

Independent Pricing and Regulatory Tribunal
New South Wales

October 2020



Water Industry Competition Act 2006

2020

ANNUAL COMPLIANCE REPORT

Report to the Minister

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The Independent Pricing and Regulatory Tribunal (IPART)

We make the people of NSW better off through independent decisions and advice. IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](https://www.ipart.nsw.gov.au/).

Tribunal Members

The Tribunal members for this review are:

Dr Paul Paterson, Chair

Ms Deborah Cope

Ms Sandra Gamble

Enquiries regarding this document should be directed to a staff member:

Christine Allen (02) 9290 8412

Robert Aposhian (02) 9290 8406

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1 Overview

This is the Independent Pricing and Regulatory Tribunal's (IPART's) 12th annual report on licence compliance under the *Water Industry Competition Act 2006* (WIC Act).¹ It sets out our findings on the extent to which the water network operators and retail suppliers licensed under the WIC Act complied with their licence conditions during 2019-20. It also summarises how the industry has changed over the reporting period, and the activities we undertook in monitoring licensees' compliance.

Overall, the compliance performance of licensees during 2019-20 remained high. We note that fewer operational audits were carried out in 2019-20. Two schemes were not audited because they had achieved a high level of compliance in past audits² and we deferred four operational audits while we undertook a review of the adequacy of water quality plans. Improvement to the water quality plans for the four schemes prior to an audit will support safe operations, and enhance the quality of operational audits for these schemes in 2020-21.³

The industry has continued to grow steadily over the 12 months to 30 June 2020, with a 28% increase in the number of customers receiving recycled water for non-drinking purposes and a volumetric increase of 24% for recycled water production. We received 12 applications for new licences, comprised of two new licence applications and 10 applications to vary current licences.

We recommended that the Minister grant nine new or varied licences during the year. The Minister granted one new network operator's licence, and varied two existing network operator's licences during 2020-21 but granted 5 more between 1 July 2020 and 30 September 2020.⁴ A number of licence applications are currently 'on hold' at the request of applicants. We discuss the applications further in section 4.2.

We note a move toward applications from licensees to vary current licences to address a seasonal imbalance between supply and demand for recycled water, where demand is greater than supply in summer, but supply exceeds demand in winter. Profitability is reduced where a scheme cannot meet demand for its recycled water in summer and additional costs are imposed for disposal of excess in winter.

Licensees are seeking additional end uses and customers for recycled water and have foreshadowed future applications to source additional sewage for recycling during peak periods of demand to minimise costs and maximise revenue. We expect this trend to continue into 2020-21.

¹ As required under section 89(1) of the WIC Act.

² The Kurrajong scheme and Orica scheme will be audited during the 2020-21 period to assess whether compliance is being maintained.

³ Flow Systems Pty Ltd and its subsidiaries account for 11 WIC Act licences (one-third of the total).

⁴ The Minister has granted 5 more licences between 1 July 2020 and 30 September 2020.

Overall industry growth indicates people's interest and acceptance of the private water industry and recycled water in particular. However, we see that further innovation is required if further expansion of the recycled water market is to be sustained, including consideration of further uses for recycled water. The introduction of indirect potable reuse for recycled water in NSW, supported by an informed community has the potential to significantly increase demand for recycled water and relieve demand on potable water supplies during times of drought.

In our compliance monitoring and enforcement role, we continued to hold licensees accountable for their compliance performance, using a risk-based auditing regime and penalties where appropriate. Our primary objective is to foster a strong compliance culture within our regulated entities and we are mindful of this objective when deciding how to address instances of non-compliance. A high level of compliance supports the WIC Act's dual objectives of competition and development of the recycled water market by ensuring that market participants (WIC Act licensees and public water utilities) can compete on a level playing field, and the community feels confident in using recycled water for non-drinking purposes⁵.

The WIC Act and supporting regulation set out our powers and responsibilities. To monitor compliance of licensees, we conducted audits of licence conditions, assess whether licensed schemes are constructed, operated and maintained in a manner that effectively manages the risks to public health, the environment and consumers. We did not conduct audits of licence conditions on the supply of water and retail services that are regulated under retail services licences, as the risk relating to non-compliance with these licence conditions is comparatively low.

⁵ The long title of the WIC Act is *An Act to encourage competition in relation to the supply of water and the provision of sewerage services and to facilitate the development of infrastructure for the production and reticulation of recycled water; and for other purposes.*

Box 1 About the WIC Act

The WIC Act commenced in August 2008, as part of the NSW Government's strategy for a sustainable water future. Its stated aim is to encourage competition in relation to the supply of water and the provision of sewerage services, and to facilitate the development of infrastructure for the production and reticulation of recycled water.⁶

The WIC Act establishes a licensing and compliance regime for water and sewerage service providers that are not public water utilities. IPART administers this regime on behalf of the Minister.⁷ IPART makes recommendations to the Minister to license new operators whom we have assessed as meeting the required standard and monitors their operation to assess their ongoing ability to safely deliver the services. Where necessary IPART takes enforcement action to address compliance issues.

We can also assess monopoly considerations and recommend action for the Minister's consideration.

IPART's role in monitoring of licensees' compliance protects public health, public safety, consumers and the environment, and encourages competition in the market by maintaining market confidence and integrity.

Two types of licences may be granted under the WIC Act:

- ▼ A network operator's licence to construct, operate and maintain water industry infrastructure,⁸ and
- ▼ A retail supplier's licence to supply water, and/or provide sewerage services by means of water industry infrastructure.⁹

⁶ WIC Act, long title.

⁷ Presently the Minister for Water, Property and Housing is the Minister administering the WIC Act.

⁸ WIC Act, section 6(1)(a).

⁹ WIC Act, section 6(1)(b).

1.1 Licensee compliance was generally high

The compliance performance of most of the 32 licensees under the WIC Act during 2019-20 was high. We identified 34 non-compliances across 12 licensees,¹⁰ most of which were found to be non-material in nature. The number of audits undertaken was slightly lower this year due to:

- ▼ Good compliance at the Orica scheme and the Kurrajong scheme meant that we did not audit these licences this year, but are proposing to audit again next year.
- ▼ After determining that there were a number of inadequacies in water quality plans for a number of recycled water schemes, we decided to focus on a review of the plans to address the inadequacies and ensure that future audits could rely on implementation of water quality plans to support safe operation at these schemes.

Non-compliances are discussed in greater detail in section 2.1.1 of the report.

1.2 Industry and market continued to grow

As at 30 June 2020, the number of network operator's licences increased to 21¹¹ and the number of retail supplier's licences remained steady at 11. The number of customers serviced by WIC Act licensees continued to increase, as did the volumes of recycled water supplied and sewage collected (Table 1.1). The increase in the volumes of recycled water supplied has largely been a product of more dwellings being serviced, increasing treatment capacity at established schemes, and continued increases in industrial use of recycled water.

Table 1.1 Changes in WIC Act licensee market, 2019-20

	2018-19	2019-2020	% change
Customers serviced (number):			
Water	6,092	6,745	11%
Sewerage	7,974	8,977	13%
Recycled water	7,671	9,845	28%
Volume of recycled water supplied (ML)	4,032	4,988	24%
Volume of sewage collected (ML)	3,928	5,184	32%

Source: IPART analysis

Note: The 'volume of sewage collected' does not include treated sewage collected by Aquanet from Sydney Water for further treatment and distribution to industrial users supplied through the Rosehill-Camellia pipeline.

The groundwater treated and supplied to industrial users at Botany Industrial Park by Orica is not included in the operating statistics as treated groundwater does not meet the definition of recycled water in the WIC Act.

¹⁰ As at 30 June 2020. There were 27 non-compliances in both 2018-19 and 2017-18, 40 non-compliances in 2016-17, 20 non-compliances in 2015-16, 39 non-compliances in 2014-15 and 31 non-compliances in 2013-14.

¹¹ In 2018-19, there were 20 active network operator's licences.

1.3 We continued to monitor and enforce compliance using a risk-based approach

In 2019-20, we continued to proactively monitor and enforce WIC Act licensees' compliance with their licence conditions efficiently and effectively. We use a risk-based approach that includes a combination of proactive and responsive measures that are designed to address potential issues before they result in adverse health and safety issues. We also expect licensees to be proactive in identifying potential problems and to work with us to resolve issues and minimise any risks posed by their activities.

