



Independent Pricing and Regulatory Tribunal
New South Wales

5–year review of Central Park Water Pty Ltd’s network operator’s licence (12_022)

Prepared under the
Water Industry Competition Act 2006 (NSW)

Report to the Minister
for Energy and Utilities

July 2018

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Executive Summary

The Independent Pricing and Regulatory Tribunal of NSW (IPART) has conducted a 5-year review of Central Park Water Pty Ltd's (Central Park Water) network operator's licence under the *Water Industry Competition Act 2006* (WIC Act).

We recommend that the Minister varies Central Park Water's network operator's licence (licence number 12_022). The variations generally align Central Park Water's network operator's licence with our standard network operator's licence template and bring it in line with other network operator's licences. We consider that standardisation of Central Park Water's network operator's licence conditions with other WIC Act network operator's licences will clarify the proposed Central Park licence obligations and enable us to more efficiently regulate our licensees through improved and more consistent audit processes.

We also recommend changes to the licence to:

- ▼ update the licence structure, and
- ▼ update the licence language and terminology.

Our original assessment of Central Park Water's network operator's licence had regard to the licensing principles in section 7(1) of the WIC Act. Our review revisited these principles, and resulted in the addition of a number of conditions to the licence, as well as the removal and modification of several conditions.

We sought a submission from Central Park Water on the existing conditions of its network operator's licence. It confirmed on 1 March 2018, via email, that it had no comments or concerns on these existing conditions. The *Water Industry Competition (General) Regulation 2008* (WIC Regulation) currently does not require consultation with any persons other than the licensee. In our initial consultation with Central Park Water we consulted only on the existing network operator's licence, and not the proposed amendments to the licence. This is consistent with our agreed approach with the Department of Planning and Environment (DPE).

This would allow the Minister to make any additional proposed changes, in addition to our recommended changes to the licence prior to consulting with the licensee. After the Minister has considered our recommended changes and any additional proposed changes he would like to make, the Minister should provide a notice of the proposed action to vary the licence to the licensee and other persons as prescribed by the WIC Regulation. The licensee must be given a reasonable opportunity to make submissions on the proposed action and the Minister must consider any submissions.¹ After this process is complete, the Minister can finalise the licence changes and sign the notice of decision.

¹ WIC Act, section 17(1)(b) and section 17(1)(c).

We also sought a submission from the DPE on the existing conditions of Central Park's network operator's licence and the proposed amended licence. The DPE confirmed it had no comments or concerns on these conditions and the proposed amended licence.

1 Introduction

We review licences granted under the WIC Act at intervals of not more than five years. This is in accordance with section 85 of the WIC Act. The first review starts on the fifth anniversary of the date on which the licence was granted.² The Minister granted Central Park Water's network operator's licence on 4 January 2013. It has not been varied since. We commenced our 5-year review of the licence on 4 January 2018.

This report outlines our recommendations to vary the existing licence conditions, the removal of existing licence conditions and addition of new licence conditions.³ It also summarises our analysis and our reasons for recommending changes to the licence.

1.1 The proposed licence better aligns with the standard conditions

The 5-year licence review allows us to consider if the existing licence conditions are appropriate to efficiently and effectively regulate WIC Act licensees. Licence conditions should direct licensees to achieve the desired outcomes, without imposing unnecessary compliance and administrative costs. This is in line with good regulatory practice.

The 5-year licence review also allows us to reconsider licence conditions in light of emerging risks to the scheme. The review generally consists of aligning the licence conditions with other more recent licences, where we are confident that there are no new or increased risks since the Minister granted or last varied the licences. IPART developed the standard licence conditions after the Minister granted Central Park Water's network operator's licences in 2013. They form the basis for all new WIC Act licences, and licence variations. Applying the standard licence conditions will:

- ▼ align the Central Park Water network operator's licence conditions with other recently reviewed WIC Act licences
- ▼ address any gaps in the licence
- ▼ clarify licence conditions to the licensee
- ▼ improve the efficiency of administering licences until the new licensing regime, under the amended WIC Act, comes into effect, and
- ▼ result in more efficient regulation of licensees through improved and more consistent audit processes.

