

Assessment of a network operator's licence variation application from Veolia Water Solutions & Technologies (Australia) Pty Ltd

Prepared under the *Water Industry Competition Act 2006* (NSW)

Report to the Minister
July 2015

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Contents

1	Summary	1
2	Background	1
2.1	The Scheme and proposed variation to the network operator's licence	1
3	Consultation and submissions	3
4	Assessment of application	5
4.1	Disqualified corporation and related entity checks	6
4.2	Capacity (including technical, financial and organisational capacity) to carry out the activities	7
4.3	Capacity to carry out those activities in a manner that does not present a risk to public health	10
4.4	Appropriate arrangements with respect to insurance	11
4.5	Sufficient quantities of water supplied by the licensee obtained otherwise than from public water utility	12
4.6	Capacity to carry out those activities in a manner that does not present a significant risk of harm to the environment	12
4.7	Public interest considerations	13
4.8	Licensing principles	13
4.9	Additional matters considered	17
5	Recommendations	18
A	Draft licence	19

1 Summary

We recommend that the Minister grants a licence variation to Veolia Water Solutions & Technologies (Australia) Pty Ltd (VWS&T) network operator's licence No. 10_012 (NOL) to construct, operate and maintain a four km pressurised sewer rising main, which will connect Wilton Village (serviced by Sydney Water) to Bingara Gorge's recycled water treatment plant. Sewage is currently tankered out of Wilton for treatment with approximately four trucks per week being used, and this increases risk to the environment and public.

The current NOL allows VWS&T to provide sewerage services to the Bingara Gorge Development and supply recycled water for the purposes of irrigating the Bingara Gorge Golf Course.

The proposed variation will increase the area of operation to incorporate the sewer rising main, which is currently outside the area of operation authorised by VWS&T's current NOL. The proposed licence, as varied, is in Attachment A.

VWS&T will operate and maintain the sewer rising main. Lend Lease Communities (Wilton) Pty Ltd (Lend Lease), as an authorised person on VWS&T's current NOL, will construct the sewer rising main using contractors.

In assessing VWS&T's licence application, we considered the licensing criteria set out in sections 10(3)-(4) of the *Water Industry Competition Act 2006* (NSW) (WIC Act), and had regard to the licensing principles in section 7(1) of the WIC Act.

2 Background

VWS&T has a current NOL (No. 10_012) for the supply of sewerage services and recycled water to the Bingara Gorge Development. The infrastructure is owned by Lend Lease Communities (Wilton) Pty Ltd (Lend Lease), who are also the developers of Bingara Gorge. The licence was granted on 9 December 2010, and the scheme has been in operation for approximately four years.

On 13 January 2015 we received VWS&T's licence application for a variation to its NOL for the Bingara Gorge Scheme.

2.1 The Scheme and proposed variation to the network operator's licence

Bingara Gorge is a 1165 lot residential development supporting approximately 1100 dwellings constructed around a Golf Course located at Wilton NSW, approximately 80 km south west of the Sydney Central Business District.

The Bingara Gorge scheme consists of a recycled water plant, sewer network and recycled water network. The NOL limits the treatment of sewage to 400 kL/day, and only permits the use of recycled water at the Bingara Gorge golf course.

Sydney Water has obligations under its existing Operating Licence, and the Priority Sewerage Program to provide sewerage services to Wilton Village which is in close proximity to Bingara Gorge.¹ Sydney Water has entered an agreement with Lend Lease to transport (by pipeline – the subject of this variation) and treat wastewater from Wilton Village. Currently, the sewage from Wilton Village is being tankered out of Wilton for treatment with approximately four trucks per week being used. The temporary tankering, however well managed, creates environmental impacts on the community through noise, odour, potential spills and potential safety risks associated with the trucks in residential streets and is not a sustainable solution (see section 3 of this report for further information).

Lend Lease were in negotiations with Solo Water Pty Ltd (Solo Water) to takeover the Bingara Gorge Scheme from VWS&T. Solo Water were to construct a permanent recycled water treatment plant at Bingara Gorge, and a 4 km sewer rising main to connect Wilton Village to the temporary recycled water treatment plant. Solo Water applied for a NOL, and submitted a development approval (DA) application to Wollondilly Shire Council. DA consent was granted by the Joint Regional Planning Panel (JRPP) – Sydney West.² Solo Water later withdrew its network operator licence application, and Lend Lease continued its contract with VWS&T.

In order to meet its agreement with Sydney Water and be able to take over responsibility for the sewer rising main, VWS&T has applied for a variation to its NOL. The variation is for the construction, maintenance and operation of the sewer rising main only, to connect Wilton Village to VWS&T's recycled water treatment plant. The DA consent, obtained by Solo Water covers the sewer rising main.

The sewer rising main will be constructed from the corner of Hornby and Broughton Street (Wilton Village Pressure Sewer System Delivery Point); through Hornby Street West and Condell Park Road, into the Recycled Water Treatment Plant (Lot 103 DP 1108927) on Condell Park Road.³ As the delivery point and the proposed rising main are outside the area of operations authorised under VWS&T's current NOL, a variation to the licence is required to incorporate the sewer rising main.

¹ D15/13226 – Letter dated 17 June 2015 from Sydney Water to IPART.

² D15/1226 – Development Approval Determination by the Joint Regional Planning Panel – Sydney West.

³ D15/6399 – Council Assessment Report submitted to Joint Regional Planning Panel – Sydney West.

Sydney Water will continue as the retailer for sewerage services to Wilton Village. The recycled water plant has been upgraded to accept the increased load, with the sewage treatment capacity now at 300 kL/day. This plant will produce 280 kL/day of recycled water which will continue to be used to irrigate the golf course (the golf course can accept up to 650 kL/day). The increased treatment capacity is below the 400 kL/day maximum treatment capacity authorised by VWS&T's licence.

VWS&T will operate and maintain the proposed sewer rising main. Lend Lease, will construct the sewer rising main using third party contractors. This included Cardno Pty Ltd (Cardno) and Pressure Systems Solutions Pty Ltd to design the sewer rising main, and Springfield Civil Pty Ltd (Springfield Civil) to construct the pipeline. No third party, apart from Lend Lease will be named on the NOL.

3 Consultation and submissions

On 26 May 2015 we provided the licence variation application to, and invited submissions from, the following Ministers and their relevant departments:

- ▼ Minister administering the *Public Health Act 2010* (NSW) (Minister for Health)
- ▼ Minister administering the *Protection of the Environment Operations Act 1997* (NSW) (Minister for the Environment), and
- ▼ Ministers jointly administering the *Environmental Planning and Assessment Act 1979* (NSW) (Minister for Planning and the Assistant Minister for Planning).⁴

We also provided a copy of the licence application to you as the Minister administering the WIC Act at the same time.⁵

We received the following responses:

- ▼ NSW Health informed us that they will not be providing a submission.⁶
- ▼ NSW Environmental Protection Authority does not consider the granting of the licence variation to VWS&T poses any unacceptable risks to the environment. The sewer rising main is covered under an Environment Protection Licence (No. 20335).⁷

⁴ *Water Industry Competition Act 2006*, section 9(1)(b).

