements of the Australian Guidelines for Water Recycling (AGWR).⁵³ The auditors found a number of deficiencies around Elements 4 and 9, as follows:
 - Element 4 relates to operational procedures and process control. In particular, the auditors noted that critical limits should be clearly defined in the WQP.
 - Element 9 relates to validation, research and development. In particular, the auditors identified that Mirvac should align its on-site critical limits for its ultrafiltration system with design criteria based on the AGWR.

⁴⁹ Schedule B, clause B10.1, clause B10.2(a)-(h), clause B10.3 and clause B10.5 of the Ministerially imposed network operator's licence 12_022.

⁵⁰ The scheme was under construction in 2013/14 and was awaiting the Minister's approval necessary for commercial operation.

⁵¹ Non-compliances were only identified through the licence plans audit.

⁵² Schedule 1, clause 6(1)(a)-(b) and clause 6(1)(e) of the Regulation.

⁵³ Schedule 1, clause 7(1)(b) of the Regulation.

The auditors acknowledged that the non-compliances identified were insignificant in nature and did not pose significant risks at the time of auditing. Further, the auditors outlined that non-compliances were not significant enough to warrant a follow up licence plans audit. The auditors noted that the scheme was safe to operate in the short to medium term. However, risks associated with the scheme will increase over time if not addressed. We will audit breached licence clauses during the next audit of this scheme in 2014/15. No further action is recommended at this time.

4.2.4 Darling Quarter

VWS did not report any non-compliances of its network operator's licence for its Darling Quarter scheme in 2013/14. VWS was subject to two audits in 2013/14. Non-compliances identified by the auditors are outlined below.⁵⁴

- ▼ VWS's WQP for Darling Quarter required minor updates to address Element 6 of the AGWR.⁵⁵ Element 6 refers to the management of incidents and emergencies. In particular, the auditors recommended that VWS's emergency protocol with NSW Health required finalisation.
- ▼ Revisions of the WQP and IOP were not provided to us in a timely manner.⁵⁶
- ▼ Infrastructure maintenance procedures in the IOP were not being conducted in accordance the plan.⁵⁷
- ▼ CCPs were not all aligned with VWS's WQP and the operator's paper-based recording worksheet for Darling Quarter. During field verification, the auditors observed that critical limits of turbidity meters were appropriately programed in the field. However, limits in the WQP and operator's recording worksheet were less stringent. The auditors commented that this did not pose additional risk to the system, as CCP limits were suitable in the field. Similar observations were made with regards to CCPs set for UV and RO-units.⁵⁸

The auditors acknowledged that the non-compliances identified did not pose significant risks at the time of auditing. However, risks associated with the scheme will increase over time if some of these obligations are not addressed. We will audit breached licence clauses during the next audit of this scheme in 2014/15. No further action is recommended at this time.

⁵⁴ The auditors deemed all reported non-compliances to be insignificant in nature.

⁵⁵ Schedule 1, clause 7(1)(b) of the Regulation.

⁵⁶ Schedule B, clause B8 of the Ministerially imposed network operator's licence 10_008.

⁵⁷ Schedule 1, clause 6(2)(a) of the Regulation.

⁵⁸ Schedule 1, clause 7(4)(a) of the Regulation.

4.2.5 Discovery Point

Discovery Point Water did not commence commercial operation of its scheme in 2013/14. However, the scheme was subject to two audits in 2013/14. Non-compliances identified by the auditors are outlined below:⁵⁹

- ▼ The IOP contained insufficient detail regarding infrastructure management procedures. Further, the Asset Management Plan (AMP)⁶⁰ had not been finalised.⁶¹
- ▼ DPW's WQP required updates to fully address the 12 elements of the ADWG.⁶² The auditors found a number of deficiencies around Elements 1, 2, 4 and 6, as follows:
 - Element 1 relates to commitment to drinking water quality management. In particular, the auditors identified that DPW's regulatory requirements and stakeholder contact lists required updates.
 - Element 2 relates to assessment of the drinking water supply system. Specifically, the auditors noted that DPW should augment its risk assessment to include uncertainty analysis.
 - Element 4 relates to operational procedures and process control. In particular, the auditors identified that DPW should document its inspection/maintenance procedures and obtain plumbing certificates for its infrastructure.
 - Element 6 relates to the management of incidents and emergencies. In particular, the auditors identified that the incident/emergency management plan and the emergency contact lists required finalisation.
- ▼ The SMP contained insufficient detail with regards to its incident and emergency management procedures, emergency contact details, plumbing certificates and operational monitoring.⁶³
- ▼ Water meters connected to mains had not been certified for compliance against the *Plumbing Code of Australia*.⁶⁴
- ▼ There was no executed service agreement between DPW and Sydney Water outlining the respective responsibilities of both parties.⁶⁵ The auditors noted that, similar to the Central Park scheme, a draft service agreement was in the process of being finalised at the time of auditing.

⁵⁹ The auditors deemed all reported non-compliances to be insignificant in nature.

⁶⁰ The AMP is supplementary documentation to be used in conjunction with the IOP.

⁶¹ This non-compliance breaches two clauses in Schedule 1 of the Regulation. Clause 6(1)(a)-(c), which outlines additional conditions for licensed water infrastructure, and clause 13(1)(a)-(c), which outlines additional conditions for licensed sewerage infrastructure.

⁶² Schedule 1, clause 7(1)(a) of the Regulation.

⁶³ Schedule 1, clause 14(1)(a)-(b) of the Regulation.

⁶⁴ Schedule 1, clause 8 of the Regulation.

⁶⁵ Schedule B, clause B10.1, clause B10.2(a)-(h), clause B10.3 and clause B10.5 of the Ministerially imposed network operator's licence 13_025.

The auditors identified that DPW's IOP would need to be re-audited for Licence Plan adequacy. Further, the auditors identified that both the drinking WQP and the SMP will not require full re-audits, except to review progress against non-compliances identified in the 2013/14 audit.

The auditors acknowledged that the non-compliances identified did not pose significant risks at the time of auditing and that the scheme⁶⁶ was safe to operate in the short to medium term. However, risks associated with the scheme will increase over time if some of these obligations are not addressed. We will audit breached licence clauses during the next audit of this scheme in 2014/15. No further action is recommended at this time.

4.2.6 Fairfield-Rosehill

SGSPRN

SGSPRN reported one minor non-compliance for its Fairfield/Rosehill scheme.

Insurance certificates of currency were submitted late, due to delays in certificate generation and an administrative oversight. We were advised that adequate insurance cover was in place at all times. This was a minor non-compliance. SGSPRN reported that its compliance and risk system has been updated to provide a reminder to submit certificates of currency at each policy update. We consider that no further action is required.

SGSPRN was subject to two audits in 2013/14. Non-compliances identified by the auditors are outlined below:⁶⁷

- ▼ The IOP contained insufficient detail to ensure ongoing performance (ie, maintenance, life-cycle planning, asset criticality and grading) of the licensed infrastructure.⁶⁸
- ▼ SGSPRN's WQP required minor updates to address Element 2 of the AGWR.⁶⁹ Element 2 refers to assessment of the recycled water supply system. In particular, the auditors recommended that SGSPRN augment its risk assessment to include uncertainty analysis.
- ▼ Some of the recycled water pipes were not obviously coloured purple, due to fading paint.⁷⁰

The auditors acknowledged that the non-compliances identified did not pose significant risks at the time of auditing. However, risks associated with these obligations will increase over time if not addressed. We will audit breached licence clauses during the next audit of this scheme in 2014/15. No further action is recommended at this time.