We consider that there are no substantial issues that warrant varying Central Park Water's network operator's licence further than applying the standard network operator's licence conditions.

² WIC Act, section 85(2).

³ WIC Act, section 85(3).

2 Review of network operator's licence

This section outlines our analysis and consideration of Central Park Water's 5-year network operator's licence review.⁴ It also outlines our recommendations.

2.1 Stakeholder consultation and submissions

The Minister must consult with the licensee and any other persons prescribed in the WIC Regulation where the Minister proposes to vary the existing conditions of a licence or impose new conditions on a licence under section 15 of the WIC Act.⁵ The WIC Regulation currently does not require consultation with any persons other than the licensee.

We sought a submission from Central Park Water on its existing network operator's licence. Central Park Water confirmed that it had no comments or any concerns regarding the existing conditions of its network operator's licence.⁶

In our initial consultation with Central Park Water we consulted only on the existing network operator's licence, and not the proposed amendments to the licence. This is consistent with our agreed approach with the Department of Planning and Environment (DPE). Where the Minister makes proposed changes to Central Park Water's network operator's licence, we consider the Minister should consult with Central Park Water in a way that provides an opportunity to comment on all proposed changes to the licence.

We also sought a submission from the DPE on the existing Central Park network operator's licence and the proposed amended licence. The DPE confirmed that it had no comments or concerns regarding the existing conditions of the licence or the proposed amended conditions.⁷

2.2 Variations to the licence conditions

The proposed network operator's licence clarifies the intent of the licence conditions and improves efficient regulation by ensuring a consistent approach across network operator's licences.

In reviewing the network operator's licence and considering amendments to the licence conditions we must have regard to the licensing principles in section 7(1) of the WIC Act. We provide an outline of how we had regard to the licensing principles in section 2.3.

⁴ Licence number 12_022.

⁵ WIC Act, section 15 and section 17(1).

⁶ Email to IPART, Risk and Compliance Manager, Flow Systems Pty Ltd, 1 March 2018.

⁷ Email to IPART, Director Water and Utilities, Department of Planning and Environment, 22 June 2018.

IPART recommends that the Minister makes a number of changes to the existing licence, as set out in the proposed Central Park network operator's licence attached to this report (**Appendix A**). The sections below detail the rationale and outcomes of our review.

2.2.1 We have not proposed any material changes to the scope of the licence

The scope of the licence is provided in Schedule A of the existing Central Park Water network operator's licence and in Sections 1, 2 and 3 of the proposed licence.

The scope of the licence in the standard network operator's licence template is provided in Sections 1, 2 and 3 of the proposed licence. The standard format of the licence scope varies from the existing Central Park Water network operator's licence scope which used an old template (provided in Schedule A of the existing licence). Applying the standard licence template to the proposed Central Park Water network operator's licence, while using the language of the existing licence, will both maintain the licence scope and align it with other recently reviewed WIC Act network operator's licences.

2.2.2 We have proposed changes to standard licence conditions

The proposed changes primarily update the standard licence conditions in Schedule B to the new template and are detailed below.

Insurance

Schedule B, condition 2 of the proposed Central Park Water network operator's licence prescribes the Insurance licence conditions (conditions B2 and B3 in the existing Central Park Water licence).

The existing Central Park Water network operator's licence requires it to obtain and maintain appropriate insurances for the size and nature of the activities that it is licensed to carry out. It also requires Central Park Water to provide us with a report certifying that the insurances are appropriate.

The proposed licence combines and consolidates insurance requirements previously specified in conditions B2 and B3 of the existing Central Park Water network operator's licence. This brings Central Park Water's proposed network operator's licence in line with the standard network operator's licence conditions and other WIC Act network operator's licences.

The new licence condition requires the licensee to hold insurances appropriate for the size and nature of activities that the licensee is carrying out, and not all activities authorised by the licence.