Key elements of this approach are independent audits, including pre-operational new infrastructure and licence plan audits, and risk-based periodic operational audits. In 2019-20, we required licensees to conduct two new infrastructure audits, four licence plan audits and 11 operational audits.

In 2019-20 we also undertook a review of Flow Systems Pty Ltd's (Flow Systems) Recycled Water Quality Plans (Plans), following a series of related non-compliances at four of its licensed schemes. We assessed the Plans for adequacy, consistency and commitment to implementation against the requirements of the Australian Guidelines for Water Recycling (AGWR).

Our findings were communicated to Flow Systems, who have undertaken a review of the scheme Plans with a view to undertake another audit. We recognise Flow Systems' cooperation in the process, and the steps Flow Systems has since taken to implement the changes identified to improve its management systems.

1.4 Report structure

The rest of this report discusses our findings for 2019-20 in more detail:

- ▼ Chapter 2 focuses on licensee compliance
- ▼ Chapter 3 outlines our activities in monitoring compliance and strengthening the compliance culture of licensees
- ▼ Chapter 4 provides more information on the changes in the industry and market, and the licensees' operating statistics and performance measures.

2 IPART's activities in monitoring licence compliance and strengthening the compliance culture of licensees

Licensees are responsible for complying with the conditions of their licence and other obligations under the WIC Act and WIC Regulation. Our aim in monitoring and reporting on the extent of their compliance with these obligations is to hold them accountable for their compliance performance and encourage a culture of full compliance. We also seek to encourage compliance by educating and informing licensees, by facilitating engagement between licensees and other stakeholders or regulators and direct engagement on issues of concern.

The Minister or IPART may take enforcement action against any licensee that fails to comply with its obligations.¹² Such enforcement action includes imposing a monetary penalty or requiring the licensee to take certain actions.

The sections below outline our risk-based approach to monitoring compliance under the WIC Act and the number and type of audits undertaken in 2019-20 as part of this approach.

2.1 Our risk-based approach to monitoring compliance

Our approach includes a range of proactive and responsive measures such as:

- ▼ A risk-based independent audit program¹³
- ▼ Investigations of incidents, complaints or inadequacies identified through audits or other means
- ▼ Requiring immediate incident reporting by licensees¹⁴
- ▼ Requiring annual compliance reports submitted by licensees, including
 - non-compliance exception reporting (ie, requiring the licensee to report only non-compliances, instead of reporting against all licence conditions)
 - declarations for maintaining financial capacity and adequate insurance
- ▼ Proactive engagement with other regulators

IPART aims to keep regulated entities accountable in accordance with their regulatory requirements. Compliance is the responsibility of the regulated entities themselves, and IPART seeks to help licensees strengthen their compliance culture.

¹² WIC Act, section 16.

¹³ We focus on licence conditions which seek to manage the biggest risks to safety, public health, customers, consumers and the environment and on licensees with poor records of compliance. We also reduce audit frequency or scope for licensees who demonstrate good compliance.

¹⁴ We note that incidents may not necessarily be licence non-compliances.

2.1.1 Independent audit program





We monitor licensees' compliance with the WIC Act, the WIC Regulation and their licence conditions through periodic, risk-based operational audits, which we initiate.¹⁵ The licensee selects independent auditors to undertake audits from a panel of auditors approved by IPART.

However, before licensees commence commercial operation, we also require them to undertake pre-operational audits, including:

- ▼ **New infrastructure audits** – these audits are undertaken prior to the Minister granting commercial operation, to determine if the infrastructure is safe to operate, and to check that the new infrastructure complies with all licensing and legislative requirements. A network operator must pass its new infrastructure audit before the Minister can grant approval for the licensee to commence commercial operation.¹⁶ These audits apply to network operator's licences.
- ▼ **Licence plan audits** – these audits review the adequacy of a licensee's water quality, sewage management, infrastructure operating and retail supply management plans. Licence plan audits are undertaken prior to commencing commercial operation, as directed by IPART or in response to a significant change to the plan(s).¹⁷ These audits apply to both network operators and retail suppliers licences.

The auditors must undertake all audits in accordance with our audit guidelines.¹⁸ The audit grades from the audit guidelines applicable in 2019-20 are presented in Figure 2.1.

Figure 2.1 WIC Act audit grades

Grades of compliance	Description
 Compliant	Sufficient evidence is available to confirm that the requirements have been met.
 Non-compliant (non-material)	Sufficient evidence is not available to confirm that the requirements have been met and the deficiency does not adversely impact the ability of the licensee to achieve defined objectives or assure controlled processes, products or outcomes.
 Non-compliant (material)	Sufficient evidence is not available to confirm the requirements have been met and the deficiency does adversely impact the ability of the licensee to achieve defined objectives or assure controlled processes, products or outcomes.
 No Requirement	There is no requirement for the licensee to meet this criterion within the audit period.

Data source: IPART, *Audit Guideline – WIC Act, July 2020*, pp 10-11.

¹⁵ For more information refer to our Audit Guidelines at <https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Audit-Guidelines-Technical-Services-Audit-Panel>.

¹⁶ See WIC Regulation, Schedule 1, clause 2(2).

¹⁷ See WIC Regulation, Schedule 1, clauses 6, 7, 13 and 14 and Schedule 2, clause 7A.

¹⁸ Our Audit Guidelines are available at <https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Audit-Guidelines-Technical-Services-Audit-Panel>

Where relevant, we re-audit any licence conditions where a licensee was previously found to be non-compliant, to check that the licensee has rectified the non-compliances in a timely manner.

Audit findings inform the Tribunal's decisions on matters of compliance with licensee's legal obligations. However the Tribunal may consider a range of information before deciding whether it is satisfied that a non-compliance has occurred and the materiality of the non-compliance. The Tribunal may reach a different conclusion from an auditor on the matter of compliance or materiality.

2.1.2 Investigations

From time to time we use other means to assess the adequacy of a licensee and encourage better performance. In 2019-20 we investigated the adequacy of four recycled water quality plans. This was because previous operational audits had identified shortcomings in the plans that cast doubt on whether the implemented plans could continue to assure safe operations.

Our investigations revealed that the plans had a number of shortcomings and the licensees are now amending the plans in response to our investigation. The adequacy of the amended plans will be tested through a series of licence plan audits during 2020-21.

2.1.3 Immediate incident reporting

Licensees must immediately report incidents that occur in the conduct of a licensee's activities that threaten, or could threaten, water quality, public health or safety, in accordance with the relevant reporting manual. A reported incident may not necessarily involve licence non-compliances.

In 2019-20, we received 31 immediate incident reports in this reporting period. Two incidents resulted in enforcement action by the Tribunal:

- ▼ The Tribunal issued an enforcement notice to Flow Systems Operations (FSO) for failing to implement their recycled water quality plan in relation to sealing their recycled water storage tank (See section 2.2.1).
- ▼ The Tribunal also issued an enforcement notice to VWST for not reporting incidents regarding exceeding its lower critical limit for chlorine in the final treated water tank.

A recent audit of the Narara Ecovillage scheme found the licensee did not report several incidents in regards to low chlorine readings in water storages and reticulation systems. We are currently re-assessing the materiality of this issue, in conjunction with NSW Health.

The remaining incidents were determined to not be licence non-compliances, and we assessed that these incidents did not impact on water quality, public health or safety.

2.1.4 Annual reporting

In addition to immediate incident reporting, licensees are required to submit an annual compliance report by 1 September each year in accordance with the relevant reporting manual published by IPART.¹⁹ The annual compliance report is to include information on any non-compliance with its licence conditions, and declarations for maintaining financial capacity and adequate insurance.

Licensees are to declare that they have maintained insurance arrangements appropriate for the nature and size of the activities under their licence and provide certificates of currency for key insurances and details of material changes made during the year.

This is a new requirement which was implemented after our review of insurance monitoring requirements during 2019-20. It is intended to reduce the regulatory burden on licensees who were previously required to produce expensive expert's reports in response to changes to insurance. IPART still requires an expert's assessment before a scheme commences commercial operation and can seek additional assessments if considered necessary.

Licensees that provide small retail customers with essential services (potable water or sewage services) must also include a statement of financial capacity.