⁶⁶ ie, drinking water and sewerage services.

⁶⁷ The auditors deemed all reported non-compliances to be insignificant in nature.

⁶⁸ Schedule 1, clause 6(1)(a)-(b) of the Regulation.

⁶⁹ Schedule 1, clause 7(1)(b) of the Regulation.

⁷⁰ Schedule 1, clause 3(c) of the Regulation.

Veolia

Veolia did not report any non-compliances of its network operator's licence in 2013/14. Further, the operational audit undertaken did not identify any compliance matters.

4.2.7 Orica groundwater

Orica reported one minor non-compliance for its groundwater treatment scheme.

In August 2013, Orica made minor changes to its WQP and IOP. As previously discussed, under some Ministerially imposed licence conditions, licensees are required to provide amended plans to us if and when changes are made. These plans changed in August 2013, but were not provided to us until 16 December 2013. As outlined in section 4.1.4, in the future only substantive changes will need to be reported.

This was a minor non-compliance. Orica reported that its internal process has been updated, directing future revisions of its plans to us. Further, the updated procedure outlines that any significant changes must be reviewed by an IPART approved auditor, to confirm adequacy. We consider that no further action is required.

The operational audit and subsequent licence plan audit did not identify any additional non-compliance matters.

4.2.8 Pitt Town

PTWF did not report any non-compliances of its network operator's licence in 2013/14. Further, no audits of the scheme were conducted during this reporting period.

4.2.9 SDP

SDP did not supply water under its network operator's licence and did not report any licence breaches in 2013/14. Further, no audits of the scheme were conducted during this reporting period.

4.2.10 Wilton

VWS reported one minor non-compliance for its Wilton scheme.

VWS reported that its IOP⁷¹ and SMP were not available on the Wilton website as they contained confidential information. This issue is discussed in section 4.1.3 above. We consider that no further action is required.

This scheme was last audited by IPART in 2013. The audit found issues with both the recycled water and sewerage networks, which were constructed by the developer (Lend Lease).⁷² Issues included cross connections and apparent egress of stormwater into the sewerage system. We identified that the non-compliance did not pose immediate risks to public health or the environment, as only potable water was being supplied through the recycled water network to premises. We informed VWS and the developer that recycled water supply would not be permitted through this network until these issues were resolved.

During this reporting period, we received an application from Wilton Water for the scheme.⁷³ As part of the application process, we received an external auditor's report in July 2014. The external auditor continued to identify defects in the recycled water and sewerage infrastructure constructed at Wilton.⁷⁴ These defects constitute a licence breach. Licensed infrastructure must be designed and constructed suitably for purposes for which it is licensed. Further, design and construction is to be aligned with relevant industry standards and codes.⁷⁵

Lend Lease has recently informed us that these defects are being rectified. In the interim, we have informed Wilton Water and Lend Lease that any new licence for the recycled water network will continue to have restrictions limiting supply to residents to potable water. This arrangement will continue until such time as we have an approved auditor's report confirming that the network problems have been resolved.⁷⁶ No further action is recommended at this time.

4.2.11 Wyee

Wyee Water was not operating under its network operator's licence and did not report any licence breaches in 2013/14.⁷⁷

⁷¹ Related to sewerage infrastructure.

⁷² Breach of schedule 1, clause 3 of the Regulation.

⁷³ Current licensing arrangements for the scheme (both network operator and retail supplier) were intended to be temporary. VWS was contracted, by the developer, to undertake licensed activities for the temporary scheme. Recently, the developer contracted Wilton Water to undertake licensed activities for the permanent scheme.

⁷⁴ This is a continuing breach from 2012/13.

⁷⁵ Schedule 1, clause 3 of the Regulation.

⁷⁶ We have been informed that we should receive such a report in early to mid-2014/15.

⁷⁷ Infrastructure for the scheme had not been constructed during the reporting period.

4.3 Retail supplier non-compliances

This section provides an overview of all non-compliances pertaining to retail supplier's licences. Table 4.2 provides a snapshot of non-compliances reported in 2013/14.

Table 4.2 Summary of retail supplier compliance breaches

Scheme	Licensee	Non-compliances reported by licensee
Chifley Square	Mirvac	-
Darling Quarter	VWS	-
Fairfield-Rosehill	AquaNet	1
Multiple schemes	Aquacell	-
Multiple schemes	Flow Systems	-
Orica groundwater	Orica	-
Pitt Town	PTWF	-
SDP	SDP	-
Wilton	VWS	-
	Total	1

One non-compliance was identified for retail schemes in 2013/14. AquaNet submitted its insurance certificates of currency late, due to delays in certificate generation and an administrative oversight.⁷⁸ We were advised that adequate insurance cover was in place at all times. This was a minor non-compliance. AquaNet reported that its compliance and risk system has been updated to provide a reminder to submit certificates of currency at each policy update. We consider that no further action is required.

All other licensees reported no breaches of their licence conditions.

⁷⁸ Similar to SGSPRN's network operator's non-compliance.

5 Reporting against operating statistics

Licensees are required to provide some details regarding their operating statistics, as part of the annual compliance reports, in each reporting period.

In aggregate, operating statistics for 2013/14 indicate:

- ▼ Services were supplied to 1,291 water customers through more than 74 km of water and sewer mains. This significant increase in customers was due to some schemes now servicing high-density buildings such as Central Park in Sydney. In comparison, only 484 customers were being supplied water services in 2012/13.
- ▼ 3,855 ML of recycled, non-potable water was supplied through privately licenced schemes, reducing Sydney's potable water demand:
 - Over 2,437 ML of recycled water supplied was sourced from water and sewage. Although the number of customers serviced by licensed schemes increased in 2013/14, recycled water supplied decreased by approximately ten percent compared to 2012/13. This was primarily due to the Shell Refinery no longer sourcing recycled water from the Fairfield-Rosehill recycled water scheme. We anticipate that the amount of recycled water supplied will increase in the next reporting period as licensed schemes continue to become operational.⁷⁹
 - Over 1,417 ML of recycled water supplied was sourced from groundwater for on-site and industrial purposes.
- ▼ Only 93 customer complaints were received by licensees, of which 92 were related to the Wilton scheme. As a percentage of the number of customers, customer complaints have reduced slightly from approximately 9% in 2012/13 to 7% in 2013/14:
 - 73 of the 92 complaints at Wilton were related to billing and account issues. We understand that most complaints related to customers' sewer charges, which are higher than Sydney Water's charges. We note that this scheme is subject to a new licence application by Wilton Water. Further, Wilton Water has informed us that these charges will be aligned to those charged by Sydney Water when it commences supply to the scheme.

⁷⁹ Aquacell has reported that it expects to recommence commercial operation of its recycled water infrastructure at 1 Bligh Street early in the next reporting period. Further, from discussions with CPW, we anticipate that Central Park will also commence commercial operation of its recycled water scheme in 2014/15.