As a result of this change, the licence no longer specifies that the licensee must hold insurances that are "...appropriate for the size and nature of the activities authorised under the Licence" on the date that the licence is granted.

Also, Condition 2.2 now requires the licensee to provide us with certificates of currency in accordance with the Reporting Manual.⁸

We consider that the clarification of these insurance requirements reduces the risks of adverse impacts to the licensee, customers and the Government.

We have not proposed to include condition 2.4 from the standard licence conditions as it only applies to brownfield schemes. The Central Park Water scheme is a greenfield scheme.

In recommending a change to this condition we have had regard to the licensing principles for the protection of consumers and the ensuring of sustainability of water resources.

Reporting of information in relation to the register of licences

Schedule B condition 6 (condition B7 in the existing Central Park Water licence) of the proposed Central Park Water network operator's licence prescribes the notification obligations in relation to the Register of Licences.

Section 20 of the WIC Act and clause 18 of the WIC Regulation requires us to maintain a register of licences. The WIC Regulation outlines the details we are required to keep. Central Park Water's existing network operator's licence requires it to provide us with information, within 14 days, where there is a change which may affect the register of licences.

We have restructured this condition (condition B7 in the existing Central Park Water network operator's licence) to bring Central Park Water's proposed network operator's licence in line with the standard network operator's licence conditions and other recent network operator's licences. In particular, we have:

- ▼ reworded B7.1(ii) in the existing Central Park Water network operator's licence which referred to "water handled by the Specified Water Industry Infrastructure" to specifically refer to just "non-potable water" (Schedule B, condition 6(d) of the proposed licence).

The restructured Schedule B, condition 6 of the proposed licence provides Central Park Water with additional clarity on changes it is required to notify IPART, and the manner and form of the notification.

In recommending a change to this condition we have had regard to the licensing principle for the ensuring of sustainability of water resources.

Provision of a copy of plan

We recommend removing licence condition B9 in the existing Central Park Water network operator's licence.

The existing Central Park Water network operator's licence includes a condition that directs licensees to provide us with a copy of their licence plan whenever they make a significant

⁸ IPART, *Network Operator's Reporting Manual*, June 2016, Rev 5, section 2.6.2.

change to the plan. Where there are significant changes to the plan, we want to ensure the auditor is reviewing the most up to date plan whenever the licensee is audited.

We recommend removing this condition from the licence as we consider it is more appropriate for this requirement to be in our Audit Guidelines.⁹ We will update our audit guidelines accordingly.

Delineating responsibilities

Schedule B, condition 8 (condition B10 in the existing Central Park Water network operator's licence) of the proposed Central Park Water network operator's licence prescribes the requirements for Codes of Conduct and the delineation of responsibilities.

The existing Central Park Water network operator's licence (condition B10) requires the licensee to establish a Code of Conduct between it and relevant network operators, retail suppliers and/or public water utilities.

We recommend updating this condition to bring it in line with the corresponding standard licence condition. We consider that the standard licence condition better clarifies the responsibilities of the licensee and any other connected entity.

In recommending a change to this condition we have had regard to the licensing principles for the protection of public health, public safety and consumers generally and the ensuring of sustainability of water resources.

⁹ Audit Guidelines means the document titled "Audit Guideline for Greenfield Schemes – Water Industry Competition Act 2006", which is prepared by IPART and is available on IPART's website at www.ipart.nsw.gov.au, and any other guidelines issued by IPART in relation to audits under the Act, as amended from time to time.

Notification of changes to end-use

Schedule B, condition 9 of the proposed Central Park Water network operator's licence prescribes the notification obligations in relation to any proposal to operate Specified Water Infrastructure to supply non-potable water for an end use not set out in the licensee's most recent Water Quality Plan.

We recommend adding this new condition to Central Park Water's proposed network operator's licence. This condition requires Central Park Water to notify IPART within 3 months of commencing operation of water industry infrastructure to supply non-potable water for an end-use which is not in the most recent Water Quality Plan provided to IPART.

The addition of this licence condition brings Central Park Water's proposed network operator's licence in line with the standard network operator's licence conditions and other recent network operator's licences.