Licensees are also required to immediately report all non-compliances that could potentially have a serious impact on water quality, continuity of supply, public health, safety, other licensees or the Government's policy objectives.²⁰

2.1.5 Engagement with other regulators

We work closely with NSW Health, seeking advice on matters that may affect human health and facilitating NSW Health input on key audits, risk assessments undertaken by licensees and licence plans.

We also co-ordinate with other regulators where our licensing or compliance monitoring function identifies issues related to their area of expertise or responsibility. This includes:

- ▼ The Water Group of the Department of Planning, Industry and Energy
- ▼ NSW Fair Trading
- ▼ NSW SafeWork
- ▼ NSW Fire and Rescue
- ▼ The NSW Environment Protection Authority
- ▼ Local councils

2.2 Monitoring compliance during 2019-20

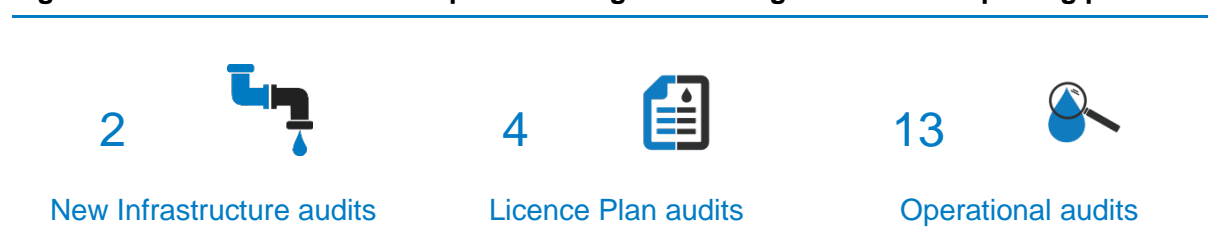
We employed a range of compliance tools to keep regulated entities accountable and consider the risk associated with their activities and the expected level of compliance during 2019-20. Further information on these tools is in the IPART *Compliance and Enforcement Policy*.²¹

2.2.1 Audits undertaken

Independent auditors completed a total of 13 operational audits and four licence plans and two new infrastructure audits during or covering the 2019-20 reporting period. This includes some audits that were undertaken in the 2018-19 reporting period, for which we did not receive final audit reports in time for inclusion in the 2018-19 compliance report, and some audits covering the 2019-20 period for which we did not receive audit reports until after 30 June 2020. A breakdown of the types of audits undertaken is shown in Attachment A.

All of our audits conducted after March 2020 implemented COVID-19 safe practices and site visits were conducted remotely using video streaming and remote conferencing technology. We asked auditors to identify any risks associated with not visiting the site in person and to identify any follow up inspections that may be necessary to mitigate these risks. Auditors have not identified any urgent risks and we are satisfied that the audits have been carried out to a satisfactory standard.

Figure 2.2 WIC Act audits completed during or covering the 2019-20 reporting period



Notes:

(1) The number of licence plan audits includes new and follow-up licence plan audits.

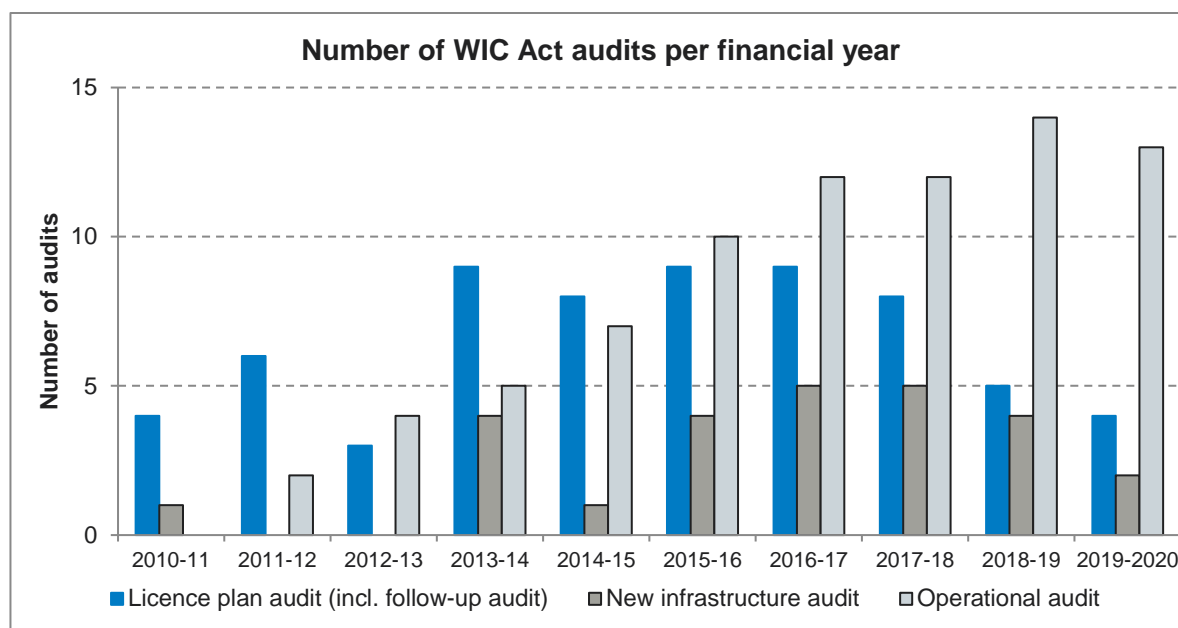
(2) The number of new infrastructure audits is for both new schemes, and additional new infrastructure at existing schemes.

Data source: IPART analysis.

There have been fewer new infrastructure and licence plan audits this year. These are generally required when new schemes are ready to commence commercial operations or when new infrastructure at existing schemes is ready to be commissioned. On occasion we require a licence plans audit where operational audits have identified shortcomings in the licence plans. Only one new network licence and two network licence variations were granted by the Minister in 2019-2020 reporting period meaning there was less need for new infrastructure and licence plans audit.

²¹ IPART, *Compliance and Enforcement Policy*, December 2017, available at <https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/licensing-policy-cross-industry-review-of-ipart-compliance-and-enforcement-policy-2017/ipart-compliance-and-enforcement-policy-december-2017.pdf>

Figure 2.3 Number of WIC Act audits per financial year



Data source: IPART analysis

3 Licensee compliance in 2019-2020

In general, most licensees demonstrated a high level of compliance with their licence conditions in 2019-20. Among 13 audited network operator's licence holders, five had no non-compliances and six had only non-material non-compliances.²² Two licensees had a combination of non-material and material non-compliances. The material non-compliances represented significant licence breaches.

- ▼ Five material non-compliances were assigned to one licensee for not immediately notifying breaches of one of its critical limits.
- ▼ The remaining one material non-compliance was assigned to a licensee for failing to seal its final recycled water storage tank.

We did not undertake any retail licences audits this year.

The non-compliances identified through audits in 2019-20 did not result in any material impacts to water quality, public health and safety or the environment. We discuss these non-compliances further in section 3.1.1

The sections below provide more detail about the licensed network operators and retail suppliers relevant activities during the year, their individual compliance performance and how their non-compliances were addressed.

We are reporting only non-compliances identified in operational audits or reported by the licensee, rather than issues that **may** develop into non-compliances if not corrected. That is, we only report on **actual** non-compliances.²³ This is to ensure we report on only licensees' compliance with their licence conditions and to reduce duplicative reporting.

3.1 Network operators compliance

Table 2.1 lists the network operators and summarises their non-compliances and how they were identified. We audited 13 of the 21 network operators licensed under the WIC Act in 2019-20. Two of the licensees not audited were non-operational during the period, two are audited only every second year because they have previously established a high level of compliance and four audits were deferred because we undertook an investigation of the adequacy of licence plans instead.

Of the 13 audited network operator's licensees:

- ▼ Six licensees had no non-compliances
- ▼ One licensee had five non-material non-compliances
- ▼ One licensee had one non-material non-compliance

²² Refer to Audit Grades on pp 10-11 of *Audit Guideline, Water Industry Competition Act 2006, July 2020*.

²³ Prior to 2015-16 we reported on potential non-compliances identified in licence plans, new infrastructure and operational audits that would have become non-compliances if the issue was not addressed prior to commercial operation.

