



Independent Pricing and Regulatory Tribunal
New South Wales

Sydney Water Operating Licence

RECOMMENDED

2019 - 2023

RECOMMENDED
Operating Licence

April 2019

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1 Licence Context

1.1 Objective of this Licence

1.1.1 The objectives of this Licence are to:

- a) authorise and require Sydney Water, within its Area of Operations, to:
 - i. store or supply water;
 - ii. provide sewerage services;
 - iii. provide Stormwater Drainage Systems; and
 - iv. dispose of Wastewater; and
- b) set efficient and effective terms and conditions, including quality and performance standards, that require Sydney Water to provide services in a way that:
 - i. supports its principal objectives under the Act to protect public health and the environment;
 - ii. supports its principal objective under the Act to be a successful business, including by having regard to the interest of the community; and
 - iii. does not prevent or hinder competition.

1.2 Area of Operations

1.2.1 This Licence applies to the Area of Operations specified in Schedule A.

1.2.2 Sydney Water must publish on its website a map of its Area of Operations by 31 December 2019 (or another date approved by IPART in writing). Sydney Water must update the map within 30 days of any change to its Area of Operations.

1.3 Term of this Licence

1.3.1 The term of this Licence is four years from the Commencement Date.

1.4 Licence amendment

1.4.1 Subject to the Act and clause 1.4.2, the Governor may amend or substitute this Licence by notice in the New South Wales Government Gazette.

1.4.2 Before notice of a proposed amendment to this Licence is tabled in Parliament under section 16 of the Act, the Minister must provide Sydney Water with reasonable notice of the proposed amendment to enable it to comply with the amendment if it takes effect.

[Note: The Customer Contract may be varied in accordance with section 59 of the Act and clause 14.2 of the Customer Contract. Such a variation is not an amendment to this Licence for the purpose of section 16 of the Act.]

1.5 Non-exclusive Licence

- 1.5.1 This Licence does not prohibit any other person from providing services in the Area of Operations that are the same as, or similar to, the Services, if the person is lawfully entitled to do so.

1.6 Availability of Licence

- 1.6.1 Sydney Water must make a copy of this Licence available to any person, free of charge:
- a) on its website; and
 - b) upon request made to the Contact Centre.

1.7 Pricing

- 1.7.1 Sydney Water must set the level of fees, charges and other amounts payable for its Services in accordance with:
- a) the terms of this Licence;
 - b) the Act; and
 - c) any applicable maximum prices or methodologies for fixing maximum prices determined under the IPART Act.

1.8 End of Term Review

- 1.8.1 IPART intends to review this Licence in its final year to investigate:
- a) whether this Licence is fulfilling its objectives; and
 - b) any issues that have arisen during the term of this Licence that may impact its effectiveness,
- (the **End of Term Review**).
- 1.8.2 To assist IPART with the End of Term Review, Sydney Water must provide IPART with such information as IPART reasonably requires. Sydney Water must provide IPART with such information as IPART requests within a reasonable time.

1.9 Notices

1.9.1 Any notice or other communication given under this Licence must be:

- a) in writing addressed to the intended recipient; and
- b) delivered or sent to one of the addresses specified below (or the last address notified by the recipient), unless otherwise specified in the Reporting Manual.

	Sydney Water	IPART
Electronic	compliance@sydneywater.com.au	compliance@ipart.nsw.gov.au
Postal	Sydney Water The Managing Director Sydney Water 1 Smith Street Parramatta NSW 2150	IPART The Chief Executive Officer Independent Pricing and Regulatory Tribunal Level 15, 2-24 Rawson Place Sydney NSW 2000

1.9.2 Any requests for approval under the following clauses must be made by Sydney Water's Managing Director: 1.2.2, 3.1.5, 3.2.1, 3.2.6, 6.5.1, 6.6.6, 8.2.2, 8.2.3, 8.2.5, 8.2.6, 9.1.1, 9.1.2 or 9.3.1.

2 Licence Authorisation

2.1 Licence authorisation

2.1.1 This Licence authorises and requires Sydney Water to provide, construct, operate, manage and maintain efficient, co-ordinated and commercially viable systems and services for providing the following Services within the Area of Operations:

- a) storing and supplying water;
- b) providing sewerage services; and
- c) disposing of Wastewater.

2.1.2 This Licence authorises and requires Sydney Water to provide, operate, manage and maintain a Stormwater Drainage System as described in section 14(1)(b) of the Act, except to the extent that the Minister is satisfied under sections 14(4) and 14(5) of the Act that satisfactory arrangements have been made for the applicable Service to be provided by another appropriate body.

2.1.3 This Licence authorises (but does not require) Sydney Water to provide, construct, operate, manage and maintain efficient, co-ordinated and commercially viable Stormwater Drainage Systems (and Services for providing those Stormwater Drainage Systems) within the Area of Operations in excess of the Stormwater Drainage System it is required to provide, operate, manage and maintain under clause 2.1.2. This includes increasing the capacity of the Stormwater Drainage System included in the business undertaking transferred under Part 3 of the Act from the Water Board to Sydney Water as at the date of the transfer of the business undertaking.

[Note: For the avoidance of doubt, the provision, management and maintenance of Stormwater Drainage Systems (and Services for providing those Stormwater Drainage Systems) under clause 2.1 may include stormwater quality management and other measures as necessary to manage impacts of stormwater on waterway health.]

2.2 Obligation to make Services available

2.2.1 Sydney Water must ensure that Services for the supply of Drinking Water and disposal of Wastewater are available on request for connection to any Property situated in the Area of Operations for which a connection is available.

2.2.2 Sydney Water must provide Services for the supply of Drinking Water and disposal of Wastewater on request to any licensee under the WIC Act, where that licensee is connected to (or where a connection is available in respect of that licensee to) Sydney Water's water supply system or sewerage system.

2.2.3 Connection to Sydney Water's systems for the provision of Services for the supply of Drinking Water and disposal of Wastewater is subject to any reasonable conditions that Sydney Water may determine to ensure the safe, reliable and financially viable supply of Drinking Water and disposal of Wastewater to Properties.

