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Reference: OT2016/05209  
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28 February 2017

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Dear Dr Boxall

### **Review of Hunter Water's Operating License 2012-2017**

Newcastle City Council has reviewed the Draft Operating Licence 2017-2022, IPART's Draft Report and attended the Public Workshop on 21 February 2017.

We appreciate that our submission, dated 29 July 2016, has been considered and changes have been made to the Draft Operating Licence 2017-2022 as a result. We note that a clause has been added to the Draft Operating Licence 2017-2022 to empower Hunter Water to augment their drainage assets and Council looks forward to working with Hunter Water to improve drainage across the City and reduce flood risk. Council sees this as an opportunity to observe our shared objective of Liveability for Newcastle.

We also note that other points made in our submission have been considered in the IPART report discussing the submission and recommended updates to the Operating Licence. Specifically we would like to close off the summation of points made in our submission (Item 5) and how they have/have not been resolved with the Section copied below:

- *All monies raised by Hunter Water under its Stormwater Drainage Charge, should be expended on stormwater services to its customers.*

IPART investigated this assertion and clarified that Council is incorrect. We acknowledge this response and would request that annual reporting of the monies collected and expended on stormwater services be reported annually to the public.

- *Limitations over Hunter Water undertaking works to improve the capacity of the drainage system hindering development within the catchment be removed, such that Section 1.3.1 of the Hunter Water Operating Licence and section 13(1)(b) of the Hunter Water Act, be amended to Hunter Water to "provide, operate, manage, **augment** and maintain a drainage service for its assets".*

IPART recommend inclusion of an additional clause that authorises, but does not require, Hunter Water to provide, construct, operate, manage and maintain a drainage service. This clause authorises Hunter Water to enhance, expand and add capacity to the drainage service.

- *Hunter Water adopt the following flood management responsibilities:*
  - *Asset renewal, waterway health and flooding risk. This includes the maintenance, renewal and augmentation of their assets to address flooding issues identified in documents such as Floodplain Risk Management Plans.*
  - *Hunter Water actively engage in the **preparation and implementation** of Floodplain Risk Management Plans in accordance with the NSW Government's Flood Prone Land Policy.*

Whilst the additional clause recommended by IPART authorises Hunter Water to undertake drainage augmentation, it 'does not require' Hunter Water to do so. Council's position is that Hunter Water should be required to participate in collaborative works for flood risk management and recommend that wording to the effect is included in the operating licence.

- *Hunter Water adopt the following waterway health responsibilities:*
  - *Hunter Water works cooperatively with Councils and other stakeholders (eg Hunter Local Land Services and community groups such as Throsby TCM) to develop Water Cycle Management Plans for each catchment with common drainage.*
  - *Catchment actions identified in each Water Cycle Management Plan are implemented by Hunter Water and Council as required, to meet the community vision for local waterways.*
  - *Hunter Water seek to rehabilitate and naturalise stormwater assets needing renewal, rather than replacing these assets with concrete to align with community objectives outlined in local and state planning documents (CSP and Draft Hunter City Plan).*

IPART acknowledged these points, and those of the Public Interest Advocacy Centre, raised in regard to stormwater quality in their draft report. However there is no discussion in the report to respond to the stormwater quality issue and rather focuses on capacity only. Council would like some closure on this issue and how Hunter Water shall operate in this regard.

Council recommends an integrated approach to stormwater where opportunities to increase capacity of Hunter Water's assets are considered in combination with design life and waterway health. Recently Sydney Water has replaced its concrete open channels with natural material in the Cooks River. It was found that naturalising the channel, instead of replacing with concrete, performed better in the life cycle analysis. Should IPART observe its objective to align Water Utilities we would anticipate a similar commitment by Hunter Water to the operations of Sydney Water.

Yours faithfully

A black rectangular box redacting the signature of Ken Liddell.

Ken Liddell  
**Manager Infrastructure Planning**