-
- ▼ Three licensees each had two non-material non-compliances
 - ▼ One licensee had one material non-compliance and two non-material non-compliances
 - ▼ One licensee had five material non-compliances and two non-material non-compliances

These non-compliances were identified through operational audits undertaken during the reporting year, and through incident reporting by licensees in accordance with the requirements of the Reporting Manual. Table 3.2 shows the types of non-compliances identified in 2019-20. There was a substantial increase in Licensee-identified non-compliances following on from the larger than usual number of incidents reported this year. We expect the number of incidents reported to remain at a higher level as we focus on compliance with incident notification requirements and better clarification of what constitutes an incident.

Table 3.1 Summary of network operators compliance performance in 2019-20

Licensee	Scheme	Non-compliance identified by			
		Licensee	Audit	IPART	Total
Veolia Water Australia Pty Ltd (VWA)	Fairfield-Rosehill	0	0	0	0
SGSP Rosehill Network Pty Ltd	Fairfield-Rosehill	1	0	0	1
Aquacell Pty Ltd	1 Bligh St	0	NA	0	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST)	Darling Quarter	0	7	0	7
Sydney Desalination Plant Pty Ltd ^a	Sydney Desalination Plant	1	0	0	1
Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST)	Bingara Gorge	0	1	0	1
Pitt Town Water Factory Pty Ltd	Pitt Town	0	2	0	2
Orica Australia Pty Ltd	Orica groundwater scheme	0	NA ^d	0	0
Central Park Water Factory Pty Ltd	Central Park	1	NA ^d	0	1
Discovery Point Water Factory Pty Ltd	Discovery Point	4	NA ^d	1	5
Wyee Water Pty Ltd ^b	Wyee	-	NA ^d	-	-
Lend Lease Recycled Water (Barangaroo South) Pty Ltd	Barangaroo	0	NA ^c	0	0
Huntlee Water Pty Ltd	Huntlee	0	2	1	3
Green Square Water Pty Ltd	Green Square	2	NA ^d	0	2
Aquacell Pty Ltd	Kurrajong	0	0	0	0
Cooranbong Water Pty Ltd	Cooranbong	0	2	0	2
Catherine Hill Bay Water Utility Pty Ltd	Catherine Hill Bay	0	0	0	0
Flow Systems Operations Pty Ltd	Box Hill North	1	2	0	3
Suez Water and Treatment Solutions Pty Ltd	KIWS	0	0	0	0
Narara Ecovillage Co-operative Ltd	Narara	0	5	0	5
Flow Systems Operations Pty Ltd	Shepherds Bay	2	NA ^d	0	2
Total		11	21	2	34

^a Sydney Desalination Plant began operating during the reporting period.

^b Wyee Water Pty Ltd is not operating and is not subject to operational audits at this time.

^c The Barangaroo audit was deferred as the plant was not operating through the bulk of the audit period.

^d NA indicates that a licensee was not subject to an operational audit in this reporting period.

Source: IPART analysis.

Table 3.2 Types of non-compliances identified in 2019-20

Licensee	Scheme	Non-compliance		
		Material	Non-material	Reporting
SGSP Rosehill Network Pty Ltd	Fairfield-Rosehill	0	1	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd	Darling Quarter	5	2	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd	Bingara Gorge	0	1	0
Central Park Water Factory Pty Ltd	Central Park	0	1	0
Discovery Point Water Pty Ltd	Discovery Point	0	5	0
Pitt Town Water Factory Pty Ltd	Pitt Town	0	2	0
Huntlee Water Pty Ltd	Huntlee	0	3	0
Green Square Water Pty Ltd	Green Square	0	2	0
Cooranbong Water Pty Ltd	Cooranbong	0	2	0
Flow Systems Operations Pty Ltd	Box Hill North	1	2	0
Narara Ecovillage Pty Ltd	Narara	0	5	0
Flow Systems Operations Pty Ltd	Shepherds Bay	0	2	0
Total		6	28	0

Source: IPART analysis.

3.1.1 Network operators that had material non-compliances

Flow Systems Operations Pty Ltd (FSO)

FSO notified IPART of a water quality incident on 27 December 2019. *Clostridia*²⁴ was detected at the point of supply of the Box Hill recycled water treatment plant, and on 6 January 2020, positive results were received for samples taken from the network on 2 January 2020.

Investigations by FSO indicated that the contamination likely resulted from openings on the treated water storage tank. The investigation noted that both tanks had open flanges, providing vermin access to the water in both tanks.

As a condition of its network operator's licence, FSO must fully implement its water quality plan. FSO's Recycled Water Quality Plan (RWQP) identifies the risk of contamination of treated water in the recycled water storage tank should vermin be able to gain access to these tanks, and that the tank is to be fully enclosed to prevent such access.

The Tribunal took enforcement action and imposed a monetary penalty of \$38,000 on FSO for not fully implementing its RWQP with regard to fully enclosing its recycled water storage tank. The Tribunal noted that in this instance it was unlikely that the incident posed a risk to human health.

Veolia Water Solutions and Technologies (Australia) Pty Ltd

We completed an operational audit of Veolia Water Solutions and Technologies (Australia) Pty Ltd (VWST) Darling Quarter Scheme in August 2020. The auditor identified five incidents

²⁴ *Clostridia perfringens* is often used as an indicator of faecal contamination in drinking water.

during 2019-20 that should have been notified to the relevant stakeholders consistent with licensees obligation to immediately notify IPART and other relevant stakeholders of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.²⁵

VWST had advised that no notifiable incidents had occurred during the audit period. However, the audit identified five occasions during which the chlorine residual levels in one of the two treated water storage tanks were below the lower critical limit and that these incidents were notifiable events. VWST was unable to demonstrate that treated water was not supplied to customers during these periods. The auditor subsequently identified that the water was unlikely to pose a risk to human health. However, the Tribunal considered the failure to notify was significant because it did not provide the relevant agencies with an opportunity to assess and respond to any potential threat at the time of the incident.

The Tribunal issued an enforcement notice to VWST on 28 August 2020, imposing a monetary penalty of \$5,000 and requiring VWST to complete specified actions to prevent reoccurrence of the non-compliance.

3.1.2 Network operators that had only non-material non-compliances

Flow Systems schemes – Pitt Town, Huntlee, Cooranbong and Box Hill

Each scheme recorded two non-material non-compliances in the 2020 operational audit. No material non-compliances were reported. Each scheme was found non-compliant in fully implementing its water quality plan and sewerage management plan. This is because each scheme's risk assessment was out of date and had not been updated in response to a number of incidents, and did not reflect the current circumstances of the scheme. Additionally, various subsidiary documentation had not been updated by the due date and lacked current information on emerging issues with these schemes. Despite identifying the non-compliance, the auditor noted that Flow Systems was in the process of revising its plans, risk assessments and incident management procedures, which are expected to address the deficiencies once completed.

Huntlee Water had a further non-compliance for failing to immediately report a fluoride exceedance in drinking water on-sold by Huntlee Water, but originally supplied by Hunter Water.

Flow Systems schemes – Discovery Point, Central Park, Green Square, Shepherds Bay

Each scheme was found to have not met the requirement to provide a map showing the nature and general location of the infrastructure on its website, and Flow Systems self-reported these non-compliances in its annual reports. Additional non-compliances were recorded because monitoring and testing requirements at Discovery Point, Shepherds Bay and Green Square were not fully met.

²⁵ WIC Reg Sch 1, cl.1(2)

VWST schemes – Bingara Gorge and Darling Quarter

The 2019 operational audit of the **Bingara Gorge** scheme²⁶ identified a non-material non-compliance on its obligation to fully implement and carry out its water quality management activities in accordance with its water quality plan. The auditor noted that not all critical control point limits documented in the plan had been implemented through the SCADA²⁷ control system.

VWST rectified the non-compliance by removing the discrepancies between the CCP limits set in the water quality plan and the operational limits set in SCADA.

The operational audit of the **Darling Quarter** scheme identified two non-material non-compliances on recording all required information when sampling and testing of water quality, and on having all required information available on its website during 2019-20. We sought a voluntary undertaking from VWST to rectify the non-compliances and ensure non-compliance does not re-occur.

SGSP Rosehill Network scheme (Rosehill Network)

Rosehill Network self-identified that they had not maintained a website that contains the relevant information, as required under the WIC Regulation²⁸.