3 Water Conservation and Planning

3.1 Economic approach to water conservation

- 3.1.1 Sydney Water must maintain a water conservation program consistent with the economic level of water conservation determined in accordance with:
- the ELWC Method; or
 - another economic method approved by IPART.
- 3.1.2 Sydney Water must implement water conservation measures that have been assessed as economic as determined by the approved ELWC Method or another economic method approved by IPART.
- 3.1.3 Sydney Water must make a copy of the ELWC Method (or another method approved by IPART under clause 3.1.1(b)), a plain English summary of that method and the economic level of water conservation (expressed as the quantity of savings in megalitres per day) available to any person, free of charge:
- on its website; and
 - upon request made to the Contact Centre.
- 3.1.4 Sydney Water must update the economic level of water conservation:
- for the purposes of clause 3.1.1 and 3.1.2—annually; and
 - for the purposes of clause 3.1.3—monthly.
- 3.1.5 Sydney Water must, by 30 September 2020 (or another date approved by IPART in writing), review the ELWC Method, or apply another economic method approved by IPART.
- 3.1.6 Any review of the ELWC Method referred to in clause 3.1.5 must:
- be conducted in accordance with terms of reference approved by IPART; and
 - include consultation with all stakeholders that Sydney Water considers are likely to be interested.
- 3.1.7 Before making any significant changes to the ELWC Method, or to the economic method approved by IPART, Sydney Water must:
- notify IPART in accordance with the Reporting Manual; and
 - obtain IPART's prior written approval of the changes.

3.2 Water planning

Long-term capital and operational plan and emergency drought response plan

- 3.2.1 By 1 December 2020 (or another date approved by the Minister in writing), Sydney Water must develop, and submit to the Minister:

- a) a long-term capital and operational plan; and
 - b) an emergency drought response plan.
- 3.2.2 The plans referred to in clause 3.2.1 must address any written guidance that the Minister provides to Sydney Water.
- 3.2.3 Sydney Water must use its best endeavours to develop the plans referred to in clause 3.2.1 in cooperation with Water NSW.

Metropolitan Water Plan

- 3.2.4 Sydney Water must use its best endeavours to implement those aspects of the Metropolitan Water Plan that are relevant to Sydney Water's functions and that Sydney Water and DPE have agreed in writing Sydney Water will implement.
- 3.2.5 Sydney Water must participate cooperatively in any review of the Metropolitan Water Plan.
- 3.2.6 Sydney Water must develop and enter into a data sharing agreement with DPE by 31 July 2019 (or another date approved by IPART in writing), for the purpose of two-way data and information sharing to assist in the development and review of the Metropolitan Water Plan (the **Data Sharing Agreement**).
- 3.2.7 In addition to any other matters agreed by Sydney Water and DPE, the Data Sharing Agreement must:
- a) set out the roles and responsibilities of Sydney Water and DPE under the Data Sharing Agreement;
 - b) set out the types of data that are covered by the Data Sharing Agreement;
 - c) set out the reasons for sharing the data and information;
 - d) set out the uses to which the data and information will be put;
 - e) set out the requirements that shared data and information must meet;
 - f) identify agreed timelines and the format for sharing data and information; and
 - g) identify procedures for resolving matters of conflict in providing data and information.
- 3.2.8 Once Sydney Water has entered into the Data Sharing Agreement it must comply with the Data Sharing Agreement.

3.3 Priority Sewerage Program

- 3.3.1 Sydney Water must participate cooperatively in any NSW Government review of the Priority Sewerage Program.
- 3.3.2 If required by the Minister, Sydney Water must implement and comply with any outcomes (including timeframes) of any NSW Government review of the Priority Sewerage Program.

[Note: The areas to which the Priority Sewerage Program applies are Austral, Menangle, Menangle Park, Nattai, Scotland Island and Yanderra as listed in Schedule B of this Licence.]

4 Performance Standards for Water Quality

4.1 Drinking Water

4.1.1 Sydney Water must maintain a Management System that is consistent with the Australian Drinking Water Guidelines and any requirements relating to Drinking Water specified by NSW Health (the **Drinking Water Quality Management System**).

4.1.2 In the event of inconsistency between the requirements specified by NSW Health referred to in clause 4.1.1 and the Australian Drinking Water Guidelines, the requirements specified by NSW Health prevail.

4.1.3 Sydney Water must ensure that the Drinking Water Quality Management System is fully implemented and that all relevant activities are carried out in accordance with the Drinking Water Quality Management System and to the satisfaction of NSW Health.

[Note: Sydney Water is to apply the Drinking Water Quality Management System to the Drinking Water system under its control, having regard to the entire Drinking Water supply system – from the water catchment to the Consumer.]

4.2 Recycled Water

4.2.1 Sydney Water must maintain a Management System that is consistent with the Australian Guidelines for Water Recycling and any requirements relating to water recycling specified by NSW Health (the **Recycled Water Quality Management System**).

4.2.2 In the event of inconsistency between the requirements specified by NSW Health referred to in clause 4.2.1 and the Australian Guidelines for Water Recycling, the requirements specified by NSW Health prevail.

4.2.3 Sydney Water must ensure that the Recycled Water Quality Management System is fully implemented and that all relevant activities are carried out in accordance with the Recycled Water Quality Management System and to the satisfaction of NSW Health.

4.3 Fluoridation Code

4.3.1 Sydney Water must comply with the Fluoridation Code and any requirements for fluoridation specified by NSW Health.

4.3.2 In the event of inconsistency between the requirements specified by NSW Health referred to in clause 4.3.1 and the Fluoridation Code, the requirements specified by NSW Health prevail.

5 Performance Standards for Service Interruptions

5.1 Water Continuity Standard

5.1.1 Sydney Water must ensure that, in each financial year, at least 9,800 Properties per 10,000 Properties (in respect of which Sydney Water provides a Drinking Water supply service) receive a Drinking Water supply service unaffected by an Unplanned Water Interruption (the **Water Continuity Standard**).

5.1.2 Sydney Water must use:

- a) the Water Continuity Optimal Level; and
- b) the Water Continuity Tolerance Band,

as inputs to decisions regarding the design, construction, operation and maintenance of its water supply system.

