

18 January 2019



WHAT

IPART is reviewing the Sydney Water Corporation (Sydney Water) Operating Licence 2015-2020 (the existing licence).

We released the [draft licence package](#) on 11 December 2018 and are seeking your input by **15 February 2019**.

We are holding a [public workshop](#) on **Tuesday, 5 February 2019** to provide you with an additional opportunity to comment on the draft licence package.



HOW

The public workshop will be structured around four sessions:

1. **Stakeholder key issues**
2. **Water conservation and planning**
3. **Performance standards**
4. **Customers, consumers, stakeholders and competitors**

We will have a roundtable style approach to the public workshop.

Stakeholders are invited to attend and participate in each session relevant to their interest in the Sydney Water draft licence package.



WHEN

Key dates for this review:

| Milestone | Date |
|--|------------------|
| Public workshop | 5 February 2019 |
| Submissions to the draft package due | 15 February 2019 |
| IPART provides the Minister with final recommendations and licence | 12 April 2019 |
| Target licence commencement date | 1 July 2019 |



WHERE

The public workshop will be held at **Rydges World Square**, 389 Pitt Street, Sydney on **Tuesday, 5 February 2019** from 9:30am to 2:00pm.



WHAT NEXT

We invite you to [register](#) to attend our public workshop on **5 February 2019**.

Submissions on the [draft licence package](#) are due by **15 February 2019**. We prefer submissions via our [online form](#).

We will provide our final recommendations and licence to the Minister in April 2019.

1 Summary of public workshop sessions

The public workshop will be structured around four sessions:

1. Stakeholder key issues
2. Water conservation and planning
3. Performance standards
4. Customers, consumers, stakeholders and competitors

For each session we will present an overview of our recommendations in our draft licence package, followed by roundtable discussions. The general audience are welcome to join the discussions.

Session 1: Stakeholder key issues

The first session will provide you with an opportunity to outline your keys concerns for the review. You are encouraged to identify or consider how these issues relate to our review, and identify priorities for the review which may not be covered in subsequent sessions.

Questions

- ▼ What are your key issues of concern for this review?
- ▼ How do these issues relate to the review?
- ▼ Which aspects of the draft licence should we amend, retain or remove?

Session 2: Water conservation and planning

The second session will focus on our proposed changes to Sydney Water’s water conservation and planning obligations.

Table 1 Summary of draft recommendations for water conservation and planning

| Issue | Draft recommendations |
|--|--|
| Water conservation and planning | <p>We recommend that Sydney Water:</p> <ul style="list-style-type: none"> ▼ Be allowed to use another economic method to determine the level of water conservation, eg, DPE’s MetroNet model. ▼ Review its ELWC method and publish information on the ELWC method or other chosen method. ▼ Participate cooperatively in urban water planning and policy processes for Greater Sydney including, entering into a data sharing agreement with DPE. ▼ Develop water plans (in cooperation with WaterNSW) and submit these plans to the Minister by December 2020. ▼ Report against a new performance indicator. |
| Priority Sewerage Program | <p>We recommend that the licence retain the existing Priority Sewerage Program (PSP) obligations. Areas to which the PSP applies:</p> <ul style="list-style-type: none"> ▼ Austral ▼ Menangle ▼ Menangle Park ▼ Nattai ▼ Scotland Island ▼ Yanderra. |
| Stormwater management | <p>We recommend that the licence:</p> <ul style="list-style-type: none"> ▼ Clarify Sydney Water’s stormwater function in licence authorisation. ▼ Retain that Sydney Water is permitted to apply IWCM or other cost effective principles for water management. ▼ Retain that Sydney Water may undertake activities for waterway health and liveability outcomes, but it is not required to do so. |

Questions

What are your views on:

- ▼ Our economic approach to water conservation?
- ▼ Sydney Water’s role in water planning for Greater Sydney?
- ▼ Retaining the existing obligations on the Priority Sewerage Program?
- ▼ Clarifying ‘required’ and ‘permitted’ stormwater functions?

Session 3: Performance standards

The third session will focus on our proposed changes to Sydney Water’s performance standards including, standards for water quality and service interruptions.