In recommending this new condition we have had regard to the licensing principle for the protection of public health, public safety and consumers generally.

Notification of changes to Authorised Person

We recommend removing licence condition B12 in the existing Central Park Water network operator's licence

The existing Central Park Water network operator's licence includes a condition that directs licensees to notify IPART within 28 days if an Authorised Person ceases, or proposes to cease services relating to activities authorised by the licence.

We recommend removing this condition from the licence as we consider it is more appropriate for this requirement to be in our Reporting Manual.¹⁰

Notification of commercial operation

Schedule B, condition 10 (condition B13 in the existing Central Park Water network operator's licence) of the proposed Central Park Water network operator's licence prescribes notification obligations in relation to the commencement of commercial operation of infrastructure.

We have restructured this condition (condition B13 in the existing Central Park Water network operator's licence) to bring Central Park Water's proposed network operator's licence in line with the standard network operator's licence conditions and other recent network operator's licences.

The proposed condition 10 in Schedule B provides Central Park Water with additional clarity regarding how and when it must notify IPART when any new Specified Water Industry Infrastructure is brought into commercial operation.

In recommending a change to this condition we have had regard to the licensing principle for the ensuring of sustainability of water resources.

¹⁰ IPART, *Network Operator's Reporting Manual*, June 2016, Rev 5, section 2.6.7.

Notification of non-compliant Plumbing

Schedule B, condition 11 of the proposed Central Park Water network operator's licence prescribes the notification obligations in relation to non-compliant Plumbing.

We recommend adding this new condition to Central Park Water's proposed network operator's licence. This condition requires Central Park Water to notify the customer and the Plumbing Regulator¹¹ within 10 working days of becoming aware that a customer's plumbing does not comply with the Plumbing Code. Central Park Water's existing network operator's licence does not include such a requirement.

We consider that including this condition reduces risks of adverse impacts to the licensee, and its customers resulting from improper and illegal plumbing connections.

This licence condition brings Central Park Water's proposed network operator's licence in line with other network operators' licences.

In recommending this new condition we have had regard to the licensing principle for the protection of public health, public safety and consumers generally.

Consistent terminology, language and structure

Terminology, language and structure are updated throughout the licence.

We recommend amending the terminology, language and structure of Central Park Water's network operator's licence to align it with the standard network operator's licence conditions. This also brings Central Park Water's network operator's licence in line with other more recent network operator's licences. The changes include:

- ▼ Amending the licence structure to bring the numbering of licence conditions in line with the standard network operator's licence conditions template.
- ▼ Reviewing the terminology and language in the licence to bring it in line with the standard network operator's licence conditions.

2.3 We had regard to the licensing principles in the WIC Act

We recommend adding the following conditions:

- ▼ Schedule B, condition 9 (Notification of changes to end-use), and
- ▼ Schedule B, condition 11 (Notification of non-compliant plumbing)

to the proposed Central Park Water network operator's licence, and amending the other conditions in Schedule B, to better align with our standard network operator's licence template. In recommending these changes we 'had regard to the licensing principles' in section 7 of the WIC Act.

¹¹ Plumbing Regulator has the meaning given to that term under section 3 of the *Plumbing and Drainage Act 2011 (NSW)*.

We consider that the new and amended conditions are in line with the licensing principles by providing:

- ▼ better protection of public health and public safety (clear requirements for meeting plumbing standards, commercial operation requirements and auditing)
- ▼ better protection of consumers (clear plumbing and safety standards), and
- ▼ ensuring the sustainability of water resources (clearer auditing and reporting requirements for licensees, clearer requirements for maintaining insurance).

3 Future changes

3.1 Changes to WIC Act licensing framework

The *Water Industry Competition Amendment (Review) Act 2014* (Amending WIC Act) will result in significant changes to the WIC Act licensing framework and conditions of consent. The Amending WIC Act includes a changed scope for schemes that will require a licence and provisions to transition relevant schemes to the new framework where appropriate.