⁵ *Water Industry Competition Act 2006*, section 9(1)(a).

⁶ D15/12091 - Email from NSW Health, 4 June 2015.

⁷ W15/1899 - Submission by NSW EPA, 17 June 2015.

- ▼ The Department of Planning & Environment had no specific comments and confirmed that the deferred commencement consent for a Sewage Treatment Plant and a Water Recycling Scheme, including the Wilton sewer rising main was determined by the JRPP on 8 October 2014.⁸ It directed further queries to Wollondilly Shire Council.

The above responses are available on our website. In effect, no concerns were raised by these agencies.

Sydney Water was also notified of the licence application as Lend Lease has entered into an agreement with Sydney Water to provide sewerage services to Wilton Village. Sydney Water's submission confirmed the agreement between Lend Lease, and highlighted the expediency required in constructing the sewer rising main to negate the need for the temporary tankering arrangements.⁹ Sydney Water has advised that local residents have expressed concerns about the current arrangements and their duration. Those living close to the temporary facility have been particularly concerned about the visual and odour impacts of the site and operations.

We invited Wollondilly Shire Council to make a submission as the consent body for the deferred commencement DA. No submission was received from the Council. However, VWS&T have provided a letter from the Council that states all conditions of the deferred commencement have been met and the DA is valid.¹⁰

We also called for submissions on the application from the public.¹¹ We advertised in the MacArthur Chronicle on 9 June 2015, Sydney Morning Herald and the Daily Telegraph on 10 June 2015 for public submissions. The closing date for submissions was 24 June 2015. No public submissions were received.

In addition to inviting submissions, we sought expert advice from:

- ▼ Vincents Chartered Accountants to inform our financial assessment (see section 4.2.2), and
- ▼ the NSW Self Insurance Corporation (SICorp) to inform our assessment of appropriate insurance arrangements (see section 4.4).

⁸ W15/1918 - Submission by NSW Dept of Planning & Environment, 22 June 2015.

⁹ D15/13226 - Letter dated 17 June 2015 from Sydney Water to IPART.

¹⁰ D15/9332 - Letter dated 27 October 2014 from Wollondilly Shire Council to Solo Water Pty Ltd.

¹¹ *Water Industry Competition Act 2006*, section 9(1)(c).

4 Assessment of application

This section of the report contains our assessment of VWS&T's licence variation application and our recommendations. Our assessment considers each of the following requirements of the WIC Act:

- ▼ A licence must not be granted to:
 - a) a disqualified corporation, or
 - b) a corporation that is a related entity of a relevant¹² disqualified corporation.
- ▼ A licence may not be granted unless the Minister is satisfied as to each of the following:
 - that the applicant has, and will continue to have, the capacity (including technical, financial and organisational capacity) to carry out the activities that the licence (if granted) would authorise
 - that the applicant has the capacity to carry out those activities in a manner that does not present a risk to public health
 - that the applicant has made, and will continue to maintain, appropriate arrangements with respect to insurance
 - in the case of an application for a licence to supply water, that, if such a licence is granted, sufficient quantities of the water supplied by the licensee will have been obtained otherwise than from a public water utility
 - in the case of an application for a NOL, that the applicant has the capacity to carry out the activities that the licence (if granted) would authorise in a manner that does not present a significant risk of harm to the environment, and
 - such other matters as the Minister considers relevant, having regard to the public interest.¹³
- ▼ In considering whether or not a licence is to be granted, and what conditions are to be imposed on such a licence, regard is to be had to the following principles:
 - the protection of public health, the environment, public safety and consumers generally
 - the encouragement of competition in the supply of water and the provision of sewerage services
 - the ensuring of sustainability of water resources
 - the promotion of production and use of recycled water
 - the promotion of policies set out in any prescribed water policy document

¹² Where the disqualified corporation would have a direct or indirect interest in, or influence on, the carrying out of the activities that the licence would authorise if granted. *Water Industry Competition Act 2006*, section 10(3)(b).

¹³ *Water Industry Competition Act 2006* (NSW), sections 10(3) and (4).

- the potential for adverse financial implications for small retail customers generally arising from the activities proposed to be covered by the licence, and
- the promotion of the equitable sharing among participants in the drinking water market of the costs of water industry infrastructure that significantly contributes to water security.¹⁴

4.1 Disqualified corporation and related entity checks

We consider that the VWS&T is neither a disqualified corporation nor a corporation that is a related entity of a relevant¹⁵ disqualified corporation.

In making this recommendation, we have considered the following information:

- ▼ Statutory declarations signed by Thibaut de Crisnay (the Managing Director) and from Olivier Lefevre (Company Secretary)¹⁶, stating that:
 - neither VWS&T, nor any director or person concerned in the management of VWS&T is, or would be, a disqualified corporation or a disqualified individual within the meaning of the WIC Act and
 - VWS&T is not a related entity of a disqualified corporation that would have a direct or indirect interest in, or influence on, the carrying out of activities that the licence would authorise if granted.
- ▼ Information provided by VWS&T regarding details of the:
 - trustees (past and current) of any trusts in relation to which VWS&T is a beneficiary
 - current beneficiaries of any trusts in relation to which VWS&T is a trustee
 - relevant related entities¹⁷, and
 - names of the Chief Financial Officer and Chief Executive Officer for VWS&T and each of VWS&T's relevant related entities.
- ▼ Results of ASIC¹⁸ and Dun & Bradstreet¹⁹ reports that we have obtained for VWS&T, confirmed that this company is not disqualified nor are their directors or persons concerned in the management disqualified individuals. VWS&T does not have any relevant related entities.

Results of our search of the WIC Act licence database,²⁰ confirming in part the above.

¹⁴ *Water Industry Competition Act 2006* (NSW), section 7.

¹⁵ A related entity that would have a direct or indirect interest in, or influence on, the carrying out of the activities that the licence authorises. *Water Industry Competition Act 2006*, section 10(3)(b).

¹⁶ D15/6021& D15/12094 - Statutory declarations signed by Company Director and Company Secretary.

¹⁷ D15/9335 - VWS&T identified no relevant related entities within Australia.

¹⁸ D15/15144 - ASIC Company Extract for VWS&T, 9 July 2015.

¹⁹ D15/12399 - Individual Public Record Check for Douglas Dean, 10 June 2015.

²⁰ There are currently no disqualified corporations or individuals on the register pursuant to the *Water Industry Competition Act 2006*, sections 16(e) and 16(f).

4.2 Capacity (including technical, financial and organisational capacity) to carry out the activities

VWS&T has applied for a variation to its network operator's licence to construct, operate and maintain sewerage infrastructure.

