

11 December 2018



## WHAT

IPART is conducting a review of the Sydney Water Corporation (Sydney Water) Operating Licence 2015-2020 (the existing licence).

We have released the [draft licence package](#) as the next stage of this review and are seeking your input.

The draft licence package includes the draft report, draft licence, draft Customer Contract and draft reporting manual.



## WHY

The purposes of this review are to determine whether the existing licence is fulfilling its objectives, and to investigate any issues which have arisen during the term that may affect its effectiveness going forward.



## WHO

Sydney Water is a major public water utility providing water and wastewater services to over five million people across Sydney, the Blue Mountains and the Illawarra.

IPART is undertaking this review and is seeking input on the draft licence package from stakeholders including, Sydney Water, its customers and consumers, licensees under the WIC Act<sup>1</sup>, relevant government regulators and agencies, local councils and community, industry, and environment groups.



## HOW

This is the final stage of public consultation in this review process.

We will provide a report to the Minister on the findings of this review in April 2019 and any recommendations for amendment to the existing licence.



## WHEN

We will hold a public workshop to discuss the draft licence package on **5 February 2019** at Rydges World Square, Sydney.

All stakeholder submissions are due by **15 February 2019**.



## WHAT NEXT

We invite submissions on the [draft licence package](#). We prefer submissions via our online form.

Submissions may comment on any or all of our recommendations, and on any other issues stakeholders consider relevant to the review. Following the consultation period, we will consider stakeholder views, prepare and submit our final recommendations and recommend an amended licence to the Minister in April 2019.

IPART's contact officer for this review is Jamie Luke, Principal Analyst, contactable on [Jamie\\_Luke@ipart.nsw.gov.au](mailto:Jamie_Luke@ipart.nsw.gov.au) or (02) 9290 8460.

<sup>1</sup> *Water Industry Competition Act 2006*

## Licence review process

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The term of the existing licence does not end until 2020, but we have brought this review forward by one year at Sydney Water's request.

As part of our review process, we engage in public consultation, including the release of the Issues Paper in June 2018 for comment. A public workshop to facilitate discussions with stakeholders is scheduled for 5 February 2019 at Rydges World Square, Sydney. Submissions on the draft licence package will close on 15 February 2019 following the workshop.

Once we have considered all stakeholder views on our draft licence package, we will finalise our recommendations for an amended licence, and other associated documents, and provide them to the Minister. The Minister may accept or reject our recommendations before presenting an amended licence for approval by the Governor and subsequent gazettal. We intend to submit final recommendations to the Minister in April 2019. We expect the amended licence to apply from 1 July 2019.

## Draft licence package

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The [draft licence package](#) consists of three separate documents for download:

- ▼ draft report, including a draft cost-benefit analysis in Appendix A, details our proposed licence changes and non-changes, and the reasons for our decisions
- ▼ draft licence, including the draft Customer Contract in Schedule C, contains the proposed changes detailed in the draft report, as well as improvements for clarity and readability, and
- ▼ draft reporting manual, incorporates our proposed changes to reporting requirements that are outlined in the draft report and draft licence.

## Draft recommendations

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We have made 77 draft recommendations to amend the existing licence to address issues identified by us and by stakeholders who provided submissions to our Issues Paper.

Our draft recommendations include:

- ▼ new requirements where we consider licensing is appropriate to address emerging issues, such as requiring Sydney Water to:
  - ▽ participate cooperatively in water planning for Greater Sydney including by sharing plans and information with the NSW Government
  - ▽ address areas of recurring low water pressure
  - ▽ provide services and information to water businesses licensed under the WIC Act and potential competitors, and
  - ▽ develop and implement a family violence policy to support vulnerable customers
- ▼ amending existing requirements where we consider the licence can improve to achieve the same or better regulatory outcome, such as:
  - ▽ optimise the water continuity standard to reflect customers' preferences and willingness to pay
  - ▽ change the definition of the duration of water pressure failure from 15 minutes to one hour

- ▽ change the way the measure of performance standards is expressed
- ▽ allow flexibility for Sydney Water to use another economic method to determine the level of water conservation
- ▽ amend the Customer Contract to clarify customer protection clauses for tenants and change the rebates to reflect the extent of inconvenience to customers
- ▽ remove the prescriptive requirements for the composition of the Customer Council, and
- ▽ require Sydney Water to publish a map of its area of operations, and
- ▼ removing existing requirements without reducing performance, where we consider these requirements are no longer the best response to address the risk or issue, such as:
  - ▽ the requirements to maintain, implement and certify an Environmental Management System and a Quality Management System because other regulatory instruments, policies and incentives manage Sydney Water’s environmental performance, and other licence obligations ensure Sydney Water delivers quality products and services, and
  - ▽ the requirement to report on response times for water main breaks and leaks because these indicators do not reflect the time taken to restore supply to customers and we are comprehensively addressing water conservation through other obligations.

## Key dates

Milestone	Date
IPART releases the draft licence package for consultation	<b>11 December 2018</b>
Public workshop	<b>5 February 2019</b>
All stakeholders submissions on the draft licence package due	<b>15 February 2019</b>
IPART provides the Minister with final recommendations and licence	<b>April 2019</b>
Target licence commencement date	<b>1 July 2019</b>
IPART publishes licence and reporting manual	

## What next

We invite all interested parties, including Sydney Water, its customer and consumers, other water utilities, regulators, government stakeholders, and community, industry and environment groups to attend the [public workshop](#) and make a [written submission](#) to the review. You can find the existing Sydney Water operating licence 2015-2020 on [Sydney Water’s website](#).

Please contact us via [email](#) by 15 January 2019 if you would like to make a presentation at the public workshop.

You can also send comments by mail to:

Review of the Sydney Water operating licence  
 Independent Pricing and Regulatory Tribunal  
 PO Box K35  
 Haymarket Post Shop NSW 1240

Our normal practice is to make submissions publically available on our website as soon as possible after the closing date. Please indicate clearly if you wish your submission to remain confidential.

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