5.1.3 For the purposes of clause 5.1.2:

- a) the **Water Continuity Optimal Level** is 9,840 Properties per 10,000 Properties (in respect of which Sydney Water provides a Drinking Water supply service) in each financial year receiving a Drinking Water supply service unaffected by an Unplanned Water Interruption; and
- b) the **Water Continuity Tolerance Band** is the band of deviations from the Water Continuity Optimal Level between:
 - i. the mandatory Water Continuity Standard (specified in clause 5.1.1 above); and
 - ii. an upper bound of 9,880 Properties per 10,000 Properties (in respect of which Sydney Water provides a Drinking Water supply service) in each financial year receiving a Drinking Water supply service unaffected by an Unplanned Water Interruption.

[Note: Clause 5.1.2 requires Sydney Water to use the Water Continuity Optimum Level and Water Continuity Tolerance Band as inputs into certain decisions. If Sydney Water complies with clause 5.1.2, it will be compliant with this clause 5.1 even if the number of Properties unaffected by an Unplanned Water Interruption exceeds the upper bound of the Water Continuity Tolerance Band. However, IPART may consider the prudence and efficiency of any expenditure related to this level of performance at the next review of Sydney Water's prices.]

5.1.4 Sydney Water must use the best available data (taking account of water pressure data, where available) to determine whether a Property has experienced an Unplanned Water Interruption.

5.1.5 If a Property experiences an Unplanned Water Interruption that was caused by a Third Party or a power failure, the Property is taken not to have experienced an Unplanned Water Interruption for the purposes of this clause 5.

5.1.6 For the purpose of the Water Continuity Standard, Water Continuity Optimal Level and Water Continuity Tolerance Band:

- a) each separately billed part of a Multiple Occupancy Property is to be counted as a separate Property; and

[Note: For example, a complex of five townhouses where each townhouse receives a separate Bill from Sydney Water is to be counted as five separate Properties. However, a block of five flats that only receives one Bill from Sydney Water is to be counted as a single Property.]

- b) each separate instance, in a financial year, of a single Property experiencing an Unplanned Water Interruption is to be counted as a separate Property that has experienced an Unplanned Water Interruption.

5.2 Water Pressure Standard

5.2.1 Sydney Water must ensure that, in each financial year, at least 9,999 Properties per 10,000 Properties (in respect of which Sydney Water provides a Drinking Water supply service) receive a Drinking Water supply service affected by fewer than 12 Water Pressure Failures (the **Water Pressure Standard**).

5.2.2 A Property is taken to have experienced a Water Pressure Failure when:

- a) a person notifies Sydney Water that the Property has experienced a Water Pressure Failure and Sydney Water confirms that the Property has experienced a Water Pressure Failure; or
- b) Sydney Water identifies that the Property has experienced a Water Pressure Failure (including through its data collection systems and hydraulic analysis).

5.2.3 A Property will not be taken to have experienced a Water Pressure Failure if that Water Pressure Failure occurred only because of:

- a) water usage in the case of a fire or other abnormal demand; or
- b) a short term or temporary operational problem (such as a main break), including where caused by a Third Party, that is remedied within four days of its commencement.

5.2.4 For the purpose of the Water Pressure Standard:

- a) where a Property experiences multiple Water Pressure Failures in a day, only one of those Water Pressure Failures is to count as a Water Pressure Failure experienced by that Property;
- b) where a Property experiences a Water Pressure Failure that affects more than one day, each day affected is to be counted as a separate Water Pressure Failure;
- c) each separately billed part of a Multiple Occupancy Property is to be counted as a separate Property;

[Note: For example, a complex of five townhouses where each townhouse receives a separate Bill from Sydney Water is to be counted as five separate Properties. However a block of five flats that only receives one Bill from Sydney Water is to be counted as a single Property.]

- d) each Property that is affected by 12 or more Water Pressure Failures in a financial year is to be counted once only as a Property that has been affected by 12 or more Water Pressure Failures in that financial year; and

- e) after 30 June 2020, where a Property in, or in the vicinity of, a Property Cluster, is connected for the first time to Sydney Water's Drinking Water supply system and Sydney Water has informed the owner (at the time of connection) of:
 - i. the risk of recurring Water Pressure Failures should the Property be connected to that system; and
 - ii. options to reduce that risk;that Property is not to be counted for the purposes of the Water Pressure Standard.

5.2.5 For each Property Cluster, Sydney Water must:

- a) by 30 June 2020, review its business processes to ensure that no Property at risk of being affected by recurring Water Pressure Failures from the same cause is connected to Sydney Water's Drinking Water supply system, unless the owner (at the time of connection) is:
 - i. informed of that risk; and
 - ii. provided with options to reduce that risk; and
- b) by 31 October 2022, take steps to minimise or eliminate the risk of recurring Water Pressure Failures from that cause, in a manner that takes into account its Customers' willingness to pay for Drinking Water supply services.

5.3 Dry Weather Wastewater Overflow Standard

5.3.1 Sydney Water must ensure that, in each financial year, at least:

- a) 9,928 Properties per 10,000 Properties (in respect of which Sydney Water provides a sewerage service but excluding Public Properties) receive a sewerage service unaffected by an Uncontrolled Wastewater Overflow; and
- b) 9,999 Properties per 10,000 Properties (in respect of which Sydney Water provides a sewerage service but excluding Public Properties) receive a sewerage service affected by fewer than three Uncontrolled Wastewater Overflows,

(the **Dry Weather Wastewater Overflow Standard**).

5.3.2 A Property is taken to have experienced an Uncontrolled Wastewater Overflow when:

- a) a person notifies Sydney Water that a Property has experienced a sewage overflow, where Sydney Water later confirms that the sewage overflow is an Uncontrolled Wastewater Overflow; or
- b) Sydney Water's systems identify that a Property has experienced an Uncontrolled Wastewater Overflow.

5.3.3 For the purpose of the Dry Weather Wastewater Overflow Standard:

- a) each Multiple Occupancy Property is to be counted as a single Property;
[Note: For example, a complex of five townhouses where each townhouse receives a separate Bill from Sydney Water is to be counted as a single Property.]
- b) for the purpose of clause 5.3.1(a), each separate instance, in a financial year, of a single Property experiencing an Uncontrolled Wastewater Overflow is to be

counted as a separate Property that has experienced, in that financial year, an Uncontrolled Wastewater Overflow; and

- c) for the purpose of clause 5.3.1(b), each Property that experiences three or more Uncontrolled Wastewater Overflows in a financial year is to be counted once only as a Property that has experienced three or more Uncontrolled Wastewater Overflows in that financial year.