We assessed VWS&T's technical, financial and organisational capacity to carry out the activities to be licensed. Our assessment was based on VWS&T's capacity at the time of making the application.

4.2.1 Technical capacity

We are satisfied that VWS&T has the technical capacity to operate and maintain sewerage infrastructure. We are also satisfied that Lend Lease, as an authorised person, can provide technical capacity to VWS&T in regard to constructing sewerage infrastructure.

In our assessment of VWS&T's technical capacity to construct, operate and maintain sewerage infrastructure, we considered the following:

- ▼ **Previous assessment of technical capacity** – VWS&T currently holds WIC Act NOLs for Bingara Gorge (No. 10_012) and Darling Walk (No. 10_008), which are both water recycling schemes. VWS&T's technical capacity was considered satisfactory during the assessment of the application for these licences.
- ▼ **Licence plans** – VWS&T has current licence plans for Bingara Gorge and Darling Walk. This demonstrates VWS&T's continuing technical understanding of operation and maintenance of sewerage infrastructure.
- ▼ **Water industry experience** – To support its application, VWS&T has provided evidence of its significant experience. Examples provided by VWS&T of its water industry projects within Australia include: Barwon Heads Golf Club (VIC), Brampton Island Sewage Treatment Plant (Qld), Bundamba Advanced Wastewater Treatment Plant and Gibson Island as part of the Western Corridors Project (Qld), Huntingdale Golf Club (VIC), Illawara Wastewater Treatment Plant (NSW), Kwinana Water Reclamation Plant (WA), Metropolitan Golf Club (VIC) and Portsea Golf Club (VIC).

- ▼ **Audit findings** - Previous audits (reports dated August 2012 and April 2013) for the Bingara Gorge Scheme found that the plant was constructed and operating in accordance with the legislation and infrastructure operating and water quality plans.²¹ Non-compliances with the sewerage system and the recycled water network in relation to construction were reported in the 2013 Audit. VWS&T and Lend Lease were informed that they would not be able to supply recycled water into the households until the network construction issues were addressed and the faults in the network addressed. The network operator's licence was subsequently re-audited in June 2015. A key component of this audit was the review of the procedures used by Lend Lease in the construction of the network. The audit found that the majority of faults previously identified have been addressed and significant progress has been made towards rectifying the remaining issues. Further, the processes in place for the management of construction of new network assets are adequate. The current NOL only allows supply of recycled water for the purposes of irrigating the golf course. The recycled water network to the housing estate is currently charged with drinking water (from Sydney Water). There will be no change to the approved uses for the water in this licence variation.
- ▼ **Authorised Parties and Contractors** - Lend Lease will construct the sewer rising main using contractors. These contractors include Cardno, to design the sewer rising main, and Springfield Civil for construction. Springfield Civil is listed as a pressure sewer systems constructor on Sydney Water's list of constructors for developer works.²² Springfield Civil's company profile indicated the company had 25 years experience in building construction, civil works, water and wastewater infrastructure. Key personnel also have significant experience in these areas.
- ▼ **Detailed Design Report and Design Plans** - The design of the sewer rising main is identical to Solo Water's application for a NOL. VWS&T have provided the design report prepared by Pressure System Solutions Pty Ltd. The design takes into consideration odour issues that are common to pressure sewer systems. The design includes five air valves, four below ground and one above ground. Air valves will also incorporate a gas phase scrubber. Flushing points and isolation valves are also included in the design, to ensure efficient flushing and scouring, and reduce the likelihood of sediment deposits in the sewer rising main.
- ▼ **Curriculum Vitae (CV) of relevant personnel** - CV's of relevant personnel (from VWS&T and Lend Lease) related to each activity to be licensed were reviewed. Personnel have significant relevant experience within the water industry and have the competency to conduct the proposed activities.

We consider that the information submitted by VWS&T and Lend Lease as an authorised person, demonstrates that it has the technical capacity to construct, operate and maintain sewerage infrastructure.

²¹ D12/20337 & D13/13142 - 2012 and 2013 Compliance Audit Reports for Bingara Gorge.

²² D15/10568 - Letter dated 13 May 2014 from Sydney Water to Springfield Civil.

We consider that VWS&T should not be subject to any new licence conditions in relation to its technical capacity, if a licence variation is granted.

4.2.2 Financial capacity

We are satisfied that VWS&T has the financial capacity to construct, operate and maintain sewerage infrastructure.

In making our assessment of VWS&T's financial capacity we have considered the following information:

- ▼ Summarised profit and loss statements
- ▼ Summarised balanced sheets
- ▼ Summarised income tax returns
- ▼ Key financial ratios, and
- ▼ A review of VWS&T's working capital.

We engaged an external financial consultant, Vincents Chartered Accountants (Vincents), to assess the financial capacity of the applicant and the financial viability of the project.²³ In terms of financial capacity, Vincents reported that VWS&T has a low risk of financial failure. In terms of financial viability of the project, Vincents considered that the project has a low risk of financial failure as capital expenditure is funded by Lend Lease.

We consider that the information submitted by VWS&T demonstrates that it has the financial capacity to construct, operate and maintain sewerage infrastructure.

We consider that VWS&T should not be subject to any new licence conditions in relation to its financial capacity, if a licence variation is granted.

4.2.3 Organisational capacity

We are satisfied that VWS&T has the organisational capacity to operate and maintain sewerage infrastructure as detailed in its application.

In our assessment of VWS&T's organisational capacity to operate and maintain sewerage infrastructure, we considered the following:

- ▼ **Previous assessment of organisational capacity** - VWS&T holds current WICA NOLs for Bingara Gorge (No. 10_012) and Darling Walk (No. 10_008) which are both water recycling schemes. VWS&T's organisational capacity was considered satisfactory during the assessment of these licence applications.

²³ D15/13580 - Financial Capacity Review Report for VWS&T, 22 June 2015.

- ▼ **Operation and Maintenance Agreement** - which describes the formal relationship between VWS&T and Lend Lease, and outlines the roles and responsibilities in relation to the Scheme.
- ▼ **Organisation Chart** - an appropriate organisational structure for the Bingara Gorge Scheme was outlined in VWS&T's Organisation Chart.
- ▼ **Curriculum Vitae (CV) of relevant personnel** - CV's of relevant personnel (from VWS&T and Lend Lease) related to each activity to be licensed were reviewed. VWS&T has access to key personnel with significant relevant experience within the water industry.

We consider that the information submitted by VWS&T and previous assessments of VWS&T demonstrates that it has the organisational capacity to construct, operate and maintain sewerage infrastructure.

We consider that VWS&T should not be subject to any new licence conditions in relation to its technical capacity, if a licence variation is granted.

4.3 Capacity to carry out those activities in a manner that does not present a risk to public health

We are satisfied that VWS&T has the capacity to construct, operate and maintain sewerage infrastructure in a manner that does not present a risk to public health.

