

Review of the Water NSW operating licences

Draft operating licence package



28 February 2017



WHAT

IPART is conducting an end of term review of the Water NSW operating licences. Water NSW currently operates under the previous State Water and Sydney Catchment Authority licences. This review will replace both these licences with new licence/s to commence on 1 July 2017.

We have now released the draft operating licence package, and seek input from stakeholders. The package includes the ***draft operating licence***, ***draft report***, ***draft cost-benefit analysis*** and ***draft reporting manual***.



WHY

Water NSW was established on 1 January 2015 by the Water NSW Act 2014. The Act effectively merged two organisations, the former State Water Corporation and the Sydney Catchment Authority. This review is the first opportunity to consider what form of operating licence best reflects the newly merged organisation as well as any potential changes to the organisation over the next five years, in light of the new Act. The review also investigates if the operating licences are fulfilling their objectives, and any issues that may impact on their effectiveness.



WHO

Water NSW is a major public water utility providing bulk water services to other water utilities and regional customers throughout New South Wales.

IPART is undertaking the review, through consultation with Water NSW, interested members of the public and other stakeholders such as relevant government agencies and other water utilities.



HOW

The draft licence represents the final stage of consultation in the operating licence review process. There will be no further opportunities to contribute to the review.

We will provide a report to the Minister for Regional Water on the findings of the review and our recommendations for amendment to the existing operating licences.



WHEN

A public workshop is scheduled for **21 March 2017** in Sydney. All stakeholder submissions are due by **7 April 2017**.



WHAT NEXT

The draft operating licence package along with information regarding the submission lodgement process is available on the IPART website: <www.ipart.nsw.gov.au>

You can register your interest in attending the public workshop. Please contact us via [email](#) by **10 March 2017** if you wish to make a presentation at the workshop.

Submissions may comment on any of the proposed conditions, and on any other issues stakeholders consider relevant to the review of the operating licences.

Following final submissions, IPART will prepare and submit its final recommendations to the Minister by May 2017.

1 A draft operating licence for Water NSW

IPART has released a draft operating licence for Water NSW. The draft operating licence is IPART's preliminary proposal for the first licence to be granted to Water NSW under section 11 of the *Water NSW Act 2014* (the Act).

The draft operating licence sets out a new framework of authorisations and conditions relating to Water NSW's functions under the Act. It combines the provisions of the two licences formerly granted to State Water Corporation and the Sydney Catchment Authority, removes duplication and inconsistencies and in some cases includes new provisions.

The draft Operating Licence is now subject to a public consultation process including a public workshop on **21 March 2017** in Sydney and a call for written submissions closing on **7 April 2017**.

The review

The draft operating licence is a major milestone within the Review of Water NSW's operating licences.

This review is the first opportunity to consider what form of operating licence best reflects the current merged organisation, any potential future changes to the organisation within the next five years allowed for under the Water NSW Act and the requirements of the Water NSW Act in relation to the Operating Licence.

The draft package

The package released today includes a ***draft operating licence***, a ***draft report***, a ***draft cost-benefit analysis*** and a ***draft reporting manual***. They are intended to be read together.

- ▼ The ***draft operating licence*** presents our preliminary position on the recommended form of the operating licence.
- ▼ The ***reporting manual*** supports the operating licence with relevant reporting obligations.
- ▼ The ***draft report*** explains our reasoning for proposed operating licence and reporting manual inclusions.
- ▼ The ***cost benefit analysis*** supports the report and provides qualitative and quantitative analysis of the costs and benefits of the proposed obligations, where available.

Key features of the draft operating licence include:

- ▼ A single combined licence with obligations arranged in a 'water supply chain' structure.
- ▼ Authorisations clearly listed in the first section of the licence.
- ▼ Definitions of key terms to distinguish between ***supply*** and ***capture, store and release*** functions.
- ▼ Water Quality Management System obligations apply to all ***supply function*** activities.
- ▼ A requirement to develop a methodology for an Economic Level of Water Conservation.

- ▼ Performance Standards for **supply** and **capture, store and release** functions.
- ▼ Requirements for System Standards for Asset and Environmental Management.
- ▼ Customer service obligations.
- ▼ Stakeholder and community relations obligations.

Key Dates

The key dates for the Water NSW operating licence review are provided below:

Key task	Date
IPART released Issues Paper and invites submissions	23 June 2016
Water NSW's submission on Issues Paper received	30 August 2016
Other stakeholders' submissions on Issues Paper received	13 September 2016
IPART releases draft report, operating licence, reporting manual and cost benefit analysis (draft operating licence package) for comment	28 February 2017
Stakeholder workshop on draft operating licence package	21 March 2017
Stakeholders' submissions on draft operating licence package due	7 April 2017
IPART provides the Minister with final recommendations and associated operating licence and supporting reporting manual and report	30 May 2017
IPART releases final Reporting Manual and operating licence is published	July 2017

What next?

We are seeking stakeholder feedback on the draft operating licence. We invite all interested parties including Water NSW, community and environmental interest groups, Government departments or agencies to attend the public workshop and make written submissions to the review. Submissions may comment on any aspect of the operating licence or issues stakeholders consider are relevant to the licence.

The [draft licence package](#) and information about [lodging submissions](#) and [workshop registration](#) can be found on the IPART website (www.ipart.nsw.gov.au).

The existing Water NSW operating licences can be viewed on the [WaterNSW](#) website.

You can also send comments by mail to:

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

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