5.4 Interpretation of standards

- 5.4.1 In the case of any ambiguity in the interpretation or application of the Water Continuity Standard, the Water Pressure Standard, the Dry Weather Wastewater Overflow Standard or clause 5.2.5, IPART's interpretation or assessment of the standard or clause will prevail.

5.5 Asset management

- 5.5.1 Sydney Water must maintain a Management System in relation to Sydney Water's Assets that is consistent with the Australian Standard AS ISO 55001:2014 Asset management – Management systems – Requirements (the **Asset Management System**).
- 5.5.2 Sydney Water must ensure that the Asset Management System is fully implemented and that all relevant activities are carried out in accordance with the Asset Management System.

6 Customers and Consumers

6.1 Customer Contract

6.1.1 The Customer Contract sets out the rights and obligations of Customers and Sydney Water in relation to the Services provided in accordance with this Licence. The Customer Contract is set out in Schedule C of this Licence.

6.1.2 Sydney Water must make a copy of the Customer Contract available to any person, free of charge:

- a) on its website; and
- b) upon request made to the Contact Centre.

6.2 Providing information to Customers

6.2.1 Sydney Water must prepare one or more communications that:

- a) provide a brief explanation of the Customer Contract;
- b) summarise the key rights and obligations of Customers under the Customer Contract;
- c) refer to the types of account relief available for Customers experiencing financial hardship;
- d) outline the rights of Customers to claim a rebate and the conditions that apply to those rights;
- e) contain information regarding how to contact Sydney Water by telephone, email or post; and
- f) contain information regarding the ability of a Customer to enter into agreements with Sydney Water separate to the Customer Contract for the provision of Services by Sydney Water to the Customer.

6.2.2 Sydney Water must update the communication or communications to reflect any variations made to the Customer Contract.

6.2.3 Sydney Water must:

- a) provide the communication or communications and any updates, free of charge to:
 - i. Customers at least annually with their Bills; and
 - ii. any person upon request made to the Contact Centre; and
- b) make the communication or communications and any updates publicly available on its website, free of charge, within 60 days of the commencement of the Customer Contract or any communication update.

- 6.2.4 Sydney Water must publish on its website and advertise at least annually in a manner that Sydney Water is satisfied is likely to come to the attention of members of the public, information as to:
 - a) the types of account relief available for Customers experiencing payment difficulty; and
 - b) rights of Customers to claim rebates and the conditions that apply to those rights.

6.3 Consumers

- 6.3.1 Sydney Water's obligations under the following clauses of the Customer Contract are extended to Consumers as though the Consumers were parties to the Customer Contract:
 - a) clause 5.1 (Payment difficulties and assistance options for all customers);
 - b) clause 6.5 (Occupiers (tenants) may pay charges to avoid restriction or disconnection);
 - c) clause 12 (If I am unhappy with the service provided by Sydney Water what can I do?);
 - d) clause 13 (Consultation, information and privacy); and
 - e) clause 14 (When does this contract with Sydney Water terminate?).

6.4 Assistance Options for Payment Difficulties and Actions for Non-Payment

- 6.4.1 Sydney Water must maintain and fully implement:
 - a) a payment difficulty policy that assists residential Customers experiencing payment difficulty to better manage their current and future Bills;
 - b) procedures relating to a payment plan for residential Customers who are responsible for paying their Bills and who are, in Sydney Water's reasonable opinion, experiencing payment difficulty;
 - c) procedures for identifying the circumstances under which Sydney Water may disconnect or restrict the supply of water to a Customer's Property; and
 - d) provisions for self-identification, identification by community welfare organisations and identification by Sydney Water of residential Customers experiencing payment difficulty,(the **Assistance Options for Payment Difficulties and Actions for Non-Payment**).
- 6.4.2 Sydney Water must provide, free of charge, an explanation of the Assistance Options for Payment Difficulties and Actions for Non-Payment on its website and to:
 - a) all residential Customers, at least annually with their Bills;
 - b) residential Customers who Sydney Water identifies as experiencing payment difficulty on the date that Sydney Water first identifies that the Customer is experiencing payment difficulty; and
 - c) any other person upon request made to the Contact Centre.

6.5 Family violence policy

- 6.5.1 Sydney Water must develop and implement a family violence policy by 1 July 2020 (or another date approved by IPART in writing).
- 6.5.2 The family violence policy must, at a minimum, provide for:
 - a) the protection of private and confidential information;
 - b) access to payment difficulty programs;
 - c) processes that minimise the reliance on individuals to disclose their family violence; and
 - d) processes for referrals to specialist services.

6.6 Customer engagement

- 6.6.1 Sydney Water must undertake customer engagement to understand its customers' preferences and willingness to pay for service levels. The customer engagement must be relevant, representative, proportionate, objective, clearly communicated and accurate.
- 6.6.2 Sydney Water must establish and regularly consult with its Customer Council.
- 6.6.3 Sydney Water must provide the Customer Council with information in Sydney Water's possession or under its custody or control necessary to enable the Customer Council to discharge the tasks assigned to it, other than information or documents that are confidential or privileged.
- 6.6.4 Sydney Water must keep minutes of proceedings of the Customer Council and make a copy of the minutes available to any person, free of charge, upon request made to the Contact Centre.
- 6.6.5 Sydney Water must undertake a review of the operation of the Customer Council. The review must include an assessment of the Customer Council's role, objectives, outcomes and membership, including whether the Customer Council could be used to better support customer engagement, as required by clause 6.6.1.
- 6.6.6 Sydney Water must report to IPART on the completed review and its outcomes by 30 June 2020 (or another date approved by IPART in writing).

6.7 Internal Complaints handling

- 6.7.1 Sydney Water must maintain a procedure for receiving, responding to and resolving Complaints. The procedure must be consistent with Australian Standard AS/NZS 10002:2014 – Guidelines for complaint management in organizations (the **Internal Complaints Handling Procedure**).
- 6.7.2 Sydney Water must ensure that the Internal Complaints Handling Procedure is fully implemented and that all relevant activities are carried out in accordance with the Internal Complaints Handling Procedure.

6.7.3 Sydney Water must provide to Customers, at least annually with their Bills, information concerning internal Complaints handling. The information must explain how to make a Complaint and how Sydney Water will receive, respond to and resolve Complaints.