In our assessment of VWS&T's capacity to operate and maintain sewerage infrastructure in a manner that does not present a risk to public health, we considered the following:

- ▼ **Licence Plans** - The Sewage Management and Water Quality Plan incorporates the 12 elements of the Australian Guidelines for Water Recycling (2006) and is consistent with its risk-based approach.
- ▼ **Risk Assessment** - A review of the risk assessment identified public health risks due to sewage odour, recycled water odour, treatment infrastructure odour and recycled water quality falling below specification. Mitigation measures have been proposed within the risk assessment and these are considered adequate in reducing risk to public health.
- ▼ **Submissions** - NSW Health was consulted on this proposed variation. We were advised by NSW Health that no submission will be made.²⁴

We consider that the information submitted by VWS&T demonstrates that it has the capacity to construct operate and maintain sewerage infrastructure, in a manner that does not present a risk to public health.

²⁴ D15/12091 - Email from NSW Health, 4 June 2015.

4.4 Appropriate arrangements with respect to insurance

We are satisfied that VWS&T has made, and will continue to maintain, appropriate insurance arrangements.

VWS&T provided detailed information on insurance in relation to this variation application. This included:

Risk and Insurance Review report – This was prepared by Marsh Risk Consulting (Marsh) as an independent insurance expert.²⁵ Upon review of the key risks against the current insurance arrangements of VWS&T, Marsh was of the opinion that the current types and levels of insurances are appropriate for the size and nature of the activities authorised under these WIC Act licences.

We requested advice from the SICorp on the appropriateness of VWS&T's insurance arrangements, with respect to the activities to be licensed for the scheme and related activities.²⁶

The following insurances relate to ongoing operations:

- ▼ **Public and Products Liability** - This was considered adequate by SICorp.
- ▼ **Professional Indemnity** – This was considered adequate by SICorp.
- ▼ **Environmental Impairment Liability** The insured is Veolia Environment S.A and its subsidiaries. This was considered adequate by SICorp on condition that VWS&T is a subsidiary. VWS&T is a subsidiary²⁷ and is covered under this insurance.
- ▼ **Workers Compensation** – Not assessed by SICorp. VWS&T has complied with this compulsory statutory requirement.

SICorp commented that the indemnity costs provided by the Environment Impairment Liability insurance applies to accidental or gradual pollution within the boundaries of covered sites only. Costs relating to outside of the operating sites revert back to the General Liability insurance which responds to sudden and accidental pollution only. Due to the claims made nature of this insurance, SICorp initially recommended that VWS&T should maintain this insurance for a period of six years following the ceasing of their operations at this site.

We further advised SICorp that this scheme was covered by an Environment Protection Licence (EPL) and implementing this condition may be impractical. SICorp agreed with this assessment and that the condition should not be imposed on the Licensee.

²⁵ D15/7439 - Marsh Report for VWS&T insurances, 5 March 2015.

²⁶ D15/5936, D15/7299, D15/7298, D15/9251 – Email communications from SICorp regarding VWS&T insurance.

²⁷ D15/15144 - ASIC Current Company Extract for Veolia Water Solutions & Technologies (Australia) Pty Ltd, 9 July 2015.

SICorp advised that the construction contract could be considered as a private relationship between Lend Lease and Springfield Civil and was potentially outside the scope of its advice to IPART.

However, SICorp noted the following insurances (including the limits to indemnity) held by authorised parties and contractors in relation to construction of the sewer rising main:

- ▼ **Public and Products Liability (Lend Lease)**
- ▼ **Public and Products Liability (Springfield Civil)**
- ▼ **Construction Insurance (Springfield Civil), and**
- ▼ **Professional Indemnity (Cardno)**

We consider that the information submitted by VWS&T, and SICorp's assessment, demonstrates that VWS&T has made, and will continue to maintain, appropriate insurance arrangements.

4.5 Sufficient quantities of water supplied by the licensee obtained otherwise than from public water utility

Not applicable to this application for a variation to a network operator's licence which only involves sewerage infrastructure.

4.6 Capacity to carry out those activities in a manner that does not present a significant risk of harm to the environment

We are satisfied that VWS&T has the capacity to carry out the construction, operation and maintenance of sewerage infrastructure, in a manner that does not present a significant risk of harm to the environment.

We assessed VWS&T's:

- ▼ Capacity to comply with environmental regulations on existing schemes:
 - VWS&T has demonstrated its capacity by providing a heritage assessment, flora & fauna assessment, and an Environmental Impact Statement for the sewer rising main.
- ▼ Understanding of environmental regulations in NSW:
 - VWS&T has an Environment Protection Licence (No. 20335) for the Bingara Gorge Scheme. This was transferred from Solo Water and includes the sewer rising main.
 - VWS&T has a deferred commencement Development Approval from the JRPP under Part 4 of the EP&A Act.

- VWS&T, through Cardno, have obtained a controlled activity approval for the Bingara gorge sewer rising main from the Office of Water, Department of Primary Industries.²⁸ This approval was required due to proximity of the the sewer rising main to Stringybark Creek.
- ▼ Capacity to implement environmental management processes in relation to the activities to be licensed:
 - VWS&T has a site specific Environmental Health and Safety Management Plan which was submitted as part of its obligations in maintaining a WICA NOL.
 - VWS&T has a corporate Environment and Sustainability policy on its website that demonstrates its commitment to the requirements of ISO 14001 Environmental Management Systems.

We consider that the information submitted by VWS&T demonstrates that it has the capacity to carry out construction, operation and maintenance of sewerage infrastructure in a manner that does not present a significant risk of harm to the environment.

We consider that VWS&T should not be subject to any new licence conditions in relation to its capacity to not present a significant risk of harm to the environment, if a licence variation is granted.

4.7 Public interest considerations

We did not identify any additional matters with regard to the public interest in relation to VWS&T construction, operation and maintenance of sewerage infrastructure.

The proposed sewer rising main will have a positive impact on public interest as it will eliminate the need to tanker out sewage from Wilton Village. Local residents had expressed concerns to Sydney Water regarding visual and odour impacts from the pump-out site for tankering.²⁹

We consider that VWS&T should not be subject to any new licence conditions in relation to public interest, if a licence variation is granted.

4.8 Licensing principles

We have had regard to each of following licensing principles in making a recommendation as to whether or not the variation to the NOL should be granted, and if so, what conditions to impose.

²⁸ D15/9330 - Letter dated 24 October 2014 from Office of Water to Cardno.

²⁹ D15/13226 - Letter dated 17 June 2015 from Sydney Water to IPART.

4.8.1 Protection of public health

We have had regard to protection of public health through our assessment of VWS&T's capacity to construct, operate and maintain a pressurised sewer rising main in a manner that does not present a risk to public health. As outlined in section 4.3 of this report, we assessed VWS&T's capacity to manage the key risks posed to public health by the activities to be licensed.

