

## WHAT

IPART is reviewing the performance indicators we collect annually from public water utilities (PWUs) and licensees under the *Water Industry Competition Act 2006* (WIC Act).

We have released a Draft Report<sup>1</sup> setting out the proposed performance indicators for comment. We have also released draft reporting manuals which include the proposed performance indicators and other proposed minor changes.



## WHY

We are reviewing our performance indicators to ensure that the information we collect has a regulatory purpose and that we are not imposing unnecessary regulatory costs.

This means the benefits derived from requiring utilities to report on performance indicators should outweigh the costs of collection and reporting.

At the same time, we have taken the opportunity to make other updates to water utility reporting manuals.

We are interested in understanding stakeholder views on the proposed performance indicators and changes to the reporting manuals.



## WHO

Changes to IPART's performance indicator requirements and reporting

<sup>1</sup> IPART, *Review of water utility performance indicators – Draft Report*, April 2018.

manuals would apply to Hunter Water Corporation, Sydney Water Corporation, WaterNSW and WIC Act licensees.



## HOW

Our Draft Report summarises our draft decisions and proposed water utility performance indicators. It considers feedback we received on our Issues Paper and at our Stakeholder Roundtable.

We are seeking a final round of input from water utilities and users of the IPART performance indicator information.

We will consider all stakeholder feedback and undertake our own analysis before releasing our final performance indicators and reporting manuals.



## WHEN

We intend to release our final reporting manuals, including water utility performance indicators in June 2018.

New performance indicators will commence from 1 July 2018.



## WHAT NEXT

We invite submissions on the Draft Report, due by 24 May 2018. We prefer submissions via our [online form](#). You can also send comments by mail to:

### Water Utility Performance Indicators Review

IPART  
PO Box K35  
Haymarket Post Shop NSW 1240

## 1 What performance indicators are we proposing?

We hold the regulated businesses accountable using both compliance monitoring<sup>2</sup> (ie, annual reporting and auditing of compliance with licence conditions) and the performance indicators that we are considering as part of this review. We have identified performance indicators that we are able to reduce or remove because those issues are already captured in our compliance activities. Therefore, we have reduced the number of performance indicators to 27 indicators (Table 1.1, Draft Report), representing a reduction of more than 75 percent from our current indicator list.<sup>3</sup> Our streamlined performance indicators will remove unnecessary red tape without compromising the quality of our regulatory oversight.

We have reduced the performance indicator set and reporting requirements for Hunter Water, Sydney Water, WIC Act network operators and WIC Act retail suppliers. We have increased the performance indicator set for WaterNSW to allow us to collect information from WaterNSW that reflects the performance standards in its operating licence.

We have assessed the proposed changes to the performance indicators by applying criteria which ensures our performance indicators:<sup>4</sup>

- ▼ have a regulatory purpose
- ▼ align with the desired performance outcome
- ▼ have benefits which outweigh the costs of collecting information
- ▼ are not collected through other means, and
- ▼ are consistent with SMART<sup>5</sup> criteria.

We propose a single set of performance indicators for the water utilities we regulate, however due to different legislative frameworks and services provided, each utility would have a unique subset of IPART performance indicators which are not necessarily common to other utilities (see Table 1.1, Draft Report).

## 2 What other information are we proposing to collect?

We propose to collect licence data that allows for the calculation of WIC Act licence fees and to understand the number of customers served by retail water utilities (ie, Hunter Water, Sydney Water and WIC Act licensees). In some cases this data replaces current performance indicators.

We will also continue to collect other information (eg, annual compliance reports) to monitor the compliance of water utilities with their licence obligations.

<sup>2</sup> Our approach to compliance is detailed in our *Compliance and Enforcement Policy*, December 2017 Available: <https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/licensing-policy-cross-industry-review-of-ipart-compliance-and-enforcement-policy-2017/ipart-compliance-and-enforcement-policy-december-2017.pdf> accessed on 23 April 2018.

<sup>3</sup> Across five water utilities our existing IPART performance indicator set has 121 unique performance indicators.

<sup>4</sup> See Figure 3.1, Draft Report.

<sup>5</sup> Specific, Measureable, Achievable, Relevant and Time-bound.

