

10 February 2017



WHAT

The Independent Pricing and Regulatory Tribunal of NSW (IPART) regulates three major public water utilities in NSW with respect to compliance with their operating licences and the prices they charge for their monopoly services. We collect and publish annual performance information provided by each utility.



WHY

We collect and publish annual performance data to ensure transparency and improve public confidence, provide additional incentives to the utilities to perform to expectations and enable identification of areas for improvement.



HOW

The performance information is presented as follows:

- ▼ Part A (this fact sheet): Introduces the utilities and their operations, and provides some context about the types of indicators presented.
- ▼ Part B (2015-16 update): Is an Excel workbook, which presents a complete database of performance indicator information from 2005-06 to 2015-16.

As the nature and scale of operations vary between utilities, comparisons of performance indicator data can be problematic. Therefore we do not attempt to provide commentary or draw comparisons between the utilities' data.



WHO

Information presented in this fact sheet and the Excel workbook relates to the following regulated public water utilities:

- ▼ Sydney Water Corporation
- ▼ Hunter Water Corporation, and
- ▼ WaterNSW (formerly Sydney Catchment Authority and State Water Corporation).

None of the data presented relates to the private water utilities licensed under the *Water Industry Competition Act 2006* (the WIC Act). Information on these utilities can be found in our Annual WIC Act Licence Compliance Report on our website www.ipart.nsw.gov.au.



WHAT NEXT

The information in Part A and data in Part B complement the Bureau of Meteorology's 2015-16 Urban Water Utilities National Performance Report, which will be available in March 2017 from the Bureau's website (www.bom.gov.au).

The following link [[Part B](#)] takes you to the Excel workbook, which presents a complete database of public water utility performance indicators collected since 2005-06.

We will assess the data and identify any areas to be monitored or scrutinised in operating licence audits or price reviews.

Any enquiries about the database should be made to IPART: Director, Licensing and Compliance on (02) 9113 7778.

1 Introduction

A component of our role as the licensing and pricing regulator for the NSW Government is to collect annual performance data on the water utilities we regulate:

- ▼ Sydney Water Corporation (Sydney Water)
- ▼ Hunter Water Corporation (Hunter Water), and
- ▼ WaterNSW.

For the 2015-16 reporting period, we have presented IPART performance indicators and selected National Water Initiative (NWI) indicators in the categories of water quality, system performance, environmental performance and customer service.

The purpose of the database is to ensure transparency and improve public confidence, provide additional incentives to the utilities to perform to expectations and enable identification of areas for improvement.

The following sections provide some context about the utilities, the types of indicators presented and the factors that can influence performance. The accompanying [Excel workbook](#) presents a complete database of the performance indicators.

2 NSW Public Water Utilities regulated by IPART

These water utilities are vastly different in nature and operations. The information below provides context for the performance indicators.

Sydney Water



Area: Sydney Water operates within Sydney, the Illawarra and the Blue Mountains (as defined in its operating licence).



Activities: In its area of operation, Sydney Water:

- ▼ supplies drinking water
- ▼ supplies recycled water (in some areas)
- ▼ provides sewerage services, and
- ▼ provides stormwater drainage services (in some areas).

Sydney Water does not manage bulk water supply or catchments, but sources water from WaterNSW and, if needed, from the Sydney Desalination Plant.



Authority: Sydney Water is a State Owned Corporation wholly owned by the NSW Government.



Role of IPART: We regulate Sydney Water's compliance with its operating licence and set the maximum prices it may charge for its monopoly services.

Information about Sydney Water is available on its website <http://www.sydneywater.com.au>

Hunter Water



Area: Hunter Water's operations cover the local government areas of Cessnock, Lake Macquarie, Maitland, Newcastle, Port Stephens, Dungog and parts of Singleton (as defined in its operating licence).



Activities: In its area of operation, Hunter Water:

- ▼ supplies drinking water
- ▼ supplies recycled water (in some areas)
- ▼ provides sewerage services, and
- ▼ provides stormwater drainage services (in some areas).

Hunter Water sources its own bulk water from a network of surface water resources, such as rivers and dams, and groundwater sources. It manages bulk water transfers and activities within the catchments.



Authority: Hunter Water is a State Owned Corporation wholly owned by the NSW Government.



Role of IPART: We regulate Hunter Water's compliance with its operating licence and set the maximum prices it may charge for its monopoly services.

Information about Hunter Water is available on its website <https://www.hunterwater.com.au>

WaterNSW



Area: WaterNSW operates across the entire state of NSW.



Activities: WaterNSW has rural water delivery, water quality, catchment management and urban bulk water supply functions across NSW.