NSW Health has provided no comments in respect to this licence variation request.³⁰

If the Minister grants a variation to the NOL to VWS&T, we consider that public health will be protected in relation to the activities licensed.

4.8.2 Protection of the environment

In having regard to protection of the environment, we considered the approvals obtained/required under the EP&A Act for the activities to be licensed. The EP&A Act is the central legislation that controls planning and development in NSW.

We understand that all of the activities to be licensed have obtained the following under the EP&A Act:

- ▼ A DA under Part 4 of the EP&A Act by the JRPP. This was obtained by Solo Water as a deferred commencement consent subject to fulfilling conditions placed on the DA. We understand that the DA runs with the land and there are no issues with VWS&T using this DA. VWS&T has provided a letter from Wollondilly Shire Council advising that these matters have been addressed and the DA is valid.³¹
- ▼ the sewer rising main has had an environmental assessment undertaken and determined under Part 4 of the EP&A Act by Wollondilly Shire Council, with the JRPP.
- ▼ VWS&T has an Environment Protection Licence (No. 20335) for the Bingara Gorge Scheme. This was transferred from Solo Water and covered Solo Water's proposed new treatment plant and the sewer rising main.

This was confirmed by the EPA in its submission on the original licence application. The EPA considers that the granting of a variation to VWS&T's licence does not pose any unacceptable risks to the environment.³² It also advised that the proposed activity is already covered by and will be regulated through the EPL, and considers it unnecessary for the NOL to contain any specific conditions in relation to protection of the environment.

³⁰ D15/12091 - Email from NSW Health, 4 June 2015.

³¹ D15/9332 - Letter dated 27 October 2014 from Wollondilly Shire Council to Solo Water Pty Ltd.

³² W15/1899 - Submission by NSW EPA, 17 June 2015.

The Department of Planning and Environment had no specific comments or concerns regarding the proposed activities in relation to protection of the environment.³³

We consider that VWS&T should not be subject to any new licence conditions in relation to protection of the environment, if a variation to the licence is granted.

4.8.3 Protection of public safety

We have had regard to the protection of public safety through our assessment of VWS&T's technical capacity to construct, operate and maintain a pressure sewer rising main. We assessed VWS&T's capacity to manage key risks to public safety by the activities to be licenced, through assessment of its technical capacity (section 4.2.1) and VWS&T's capacity to manage the key risks posed to public health by the activities to be licensed (section 4.3).

VWS&T has a Bingara Gorge site specific Emergency Preparedness and Response Plan. This plan outlines how incidents and emergencies will be managed at the Scheme.

If the Minister grants a variation to the NOL to VWS&T, we consider that public safety will be protected in relation to the activities licensed.

4.8.4 Protection of consumers generally

We have had regard to the protection of consumers through our assessment of VWS&T's technical capacity to construct, operate and maintain a pressure sewer rising main. We assessed VWS&T's capacity to protect consumers through its current operation of the Bingara Gorge Scheme, as outlined in section 4.2.1 of this report.

There is currently only one consumer at the Bingara Gorge Scheme; the Golf Course. The product of this scheme is recycled water, which will continue to be used to irrigate the golf course. The maximum daily volume of recycled water that can be used to safely irrigate the golf course is 687 kL/day.³⁴ With the addition of the sewer rising main, the plant will produce a maximum of 300 kL/day of recycled water. This is below the maximum volume of recycled water that the golf course can safely accept.

The sewage from Wilton Village is anticipated to be similar in characteristics to the sewage currently being treated at the Bingara Gorge Scheme. Thus the treatment process is considered adequate to treat sewage from Wilton Village with no adverse change to characteristics of the recycled water produced at the Bingara Gorge Scheme.

³³ W15/1918 - Submission by NSW Dept of Planning & Environment, 22 June 2015.

³⁴ D15/5989 - Request for Information response from VWS&T.

If the Minister approves this licence variation, we consider that consumers generally will continue to be protected in relation to the activities licensed.

4.8.5 Encouragement of competition

Wilton Village is within Sydney Water's area of operation, but treating sewage from Wilton Village at the Bingara Gorge Water Recycling Plant is the most efficient and cost-effective option. Wilton Village customers will be charged directly by Sydney Water while increasing the use of privately owned sewerage infrastructure.³⁵ This arrangement encourages competition in the provision of sewerage services.

4.8.6 Ensuring sustainability of water resources

The addition of Wilton Village sewage will increase VWS&T's production of recycled water. This recycled water further reduces demand for drinking water for irrigation. Historically, Sydney Water has provided monopoly supply of drinking water in the Sydney area. This licence variation would enable VWS&T to increase its supply of recycled water for irrigation of the golf course, which further reduces demand on drinking water for irrigation purposes.

Furthermore, the controlled activity approval issued by the NSW Office of Water establishes appropriate protections for the nearby Stringybark Creek.

4.8.7 Promotion of production and use of recycled water

VWS&T will increase its production of recycled water and use this for continued irrigation of the golf course, thus promoting the ongoing use of recycled water.

4.8.8 Promotion of policies set out in any prescribed water policy document

The Metropolitan Water Plan is the only prescribed water policy document in the *Water Industry Competition (General) Regulation 2008*. The Metropolitan Water Plan outlines strategies to secure greater Sydney's water supply now and in the future.

VWS&T will increase its production of recycled water and use this for continued irrigation of the golf course. This increased water recycling is consistent with the key initiatives of the NSW Metropolitan Water Plan, including in relation to water recycling, water efficiency and innovation.³⁶

³⁵ D15/13226 - Letter dated 17 June 2015 from Sydney Water to IPART.

³⁶ 2010 Metropolitan Water Plan - NSW Office of Water, August 2010, p 27.

4.8.9 Potential for adverse financial implications for small retail customers

This licensing principle applies to retail supplier licence applications. A variation to VWS&T's retail supply licence is not required as Sydney Water will remain as the retail sewerage service provider to Wilton Village.

4.8.10 Promotion of equitable sharing of the costs of water industry infrastructure that significantly contributes to water security.

This licensing principle is not applicable as this scheme does not produce drinking water.

4.9 Additional matters considered

In addition to assessing the application against the licensing criteria and principles of the WIC Act, we had previously recommended to the Minister to not declare a monopoly services and we have not changed that position.

4.9.1 Transition of new Network Operators Licence into new format

We are taking this opportunity to change the NOL to the standard licence conditions template. This template has been consulted on and approved by the Tribunal.³⁷

The following changes to the NOL are due to changes in the template:

- ▼ Deleting Schedule A and replacing with new Schedule A.
- ▼ Clause A2 and A3 in Schedule A of the current NOL have been combined into clause A1 of the draft NOL.
- ▼ Deleting Schedule B – Standard ministerially-imposed licence conditions and replace with new Schedule B. The changes to conditions in Schedule B are related to:
 - new requirements for maintaining insurance (clause B3)
 - requirements for complying with the Audit Guidelines from IPART (clause B5)
 - monitoring now refers to samples taken for monitoring purposes specified in the Water Quality Plan (clause B8.2)
 - the Licensee must now provide a copy of the plan to IPART when a **significant** change is made (clause B9). Previously, the Licensee was required to submit a copy of the amended plan after **any** change

³⁷ D13/16149 - Tribunal Minutes, 22 May 2013.