6.7.4 Sydney Water must make the information concerning internal Complaints handling referred to in clause 6.7.3 available to any person, free of charge:

- a) on its website; and
- b) upon request made to the Contact Centre.

6.8 External dispute resolution scheme

6.8.1 Sydney Water must be a member of the Energy & Water Ombudsman NSW to facilitate the resolution of disputes between Sydney Water and its Customers and Consumers.

6.8.2 Sydney Water must:

- a) prepare a communication that:
 - i. lists the dispute resolution services provided by the Energy & Water Ombudsman NSW, including any right to have a Complaint or dispute referred to the Energy & Water Ombudsman NSW; and
 - ii. explains how a Consumer can contact the Energy & Water Ombudsman NSW;
- b) provide a copy of that communication, free of charge to Customers at least once a year with their Bills; and
- c) make a copy of that communication available to any person, free of charge:
 - i. on its website; and
 - ii. upon request made to the Contact Centre.

7 Stakeholder Cooperation

7.1 Memoranda of understanding with WAMC, NSW Health and EPA

7.1.1 Sydney Water must maintain the memoranda of understanding entered into under section 35 of the Act with:

- a) the Water Administration Ministerial Corporation (**WAMC**);
- b) the Secretary of the Ministry of Health (**NSW Health**); and
- c) the Environment Protection Authority (**EPA**).

7.1.2 The purpose of the memoranda of understanding referred to in clause 7.1.1 is to form the basis for cooperative relationships between the parties. In particular:

- a) the purpose of the memorandum of understanding with WAMC is to recognise the role of WAMC in regulating water access, use and management and Sydney Water's right to use water vested in WAMC;
- b) the purpose of the memorandum of understanding with NSW Health is to recognise the role of NSW Health in providing advice to the NSW Government in relation to Drinking Water quality standards and the supply of water which is safe to drink; and
- c) the purpose of the memorandum of understanding with EPA is to recognise the role of EPA as the environment regulator of New South Wales and to commit Sydney Water to environmental obligations.

7.2 Memorandum of understanding with FRNSW

7.2.1 Sydney Water must use its best endeavours to maintain a memorandum of understanding with Fire and Rescue NSW (**FRNSW**).

7.2.2 Sydney Water must use its best endeavours to comply with the memorandum of understanding with FRNSW.

7.2.3 The purpose of the memorandum of understanding with FRNSW is to form the basis for cooperative relationships between the parties. In particular, the purpose is to:

- a) develop the roles and responsibilities of the parties as they relate to each other;
- b) identify the needs and constraints of the parties as they relate to each other; and
- c) identify and develop strategies for efficient and effective provision of firefighting water consistent with the goals of each party.

7.2.4 The memorandum of understanding with FRNSW must require the maintenance of a working group and must provide that:

- a) the working group must include representatives from Sydney Water and FRNSW and may include representatives from other organisations such as the NSW Rural Fire Service; and

-
- b) the working group is to consider the following matters (at a minimum):
- i. information sharing arrangements between Sydney Water and FRNSW;
 - ii. agreed timelines and a format for Sydney Water to provide a report to FRNSW detailing the network performance with regard to availability of water for firefighting (taking into account the minimum available flow and pressure in localised areas of the network);
 - iii. arrangements for Sydney Water to consult with FRNSW in the design of new assets and planning of system maintenance, where planning indicates that minimum available flow and pressure may unduly impact firefighting in the network section under consideration; and
 - iv. other matters as agreed by both Sydney Water and FRNSW.

8 Information and Services for Competitors

8.1 Negotiations with WIC Act licensees and Potential Competitors

8.1.1 Sydney Water must negotiate the provision of Services to WIC Act licensees and Potential Competitors in Good Faith.

8.2 Publications of Servicing Information

8.2.1 Sydney Water must, by the dates specified in this clause 8.2, publish electronically (in a form accessible from its website) at least ten years of servicing information for each major water system and wastewater system. The servicing information for each major water system and wastewater system must, at a minimum, include information on:

- a) current and projected demand;
- b) current and projected capacity constraints;
- c) indicative costs of alleviating or deferring capacity constraints;
- d) locations where further investigation is needed; and
- e) key sources of information used to develop the servicing information where those sources are publicly available,

(the **Servicing Information**).

8.2.2 Sydney Water must, by 30 September 2019 (or another date approved by IPART in writing), publish electronically the Servicing Information for each major water system and wastewater system that it has available by that date that is in a form suitable for publication.

8.2.3 Sydney Water must continue to publish Servicing Information for each major water system and wastewater system as it becomes available. Sydney Water must publish all Servicing Information by 30 June 2021 (or another date approved by IPART in writing).

8.2.4 Sydney Water must publish updated Servicing Information for each major water system and wastewater system as soon as practicable after any such updated Servicing Information becomes available in a form suitable for publication.

8.2.5 Sydney Water must review and update the Servicing Information for each major water system and wastewater system at least once between:

- a) The date that is 12 months after the initial publication of the Servicing Information for that major water system or wastewater system under clause 8.2.2; and
- b) 30 June 2023 (or another date approved by IPART in writing).

8.2.6 Sydney Water is not required to comply with clauses 8.2.1 to 8.2.5 in relation to a particular major water system or wastewater system to the extent approved by IPART in writing. Sydney Water may apply to IPART for approval under this clause only



where there are critical infrastructure security concerns in relation to a particular major water system or wastewater system.

8.3 Code of conduct

- 8.3.1 Sydney Water must use its best endeavours to cooperate with each WIC Act licensee to establish a code of conduct required by a WIC Act licence where Sydney Water has received a written request from the WIC Act licensee to establish such a code.
- 8.3.2 Where the Minister administering the WIC Act has established a code of conduct under clause 25 of the WIC Regulation, Sydney Water will be taken to have satisfied its obligation under clause 8.3.1 by applying the code of conduct to the relevant licensee under the WIC Act.

9 Critical Infrastructure Security

9.1 Cyber Security Management System

9.1.1 From 1 July 2019 (or another date approved by IPART in writing), Sydney Water must maintain a Management System for cyber security of Sydney Water's Assets (the **Cyber Security Management System**) that covers:

- a) information technology environments, hardware and systems; and
- b) operational technology environments, hardware and systems.