### 3 How do we propose to create consistency in timing and formatting of reporting of performance indicators?

We have considered the timing and format of collection and reporting on water utility performance indicators. We propose for all water utilities to report in a consistent manner, including:

- ▼ all water utilities would be required to report on performance indicators (excluding environment performance indicators) on 1 September each year
- ▼ those utilities required to report on environment performance indicators (Sydney Water and WaterNSW) would be required to report on those indicators on 1 October each year
- ▼ all water utilities would be required to submit information in a database or spreadsheet format, and
- ▼ we would publish a performance indicator data set annually which includes data from all water utilities.

### 4 What reporting manual changes are we proposing?

We are updating our water utility reporting manuals to reflect our proposed performance indicators. We are also taking the opportunity to propose other minor changes to our reporting manuals to clarify utilities' reporting requirements.

We have highlighted changes compared to the current reporting manuals in yellow.

We invite submissions on the reporting manuals, due by 24 May 2018. We prefer submissions via our online form.

#### **Hunter Water Corporation Reporting Manual 2017-2022**

We propose the following changes to the *Hunter Water Corporation Reporting Manual 2017-2022*.

- ▼ Add Appendix with Statement of Compliance template (we propose to move this from the *PWU Audit Guideline*<sup>6</sup>).
- ▼ Remove requirement to submit reports in hard copy unless requested by IPART.
- ▼ Update introductory pages, including copyright statement and contact details.
- ▼ Update cross references related to performance indicators and other changes.

#### **Sydney Water Corporation Reporting Manual 2015-2020**

We propose the following changes to the *Sydney Water Corporation Reporting Manual 2015-2020*.

- ▼ Add Appendix with Statement of Compliance template (we propose to move this from the *PWU Audit Guideline*).

<sup>6</sup> We are currently reviewing the PWU Audit Guideline – more information on this review is available at: <https://www.ipart.nsw.gov.au/Home/Industries/Water/Reviews/Compliance/Public-Water-Utility-Audit-Guideline-Review-2018>

- ▼ Update Appendix regarding drinking water health and aesthetic water characteristics and raw water operational monitoring characteristics following recent review by Sydney Water and NSW Health.
- ▼ Remove requirement to submit reports in hard copy unless requested by IPART.
- ▼ Update introductory pages, including copyright statement and contact details.
- ▼ Update cross references related to performance indicators and other changes.

### **Water NSW Reporting Manual 2017-2022**

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We propose the following changes to the *Water NSW Reporting Manual 2017-2022*.

- ▼ Require the reporting of NWI environment indicators by 1 October each year.
- ▼ Add Appendix with Statement of Compliance template (we propose to move this from the *PWU Audit Guideline*).
- ▼ Remove NWI indicator Appendix, and replace with general requirement to report on NWI indicators.
- ▼ Update introductory pages, including copyright statement and contact details.
- ▼ Update cross references related to performance indicators and other changes.

### **WIC Act Network Operator's Reporting Manual**

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We propose the following changes to the *WIC Act Network Operators' Reporting Manual*.

- ▼ Require network operators to return their Statements of Compliance by 1 September each year.
- ▼ Require the reporting of performance indicators by 1 September each year.
- ▼ Revise the wording in the immediate licence non-compliance report template.
- ▼ Revise the wording in the annual compliance report template.
- ▼ Remove the NIL returns template.
- ▼ Remove requirement to submit reports in hard copy unless requested by IPART.
- ▼ Update our language to be consistent with terminology used in our *Compliance and Enforcement Policy*.
- ▼ Update introductory pages, including copyright statement and contact details.
- ▼ Update references to organisations or individuals whose details have changed since our last release of this reporting manual.
- ▼ Update cross references related to performance indicators and licence conditions.

### **WIC Act Retail Supplier's Reporting Manual**

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We propose the following changes to the *WIC Act Retail Suppliers' Reporting Manual*.

- ▼ Require retail suppliers to return their Statements of Compliance by 1 September each year.

- ▼ Revise the wording in the immediate licence non-compliance report.
- ▼ Revise the wording in the annual compliance report template.
- ▼ Remove the NIL returns template.
- ▼ Remove requirement to submit reports in hard copy unless requested by IPART.
- ▼ Update our language to be consistent with terminology used in our *Compliance and Enforcement Policy*.
- ▼ Update introductory pages, including copyright statement and contact details.
- ▼ Update references to organisations or individuals whose details have changed since our last release of this reporting manual.