- delineating responsibilities – interconnections now requires the code of conduct to include the responsibility for fees and charges payable in respect of the use of the specified water industry infrastructure (clause B10)
- notification of changes to end-use (clause B11), and
- notification of commercial operation (clause B13).

5 Recommendations

We recommend that the Minister:

- ▼ **grants a variation to network operator’s licence (licence number 10_012) to Veolia Water Solutions & Technologies (Australia) Pty Ltd to:**
 - **increase the area of operation**
 - **incorporate changes due to changes in the standard licence conditions template, and**
- subject to the conditions as set out in the attached draft licence (licence number 10_012).**

A Draft licence



**NEW SOUTH WALES
GOVERNMENT**

*WATER INDUSTRY COMPETITION ACT 2006
(NSW)*

NETWORK OPERATOR'S LICENCE

**Veolia Water Solutions and Technologies
(Australia) Pty Ltd**

(ACN 055 254 003)



New South Wales

WATER INDUSTRY COMPETITION ACT 2006 (NSW)

Section 10(5)

Notice of Decision -

Application to vary a network operator's licence by Veolia Water Solutions & Technologies (Australia) Pty Ltd

I, The Hon. Niall Blair MLC, Minister for Lands and Water, have considered and accepted the advice and recommendations made by the Independent Pricing and Regulatory Tribunal (**IPART**) in its report to me on the application by Veolia Water Solutions & Technologies (Australia) Pty Ltd (ACN 055 254 003) (**Applicant**) for a variation to the network operator's licence (No. 10_012) under the *Water Industry Competition Act 2006* (NSW) (**the Act**). I attach IPART's report (**Attachment A**).

Based on my consideration and acceptance of IPART's report:

- (a) I am satisfied that the Applicant is not a disqualified corporation for the purposes of section 10(3)(a) of the Act;
- (b) I am satisfied that the Applicant is not a corporation that is a related entity (within the meaning of the *Corporations Act 2001* (Cth)) of a disqualified corporation that would have a direct or indirect interest in, or influence on, the carrying out of the activities that the licence[s] would authorise (if granted), for the purposes of section 10(3)(b) of the Act; and
- (c) I am satisfied as to each of the criteria set out in section 10(4) of the Act.

I have also had regard to the licensing principles set out in section 7 of the Act in considering whether or not to grant the licence[s] and what conditions should be imposed on any such licence[s] granted.

Under section 10(5) of the Act, for the reasons set out above, I have decided to grant the Applicant's application to vary its network operator's licence, subject to the conditions set out in licence number 10_012, the Act and the *Water Industry Competition (General) Regulation 2008* (NSW). I hereby attach the licence (**Attachment B**).

.....
Minister for Lands and Water

Dated this

day of

20



New South Wales

Water Industry Competition Act 2006 (NSW)
Section 15

**Notice of Determination -
Variation of Licence Conditions
Licence No. 10_012**

I, The Hon. Niall Blair MLC, Minister for Lands and Water, under section 15 of the *Water Industry Competition Act 2006 (NSW)*, make the following variation to the licence conditions of the network operator's licence No. 10_012 granted to [Veolia Water Solutions & Technologies (Australia) Pty Ltd (ACN 055 254 003)]:

- (i) Deleted Schedule A and replace with new Schedule A.
- (ii) Deleted Schedule B and replace with new Schedule B.

.....
Dated this

Minister for Lands and Water
day of 20

SCHEDULE A - SPECIAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS FOR VEOLIA WATER SOLUTIONS & TECHNOLOGIES (AUSTRALIA) PTY LTD'S NETWORK OPERATOR'S LICENCE

This schedule sets out the conditions which the Minister imposes pursuant to section 13(1)(b) of the Act. In addition to these special Ministerially-imposed conditions, the Licensee is subject to obligations imposed by the Act, the Regulation and the standard Ministerially-imposed licence conditions set out in Schedule B. The Minister may vary the conditions in this schedule or impose new conditions, provided there is no inconsistency with the conditions imposed on the Licensee by the Act or the Regulation.

A1 Activities authorised - non-potable water

A1.1 This Licence authorises:

- (a) the Licensee and any authorised persons specified in Table 1.1 to construct, maintain and operate the water industry infrastructure specified in Part A, Table 1.2:
 - i. for the authorised purposes specified in Part A, Table 1.3;
 - ii. within the area of operations specified in Part A, Table 1.4, subject to the conditions imposed by or under the Act, the Regulation and this Licence.
- (b) the Licensee to construct, maintain and operate the water industry infrastructure specified in Part B, Table 1.2:
 - iii. for the authorised purposes specified in Part B, Table 1.3;
 - iv. within the area of operations specified in Part B, Table 1.4, subject to the conditions imposed by or under the Act, the Regulation and this Licence.
- (c) any authorised persons specified in Table 1.1 to construct, maintain and operate the water industry infrastructure specified in Part C, Table 1.2:
 - v. for the authorised purposes specified in Part B, Table 1.3;
 - vi. within the area of operations specified in Part B, Table 1.4, subject to the conditions imposed by or under the Act, the Regulation and this Licence.

Table 1.1 Authorised persons

Lend Lease Communities (Wilton) Pty Ltd (ABN 31 110 022 976)

Table 1.2 Water industry infrastructure

Part A

Infrastructure used for the storage, conveyance or reticulation of non-potable water but not infrastructure used for the treatment of non-potable water.

Part B

Infrastructure used for the production, treatment, filtration, storage, conveyance or reticulation of non-potable water.

Part C

Infrastructure used for the storage, conveyance or reticulation of non-potable water

Table 1.3 Authorised purposes

Part A

Toilet flushing

Garden irrigation

Part B

Golf course irrigation

Table 1.4 Area of operations

Part A

Land situated under Folio Identifiers DP 270536, DP 1104390, DP 280010, DP 280014 and DP 1108927 known as the Wilton Parklands - Bingara Gorge.

Part B

Land situated under Folio Identifiers DP 1108927 and DP 1104390 known as the Recycled Water Treatment Plant and the Bingara Gorge Golf Course in addition to the corridor of property associated with the reticulation, conveyance and storage infrastructure between the two sites.

A2[Not applicable]

A3 Activities authorised – sewerage services

A3.1 This Licence authorises the Licensee and any authorised persons specified in Table 3.1 to construct, maintain and operate the water industry infrastructure specified in Table 3.2:

- i. for the authorised purposes specified in Table 3.3;
- ii. within the area of operations specified in Table 3.4, subject to the conditions imposed by or under the Act, the Regulation and this Licence.