We recommend minimal changes to bring Central Park Water's proposed network operator's licence in line with the standard network operator's licence conditions. We consider this is appropriate given the impending changes to the WIC Act and licensing regime.¹²

¹² *Water Industry Competition Amendment (Review) Act 2014* (NSW), expected to come into force in late 2019.

4 Recommendations

We recommend that the Minister for Energy and Utilities:

- 1 Consult with Central Park Water regarding proposed changes to its network operator's licence.
- 2 Subject to considering Central Park Water's submission on the proposed changes, vary the conditions of Central Park Water's network operator's licence in accordance with IPART's recommendations (**Attachment A**).

The Minister must consider, but is not bound to accept, any advice or recommendation in this report in determining the licence variations. The Minister may, if circumstances so require, seek further advice from us in relation to the licence variations.

Upon making a decision to vary the licence or otherwise, the Minister may provide us with a notice of the decision and the reasons for the decision. We will make the information in the notice available to the public on our website, in accordance with the requirements of the WIC Act. We will also notify the licensee of the amended licence.

Glossary

Brownfield schemes	Brownfield schemes are those that use existing infrastructure. The Regulation considers “new infrastructure” to include any water or sewerage infrastructure that began construction after 8 August 2008. Any infrastructure that was in existence, or began construction, prior to this date is considered to be “existing infrastructure”. Brownfield schemes will also include infrastructure that has been granted transitional licensing arrangements until 30 June 2014 under Condition 19A of the Regulation.
Greenfield schemes	Greenfield schemes are those that use new infrastructure. The Regulation considers “new infrastructure” to include any water or sewerage infrastructure that began construction after 8 August 2008. Any infrastructure that was in existence, or began construction, prior to this date is considered to be ‘existing infrastructure’. Existing infrastructure will also include infrastructure that may have been built under transitional licensing arrangements, granted until 30 June 2014, under Condition 19A of the Regulation.
Plumbing	means any pipe, fitting or apparatus that is situated: <ul style="list-style-type: none">a) downstream of the customer’s connection point to a water main, where the water main is Specified Water Industry Infrastructure;b) upstream of a customer’s connection point to a sewer main, where the sewer main is Specified Water Industry Infrastructure; orc) upstream of a customer’s connection point to a stormwater drain, where the stormwater drain is Specified Water Industry Infrastructure.
Reporting Manual	means the “Network Operator’s Reporting Manual” which is prepared by IPART and is available on IPART’s website at www.ipart.nsw.gov.au , as amended from time to time.



Appendices



A Proposed network operator's licence





NEW SOUTH WALES GOVERNMENT

Water Industry Competition Act 2006 (NSW)

Network operator's licence

Licence no. 12_022

Central Park Water Pty Ltd

(ACN 151 072 838)

PRELIMINARY

Summary

- 1.1. This Licence is granted under section 10(1) of the Act.
- 1.2. The Act prohibits a person from constructing, maintaining or operating any water industry infrastructure otherwise than under the authority of a licence. This Licence authorises the Licensee and other Authorised Persons to carry out such activities that would otherwise be prohibited under the Act.

Outline

- 1.3. This Licence is divided into the following sections and schedules:

<p>Section 1 authorises the construction, maintenance and operation of water infrastructure for non-potable water (if applicable).</p>
<p>Section 2 authorises the construction, maintenance and operation of water infrastructure for drinking water (if applicable).</p>
<p>Section 3 authorises the construction, maintenance and operation of sewerage infrastructure (if applicable).</p>
<p>Schedule A sets out special Ministerially-imposed licence conditions that are specific to this Licence.</p>
<p>Schedule B sets out Ministerially-imposed licence conditions that generally apply to network operators' licences granted under the Act.</p>
<p>Schedule C sets out definitions and interpretation provisions.</p>

- 1.4. In addition to the conditions in Schedules A and B to this Licence, the Act and Regulation also contain conditions that apply to this Licence. Nothing in Schedules A or B modify or affect the conditions imposed on this Licence by the Act or Regulation.