Table 5.1 and Table 5.2 outline key statistics for licensed operating schemes in this reporting period.⁸⁰ Full details of all operating statistics are provided in Appendix C and Appendix D.

Table 5.1 Operating statistics for network operators in 2013/14

Scheme	Source volume (ML)		Recycled water supplied (ML)	Length of mains (km)	
	Water ^a	Sewage ^b		Water	Sewer
1 Bligh St	-	13.20	3.80 ^c	-	0.10
Central Park	130.3	101.8	- ^d	3	3
Darling Quarter	-	46.89	41.79	-	-
Fairfield-Rosehill	3,659	-	2,337	20.17	0.20
Orica groundwater	1,925	-	1,417	1	-
Pitt Town	0.50	17.90	18.41	7	9
Wilton	-	36.49	36.88	15.37	15.10
Total^e	5,715	216	3,855^{e,f}	47	27

^a Examples include potable water, recycled water, surface water, groundwater, desalinated water etc.

^b Sources of sewage include residential sewage, non-residential sewage, trade waste, and non-trade waste.

^c Aquacell's recycled water plant was not operating from December 2013 to 30 June 2014. We have been informed the scheme is expected to be operational in 2014/15.

^d Central Park was not operating its recycled water infrastructure in this reporting period. CPWF have informed us that it expects to be supplying water in 2014/15.

^e Total recycled water supplied includes Orica, where water supplied was treated groundwater.

^f This number is expected to increase in 2014/15 when the 1 Bligh St scheme recommences supply of recycled water. Further, Central Park is expected to commence its recycled water supply in 2014/15.

Table 5.2 Operating statistics for retail suppliers in 2013/14

Licensee	Customers		Number of customer complaints
	Water	Sewerage	
Fairfield-Rosehill	13	0	0
Aquacell	1	0	0
Flow Systems ^a	1,056	1,058	1
Orica groundwater	7	0	0
Wilton	214	214	92
Total	1,291	1,272	93

^a PTWF was operating its retail services under Flow Systems' retail licence.

⁸⁰ Data is sourced from licensees' 2013/14 annual compliance reports.

6 Future developments in the licensing regime

6.1 5-year statutory review of legislation

The Water Industry Competition Amendment (Review) Bill 2014 (the Bill) was introduced into Parliament on 18 June 2014 and was passed by both Houses on 14 October 2014.

Major changes to the licensing regime will include:

- ▼ Retail supplier licences will be limited to the supply of 30 or more small retail customers.
- ▼ Network operator's licences will not be specific to a scheme, but instead specify the type of water infrastructure that can be operated anywhere in NSW.
- ▼ Scheme specific approvals will be required to design a scheme and to operate infrastructure for that scheme.
- ▼ Metropolitan councils operating water industry infrastructure in Sydney Water's and Hunter Water's areas of operations will be regulated under the Act for the first time. This will mainly capture council operated stormwater reuse schemes. More complex sewerage and recycled water schemes operated by these Councils will also be captured.
- ▼ Retailer of last resort provisions will be strengthened and operator of last resort provisions will be introduced.⁸¹
- ▼ Deemed customer contracts for customers of retail licensees will be developed.

During 2013/14, we met and made submissions to the Metropolitan Water Directorate (the agency responsible for the development of the Bill) regarding the proposed reforms to the licensing regime.

Although the Bill has been passed, the necessary associated Regulations are yet to be developed. In the interim, current licensing arrangements will continue to apply.

⁸¹ Last resort provisions will enable the Minister to appoint retailers and/or network operators to maintain essential services to small retail customers in circumstances where their original suppliers have ceased to operate due to financial failure



Appendices

A Compliance and monitoring framework

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

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:

http://www.ipart.nsw.gov.au/Home/Industries/Water/Private_Sector_Licensing_WICA

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 IPART and shortly thereafter follow-up with written confirmation. Reporting must occur as soon as the event occurs or as soon as a licensee becomes aware that the event is likely to occur.

Licensees are also required, as a standard condition of their licence, 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. We, in consultation with the NSW Ministry of Health and the previous Department of Water and Energy,⁸² have produced an Incident Notification procedure guide for licence holders to follow in order to comply with this licence requirement.⁸³ The procedure guide can be found on our website. Such incidents may or may not be the result of an apparent licence breach.

The requirement to immediately report a licence breach in accordance with the reporting manuals is removed where an incident has triggered the immediate incident notification requirements set out in the Incident Notification procedure guide. However, for completeness, licensees are required to include details of any breach that is subject to either immediate licence compliance reporting or immediate incident notification in their annual compliance reports.

A.1.3 Annual licence compliance report

Licensees are required to submit an annual compliance report certifying that the licensee has complied with its licence obligations other than those identified in the report. Licensees that have breached a licence obligation are required to provide an exception report which details the:

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

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

⁸² This is now the Metropolitan Water Directorate.

⁸³ Refer to Incident Notification by private sector water licensees - *Water Industry Competition Act 2006* on our website at www.ipart.nsw.gov.au/Home/Industries/Water/Private_Sector_Licensing_WICA/Licence_Compliance_Reporting.

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 IOP, WQP, SMP or retail supply management plans (as relevant)
- ▼ ensure infrastructure is maintained in a satisfactory condition
- ▼ support the general transparency and integrity of the scheme.

The Act and Regulation do not prescribe the frequency of audits that we may require as part of our compliance reporting or licence review process. We will 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. 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. In particular, audits are carried out to assess the following:

- ▼ adequacy of Licence Plans as relevant to a particular licence
- ▼ adequacy of New Infrastructure prior to commercial operation
- ▼ five-yearly licence review.

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 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.

The Water Licensing Audit and Technical Services Panel (the Panel) was established in 2008/09 by IPART 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:

http://www.ipart.nsw.gov.au/Home/Industries/Water/Private_Sector_Licensing_WICA

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:

http://www.ipart.nsw.gov.au/Home/Industries/Water/Private_Sector_Licensing_WICA

B Extract from 2012/13 Annual Compliance Report

An extract of the 2012/13 Annual Compliance Report, outlining CPWF's breach is provided below.

CPWF recycled water

CPWF reported 5 procedural non-compliances of its network operator's licence.

Two weeks prior to commencing commercial operation,²⁹ assets were transferred from the building owner to CPWF. This occurred due to a late discovery that Flow Systems (CPWF's parent company) would not be able to operate under a retail supplier's licence for this scheme without this transfer of *water infrastructure*. The Regulation requires a retail supplier to supply water and services using *water infrastructure*.³⁰ As a consequence, CPWF had insufficient time to meet the following obligations:

- ▼ obtaining Ministerial approval prior to commencing commercial operation of the assets that were transferred
- ▼ preparing and forwarding, to us, plans³¹ as follows:
 - Infrastructure Operating Plan for water infrastructure
 - Infrastructure Operating Plan for sewerage infrastructure
 - Water Quality Plan for water infrastructure
 - Sewage Management Plan for sewerage infrastructure.

²⁷ A code of conduct is required where the licensee's water industry infrastructure is connected to any other water industry infrastructure. This delineates responsibilities between parties responsible for the various water industry infrastructures.

²⁸ Other licensees have previously raised similar concerns about publicly releasing licence plans.

²⁹ Commercial operation commenced on 13 June 2013.