Narara Ecovillage (NEV)

NEV's audit identified five non-material non-compliances. Four of the non-compliances concerned changes made to the scheme without notifying IPART, or updating the relevant plans to reflect the changes.

The remaining non-compliance was for failing to notify IPART and other relevant stakeholders of low chlorine levels in drinking water storages and distribution networks, as low chlorine levels could threaten, water quality, public health or safety.

The auditor considered that the breach was non-material because the low chlorine was largely due to chlorine decay in the distribution network due to minimal flows, and NEV took active steps to address the issue. We also note that both the drinking water and recycled water networks use only drinking water that was originally supplied by Central Coast Council.

We are currently re-assessing the materiality of this issue, in conjunction with NSW Health. The Tribunal may reach a different conclusion from an auditor on the matter of compliance or on materiality.

A pattern of failure to notify of incidents

We identified a number of non-compliances that arose from failures to notify of incidents that threatened, or could threaten, water quality, public health or safety during 2019-20. In response we will ensure that audits of licence plans during 2020-21 assess the adequacy of notification protocols developed by licensees under their water quality plans.

²⁶ The 2019 audit report was not submitted in time to be included in the 2019 Annual Compliance Report.

²⁷ Supervisory Control and Data Acquisition (SCADA) – systems used to monitor and control plant and equipment in various industries.

²⁸ WIC Reg Sch 1, Clause 12.

Our operational audits will test the implementation of the notification protocols, including:

- ▼ whether relevant staff have adequate understanding of their responsibilities to notify, and
- ▼ whether licensees are properly applying their incident notification protocols.

3.2 Retail suppliers' compliance

Table 3.3 lists the retail suppliers licensed in 2019-20 and summarises their non-compliances and how they were identified. Ten of the 11 retail suppliers had no non-compliances. One licensee reported a non-compliance which is outlined below.

Because of the lower risk associated with retail licence compliance, applying our risk-based approach, we generally undertake audits when information arises that indicates an issue of concern. We did not undertake any audits of retail licences in 2019-20. IPART can undertake audits at any time to confirm licensees' compliance with their regulatory requirements.

Table 3.3 Summary of retail suppliers' compliance performance in 2019-20

Licensee	Scheme	Non-compliance identified by			
		Licensee	Audit	IPART	Total
Aquacell Pty Ltd	Multiple ^a	0	NA	0	0
AquaNet Sydney Pty Ltd	Fairfield - Rosehill	1	NA	0	1
Veolia Water Solutions and Technologies (Australia) Pty Ltd	Darling Quarter	0	NA	0	0
Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant	0	NA	0	0
Veolia Water Solutions and Technologies (Australia) Pty Ltd	Bingara Gorge	0	NA	0	0
Orica Australia Pty Ltd	Orica groundwater	0	NA	0	0
Flow Systems Pty Ltd	Multiple ^a	0	NA	0	0
Lend Lease Recycled Water (Barangaroo South) Pty Ltd	Barangaroo	0	NA	0	0
Solo Water Pty Ltd	Catherine Hill Bay	0	NA	0	0
Suez Water Pty Ltd	Kooragang Industrial Water	0	NA	0	0
Narara Ecovillage Pty Ltd	Narara	0	NA	0	0
Total		1	0	0	1

Source: IPART Analysis.

^a See Table 4.2 for the list of schemes covered under this licence.

3.2.1 Retail licence non-compliances

AquaNet retail licence

AquaNet self-identified that they had not maintained a website that contains the relevant information, as required under Clause 12 of Schedule 1 of the WIC Regulation.

4 Changes in the water industry and operating statistics

In the 12 years since the WIC Act commenced, the non-public water utility segment of the water industry in NSW has grown steadily. The sections below provide an overview of the changes in the industry over time, the licences that were granted or varied in 2019-2020, and the licensees' operating statistics and performance against their performance indicators.

4.1 Changes in the industry over time

Since the WIC Act commenced in 2008 the Minister has granted 26 network operator's licences and 15 retail supplier licences. The Minister has cancelled four the network operator's licences and four retail supplier licences, each at the licensee's request.²⁹ The number of retail supplier's licences is lower than network operator's licences because retail suppliers tend to hold one licence across multiple schemes.³⁰

We have assessed only one application for a new scheme during 2019-20. The remainder of the applications were licence variations to expand existing areas of operation to increase the number of customers who can be supplied with recycled water. This is because once sewage treatment and the supply of recycled water commences, licensees need to balance the collection of sewage with the supply of recycled water.

Getting the water balance right is complicated by the seasonality of recycled water uptake and demand for recycled water being higher in summer than winter. Where demand for recycled water outstrips the supply of sewage services to the scheme, licensees risk not being able to maintain supplying recycled water services to customers. Conversely, where the supply of sewage services outstrips the demand for recycled water, licensees are subject to the additional challenges and cost of disposing of the excess recycled water.

The need to maintain water balance has driven some innovation, including:

- ▼ licensees sourcing additional semi-rural customers only for supply of recycled water supply
- ▼ licensees foreshadowing seasonal pricing for recycled water and possible restrictions on recycled water usage to manage demand during peak periods
- ▼ licensees seeking to 'sewer mine' from larger public water utilities, collecting additional sewage from their network during periods of peak demand for recycled water

²⁹ These included the network operator's licences of Simmonds & Bristow (09_005, cancelled on 3 July 2013), Osmoflo Water Supply Pty Ltd (11_018, cancelled on 17 December 2012), Mirvac Real Estate Pty Ltd (12_020, cancelled on 15 June 2016), and Aquacell Pty Ltd (13_023 cancelled on 15 December 2017); and the retail supplier licences of Simmonds & Bristow (09_006R, cancelled on 3 July 2013), Pitt Town Water Factory Pty Ltd (10_015R, cancelled on 15 December 2014), Osmoflo Water Supply Pty Ltd (11_019R, cancelled on 17 December 2012) and Mirvac Real Estate Pty Ltd (12_021R, cancelled on 15 June 2016).

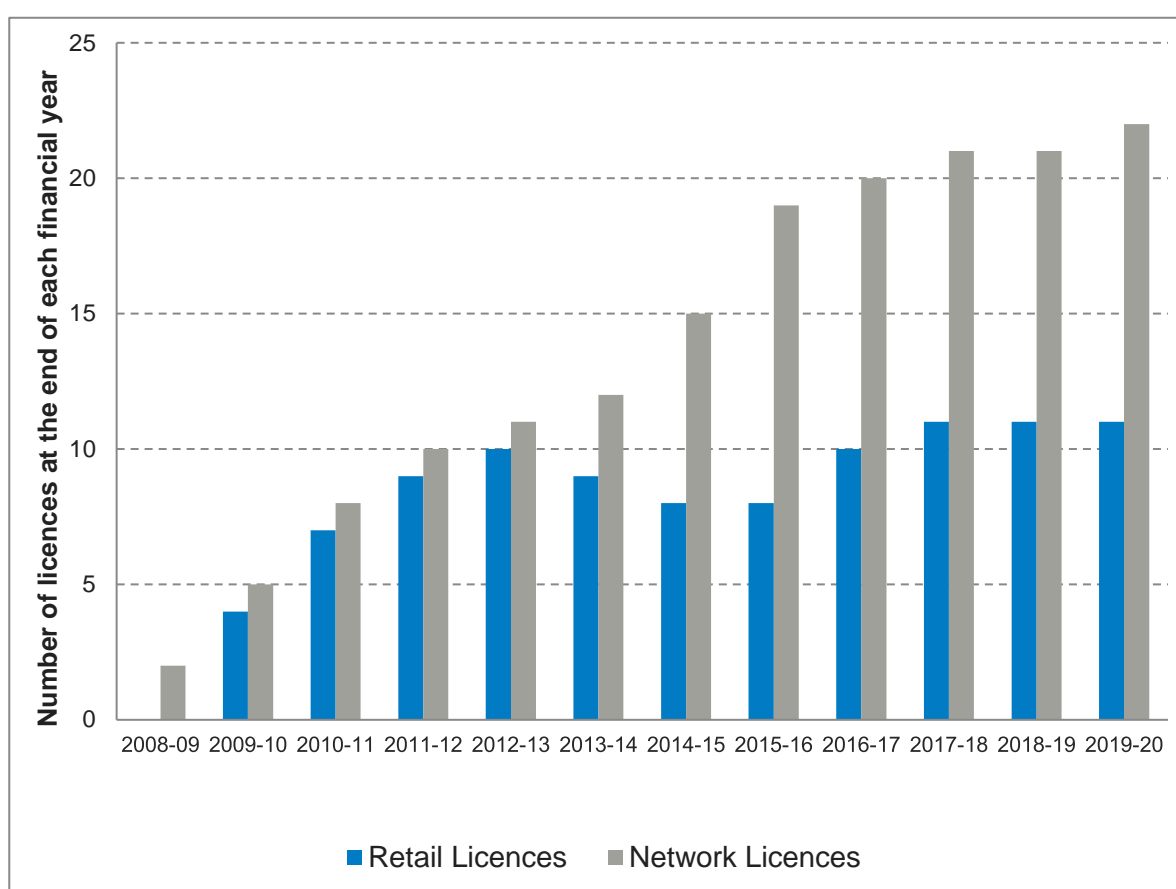
³⁰ When a new scheme is added, it is done so through a variation to their retail supplier's licence.