Table 3.1 Authorised persons

Lend Lease Communities (Wilton) Pty Ltd (ABN 31 110 022 976)

Table 3.2 Water industry infrastructure

Infrastructure used for the storage, conveyance or reticulation of sewage and infrastructure used for the treatment of up to 400 kilolitres of sewage per day.

Table 3.3 Authorised purposes

Collection and treatment of sewage from sites and premises within the specified area of operations set out in Table 3.4

Table 3.4 Area of operations

Land situated under Folio Identifiers DP 270536, DP 1104390, DP 280010, DP 280014 and DP 1108927 known as the Wilton Parklands - Bingara Gorge.

The corner of Hornby and Broughton Street, running through Hornby Street, Hornby Street West and Condell Park Road to Lot 103, DP1108927.

INTERPRETATION AND DEFINITIONS**Interpretation**

In this Schedule A, unless the context requires otherwise:

- (i) the singular includes the plural and vice versa;
- (ii) headings are used for convenience only and do not affect the interpretation of this Schedule A;
- (iii) a reference to a document includes the document as modified from time to time and any document replacing it;
- (iv) a reference to a person includes a natural person and any body or entity whether incorporated or not;
- (v) a reference to a clause is to a clause in this Schedule A;
- (vi) a reference to a schedule is to a schedule to this Licence;
- (vii) a reference to a law or statute includes regulations, rules, codes and other instruments under it, and consolidations, amendments, re-enactments or replacements of them; and
- (viii) explanatory notes do not form part of this Licence, but in the case of uncertainty may be relied on for interpretation purposes.

Definitions

Expressions used in this Schedule A that are defined in the Act or the Regulation have the meanings set out in the Act or the Regulation.

In this Schedule A:

Act	means the <i>Water Industry Competition Act 2006</i> (NSW).
Licence	means this network operator's licence granted under section 10 of the Act.
Licensee	means the person to whom this Licence is granted under section 10 of the Act.
Minister	means the Minister responsible for Part 2 the Act.
Regulation	means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).

SCHEDULE B - STANDARD MINISTERIALLY-IMPOSED LICENCE CONDITIONS FOR ALL LICENSED NETWORK OPERATORS UNDER THE ACT

This schedule sets out the standard conditions which the Minister imposes on the Licensee and all other licensed network operators pursuant to section 13(1)(b) of the Act. In addition to these standard Ministerially-imposed conditions, the Licensee is subject to obligations imposed by the Act, the Regulation and the special Ministerially-imposed licence conditions set out in Schedule A. The Minister may vary the conditions in this schedule or impose new conditions, provided there is no inconsistency with the conditions imposed on the Licensee by the Act or the Regulation.

B1 Ongoing capacity to operate

B1.1 The Licensee must have the technical, financial and organisational capacity to carry out the activities authorised by this Licence. If the Licensee ceases to have this capacity, it must report this to IPART immediately in accordance with the Reporting Manual.

B2 Obtaining appropriate insurance

B2.1 Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must:

- a) obtain insurance that is appropriate for the size and nature of the activities authorised under this Licence;
- b) provide a copy of each certificate of currency of the insurance obtained to IPART; and
- c) demonstrate that the insurance obtained is appropriate for the size and nature of the activities authorised under this Licence by providing a report to IPART from an Insurance Expert that:
 - i) certifies that in the Insurance Expert's opinion, the type and level of the insurance obtained by the Licensee is appropriate for the size and nature of the activities authorised under the Licence; and
 - ii) is in the form prescribed by the Reporting Manual.

B2.2 *[Not applicable]*

B3 Maintaining appropriate insurance

B3.1 The Licensee must maintain insurance that is appropriate for the size and nature of the activities authorised under this Licence.

B3.2 The Licensee must provide a copy of each certificate of currency of the insurance maintained by the Licensee to IPART in accordance with the Reporting Manual.

B3.3 If there is to be a change in:

- a) the insurer or underwriting panel in respect of an insurance policy held by the Licensee; or
 - b) the type, scope or limit on the amount of insurance held by the Licensee,
- in relation to the activities authorised under this Licence, the Licensee must provide a report to IPART in accordance with the Reporting Manual.

- B3.4 From time to time when requested in writing by IPART, the Licensee must provide a report to IPART, in the manner, form and time specified by IPART, from an Insurance Expert certifying that in the Insurance Expert's opinion the type, scope or limit on the amount of the insurance held by the Licensee is appropriate for the size and nature of the activities authorised under this Licence.

[Note: The circumstances in which IPART may request a report under clause B3.4 include (but are not limited to) the following:

- *where IPART has reason to believe that there may be a change in the type, scope or limit on the amount of insurance held by the Licensee in relation to activities authorised under this Licence;*
- *where there is a change in the type or extent of activities authorised under this Licence; or*
- *where IPART or an approved auditor has reason to believe that the type, scope or limit on the amount of insurance held by the Licensee may not be appropriate for the size and nature of the activities authorised under this Licence.]*

- B3.5 The licensee must maintain professional indemnity insurance during the Design Phase and for a minimum period of 6 years from the date of the completion of the Design Phase.

B4 Complying with NSW Health requirements

- B4.1 The Licensee must carry out the activities authorised by this Licence in compliance with any requirements of NSW Health that:
- a) IPART has agreed to; and
 - b) are notified from time to time to the Licensee by IPART in writing.

B5 Complying with Audit Guidelines from IPART

- B5.1 The Licensee must comply with any Audit Guidelines issued by IPART.

B6 Reporting in accordance with the Reporting Manual

- B6.1 The Licensee must prepare and submit reports in accordance with the Reporting Manual.

B7 Reporting information in relation to the Register of Licences

- B7.1 Within 14 days of any change in relation to the following, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual:
- a) any source from which the water handled by the Specified Water Industry Infrastructure is derived;
 - b) the Authorised Purposes of the water handled by the Specified Water Industry Infrastructure;
 - c) the identity of each licensed retail supplier or public water utility that has access to the infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of supplying water to its customers;
 - d) any other water infrastructure to which the Specified Water Industry Infrastructure is connected;

- e) the identity of each licensed retail supplier or public water utility that has access to infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of providing sewerage services to its customers;
- f) any other sewerage infrastructure to which the Specified Water Industry Infrastructure is connected;
- g) the arrangements for the disposal of waste from the Specified Water Industry Infrastructure.

B8 Monitoring

B8.1 The Licensee must undertake any monitoring that is required for the purposes of this Licence, any Plan, the Act or the Regulation in accordance with this clause B8.

B8.2 The Licensee must keep the following records of any samples taken for monitoring purposes specified in the Water Quality Plan:

- a) the date on which the sample was taken;
- b) the time at which the sample was collected;
- c) the point or location at which the sample was taken; and
- d) the chain of custody of the sample (if applicable).