9.1.2 From 1 July 2019 (or another date approved by IPART in writing), Sydney Water must ensure that the Cyber Security Management System is fully implemented and that all relevant activities are carried out in accordance with the Cyber Security Management System.

9.2 Critical Infrastructure Compliance Manager

9.2.1 Sydney Water must nominate, by notice in writing to IPART and the Commonwealth Representative, an executive level employee as Critical Infrastructure Compliance Manager.

[Note: The reference to an executive level employee is a reference to a Level 3 employee or above under Sydney Water's structure at the Commencement Date.]

9.2.2 Sydney Water's Critical Infrastructure Compliance Manager must be responsible for compliance with clause 9 of the Licence and Sydney Water's obligations under the *Security of Critical Infrastructure Act 2018* (Cth), and must act as the contact person for the Commonwealth Representative.

9.3 National Security Clearances

9.3.1 From 1 January 2020 (or another date approved by IPART in writing), Sydney Water must ensure that National Security Clearances are held by its Critical Infrastructure Compliance Manager, two board members and the executive level employees responsible for each of the following matters:

- a) operational technology security (including cyber security strategy, managing remote access to Assets and delivery of SCADA capability);
- b) network operations security (including operation, maintenance and physical security of Assets); and
- c) Personnel security operations (including security of Personnel and security risks posed by Personnel).

[Note: The responsibilities at (a) to (c) above may be held by a single employee or shared between multiple employees. To ensure compliance with this clause when employees resign or are on leave, Sydney Water should ensure that National Security Clearances are held by alternates with relevant experience.]

10 Performance Monitoring and Reporting

10.1 Operational Audits

10.1.1 Sydney Water must cooperate with an audit undertaken by IPART or an Auditor of Sydney Water's compliance with any of the following:

- a) this Licence (including the Customer Contract);
- b) the Reporting Manual; and
- c) any matters specified by the Minister,

(the **Operational Audit**).

10.1.2 For the purpose of any Operational Audit or verifying a report on an Operational Audit, Sydney Water must, within a reasonable period of receiving a request from IPART or an Auditor, provide IPART or the Auditor with all the information in Sydney Water's possession, custody or control that is necessary to conduct the Operational Audit, including any information that is reasonably requested by IPART or an Auditor.

10.1.3 For the purpose of any Operational Audit or verifying a report on an Operational Audit, Sydney Water must permit IPART or the Auditor to:

- a) access any works, premises or offices occupied by Sydney Water;
- b) carry out inspections, measurements and tests on, or in relation to, any such works, premises or offices;
- c) take on to any such premises or offices any person or equipment necessary for the purpose of performing the Operational Audit or verifying any report on the Operational Audit;
- d) inspect and make copies of, and take extracts from, any books and records of Sydney Water that are maintained in relation to the performance of Sydney Water's obligations under this Licence (including the Reporting Manual); and
- e) discuss matters relevant to the Operational Audit or any report on the Operational Audit with Sydney Water, including Sydney Water's officers and employees.

10.2 Reporting

10.2.1 IPART has the function of determining Sydney Water's reporting and auditing obligations and publishing these obligations in a reporting manual (the **Reporting Manual**).

10.2.2 Sydney Water must comply with all of its reporting and auditing obligations set out in the Reporting Manual, including in relation to:

- a) water conservation and planning;
- b) performance standards for water quality;
- c) performance standards for service interruptions;

- d) Customers and Consumers;
- e) information and services for competitors;
- f) critical infrastructure security; and
- g) performance monitoring and reporting.

10.2.3 Sydney Water must:

- a) compile indicators of the direct impact on the environment of Sydney Water's activities (the **Environment Performance Indicators**). The Environment Performance Indicators must be consistent with the performance indicators specified in the Reporting Manual with an indicator number starting with 'E';
- b) monitor and compile data on the Environment Performance Indicators, including data that allows a year to year comparison of the Environment Performance Indicators; and
- c) report on the Environment Performance Indicators in accordance with the Reporting Manual.

10.2.4 Sydney Water must maintain sufficient record systems to enable Sydney Water to report accurately in accordance with this clause 10.2.

10.2.5 In the case of any disagreement between IPART and Sydney Water regarding the interpretation or application of any requirements of the Reporting Manual, IPART's interpretation or assessment of the application of the requirements will prevail.

10.3 Provision of information for performance monitoring

10.3.1 Sydney Water must provide IPART information relating to the performance of any of Sydney Water's obligations under clause 10.2 (including providing IPART physical and electronic access to the records required to be kept under clause 10.2) within a reasonable time of Sydney Water's receiving a request from IPART for that information.

10.3.2 Sydney Water must provide IPART such information as is reasonably required to enable IPART to conduct any review or investigation of Sydney Water's obligations under this Licence within a reasonable time of Sydney Water receiving a request from IPART for that information.

10.3.3 If Sydney Water engages any person (including a subsidiary) to undertake any activities on its behalf, it must take all reasonable steps to ensure that, if required by IPART or an Auditor, any such persons provide information and do the things specified in clause 10.1 as if that person were Sydney Water.

10.3.4 If IPART or an Auditor requests information that is confidential, the information must be provided to IPART or the Auditor, subject to IPART or the Auditor entering into reasonable arrangements to ensure that the information remains confidential.

10.3.5 Sydney Water must provide NSW Health with information relating to water quality in the manner and form specified by NSW Health within a reasonable time of receiving NSW Health's request.

[Note: Under section 19 of the *Public Health Act 2010* (NSW), the Secretary of NSW Health may require Sydney Water to produce certain information.]

11 Definitions and Interpretation

11.1 Definitions

In this Licence, unless the contrary intention appears:

Act means the *Sydney Water Act 1994* (NSW).

Area of Operations means the area of operations to which this Licence applies set out in Schedule A.

Asset Management System has the meaning given in clause 5.5.1.

Assets mean the land, structures, plant, equipment, corporate and business systems of Sydney Water, which cause, allow, or assist the delivery of the Services.

Assistance Options for Payment Difficulties and Actions for Non-Payment has the meaning given in clause 6.4.1.

Auditor means a person appointed by IPART to undertake an Operational Audit.