Authority: WaterNSW is a State Owned Corporation wholly owned by the NSW Government. It was formed on 1 January 2015 by amalgamation of the previous State Water Corporation and the Sydney Catchment Authority (SCA). WaterNSW operates under the existing State Water and SCA Operating Licences until reviewed in mid-2017.



Role of IPART: We regulate WaterNSW's compliance with its operating licences and set the maximum prices it may charge for its monopoly services.

Information about WaterNSW is available on its website www.waternsw.com.au.

3 Indicators

Water Quality

Sydney Water, Hunter Water and WaterNSW each conduct water quality monitoring programs. The objectives of each utility's monitoring program differ according to the nature of their operations.

Utilities that supply drinking water manage water quality according to the risk based management framework of the Australian Drinking Water Guidelines, 2011 (see Box 1).

Box 1 Australian Drinking Water Guidelines 2011

The Australian Drinking Water Guidelines provide a comprehensive framework for good management of drinking water supplies that, if implemented, will assure safety at point of use. The framework includes 12 elements considered good practice for system management of drinking water supplies. The guidelines also include two different types of guideline values for water quality characteristics:

- ▼ a *health-related* guideline value, which is the concentration of a water quality characteristic that, based on present knowledge, does not result in any significant risk to the health of the consumer over a lifetime of consumption (free of microbial, chemical, radiological and physical contaminants).
- ▼ an *aesthetic guideline* value, which is the concentration of a water quality characteristic that is associated with acceptability of water to the consumer, eg, colour, turbidity, taste and odour.

The microbial and chemical requirements referred to in this report and the associated database are health-related guideline values.

Source: Australian Government, Australian Drinking Water Guidelines 6, 2011. Available online at <http://www.nhmrc.gov.au/guidelines/publications/eh52>

These utilities monitor drinking water supplies to confirm the drinking water is safe and of good aesthetic quality.

WaterNSW is a bulk water supplier which manages part of the drinking water supply system. It manages the bulk water supply system in the context of the whole drinking water supply system. Monitoring assists it to select the best quality water and timing for releases for its water supply customers with the aim of optimising the downstream treatment process. WaterNSW also has responsibilities to manage the Sydney catchment area, so some of the water quality indicators assist in monitoring the health and state of the catchment and its aquatic ecosystems.

System Continuity and Reliability

Sydney Water, Hunter Water and WaterNSW each report system continuity and reliability indicators to IPART.

When utilities provide essential services like water supply and sewerage services, events such as unplanned interruptions, pressure failures and sewage overflows can have health, financial and inconvenience implications for customers.

System performance standards provide customers with certainty about the minimum level of service being provided. The three system performance standards in the Sydney and Hunter Water licences relate to:

- ▼ water pressure
- ▼ water continuity, and
- ▼ sewage overflow.

These standards recognise that failures occasionally occur in water systems but impose compliance limits on how many properties may experience individual and repeated service disruptions in a year. Breaches beyond these limits are non-compliances.

In addition, a number of other indicators are also reported that relate to the utilities' provision of water and sewerage services. It is important to understand that a utility's performance against these indicators can be influenced by local factors such as rainfall, soil type, age of infrastructure, population density, remoteness and other geographic features.

Environmental Performance

All operations of a water utility have the potential to impact the local environments in which they operate.

The environmental performance indicators measure usage of resources such as water and energy, in relation to quantities of water, sewage or recycled water processed.

Using water and energy efficiently and minimising waste products, sewer overflows and other emissions and discharges to the environment are all actions that minimise the impact of the utility on the environment.

Customer Service

The vast majority of water customers of the major public water utilities in NSW cannot change their water provider if they are unhappy with the service they receive. For this reason, there are customer service obligations in the operating licences of the major public water utilities.

Licences require water utilities to have practices and procedures in place to deal with customer hardship, debt, water flow restrictions, disconnections for non-payment, internal dispute resolution and complaints handling and membership of an external industry based dispute resolution scheme.

All of the NSW public water utilities regulated by IPART are required to be members of the Energy & Water Ombudsman of NSW (EWON) dispute resolution scheme.

Sydney Water, Hunter Water and WaterNSW report to us annually on their levels of customer complaints, the time it took to resolve these complaints and their call centre performance. They also report customer hardship indicators, such as the level and value of payment assistance provided to customers, number of flow restrictions, disconnections and licence suspensions and the numbers of customers accessing or enquiring about payment instalment plans.

Pricing Performance

Each of the water utilities for which IPART sets maximum prices provide us with an Annual Information Return (AIR). This AIR contains detailed information regarding the utility's financial and non-financial performance over the preceding financial year.

We use this information to prepare reports for stakeholder consultation during water utility pricing reviews and determinations, which are usually undertaken every four years.