B8.3 The Licensee must ensure that analyses of all samples taken for the purposes of Verification Monitoring are carried out by a laboratory accredited for the specified tests by an independent body that is acceptable to NSW Health, such as the National Association of Testing Authorities or an equivalent body.

B9 Provision of copy of Plan

B9.1 Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor engaged to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.

B10 Delineating responsibilities – interconnections

B10.1 If a code of conduct has not been established under clause 25 of the Regulation, the Licensee must (by a date specified by IPART) establish a code of conduct (**Licensee's Code of Conduct**) in accordance with this clause B10.

B10.2 The Licensee's Code of Conduct must set out the respective responsibilities of:

- a) the Licensee; and
- b) each licensed network operator, licensed retail supplier and/or public water utility that:
 - (i) that supplies water or provides sewerage services by means of, or
 - (ii) constructs, maintains or operates,any water industry infrastructure that is connected to the Specified Water Industry Infrastructure,

by, at a minimum, providing for:

- c) who is responsible for repairing, replacing or maintaining any pipes, pumps, valves, storages or other infrastructure connecting the Specified Water Industry Infrastructure to the other water industry infrastructure;
- d) who is responsible for water quality;

- e) who is liable in the event of the unavailability of water;
- f) who is liable in the event of failure of the Specified Water Industry Infrastructure;
- g) the fees and charges payable in respect of the use of the Specified Water Industry Infrastructure; and
- h) who is responsible for handling customer complaints.

B10.3 Before the Licensee brings the Specified Water Industry Infrastructure into commercial operation or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between the Licensee and the other licensed network operators, licensed retail suppliers and/or public water utilities referred to in clause B10.2.

B10.4 *[Not applicable]*

B10.5 The Licensee must not contravene the Licensee's Code of Conduct to the extent that it makes the Licensee responsible or liable for the matters set out in it.

B11 Notification of changes to end-use

B11.1 If the Licensee proposes to operate the Specified Water Industry Infrastructure to supply water for an end-use which is not set out in the most recent Water Quality Plan provided to IPART, the Licensee must notify IPART in writing at least 3 months before commencing such operation.

B12 Notification of changes to Authorised Person

B12.1 If an Authorised Person ceases, proposes to cease, or receives notification to cease providing any of the services relating to the activities authorised by this Licence, the Licensee must provide IPART with written notice as soon as practicable but no later than 28 days before the date of cessation of the services. The written notice must include details of how the services previously undertaken by the Authorised Person will continue to be undertaken.

B13 Notification of commercial operation

B13.1 This clause B13 applies each time the Licensee has brought any of the Specified Water Industry Infrastructure into commercial operation.

B13.2 The Licensee must:

- i. notify IPART in accordance with the Reporting Manual that it has brought the relevant Specified Water Industry Infrastructure into commercial operation; and
- ii. provide such notification within 10 days after it has brought the relevant Specified Water Industry Infrastructure into commercial operation.

INTERPRETATION AND DEFINITIONS

Interpretation

In this Schedule B, unless the context requires otherwise:

- (i) the singular includes the plural and vice versa;
- (ii) headings are used for convenience only and do not affect the interpretation of this Schedule B;
- (iii) a reference to a document includes the document as modified from time to time and any document replacing it;
- (iv) a reference to a “person” includes a natural person and any body or entity whether incorporated or not;
- (v) a reference to a clause is to a clause in this Schedule B;
- (vi) a reference to a schedule is to a schedule to this Licence;
- (vii) a reference to a law or statute includes regulations, rules, codes and other instruments under it, and consolidations, amendments, re-enactments or replacements of them; and
- (viii) explanatory notes do not form part of this Licence, but in the case of uncertainty may be relied on for interpretation purposes.

Definitions

Expressions used in this Schedule B that are defined in the Act or the Regulation have the meanings set out in the Act or the Regulation.

In this Schedule B:

Act	means the <i>Water Industry Competition Act 2006</i> (NSW).
Audit Guidelines	means the document entitled “Audit Guideline – Water Industry Competition Act 2006” which is prepared by IPART and is available on IPART’s website at www.ipart.nsw.gov.au , and any other guidelines issued by IPART in relation to audits under the Act.
Authorised Person	means the authorised persons specified in, as applicable: <ul style="list-style-type: none">(i) Schedule A, clause A1, Table 1.1;(ii) Schedule A, clause A2, Table 2.1; and(iii) Schedule A, clause A3, Table 3.1.
Authorised Purposes	means the authorised purposes specified in, as applicable: <ul style="list-style-type: none">(i) Schedule A, clause A1, Table 1.3;(ii) Schedule A, clause A2, Table 2.3; and(iii) Schedule A, clause A3, Table 3.3.
Design Phase	means the period during which any design works are carried out in relation to the water industry infrastructure that the Licensee is authorised to construct, maintain and operate under this Licence.
Insurance Expert	means an insurance broker which holds an Australian financial services licence under Part 7.6 of the <i>Corporations Act 2001</i> (Cth) that authorises the broker to provide financial product advice for, and deal in, contracts of insurance within the meaning of Chapter 7 of that Act.

IPART	means the Independent Pricing and Regulatory Tribunal of New South Wales established under the <i>Independent Pricing and Regulatory Tribunal Act 1992</i> (NSW).
Licence	means this network operator's licence granted under section 10 of the Act.
Licensee	means a person to whom this Licence is granted under section 10 of the Act.
Licensee's Code of Conduct	has the meaning given in clause B10.1.
Minister	means the Minister responsible for Part 2 of the Act.
NSW Health	means the Water Unit of NSW Ministry of Health and any of the local health districts as defined by the NSW Ministry of Health.
Plan	means any infrastructure operating plan, water quality plan or sewage management plan that the Licensee is required to prepare under the Regulation.
Regulation	means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).
Reporting Manual	means the document entitled "Network Operator's Reporting Manual," which is prepared by IPART and is available on IPART's website at www.ipart.nsw.gov.au .
Specified Area of Operations	means the area of operations specified in, as applicable: <ul style="list-style-type: none"> (i) Schedule A, clause A1, Table 1.4; (ii) Schedule A, clause A2, Table 2.4; and (iii) Schedule A, clause A3, Table 3.4.
Specified Water Industry Infrastructure	means the water industry infrastructure specified in, as applicable: <ul style="list-style-type: none"> (i) Schedule A, clause A1, Table 1.2; (ii) Schedule A, clause A2, Table 2.2; and (iii) Schedule A, clause A3, Table 3.2.
Verification Monitoring	means verification monitoring as described in the document entitled "Australian Drinking Water Guidelines" or the document entitled "Australian Guidelines for Water Recycling" as the case may be.
Water Quality Plan	means the water quality plan that the Licensee is required to prepare under the Regulation.