³⁰ *Water Industry Competition (General) Regulation 2008*, part 2(12).

³¹ Including relevant licence plan audits.

The non-compliances reported were treated as procedural in nature with no adverse immediate impact to customers, the environment or public health and safety. The Minister was advised of the non-compliance. In response, CPWF expedited the development and audit of relevant plans to be completed by 30 November 2013.³²

C Annual operating statistics for network operators

Details of the annual operating statistics provided to us in 2013/14 by licensed **network operators** are included in the following tables. Operating statistic details are available in our reporting manual for network operators.⁸⁴

⁸⁴ The reporting manual is available at www.ipart.nsw.gov.au/Home/Industries/Water/Private_Sector_Licensing_WICA/Licence_Compliance_Reporting.

C.1 Aquacell: 1 Bligh Street

Aquacell's operating statistics in 2013/14 under its network operator's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Sewage collected	Volume of sewage collected – residential sewage, non-residential sewage and non-trade waste (ML)	NWI W16	13.20
	Total volume of sewage collected (ML)	NWI W18	13.20
Volume of recycled water supplied (Uses of recycled water)	Volume of recycled water supplied - on-site (ML)	NWI W24	3.80
	Total of recycled water supplied (ML)	NWI W26	3.80
Infrastructure	Length of sewerage mains and channels (km)	NWI A5	0.1
	Number of water treatment plants providing full treatment	NWI A1	0
	Number of recycled water treatment plants	NWI A7	1
	Number of sewage treatment plants	NWI A4	0
Infrastructure performance	Number of sewerage breaks and chokes (per 100km of sewer main)	NWI A12	0
Service Interruptions	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	0
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	0
	Average frequency of unplanned interruption – non-potable water	WICA#14	0
	Average frequency of planned interruption – non-potable water	WICA#15	0

Notes: Due to an OPEX review by the plant owner, the Recycled Water plant was shut down from December 2013 to 30th June 2014. This review is complete and the plant is expected to be operational in the first quarter of FY15.

Total sewage collected (13.196 ML) consists of 6.926 ML building base load and 6.270 ML from Bondi Ocean Outfall sewer mining.

C.2 CPWF: Central Park

CPWF's operating statistics in 2013/14 under its network operator's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Sources of water	Volume of water sourced: - Bulk Supplier (ML)	NWI W5	130.3
	Total volume of water sourced (ML)	NWI W7	130.3
Sewage collected	Volume of sewage collected – residential sewage, non-residential sewage and non-trade waste (ML)	NWI W16	101.6
	Volume of sewage collected - trade waste (ML)	NWI W17	0.2
	Total volume of sewage collected (ML)	NWI W18	101.8
Volume of water supplied (Uses of water supplied)	Volume of water supplied - other (ML)	NWI W10	130.3
	Total volume of water supplied (ML)	WICA#3	130.3
Infrastructure	Length of water mains (km)	NWI A2	3
	Length of potable water mains (km)	WICA#4	1
	Length of non-potable water mains (km)	WICA#5	3
	Length of sewerage mains and channels (km)	NWI A5	3
	Number of water treatment plants providing full treatment	NWI A1	0
	Number of recycled water treatment plants	NWI A7	0
Infrastructure performance	Number of water main breaks (per 100km water main)	NWI A8	0
	Number of sewerage breaks and chokes (per 100km of sewer main)	NWI A12	0
	Property connection breaks and chokes (per 100 km of sewer main)	NWI A13	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Service Interruptions	Average duration of unplanned interruption – water (minutes)	NWI C15	0
	Average duration of planned interruption – water (minutes)	WICA#6	180
	Average duration of unplanned interruption – potable water (minutes)	WICA#7	0
	Average duration of planned interruption – potable water (minutes)	WICA#8	180
	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	0
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	0
	Average sewerage interruption (minutes)	NWI C16	0
	Average frequency of unplanned interruption – water	NWI C17	0
	Average frequency of planned interruption –water	WICA#11	0.33
	Average frequency of unplanned interruption – potable water	WICA#12	0
	Average frequency of planned interruption – potable water	WICA#13	0.33
	Average frequency of unplanned interruption – non-potable water	WICA#14	0
	Average frequency of planned interruption – non-potable water	WICA#15	0
	Environmental	Sewer overflows reported to environmental regulator (per 100km of sewer main)	NWI E13
Compliance with environmental regulator – sewerage (yes/no)		NWI E7	Yes
Percent of biosolids reused		NWI E8	0

C.3 Orica: Orica groundwater

Orica's operating statistics in 2013/14 under its network operator's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Sources of water	Volume of water sourced:		
	- Groundwater (ML)	NWI W2	1914.4
	- Bulk Supplier (ML)	NWI W5	10.9
	Total volume of water sourced (ML)	NWI W7	1925.3
Volume of water supplied (Uses of water supplied)	Volume of water supplied - other (ML)	NWI W10	1411.1
	Volume of water supplied – On-site (ML)	WICA#2	5.7
	Volume of water supplied for environmental flows (ML)	NWI W13	0
	Volume of bulk water exports (ML)	NWI W14	0
	Total volume of water supplied (ML)	WICA#3	1416.8
Infrastructure	Length of water mains (km)	NWI A2	1
	Length of non-potable water mains (km)	WICA#5	1
	Number of water treatment plants providing full treatment	NWI A1	1
Infrastructure performance	Number of water main breaks (per 100km water main)	NWI A8	0
	Property connection breaks and chokes (per 100 km of sewer main)	NWI A13	0
Service Interruptions	Average duration of unplanned interruption – water (minutes)	NWI C15	565
	Average duration of planned interruption – water (minutes)	WICA#6	6511
	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	565
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	6511

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
	Average frequency of unplanned interruption – water	NWI C17	59.7
	Average frequency of planned interruption –water	WICA#11	8.9
	Average frequency of unplanned interruption – non-potable water	WICA#14	59.7
	Average frequency of planned interruption – non-potable water	WICA#15	8.9
Water quality	Number of zones where microbiological compliance was achieved (eg, 23/24)	NWI H2	1/1
	Percent (%) of population where microbiological compliance was achieved	NWI H3	100%
	Number of zones where chemical compliance was achieved (eg, 23/24)	NWI H4	1/1