- ▼ one licensee seeking to dispose of excess recycled water through the local Council sewage treatment plant.

We expect to see more applications from licensees to vary current licences to manage water balance in the coming year.

As Figure 4.1 and Figure 4.2 show, the number of licences and the number of customers serviced by licensees have both grown steadily over time. We note that several licence assessments are in progress, and we anticipate further licence applications for submission to IPART over the next six months.

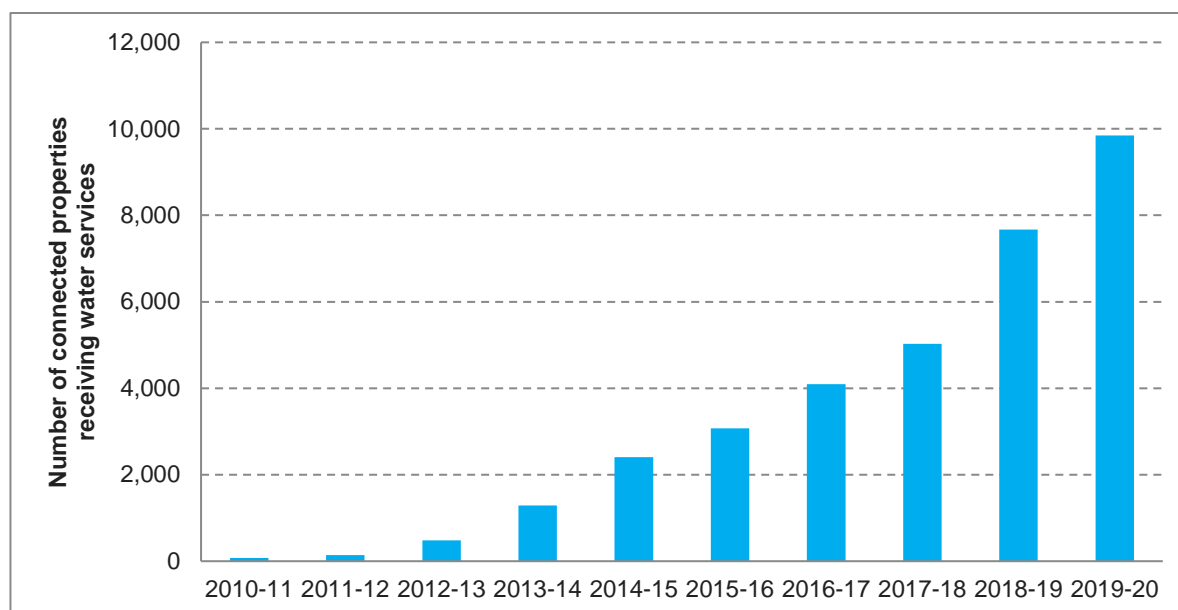
Figure 4.1 Growth in the number of licences since the commencement of the WIC Act



a The number of retail supplier's licences has not increased as much as network operator's licences as retail suppliers tend to hold one retail supplier's licence across multiple schemes.

Data source: IPART analysis.

Figure 4.2 Growth in number of properties connected to recycled water supplied by WIC Act licensees



Notes:

- 1) The first customers were serviced in 2010-11. Therefore, we have excluded the 2008-09 and 2009-10 reporting periods.
- 2) In 2018, we removed most of the performance indicators from the Reporting Manual, including the relevant indicator NWI C4 (Total number of connected properties – water supply). The figures from 2017-2018 onwards is the sum of the new indicators L8 and L9 (Connected residential (L8) and non-residential (L9) properties receiving recycled water services).

4.2 Licences granted or varied in 2019-20

Assessment of WIC Act licences is complex and requires consideration of possible impacts on customers, communities, the environment and public health. While some licence applications provide close to all necessary information when submitted, most are submitted in a form that requires further information from the applicants, changes to scheme design and resubmission of applications. The Tribunal undertakes a high level of scrutiny and only makes a recommendation to the Minister to grant a licence when it is satisfied that all the requirements for operating safely under a licence can be met. To do so, the assessment includes ensuring that schemes are safe, particularly where recycled water is being supplied to residential customers for non-drinking purposes, and that small retail customers are protected from schemes that may not be viable in the long term,

The Minister granted one new network operator's licence for a scheme to be operated by Flow Systems Operations at Glossodia and varied two existing network operator's licences for schemes at Central Park and Shepherds Bay during 2019-20.

At the start of 2019-2020 we had 19 open applications and 10 more applications were submitted during the year. We made recommendations for the Minister to grant nine new or varied licences during the year (while the Minister granted three during the 2019-20 period, she has since granted an additional five).

Five applications were withdrawn after having been ‘on hold’ at the request of the applicants over a long period and seven applications had been put ‘on hold’ by the end of 2019-20 while the applicants consider changes to their proposed schemes.

We are currently assessing applications for eight licence variations to current licences and expect to finalise our assessment and make recommendations to the Minister on a number of these during 2020-21.³¹

Tables 4.1 and 4.2 summarise the network operators and retail suppliers licensed under the WIC Act as at 30 June 2020, and the activities they were licensed to undertake.

Table 4.1 Network operator’s licences as at 30 June 2020

Date licence granted	Licensee	Scheme	Activities authorised		
			Non-potable water	Drinking water ^a	Sewerage services
8 Apr 2009	Veolia Water Australia Pty Ltd	Fairfield-Rosehill	X		
27 Apr 2009	SGSP Rosehill Network Pty Ltd	Fairfield-Rosehill	X		
2 Feb 2010	Aquacell Pty Ltd	1 Bligh St	X		
24 Jun 2010	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Darling Quarter ^b	X		
9 Aug 2010	Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant		X	
9 Dec 2010	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Bingara Gorge	X		X
11 Nov 2010	Pitt Town Water Factory Pty Ltd ^c	Pitt Town	X		X
23 Apr 2012	Orica Australia Pty Ltd	Orica groundwater scheme	X		
4 Jan 2013	Central Park Water Factory Pty Ltd ^c	Central Park	X	X	X
4 Dec 2013	Discovery Point Water Factory Pty Ltd ^c	Discovery Point	X	X	X
18 Jun 2014	Wyee Water Pty Ltd ^c	Wyee ^d	X	X	X
28 Feb 2015	Lend Lease Recycled Water (Barangaroo South) Pty Ltd	Barangaroo	X		X
3 Mar 2015	Huntlee Water Pty Ltd ^c	Huntlee	X	X	X
25 Sep 2015	Green Square Water Pty Ltd ^c	Green Square	X		
26 July 2015	Aquacell Pty Ltd	Kurrajong			X
6 Aug 2015	Cooranbong Water Pty Ltd ^c	Cooranbong	X	X	X
22 Mar 2016	Catherine Hill Bay Water Utility Pty Ltd	Catherine Hill Bay	X	X	X
12 May 2016	Flow Systems Operations Pty Ltd ^c	Box Hill North	X		X
12 Dec 2016	Suez Water Pty Ltd ^e	Kooragang	X		
4 July 2017	Narara Ecovillage Co-operative Ltd	Narara	X	X	X
13 Oct 2017	Flow Systems Operations Pty Ltd ^c	Shepherds Bay	X	X	X
26 June 2020	Flow Systems Operations Pty Ltd ^c	Glossodia	X		X

^a The WICA licensees authorised to provide drinking water (other than SDP) resell drinking water sourced from Sydney Water and Hunter Water.