Australian Drinking Water Guidelines means the “*Australian Drinking Water Guidelines 2011*” published by the National Health and Medical Research Council and the Natural Resource Management Ministerial Council.

Australian Guidelines for Water Recycling means the “*Australian Guidelines for Water Recycling: Managing Health and Environmental Risks (Phases 1 and 2)*” published by the Environment Protection and Heritage Council, the Natural Resource Management Ministerial Council and the National Health and Medical Research Council or the Australian Health Ministers’ Conference.

Bill means a bill sent by Sydney Water to a Customer for the provision of the Services.

Commencement Date is the date on which this Licence commences, being either 1 July 2019 or, if a different date is specified by the Governor in a notice published in the NSW Government Gazette, that specified date.

Commonwealth Representative means the First Assistant Secretary with responsibility for critical infrastructure security within the Commonwealth Department of Home Affairs.

Complaint means an expression of dissatisfaction made to or about Sydney Water related to its actions, products, Services, staff or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected or legally required.

Consumer means any person who consumes or uses the Services and includes a tenant or occupier.

Contact Centre means the call centre that Sydney Water’s Customers and Consumers may contact for assistance.

Controlled Wastewater Overflow is a sewage overflow that is directed by Sydney Water via a designed structure to a predetermined location such as a Stormwater Drainage System or waterway in order to prevent overloaded or blocked sewers from discharging at sensitive locations, on private property or within buildings (thus endangering public health or causing a public nuisance).

Critical Infrastructure Compliance Manager means the person nominated as such by Sydney Water under clause 9.2.1.

Customer means any person who:

- a) is taken (under section 55(1) of the Act) to have entered into a Customer Contract;
- b) is taken (under section 55(2) of the Act) to have entered into a Customer Contract with Sydney Water on terms and conditions relating to the imposition and payment of charges imposed under sections 64 or 65 of the Act; or
- c) owns a Property within the Rouse Hill Stormwater Catchment Area.

Customer Contract means the Customer Contract as set out in Schedule C of this Licence.

Customer Council means a group of persons appointed by Sydney Water from time to time under section 15 of the Act. Sydney Water may have more than one Customer Council.

Cyber Security Management System has the meaning given in clause 9.1.1.

Data Sharing Agreement has the meaning given in clause 3.2.6.

DPE means the NSW Department of Planning and Environment.

Drinking Water means water intended primarily for human consumption but which has other personal, domestic or household uses such as bathing and showering.

Drinking Water Quality Management System has the meaning given in clause 4.1.1.

Dry Weather Wastewater Overflow Standard has the meaning given in clause 5.3.1.

ELWC Method means the economic level of water conservation method approved by IPART on 21 December 2016.

End of Term Review has the meaning given in clause 1.8.1.

Energy & Water Ombudsman NSW means the NSW industry complaints scheme for the water industry of that name and any successor to that scheme.

Environment Performance Indicators has the meaning given in clause 10.2.3(a).

EPA has the meaning given in clause 7.1.1(c).

Fluoridation Code has the meaning given in the *Fluoridation of Public Water Supplies Regulation 2017* (NSW).

FRNSW has the meaning given in clause 7.2.1.

Good Faith means acting:

- a) honestly (including not providing false information or concealing material facts);
- b) fairly and reasonably, having regard to the interests of the other party (but not to the extent of Sydney Water subordinating its own interests); and
- c) consistently with the objectives of this Licence, including the objective of providing services in a way that does not prevent or hinder competition.

Internal Complaints Handling Procedure has the meaning given in clause 6.7.1.

IPART means the Independent Pricing and Regulatory Tribunal of NSW constituted by the IPART Act.

IPART Act means the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW).

Licence means this operating licence granted under section 12 of the Act to Sydney Water or any renewal of it, as in force for the time being.

Management System means a set of interrelated elements or components used by Sydney Water to develop and implement its policies and to manage any of its activities, products or Services, and includes organisational structure, planning activities, responsibilities, practices, procedures, processes and resources.

Metropolitan Water Plan means the “2017 Metropolitan Water Plan” published by the Metropolitan Water Directorate and comprising a plan designed to ensure a sustainable and secure water supply for greater Sydney.

Minister means the Minister responsible for administering those provisions of the Act relating to this Licence.

Multiple Occupancy Property means real property comprising more than one individual dwelling or individual premises capable of being separately occupied, which may be used for any purpose.

National Security Clearance means national security clearance of not less than Negative Vetting Level 1 (or equivalent) issued by the Australian Government on advice from the Australian Government Security Vetting Agency.

NSW Health has the meaning given in clause 7.1.1(b).

Operational Audit has the meaning given in clause 10.1.1.

Personnel includes Sydney Water’s board members, employees and contractors.

Planned Water Interruption means an event that, in relation to a Property:

- a) commences when the supply of Drinking Water at the first cold water tap of a Property is interrupted following prior receipt by the Customer or Consumer of a water interruption notice from Sydney Water; and
- b) ceases when a normal supply of Drinking Water is restored to the Property.

Potential Competitor means a person who informs Sydney Water that they intend to carry out activities that would require a licence under the WIC Act.

Priority Sewerage Program means the program for improving Services related to Wastewater in the unsewered areas listed in Schedule B of this Licence.

Property means:

- a) an individual dwelling or individual premises used for any purpose;
- b) land whether built on or not, which is owned by a person; or
- c) a lot in a strata plan that is registered under the *Strata Schemes Development Act 2015* (NSW),

that is:

- d) connected to, or for which a connection is available to Sydney Water's water supply system or sewerage system;
- e) within an area of land declared by an order of the Governor to be a stormwater drainage area under section 65 of the Act; or
- f) within the Rouse Hill Stormwater Catchment Area.

[Note: For the purpose of the Dry Weather Wastewater Overflow Standard, a Multiple Occupancy Property may be counted as a single Property.]

Property Cluster means a group of Properties in close proximity to each other that are affected by recurring Water Pressure Failures, were identified by Sydney Water as having been affected by those recurring Water Pressure Failures prior to the Commencement Date, and are located in one of the following areas:

- a) Kurrajong;
- b) North Richmond;
- c) Horsley Park;
- d) Bass Hill;
- e) Buxton; and
- f) Denham Court.

Public Property means real property vested in or under the control of a Minister of the Crown or public authority excluding so much of such real property as is leased, licensed or used for private purposes.