C.4 PTWF: Pitt Town

PTWF's operating statistics in 2013/14 under its network operator's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Sources of water	Volume of water sourced:		
	- Bulk Supplier (ML)	NWI W5	0.5
	- Volume of bulk recycled water purchased (ML)	NWI W6	0
	- Other (ML)(please specify)	WICA#1	0
	Total volume of water sourced (ML)	NWI W7	0.5
Sewage collected	Volume of sewage collected – residential sewage, non-residential sewage and non-trade waste (ML)	NWI W16	17.9
	Volume of sewage collected - trade waste (ML)	NWI W17	0
	Total volume of sewage collected (ML)	NWI W18	17.9
Volume of water supplied (Uses of water supplied)	Volume of water supplied - other (ML)	NWI W10	0.1
	Volume of water supplied – On-site (ML)	WICA#2	0.1
	Volume of water supplied for environmental flows (ML)	NWI W13	0
	Volume of bulk water exports (ML)	NWI W14	0
	Total volume of water supplied (ML)	WICA#3	0.2
Volume of recycled water supplied (Uses of recycled water)	Volume of bulk recycled water exports (ML)	NWI W15	0
	Volume of recycled water supplied - environmental flows (ML)	NWI W23	0
	Volume of recycled water supplied - on-site (ML)	NWI W24	18.41
	Volume of recycled water supplied – other (ML)	NWI W25	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
	Total of recycled water supplied (ML)	NWI W26	18.41
Infrastructure	Length of water mains (km)	NWI A2	7
	Length of potable water mains (km)	WICA#4	0
	Length of non-potable water mains (km)	WICA#5	7
	Length of sewerage mains and channels (km)	NWI A5	9
	Number of water treatment plants providing full treatment	NWI A1	0
	Number of recycled water treatment plants	NWI A7	1
Infrastructure performance	Number of water main breaks (per 100km water main)	NWI A8	0
	Number of sewerage breaks and chokes (per 100km of sewer main)	NWI A12	0
	Property connection breaks and chokes (per 100 km of sewer main)	NWI A13	0
Service Interruptions	Average duration of unplanned interruption – water (minutes)	NWI C15	0
	Average duration of planned interruption – water (minutes)	WICA#6	0
	Average duration of unplanned interruption – potable water (minutes)	WICA#7	0
	Average duration of planned interruption – potable water (minutes)	WICA#8	0
	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	0
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	0
	Average sewerage interruption (minutes)	NWI C16	0
	Average frequency of unplanned interruption – water	NWI C17	0
	Average frequency of planned interruption –water	WICA#11	0
	Average frequency of unplanned interruption – potable water	WICA#12	0
	Average frequency of planned interruption – potable water	WICA#13	0
	Average frequency of unplanned interruption – non-potable water	WICA#14	0
	Average frequency of planned interruption – non-potable water	WICA#15	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
	Average frequency of unplanned interruption – sewerage	WICA#16	0
Environmental	Sewer overflows reported to environmental regulator (per 100km of sewer main)	NWI E13	0
	Percent of sewage volume treated that was compliant (%)	NWI E4	100%
	Compliance with environmental regulator – sewerage (yes/no)	NWI E7	Yes
	Percent of biosolids reused	NWI E8	0
Water quality	Number of zones where microbiological compliance was achieved (e.g. 23/24)	NWI H2	1/1
	Percent (%) of population where microbiological compliance was achieved	NWI H3	100%
	Number of zones where chemical compliance was achieved (e.g. 23/24)	NWI H4	1/1

C.5 SDP: Sydney Desalination Plant

SDP's operating statistics in 2013/14 under its network operator's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Sources of water	Volume of water sourced:		
	- Surface Water (ML)	NWI W1	0
	- Groundwater (ML)	NWI W2	0
	- Desalination (ML)	NWI W3	0
	- Recycling (ML)	NWI W4	0
	- Bulk Supplier (ML)	NWI W5	0
	- Volume of bulk recycled water purchased (ML)	NWI W6	0
	- Other (ML)(please specify)	WICA#1	0
	Total volume of water sourced (ML)	NWI W7	0
Volume of water supplied (Uses of water supplied)	Volume of water supplied - other (ML)	NWI W10	0
	Volume of water supplied – On-site (ML)	WICA#2	7.67
	Volume of water supplied for environmental flows (ML)	NWI W13	0
	Volume of bulk water exports (ML)	NWI W14	0
	Total volume of water supplied (ML)	WICA#3	0
Sources of water	Volume of water sourced:		
	- Surface Water (ML)	NWI W1	0
	- Groundwater (ML)	NWI W2	0
	- Desalination (ML)	NWI W3	0
	- Recycling (ML)	NWI W4	0
	- Bulk Supplier (ML)	NWI W5	0
	- Volume of bulk recycled water purchased (ML)	NWI W6	0
	- Other (ML)(please specify)	WICA#1	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
	Total volume of water sourced (ML)	NWI W7	0
Volume of water supplied (Uses of water supplied)	Volume of water supplied - other (ML)	NWI W10	0
	Volume of water supplied – On-site (ML)	WICA#2	7.67
	Volume of water supplied for environmental flows (ML)	NWI W13	0
	Volume of bulk water exports (ML)	NWI W14	0
	Total volume of water supplied (ML)	WICA#3	0

C.6 VWS: Darling Quarter

VWS's operating statistics in 2013/14 under its network operator's licence for Darling Quarter are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Sewage collected	Volume of sewage collected – residential sewage, non-residential sewage and non-trade waste (ML)	NWI W16	46.89
	Total volume of sewage collected (ML)	NWI W18	46.89
Volume of water supplied (Uses of water supplied)	Volume of water supplied - other (ML)	NWI W10	45.82
	Total volume of water supplied (ML)	WICA#3	45.82

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Volume of recycled water supplied (Uses of recycled water)	Volume of bulk recycled water exports (ML)	NWI W15	NA
	Volume of recycled water supplied – other (ML)	NWI W25	41.77
	Total of recycled water supplied (ML)	NWI W26	41.77
Infrastructure	Length of water mains (km)	NWI A2	NA
	Number of recycled water treatment plants	NWI A7	1
	Number of sewage treatment plants	NWI A4	1
Infrastructure performance	Number of sewage treatment plants compliant at all times (e.g. 5/6)	NWI E5	
Service Interruptions	Average duration of unplanned interruption – water (minutes)	NWI C15	NA
	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	8640
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	17280
	Average sewerage interruption (minutes)	NWI C16	0
	Average frequency of unplanned interruption – non-potable water	WICA#14	3
	Average frequency of planned interruption – non-potable water	WICA#15	12
	Average frequency of unplanned interruption – sewerage	WICA#16	0
Environmental	Percent of sewage volume treated that was compliant (%)	NWI E4	100%
Water quality	Number of zones where microbiological compliance was achieved (e.g. 23/24)	NWI H2	All zones
	Percent (%) of population where microbiological compliance was achieved	NWI H3	100%
	Number of zones where chemical compliance was achieved (e.g. 23/24)	NWI H4	All zones

C.7 SGSPRN: Fairfield-Rosehill

SGSPRN's operating statistics in 2013/14 under its network operator's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Sources of water	Volume of water sourced: - Recycling (ML)	NWI W4	2303.41
	Total volume of water sourced (ML)	NWI W7	2303.41
Volume of recycled water supplied (Uses of recycled water)	Volume of bulk recycled water exports (ML)	NWI W15	2336.94
	Total of recycled water supplied (ML)	NWI W26	2336.94
Infrastructure	Length of water mains (km)	NWI A2	20.17
	Length of non-potable water mains (km)	WICA#5	20.17
	Length of sewerage mains and channels (km)	NWI A5	0.20
Infrastructure performance	Number of water main breaks (per 100km water main)	NWI A8	0
Service Interruptions	Average duration of unplanned interruption – water (minutes)	NWI C15	0
	Average duration of planned interruption – water (minutes)	WICA#6	0
	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	0
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	0
	Average frequency of unplanned interruption – water	NWI C17	0
	Average frequency of planned interruption –water	WICA#11	0
	Average frequency of unplanned interruption – non-potable water	WICA#14	0
	Average frequency of planned interruption – non-potable water	WICA#15	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Water quality	Number of zones where microbiological compliance was achieved (e.g. 23/24)	NWI H2	3/3
	Percent (%) of population where microbiological compliance was achieved	NWI H3	100%
	Number of zones where chemical compliance was achieved (e.g. 23/24)	NWI H4	3/3

Notes: The difference in NWI W4 and NWI W15 relates to meter error.