^b Also known as Darling Walk.

^c Each licensee is a subsidiary company of Flow Systems Pty Ltd.

³¹ The number of applications being assessed is current as of 14 September 2020.

^d Wyee has not commenced commercial operation

^e As of 30 November 2017, Suez Water and Treatment Solutions Pty Ltd changed its trading name to Suez Water Pty Ltd.

Source: IPART, Register of licences granted under the WIC Act:

<https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/licensing-wica-administrative-ipart-website-private-sector-licensing-website-documents/wica-licence-register-august-2018.pdf>

Table 4.2 Retail supplier licences as at 30 June 2020

			Activities authorised		
Date licence granted	Licensee	Scheme	Non-potable water	Drinking water ^a	Sewerage services
2 Feb 2010	Aquacell Pty Ltd	1 Bligh Street	X		
		Workplace 6 ^b Kurrajong	X		
10 Mar 2010	AquaNet Sydney Pty Ltd	Fairfield-Rosehill	X		
24 Jun 2010	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Darling Quarter ^c	X		
9 Aug 2010	Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant		X	
1 Mar 2011	Veolia Water Solutions and Technologies (Australia) Pty Ltd	Bingara Gorge	X		X
23 Apr 2012	Orica Australia Pty Ltd	Orica groundwater scheme	X		
17 Apr 2013	Flow Systems Pty Ltd	Pitt Town	X		X
		Central Park	X	X	X
		Discovery Point	X	X	X
		Wyee	X	X	X
		Cooranbong	X	X	X
		Huntlee	X	X	X
		Green Square	X		
		Box Hill North	X		X
		Shepherds Bay	X	X	X
13 July 2015	Lend Lease Recycled Water (Barangaroo South) Pty Ltd	Barangaroo	X	X	X
22 Sept 2016	Solo Water Pty Ltd	Catherine Hill Bay	X	X	X
12 Dec 2016	Suez Water and Treatment Solutions Pty Ltd	Kooragang	X	X	
4 July 2017	Narara Ecovillage Co-operative Ltd	Narara	X	X	X

a The WICA licensees authorised to provide drinking water (other than SDP) resell drinking water sourced from Sydney Water and Hunter Water.

b This scheme is now being operated and supplied by Sydney Water.

c Also known as Darling Walk.

Source: IPART, Register of licenses granted under the WIC Act:

<https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/licensing-wica-administrative-ipart-website-private-sector-licensing-website-documents/wica-licence-register-august-2018.pdf>

4.3 Operating statistics

We collate the operating statistics provided by licensees as part of licensees' annual compliance returns.³² Overall, the statistics for 2019-20 indicate:

- ▼ Licensees collected 5,184 ML of sewage, which is a 32% increase on last year's total of 3,928 ML. This increase was primarily due to the continuing expansion of residential schemes as well as an increase in the volume of recycled water supplied to industrial customers.
- ▼ There was an increase in non-potable water supplied in this reporting period. The volume this year (4,988 ML) was 24% more than last year's total of 4,032 ML.
- ▼ WIC Act licensees supplied services to 6,745 potable water, 9,845 recycled water and 8,977 sewerage connections. This constitutes an increase of 11% for potable water customers, 28% for recycled water customers and 13% for sewerage customers.

The operating statistics for individual licensees are provided in Appendix A and Appendix B.

4.4 Performance measures

Licensees are required to report on a set of performance measures that assist IPART to monitor the performance of the schemes.

This is the third year we have collected this data (summarised in Appendix B and Appendix C). Although not a direct measure, a comparison of WIC Act licensees' performance data against performance standards applied to public water utilities for the same measures indicates a high standard of performance³³.

Performance data supplied by licensees indicate that in 2019-20:

- ▼ Of the 9,845 customers receiving recycled water services,
 - three experienced an unplanned water interruption that lasted for more than five continuous hours. These were the three customers of Orica's groundwater treatment scheme at Botany Industrial Park.
 - three instances of a customer experiencing three or more water interruptions lasting more than one hour, all at Orica.
- ▼ Of the 6,745 customers receiving potable water, there were two instances of customers being without supply, one at Narara Ecovillage (average duration 60 minutes) and one at Catherine Hill Bay (average duration 17 minutes). No properties experienced water pressure failures.
- ▼ Of the 8,977 customers receiving sewerage services:
 - 55 customers experienced an uncontrolled wastewater overflow:

³² We review the numbers provided and where necessary, we clarify data with licensees. We do not audit the data and rely on the licensees' quality assurance processes to ensure it provides accurate information. We retain the right to audit this information if we perceive inconsistencies or errors.

³³ Public Water Utilities are measured against performance standards set per 10,000 customers. These are published in the *Sydney Water Operating Licence 2019-2023 Compliance and Performance Report – Performance Standards for Service Interruptions 2019-2020 and the Hunter Water Compliance and Performance Report – September 2020*.

-
- 10 customers at Pitt Town
 - 12 customers at Huntlee
 - 6 customers at Cooranbong, and
 - 27 customers at Box Hill.



Appendices

A Audits undertaken for 2019-20

Table A.1 Audits for the 2019-20 reporting period

Licensee	Scheme	Audit period	Date final report received
Operational audits			
Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant	2 June 2018 – 30 June 2019	9 September 2019
Veolia Water Solutions and Technologies Pty Ltd ^a	Bingara Gorge	1 April 2018 – 30 June 2019	5 November 2019
Catherine Hill Bay Water Utility Pty Ltd	Catherine Hill Bay	1 August 2018 – 30 November 2019	14 April 2020
Suez Water Pty Ltd	Kooragang Industrial Water Scheme	1 February 2019 – 29 February 2020	29 May 2020
Aquacell Pty Ltd ^a	Kurrajong	1 May 2019 – 31 March 2020	27 July 2020
Veolia Water Solutions and Technologies Pty Ltd	Darling Quarter	1 September 2018 – 31 March 2020	28 July 2020
Pitt Town Water Factory Pty Ltd ^b	Pitt Town	1 November 2017 – 29 February 2020	5 August 2020
Huntlee Water Ltd ^b	Huntlee	1 November 2017 – 29 February 2020	5 August 2020
Cooranbong Water Pty Ltd ^b	Cooranbong	1 November 2017 - 29 February 2020	5 August 2020
Flow Systems Operations Pty Ltd ^b	Box Hill	1 January 2019 – 29 February 2020	5 August 2020
Veolia Water Australia Pty Ltd	Fairfield – Rosehill	1 April 2018 – 31 March 2020	2 August 2020
SGSP Rosehill Network Pty Ltd	Fairfield – Rosehill	1 July 2018- 30 June 2020	19 September 2020
Narara Ecovillage	Narara	9 May 2019 – 30 June 2020	14 September 2020
Licence Plan Audits			
Pitt Town Water Factory Pty Ltd	Pitt Town	N/A	1 May 2020
Flow Systems Operations Pty Ltd	Box Hill	N/A	17 October 2019
Veolia Water Solutions and Technologies Pty Ltd	Darling Quarter	N/A	28 July 2020
Veolia Water Solutions and Technologies Pty Ltd	Darling Quarter (Follow-up)	N/A	7 August 2020
Infrastructure Audit			
Pitt Town Water Factory Pty Ltd	Pitt Town	N/A	1 May 2020

Flow Systems Operations Pty Ltd	Box Hill	N/A	12 November 2019
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a The audit took place on 22 August 2019

b Each licensee is a subsidiary company of Flow Systems Pty Ltd.

Source: IPART analysis

B Annual operating performance statistics – network operators

Table B.1 shows key statistics for the 21 network operators.