Recycled Water means water that, upon appropriate treatment, is suitable for its intended re-use application.

Recycled Water Quality Management System has the meaning given in clause 4.2.1.

Reporting Manual means the reporting manual published by IPART under clause 10.2.1.

Rouse Hill Stormwater Catchment Area means the area of land located in the Rouse Hill stormwater catchment as identified in any determination made by IPART of maximum prices that may be levied by Sydney Water for stormwater services.

SCADA means Supervisory Control and Data Acquisition.

Services means the provision, construction, operation, management and maintenance by Sydney Water of systems and services for:

- a) storing and supplying water (including Recycled Water and Drinking Water);
- b) providing sewerage services;
- c) providing Stormwater Drainage Systems; and
- d) disposing of Wastewater.

Servicing Information has the meaning given in clause 8.2.1.

Social Housing Provider means any of the following:

- a) the NSW Land and Housing Corporation;
- b) the Aboriginal Housing Office;
- c) an organisation registered under Part 5 of the *Aboriginal Housing Act 1998* (NSW); and
- d) a registered community housing provider under the National Regulatory System for Community Housing (as established under the *Community Housing Providers National Law*).

Stormwater Drainage System means stormwater drainage channels, land for drainage, pipes, detention structures and stormwater quality improvement devices and other equipment for the provision of stormwater services.

Sydney Water means the Sydney Water Corporation constituted as a corporation by the Act.

Third Party means a person who is not employed, contracted by or working on behalf of Sydney Water.

Uncontrolled Wastewater Overflow is a Wastewater Overflow occurring in dry weather that is not a Controlled Wastewater Overflow.

Unplanned Water Interruption is an event where, in relation to a Property:

- a) the supply of Drinking Water at the first cold water tap of a Property is interrupted without the Customer or Consumer having received prior notice of that interruption from Sydney Water; and
- b) it takes more than five continuous hours for normal supply of Drinking Water to be restored to the Property.

WAMC has the meaning given in clause 7.1.1(a).

Wastewater means an effluent stream comprising elements such as sewage, trade waste discharges and grey water.

Wastewater Overflow is the discharge of untreated or partially treated sewage from:

- a) any part of Sydney Water's Wastewater system; or
- b) any part of a Customer's Wastewater system where the cause of the discharge is a problem with Sydney Water's Wastewater system.

Water Board means the Water Board constituted under the *Water Board Act 1987* (NSW).

Water Continuity Optimal Level has the meaning given in clause 5.1.3(a).

Water Continuity Standard has the meaning given in clause 5.1.1.

Water Continuity Tolerance Band has the meaning given in clause 5.1.3(b).

Water NSW means the corporation constituted under the *Water NSW Act 2014* (NSW).

Water Pressure Failure means a situation in which a Property experiences a pressure of less than 15 metres head of pressure for a continuous period of one hour or more, such head of pressure measured at the point of connection (usually the main tap) of the Property to Sydney Water's Drinking Water supply system.

Water Pressure Standard has the meaning given in clause 5.2.1.

WIC Act means the *Water Industry Competition Act 2006* (NSW).

WIC Regulation means the *Water Industry Competition (General) Regulation 2008* (NSW).

11.2 Interpretation

11.2.1 In this Licence, unless the contrary intention appears:

- a) the word person includes an individual, a body corporate, an unincorporated body or other entity and one or more of each of them;
- b) headings are for convenience only and do not affect the interpretation of this Licence;
- c) notes do not form part of this Licence but may be used to assist with interpretation if there is an ambiguity;
- d) words importing the singular include the plural and vice versa;
- e) a reference to a law or legislation (including the Act) includes regulations made under the law or legislation;
- f) a reference to regulations includes ordinances, codes, licences, orders, permits and directions;
- g) a reference to a law or regulation includes consolidations, amendments, variations, re-enactments, or replacements of any of them;
- h) a reference to a legislative provision that is re-numbered extends to the corresponding re-numbered legislative provision;
- i) a reference to a clause in the Customer Contract that is varied or re-numbered extends to the corresponding varied or re-numbered clause;
- j) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
- k) a reference to a year means a calendar year that ends on 31 December;
- l) a reference to a day means a calendar day commencing at 12:00am;
- m) a reference to a financial year means a period of 12 months commencing on 1 July and ending on the following 30 June;

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- n) a reference to a clause or schedule is to a clause of or schedule to this Licence;
 - o) a reference to a quarter is a period of three months beginning on 1 July, 1 October, 1 January or 1 April in a year; and
 - p) the word 'include' is not used as a word of limitation.
- 11.2.2 If any part of this Licence is prohibited, void, voidable, illegal or unenforceable, then that part is severed from this Licence but without affecting the continued operation of the remainder of this Licence.
- 11.2.3 A reference in this Licence to any organisation, association, society, group or body will, in the event of it ceasing to exist or being reconstituted, renamed or replaced or if its powers or functions are transferred to any other entity, body or group, refer respectively to any such entity, body or group, established or constituted in its place or succeeding to similar powers and functions.
- 11.2.4 A reference in this Licence to a document (original document) is a reference to the original document as amended or revised or, where the original document is replaced, to the replacing document, or the document that most closely approximates the original document.
- 11.2.5 Except where a contrary intention appears in this Licence, where there is disagreement between Sydney Water and IPART as to the proper interpretation of any term or condition of this Licence, the matter must be referred to the Minister for resolution by the Minister.
- 11.2.6 IPART may use information provided to it under this Licence for the purpose of an investigation or report under the IPART Act in relation to Sydney Water, or in the discharge of any function lawfully conferred on IPART.



A Area of Operations

This Licence applies to Sydney Water's entire area of operations under section 10 of the Act, as may be varied by any order by the Governor in accordance with section 10 of the Act.

[Note: If the Governor makes an order expanding or reducing Sydney Water's Area of Operations under section 10 of the Act during the term of this Licence, this Licence will apply to Sydney Water's Area of Operations as varied].

B Priority Sewerage Program

The following areas are included in the Priority Sewerage Program

Priority Sewerage Program – Sydney Water Area of Operations

Areas	Estimated number of lots
Austral	50
Menangle, Menangle Park	220
Nattai	30
Scotland Island	380
Yanderra	200
	Total
	880

C Customer Contract