SGSPRN transports water on behalf of AquaNet. AquaNet purchases recycled water directly from Veolia Water and sells it to Sydney Water (to supply its foundation customers) and to other customers.

C.8 Veolia: Fairfield-Rosehill

Veolia's operating statistics in 2013/14 under its network operator's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Sources of water	Volume of water sourced: - Other (ML)(please specify)	WICA#1	3659
	Total volume of water sourced (ML)	NWI W7	3659
Volume of water supplied (Uses of water supplied)	Volume of water supplied – On-site (ML)	WICA#2	0.2
	Volume of bulk water exports (ML)	NWI W14	2302
	Total volume of water supplied (ML)	WICA#3	2302.2
Volume of recycled water supplied (Uses of recycled water)	Volume of bulk recycled water exports (ML)	NWI W15	2302
	Volume of recycled water supplied - on-site (ML)	NWI W24	0.1
	Total of recycled water supplied (ML)	NWI W26	2302.1
Infrastructure	Number of recycled water treatment plants	NWI A7	1
Service Interruptions	Average duration of unplanned interruption – water (minutes)	NWI C15	0
	Average duration of planned interruption – water (minutes)	WICA#6	0
	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	0
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	0
	Average frequency of planned interruption –water	WICA#11	0
	Average frequency of unplanned interruption – non-potable water	WICA#14	0
	Average frequency of planned interruption – non-potable water	WICA#15	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Water quality	Number of zones where microbiological compliance was achieved (eg, 23/24)	NWI H2	1/1
	Percent (%) of population where microbiological compliance was achieved	NWI H3	100%
	Number of zones where chemical compliance was achieved (eg, 23/24)	NWI H4	1/1

C.9 VWS: Wilton

VWS' operating statistics in 2013/14 under its network operator's licence for Wilton are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Sewage collected	Volume of sewage collected – residential sewage, non-residential sewage and non-trade waste (ML)	NWI W16	36.49
	Total volume of sewage collected (ML)	NWI W18	36.49
Volume of water supplied (Uses of water supplied)	Volume of water supplied - other (ML)	NWI W10	36.88
	Total volume of water supplied (ML)	WICA#3	36.88
Volume of recycled water supplied (Uses of recycled water)	Volume of recycled water supplied - on-site (ML)	NWI W24	0
	Volume of recycled water supplied – other (ML)	NWI W25	36.88
	Total of recycled water supplied (ML)	NWI W26	36.88
Infrastructure	Length of non-potable water mains (km)	WICA#5	15.37
	Length of sewerage mains and channels (km)	NWI A5	15.1
	Number of recycled water treatment plants	NWI A7	1
	Number of sewage treatment plants	NWI A4	1
Infrastructure performance	Number of water main breaks (per 100km water main)	NWI A8	0
	Number of sewerage breaks and chokes (per 100km of sewer main)	NWI A12	0
	Property connection breaks and chokes (per 100 km of sewer main)	NWI A13	0
	Number of sewage treatment plants compliant at all times (e.g. 5/6)	NWI E5	1/1

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Service Interruptions	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	0
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	0
	Average sewerage interruption (minutes)	NWI C16	0
	Average frequency of unplanned interruption – non-potable water	WICA#14	0
	Average frequency of planned interruption – non-potable water	WICA#15	0
	Average frequency of unplanned interruption – sewerage	WICA#16	0
Environmental	Sewer overflows reported to environmental regulator (per 100km of sewer main)	NWI E13	0
	Percent of sewage volume treated that was compliant (%)	NWI E4	100%
	Compliance with environmental regulator – sewerage (yes/no)	NWI E7	Yes
	Percent of biosolids reused	NWI E8	0
Water quality	Number of zones where microbiological compliance was achieved (e.g. 23/24)	NWI H2	All zones
	Percent (%) of population where microbiological compliance was achieved	NWI H3	100%
	Number of zones where chemical compliance was achieved (e.g. 23/24)	NWI H4	All zones

D Annual operating statistics for retail suppliers

The annual operating statistics provided to us in 2013/14 by licensed **retail suppliers** are included in the following tables. Operating statistic details are available in our reporting manual for retail suppliers.⁸⁵

⁸⁵ The reporting manual is available at www.ipart.nsw.gov.au/Home/Industries/Water/Private_Sector_Licensing_WICA/Licence_Compliance_Reporting.

D.1 AquaNet: Fairfiled-Rosehill

AquaNet's operating statistics in 2013/14 under its retail supplier's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Source of Water	Volume of water sourced from (ML): - Recycling (ML)	NWI W4	2303.41
	Total volume of water sourced (ML)	NWI W7	2303.41
Uses of recycled water	Volume of recycled water supplied - commercial, municipal, industrial (ML)	NWI W21	118.88
	Volume of bulk recycled water exports (ML)	NWI W15	2218.06
	Total of recycled water supplied (ML)	NWI W26	2336.94
Customers - water	Number of connected residential properties – water supply	NWI C2	0
	Number of connected non-residential properties – water supply	NWI C3	13
	Total number of connected properties – water supply	NWI C4	13
Small customers	Number of small retail customers in relation to water supply	WICA#20	0
Complaints	Number of water quality complaints	NWI C9	0
	Number of water service complaints	NWI C10	0
	Number of billing and account complaints – water and sewerage	NWI C12	0
	Number of other complaints – water and sewerage	WICA#22	0
	Total water and sewerage complaints	NWI C13	0
Restrictions	Number of customers to which restrictions applied for non-payment of water bills	NWI C18	0
	Number of customers to which disconnections applied	WICA#23	0
	Number of customers to which legal actions applied for non-payment of water bills	NWI C19	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Service Interruptions	Average duration of unplanned interruption – water (minutes)	NWI C15	0
	Average duration of planned interruption – water (minutes)	WICA#6	0
	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	0
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	0
	Average frequency of unplanned interruption – water	NWI C17	0
	Average frequency of planned interruption –water	WICA#11	0
	Average frequency of unplanned interruption – non-potable water	WICA#14	0
	Average frequency of planned interruption – non-potable water	WICA#15	0

D.2 Aquacell

Aquacell's operating statistics in 2013/14 under its retail supplier's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Sewage collected	Volume of sewage collected – residential sewage, non-residential sewage and non-trade waste (ML)	NWI W16	13.20
	Total volume of sewage collected (ML)	NWI W18	13.20
Uses of recycled water	Volume of recycled water supplied - commercial, municipal, industrial (ML)	NWI W21	3.80
	Total of recycled water supplied (ML)	NWI W26	3.80
Customers - water	Number of connected residential properties – water supply	NWI C2	0
	Number of connected non-residential properties – water supply	NWI C3	1
	Total number of connected properties – water supply	NWI C4	1
Small customers	Number of small retail customers in relation to water supply	WICA#20	1
Complaints	Number of water quality complaints	NWI C9	0
	Number of water service complaints	NWI C10	0
	Number of billing and account complaints – water and sewerage	NWI C12	0
	Number of other complaints – water and sewerage	WICA#22	0
	Total water and sewerage complaints	NWI C13	0
Restrictions	Number of customers to which restrictions applied for non-payment of water bills	NWI C18	0
	Number of customers to which disconnections applied	WICA#23	0
	Number of customers to which legal actions applied for non-payment of water bills	NWI C19	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Service Interruptions	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	0
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	0
	Average frequency of unplanned interruption – non-potable water	WICA#14	0
	Average frequency of planned interruption – non-potable water	WICA#15	0

Notes: Due to an OPEX review by the plant owner, the Recycled Water plant was shut down from December 2013 to 30th June 2014. This review is complete and the plant is expected to be operational in the first quarter of FY15.