Table B.1 Operating statistics for WIC Act network operators in 2019-20

Licence number	Licensee	Scheme	A1	A2	A3	A4	A10	A11	A12
09_001	Veolia Water Australia Pty Ltd	Fairfield-Rosehill	0	0	0	0	0	0	0
09_002	SGSP Rosehill Network Pty Ltd	Fairfield-Rosehill	NA	NA	NA	NA	NA	NA	NA
09_003	Aquacell Pty Ltd	1 Bligh St	0	0	0	0	0	0	0
10_008	Veolia Water Solutions and Technologies Pty Ltd (Darling Walk)	Darling Quarter	0	0	0	0	0	0	0
10_010	Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant	0	0	0	0	0	0	0
10_012	Veolia Water Solutions and Technologies Pty Ltd	Bingara Gorge	0	0	0	0	0	0	0
10_014	Pitt Town Water Factory Pty Ltd	Pitt Town	0	0	0	0	0	10	0
12_016	Orica Australia Pty Ltd	Orica Groundwater scheme	3	3	NA	NA	NA	NA	NA
12_022	Central Park Water Factory Pty Ltd	Central Park	0	0	0	0	0	0	0
13_025	Discovery Point Water Factory Pty Ltd	Discovery Point	0	0	0	0	0	0	0
14_026	Wyee Water Pty Ltd	Wyee	0	0	0	0	0	0	0
15_029	Lend Lease Recycled water (Barangaroo South) Pty Ltd	Barangaroo	0	0	0	0	0	0	0
15_030	Huntlee water Pty Ltd	Huntlee	0	0	0	0	0	12	0
15_031	Green Square Water Pty Ltd	Green Square	0	0	0	0	0	0	0

Licence number	Licensee	Scheme	A1	A2	A3	A4	A10	A11	A12
15_032	Aquacell Pty Ltd	Kurrajong	0	0	0	0	0	0	0
15_033	Cooranbong Water Pty Ltd	Cooranbong	0	0	0	0	0	6	0
16_035	Catherine Hill Bay Water Utility Pty Ltd	Catherine Hill Bay	0	0	1	17	0	0	0
16_037	Flow Systems Operations Pty Ltd	Box Hill North	0	0	0	0	0	27	0
16_038	Suez Water and Treatment Solutions Pty Ltd	Kooragang Industrial Water Scheme (KIWS)	0	0	NA	NA	0	NA	NA
17_040	Narara Ecovillage Co-operative	Narara	0	0	1	60	0	0	0
17_042	Flow Systems Operations Pty Ltd	Shepherds Bay	0	0	0	0	0	0	0
Total			3	3	2	NA	0	55	0

Note: Scheme highlighted in grey was not operating in 2018-19

Source: IPART analysis

Legend: Performance indicators – definitions used in the table above

A1	Number of properties that experience an unplanned water interruption that lasts for more than five continuous hours in the financial year.
A2	Number of properties that experience three or more water interruptions that each lasts for more than one hour in the financial year.
A3	The total number of unplanned interruptions where customers are without potable water supply, during the reporting year (interruptions).
A4	The average duration for which a customer is without potable water, due to an unplanned supply interruption during the reporting year (minutes).
A10	Number of properties that experience a water pressure failure in the financial year.
A11	Number of properties (other than public properties) that experience an uncontrolled wastewater overflow in dry weather in the financial year.
A12	Number of properties (other than public properties) that experience three or more uncontrolled wastewater overflows in dry weather in the financial year.

C Annual operating performance statistics – retail suppliers

Table C.1 shows key statistics for the 11 retail supply licensees.

Table C.1 Operating statistics for WIC Act retail suppliers in 2019-20

Licence number	Licensee	Scheme	L1 (ML)	L2 (ML)	L3 (ML)	L4 '000	L5 '000	L6 '000	L7 '000	L8 '000	L9 '000
09_004R	Aquacell Pty Ltd	1 Bligh St and Kurrajong	5.67	5.67	14.6	0	0	0.025	0.001	0	0.001
10_01R	AquaNet Sydney Pty Ltd	Fairfield- Rosehill	1453	1453	NA	NA	0.009	NA	NA	0	0.009
10_009R	Veolia Water Solutions and Technologies Pty Ltd (Darling Walk)	Darling Quarter	41.5	33.56	50.09	0	0	0	0	0	0.001
10_011R	Sydney Desalination Plant Pty Ltd	Sydney Desalination Plant	71146	0	0	0	0	0	0	0	0
10_013R	Veolia Water Solutions and Technologies Pty Ltd (Bingara)	Bingara Gorge	177.039	177.039	168.086	0.61	0.005	0.855	0.007	0.61	0.005
12_017R	Orica Australia Pty Ltd	Orica groundwater scheme	1392.99*	1337.9*	NA	NA	0.003	NA	NA	NA	NA
		Pitt Town, Central Park, Discovery Point, Wyee, Huntlee, Green Square, Cooranbong, Box Hill North, Shepherds Bay	1210.7	612.884	1032.81	5.764	0.059	7.554	0.088	8.718	0.042
13_001R	Flow Systems Pty Ltd										
15_034R	Lend Lease Recycled water (Barangaroo South) Pty Ltd	Barangaroo	88.696	88.696	236.657	0	0	0.159	0.013	0.159	0.025
15_036R	Solo Water Pty Ltd	Catherine Hill Bay	61.17	23.35	30.5	0.28	0	0.26	0	0.26	0
16_039R	Suez Water and Treatment Solutions Pty Ltd	KIWS	852	2593	3651	0	0.001	0	0.001	0	0.001
17_041R	Narara Ecovillage Co-operative Ltd	Narara	0.6	0.4	0.3	0.014	0	0.014	0	0.014	0
Total			75,036.4	4,987.6	5,184.0	6,668.0	77.0	8,867.0	110.0	9,761.0	84.0

Note: Orica treats groundwater only and is not included in the operating statistics as treated groundwater does not meet the definition of recycled water in the WIC Act.


Source: IPART analysis

Legend: Licence data - definitions

L1	Total volume of water supplied (ML)	The total volume of drinking and non-potable water supplied, including for environmental flows and bulk water exports in the financial year.
L2	Total volume of non-potable water supplied (ML)	The total volume of non-potable water supplied by the utility during the reporting year, in megalitres (ML).
L3	Total volume of wastewater collected (ML)	The total volume of wastewater collected by the utility during the reporting year, in megalitres (ML).
L4	Connected residential properties – water supply (000s)	The number of connected residential properties receiving water supply services from the utility during the reporting year (properties 000s).
L5	Connected non-residential properties – water supply (000s)	The number of connected non-residential properties receiving water supply services from the utility during the reporting year (properties 000s).
L6	Connected residential properties – wastewater (000s)	The number of connected residential properties receiving wastewater services from the utility during the reporting year (properties 000s).
L7	Connected non-residential properties – wastewater (000s)	The number of connected non-residential properties receiving wastewater services from the utility during the reporting year (properties 000s).
L8	Connected residential properties – recycled water supply (000s)	The number of connected residential properties receiving recycled water services from the utility during the reporting year (properties 000s).
L9	Connected non-residential properties – recycled water supply (000s)	The number of connected non-residential properties receiving recycled water services from the utility during the reporting year (properties 000s).

Glossary

Aquacell	Aquacell Pty Ltd
Barangaroo	Lend Lease Recycled Water (Barangaroo South) Pty Ltd
Box Hill	Box Hill scheme
Catherine Hill Bay/ CHBWU	Catherine Hill Bay Water Utilities Pty Ltd
Central Park	Central Park Water Factory Pty Ltd
Cooranbong	Cooranbong Water Pty Ltd (also known as North Cooranbong)
Discovery Point	Discovery Point Water Factory Pty Ltd
Flow Systems	Flow Systems Pty Ltd
FSO	Flow Systems Operations Pty Ltd
Green Square	Green Square Water Pty Ltd
IPART	Independent Pricing and Regulatory Tribunal
Kooragang/KIWS	Kooragang Industrial Water Scheme
Minister	Minister for Water, Property and Housing
ML	Megalitres
Narara	Narara Ecovillage Co-operative Ltd
Notice	Notice of Proposed Action under section 16(1) of the WIC Act
Panel	Technical Services and Water Licensing Audit Panel
Pitt Town Water	Pitt Town Water Pty Ltd
Solo Water	Solo Water Pty Ltd
SDP	Sydney Desalination Plant Pty Ltd



SGSPRN	SGSP-Rosehill Network Pty Ltd (also known as Rosehill Network Pty Ltd)
Suez	Suez Water and Treatment Solutions Pty Ltd, or Suez Water Pty Ltd (after 30/11/2017)
VWA	Veolia Water Australia Pty Ltd
VWST	Veolia Water Solutions and Technologies (Australia) Pty Ltd
WIC Act	Water Industry Competition Act 2006 (NSW)
WIC Regulation	Water Industry Competition (General) Regulation 2008 (NSW)
WQP	Water Quality Plan