Table 2 Summary of draft recommendations for performance standards

| Issue | Draft recommendations |
|--|---|
| Performance standards – water quality | <p>We recommend that the licence:</p> <ul style="list-style-type: none"> ▼ Retain obligations to maintain WQMS consistent with the Australian guidelines ADWG and AGWR. ▼ Retain compliance with the Fluoridation Code. ▼ Remove NSW Health’s approval for proposed significant changes to the DWQMS and RWQMS, but the licence does not preclude Sydney Water from engaging with NSW Health. ▼ Remove notification to IPART and NSW Health of proposed significant changes as this is already required in the Reporting Manual. |
| Performance standards – service interruptions | <p>We recommend that the licence:</p> <ul style="list-style-type: none"> ▼ Amend the water continuity standard based on Sydney Water’s proposal, which is informed by customers’ preferences and willingness to pay. ▼ Amend the water pressure standard so that it focusses on repeat, longer water pressure failure events. ▼ Include new obligations to address recurring low pressure issues. ▼ Amend the way we express performance standards to allow for population growth. ▼ Maintain the MOU with FRNSW, but not include requirements for firefighting based standards (pressure & flow). ▼ Retain the existing wastewater overflow standards. |
| Management Systems | <p>We recommend that the licence:</p> <ul style="list-style-type: none"> ▼ Retain the Asset Management System (AMS) to ensure Sydney Water meets its asset management objectives, including the performance standards for service interruptions ▼ Remove Quality Management System (QMS) and Environmental Management System (EMS) obligations from the licence because: <ul style="list-style-type: none"> – Other regulatory instruments and incentives manage environmental performance – Other licence obligations ensure quality products and services. |

Questions

What are your views on:

- ▼ Our approach to water quality performance standards?
- ▼ Our approach to service interruptions performance standards?
- ▼ Retaining the requirements for an AMS and removing requirements for an EMS and QMS?

Session 4: Customers, consumers, stakeholders and competitors

The fourth session will focus on our proposed changes to Sydney Water’s obligations about customers, consumers, stakeholders and competitors.

Table 3 Summary of draft recommendations for customers, consumers, stakeholders and competitors

| Issue | Draft recommendations |
|------------------------------------|--|
| Customers and consumers | <p>We recommend that the licence and/or Customer Contract:</p> <ul style="list-style-type: none"> ▼ Include obligations to protect tenants. ▼ Adopt rebates proposed by Sydney Water which are based on customer engagement. ▼ Require Sydney Water to implement a family violence policy by 1 July 2020 to protect vulnerable customers. ▼ Amend obligations for how Sydney Water communicates with customers to provide more flexibility. ▼ Require Sydney Water to review and report on the existing Customer Council to ensure effective customer engagement. |
| Stakeholder cooperation | <p>We recommend that the licence:</p> <ul style="list-style-type: none"> ▼ Maintain the memoranda of understanding with NSW Health, EPA and WAMC as required by the Act. ▼ Maintain the memoranda of understanding with FRNSW. ▼ Remove the roles and responsibilities protocol with DPE, noting our recommended water conservation requirements. |
| Servicing WIC Act licensees | <p>We recommend that the licence include WIC Act licensees in obligation to make services available on request from WIC Act licensees, subject to reasonable conditions.</p> |
| Competition | <p>We recommend that the licence require Sydney Water to:</p> <ul style="list-style-type: none"> ▼ Negotiate with WIC Act licensees and potential competitors in good faith. ▼ Publish up to date information regarding servicing information including current and projected demand. ▼ Report to IPART on negotiations with <i>Water Industry Competition Act 2006</i> (WIC Act) licensees and potential competitors including the: <ul style="list-style-type: none"> – Number of negotiations commenced – Number of agreements established – Time taken for Sydney Water to respond to requests for information or services. |

Questions

What are your views on:

- ▼ Our proposed changes to the Customer Contract?
- ▼ Sydney Water implementing a family violence policy?
- ▼ The way Sydney Water should be required to communicate with its customers?
- ▼ A review of the Customer Council to improve effectiveness of customer engagement?
- ▼ The obligations for Sydney Water to cooperate with government agencies?
- ▼ Introducing obligations to make services available to WIC Act licensees?
- ▼ Requiring Sydney Water to negotiate in good faith with WIC Act licensees and potential competitors?

- ▼ Requiring Sydney Water to make information available to competitors? What information should be published?
- ▼ Requiring Sydney Water to report on negotiations with WIC Act licensees and potential competitors to allow monitoring of effectiveness of these new obligations?