Total sewage collected (13.196 ML) consists of 6.926 ML building base load and 6.270 ML from Bondi Ocean Outfall sewer mining.

D.3 Flow Systems

Flow Systems' operating statistics in 2013/14 under its retail supplier's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Source of Water	Volume of water sourced from public water utility (ML)	WICA#17	130.8
	Total volume of water sourced (ML)	NWI W7	130.8
Sewage collected	Volume of sewage collected – residential sewage, non-residential sewage and non-trade waste (ML)	NWI W16	119.5
	Total volume of sewage collected (ML)	NWI W18	119.5
Uses of water supplied	Volume of water supplied - residential (ML)	NWI W8	114.3
	Volume of water supplied - commercial/municipal/industrial (ML)	NWI W9	16
	Volume of water supplied - other (ML)	NWI W10	0.1
	Volume of water supplied - environmental flows (ML)	NWI W13	0
	Volume of bulk water exports (ML)	NWI W14	0
	Total volume of water supplied (ML)	WICA#18	130.4
Uses of recycled water	Volume of recycled water supplied - residential (ML)	NWI W20	15.9
	Volume of recycled water supplied - commercial, municipal, industrial (ML)	NWI W21	0
	Volume of recycled water supplied - on-site	NWI W24	2.4
	Total of recycled water supplied (ML)	NWI W26	18.3
Customers - water	Number of connected residential properties – water supply	NWI C2	1055
	Number of connected non-residential properties – water supply	NWI C3	1
	Total number of connected properties – water supply	NWI C4	1056

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Customers - sewerage	Number of connected residential properties - sewerage	NWI C6	1057
	Number of connected non-residential properties - sewerage	NWI C7	1
	Number of connected non-residential properties - trade waste	WICA#19	1
	Total number of connected properties - sewerage	NWI C8	1058
Small customers	Number of small retail customers in relation to water supply	WICA#20	1056
	Number of small retail customers in relation to the provision of sewerage services	WICA#21	1058
Complaints	Number of water quality complaints	NWI C9	0
	Number of water service complaints	NWI C10	0
	Number of sewerage service complaints	NWI C11	0
	Number of billing and account complaints – water and sewerage	NWI C12	0
	Number of other complaints – water and sewerage	WICA#22	1
	Total water and sewerage complaints	NWI C13	1
Restrictions	Number of customers to which restrictions applied for non-payment of water bills	NWI C18	0
	Number of customers to which disconnections applied	WICA#23	0
	Number of customers to which legal actions applied for non-payment of water bills	NWI C19	0
Service Interruptions	Average duration of unplanned interruption – water (minutes)	NWI C15	0
	Average duration of planned interruption – water (minutes)	WICA#6	0
	Average duration of unplanned interruption – potable water (minutes)	WICA#7	0
	Average duration of planned interruption – potable water (minutes)	WICA#8	0
	Average sewerage interruptions (minutes)	NWI C16	0
	Average frequency of unplanned interruption – water	NWI C17	0
	Average frequency of planned interruption –water	WICA#11	0
	Average frequency of unplanned interruption – potable water	WICA#12	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
	Average frequency of planned interruption – potable water	WICA#13	0
	Average frequency of planned interruption – non-potable water	WICA#15	0
	Average frequency of unplanned interruption – sewerage	WICA#16	0

D.4 Orica: Orica groundwater

Orica's operating statistics in 2013/14 under its retail supplier's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Source of Water	Volume of water sourced from public water utility (ML)	WICA#17	0
	Volume of water sourced from (ML):		
	- Surface Water (ML)	NWI W1	0
	- Groundwater (ML)	NWI W2	1914.4
	- Desalination (ML)	NWI W3	0
	- Recycling (ML)	NWI W4	0
	- Other (ML)(specify)	WICA#1	10.9
	Total volume of water sourced (ML)	NWI W7	1925.3
Uses of water supplied	Volume of water supplied - commercial/municipal/industrial (ML)	NWI W9	1411.1
	Volume of water supplied - other (ML)	NWI W10	5.7
	Total volume of water supplied (ML)	WICA#18	1416.8
Customers - water	Number of connected residential properties – water supply	NWI C2	0
	Number of connected non-residential properties – water supply	NWI C3	7
	Total number of connected properties – water supply	NWI C4	7
Complaints	Number of water quality complaints	NWI C9	0
	Number of water service complaints	NWI C10	0
	Number of billing and account complaints – water and sewerage	NWI C12	0
	Number of other complaints – water and sewerage	WICA#22	0
	Total water and sewerage complaints	NWI C13	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Restrictions	Number of customers to which restrictions applied for non-payment of water bills	NWI C18	0
	Number of customers to which disconnections applied	WICA#23	0
	Number of customers to which legal actions applied for non-payment of water bills	NWI C19	0
Service Interruptions	Average duration of unplanned interruption – water (minutes)	NWI C15	565
	Average duration of planned interruption – water (minutes)	WICA#6	6511
	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	565
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	6511
	Average frequency of unplanned interruption – water	NWI C17	59.7
	Average frequency of planned interruption –water	WICA#11	8.9
	Average frequency of unplanned interruption – non-potable water	WICA#14	59.7
	Average frequency of planned interruption – non-potable water	WICA#15	8.9

D.5 PTWF: Pitt Town

PTWF's operating statistics in 2013/14 under its retail supplier's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Source of Water	Volume of water sourced from public water utility (ML)	WICA#17	0.5
	Total volume of water sourced (ML)	NWI W7	0.5
Sewage collected	Volume of sewage collected – residential sewage, non-residential sewage and non-trade waste (ML)	NWI W16	17.9
	Volume of sewage collected - trade waste (ML)	NWI W17	0
	Total volume of sewage collected (ML)	NWI W18	17.9
Uses of water supplied	Volume of water supplied - residential (ML)	NWI W8	0
	Volume of water supplied - commercial/municipal/industrial (ML)	NWI W9	0
	Volume of water supplied - other (ML)	NWI W10	0.1
	Volume of water supplied - environmental flows (ML)	NWI W13	0
	Volume of bulk water exports (ML)	NWI W14	0
	Total volume of water supplied (ML)	WICA#18	0.1
Uses of recycled water	Volume of recycled water supplied - residential (ML)	NWI W20	15.9
	Volume of recycled water supplied - on-site	NWI W24	2.5
	Total of recycled water supplied (ML)	NWI W26	18.4
Customers - water	Number of connected residential properties – water supply	NWI C2	115
	Number of connected non-residential properties – water supply	NWI C3	0
	Total number of connected properties – water supply	NWI C4	115

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Customers - sewerage	Number of connected residential properties - sewerage	NWI C6	117
	Number of connected non-residential properties - sewerage	NWI C7	0
	Number of connected non-residential properties - trade waste	WICA#19	0
	Total number of connected properties - sewerage	NWI C8	117
Small customers	Number of small retail customers in relation to water supply	WICA#20	115
	Number of small retail customers in relation to the provision of sewerage services	WICA#21	117
Complaints	Number of water quality complaints	NWI C9	0
	Number of water service complaints	NWI C10	0
	Number of sewerage service complaints	NWI C11	0
	Number of billing and account complaints – water and sewerage	NWI C12	0
	Number of other complaints – water and sewerage	WICA#22	1
	Total water and sewerage complaints	NWI C13	0
Restrictions	Number of customers to which restrictions applied for non-payment of water bills	NWI C18	0
	Number of customers to which disconnections applied	WICA#23	0
	Number of customers to which legal actions applied for non-payment of water bills	NWI C19	0
Service Interruptions	Average duration of unplanned interruption – water (minutes)	NWI C15	0
	Average duration of planned interruption – water (minutes)	WICA#6	0
	Average duration of unplanned interruption – potable water (minutes)	WICA#7	0
	Average duration of planned interruption – potable water (minutes)	WICA#8	0
	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	0
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	0
	Average sewerage interruptions (minutes)	NWI C16	0
	Average frequency of unplanned interruption – water	NWI C17	0

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
	Average frequency of planned interruption –water	WICA#11	0
	Average frequency of unplanned interruption – potable water	WICA#12	0
	Average frequency of planned interruption – potable water	WICA#13	0
	Average frequency of unplanned interruption – non-potable water	WICA#14	0
	Average frequency of planned interruption – non-potable water	WICA#15	0
	Average frequency of unplanned interruption – sewerage	WICA#16	0

D.6 SDP: Sydney Desalination Plant

SDP's operating statistics in 2013/14 under its retail supplier's licence are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Source of Water	Volume of water sourced from public water utility (ML)	WICA#17	0
	Volume of water sourced from (ML):		
	- Surface Water (ML)	NWI W1	0
	- Groundwater (ML)	NWI W2	0
	- Desalination (ML)	NWI W3	0
	- Recycling (ML)	NWI W4	0
	- Other (ML)(specify)	WICA#1	0
	Total volume of water sourced (ML)	NWI W7	0
Uses of water supplied	Volume of water supplied - residential (ML)	NWI W8	0
	Volume of water supplied - commercial/municipal/industrial (ML)	NWI W9	7.67
	Volume of water supplied - environmental flows (ML)	NWI W13	0
	Volume of bulk water exports (ML)	NWI W14	0
	Total volume of water supplied (ML)	WICA#18	0

D.7 VWS: Wilton

VWS' operating statistics in 2013/14 under its retail supplier's licence for Wilton are provided in the table below.

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Source of Water	Volume of water sourced from public water utility (ML)	WICA#17	21.64
	Total volume of water sourced (ML)	NWI W7	21.64
Sewage collected	Volume of sewage collected – residential sewage, non-residential sewage and non-trade waste (ML)	NWI W16	36.49
	Total volume of sewage collected (ML)	NWI W18	36.49
Uses of water supplied	Volume of water supplied - residential (ML)	NWI W8	21.64
	Total volume of water supplied (ML)	WICA#18	21.64
Uses of recycled water	Volume of recycled water supplied - residential (ML)	NWI W20	0
	Volume of recycled water supplied - commercial, municipal, industrial (ML)	NWI W21	0
	Volume of recycled water supplied - on-site (ML)	NWI W24	0
	Volume of recycled water supplied - other (ML)	NWI W25	36.88
	Total of recycled water supplied (ML)	NWI W26	36.88
Customers - water	Number of connected residential properties – water supply	NWI C2	211
	Number of connected non-residential properties – water supply	NWI C3	3
	Total number of connected properties – water supply	NWI C4	214
Customers - sewerage	Number of connected residential properties - sewerage	NWI C6	211
	Number of connected non-residential properties - sewerage	NWI C7	3
	Number of connected non-residential properties - trade waste	WICA#19	0
	Total number of connected properties - sewerage	NWI C8	214

Indicator Set	Indicator	NWI Indicator #. or WICA Indicator #	Result
Small customers	Number of small retail customers in relation to water supply	WICA#20	1
	Number of small retail customers in relation to the provision of sewerage services	WICA#21	1
Complaints	Number of water quality complaints	NWI C9	0
	Number of water service complaints	NWI C10	1
	Number of sewerage service complaints	NWI C11	0
	Number of billing and account complaints – water and sewerage	NWI C12	73
	Number of other complaints – water and sewerage	WICA#22	18
	Total water and sewerage complaints	NWI C13	92
Restrictions	Number of customers to which restrictions applied for non-payment of water bills	NWI C18	0
	Number of customers to which disconnections applied	WICA#23	0
	Number of customers to which legal actions applied for non-payment of water bills	NWI C19	0
Service Interruptions	Average duration of unplanned interruption – non-potable water (minutes)	WICA#9	0
	Average duration of planned interruption – non-potable water (minutes)	WICA#10	0
	Average sewerage interruptions (minutes)	NWI C16	0
	Average frequency of unplanned interruption – non-potable water	WICA#14	0
	Average frequency of planned interruption – non-potable water	WICA#15	0
	Average frequency of unplanned interruption – sewerage	WICA#16	0

Abbreviations

Act	<i>Water Industry Competition Act 2006</i>
ADWG	Australian Drinking Water Guidelines
AGWR	Australian Guidelines for Water Recycling
AMP	Asset Management Plan
Aquacell	Aquacell Pty Ltd
AquaNet	AquaNet Sydney Pty Ltd
CCP	Critical Control Point
CHBWU	Catherine Hill Bay Water Utility Pty Ltd
CPWF	Central Park Water Factory
DPW	Discovery Point Water Pty Ltd
Flow Systems	Flow Systems Pty Ltd
IOP	Infrastructure Operating Plan
IPART	Independent Pricing and Regulatory Tribunal
LLRWBS	Lend Lease Recycled Water (Barangaroo South) Pty Ltd
Mirvac	Mirvac Real Estate Pty Ltd
Orica	Orica Australia Pty Ltd
Panel	Technical Services and Water Licensing Audit Panel
PTWF	Pitt Town Water Factory
Regulation	<i>Water Industry Competition (General) Regulation 2008</i>
RO	Reverse Osmosis

S&B	Simmonds & Bristow Pty Ltd
SDP	Sydney Desalination Plant
SGSPRN	SGSP-Rosehill Network
SMP	Sewage Management Plan
Solo Water	Solo Water Pty Ltd
Sydney Water	Sydney Water Corporation
UV	Ultraviolet
UVI	Ultraviolet Intensity
Veolia	Veolia Water Australia Pty Ltd
VWS	Veolia Water Solutions and Technologies Pty Ltd
WICA	<i>Water Industry Competition Act 2006</i>
Wilton Water	Wilton Water Pty Ltd
WQP	Water Quality Plan
Wyee Water	Wyee Water Pty Ltd

| Abbreviations