SECTION 1 – ACTIVITIES AUTHORISED: NON-POTABLE WATER

Subject to the conditions imposed by the Act, the Regulation and Schedules A and B of this Licence, this Licence authorises the Licensee and any Authorised Persons specified in Table 1.1 to construct, maintain and operate the water industry infrastructure specified in Table 1.2:

- a) for one or more of the purposes for water industry infrastructure specified in Table 1.2; and
- b) within the area of operations specified in Table 1.3.

The non-potable water supplied by means of the water industry infrastructure specified in Table 1.2 may only be used for the authorised purposes for non-potable water specified in Table 1.4.

Table 1.1 Authorised Persons

Flow Systems Pty Ltd (ABN 28 136 272 298)
Permeate Partners Pty Limited (ABN 54 130 112 257)

Table 1.2 Water industry infrastructure and purposes for water industry infrastructure

- 1) Water industry infrastructure used for the production, treatment, filtration, storage, conveyance or reticulation of non-potable water.

Table 1.3 Area of operations

1. The land bounded by the following streets in Chippendale, NSW 2008:
 - Broadway (between Abercrombie Street and Kensington Street);
 - Abercrombie Street (between Broadway and O'Connor Street);
 - O'Connor Street (between Abercrombie Street and Balfour Street);
 - Balfour Street (between O'Connor Street and Wellington Street);
 - Wellington Street (between Balfour Street and Regent Street);
 - Regent Street (between Wellington Street and Kensington Street); and
 - Kensington Street (between Regent Street and Broadway).
2. The land bounded by the following streets in Chippendale, NSW 2008:
 - Kensington Street (between Dwyer Street and Outram Street);
 - Outram Street (between Kensington Street and Goold Street);
 - Goold Street;
 - Regent Street (between Goold Street and Dwyer Street); and
 - Dwyer Street.
3. The following streets in Chippendale, NSW 2008:
 - Broadway (between Abercrombie Street and Kensington Street);
 - Abercrombie Street (between Broadway and O'Connor Street);
 - O'Connor Street (between Abercrombie Street and Balfour Street);

- Balfour Street (between O'Connor Street and Wellington Street);
- Wellington Street (between Balfour Street and Regent Street);
- Regent Street) between Wellington Street and Kensington Street, and between Goold Street and Dwyer Street);
- Kensington Street (between Regent Street and Broadway);
- Outram Street (between Kensington Street and Goold Street);
- Goold Street; and
- Dwyer Street.

Table 1.4 Authorised purposes for non-potable water

Toilet flushing, supply of cold water to washing machine, irrigation (including irrigation of vertical gardens), cooling tower make up water, and car washing.

SECTION 2 – ACTIVITIES AUTHORISED: DRINKING WATER

Subject to the conditions imposed by the Act, the Regulation and Schedules A and B of this Licence, this Licence authorises the Licensee and any Authorised Persons specified in Table 2.1 to construct, maintain and operate the water industry infrastructure specified in Table 2.2:

- a) for one or more of the purposes for water industry infrastructure specified in Table 2.2; and
- b) within the area of operations specified in Table 2.3.

The drinking water supplied by means of the water industry infrastructure specified in Table 2.2 may only be used for the authorised purposes for drinking water specified in Table 2.4.

Table 2.1 Authorised Persons

Flow Systems Pty Ltd (ABN 28 136 272 298)

Table 2.2 Water industry infrastructure and purposes for water industry infrastructure

- | |
|---|
| 1) Water industry infrastructure used for the treatment, storage, conveyance or reticulation of drinking water. |
|---|

Table 2.3 Area of operations

- | |
|---|
| <ol style="list-style-type: none">1. The land bounded by the following streets in Chippendale, NSW 2008:<ul style="list-style-type: none">• Broadway (between Abercrombie Street and Kensington Street);• Abercrombie Street (between Broadway and O'Connor Street);• O'Connor Street (between Abercrombie Street and Balfour Street);• Balfour Street (between O'Connor Street and Wellington Street);• Wellington Street (between Balfour Street and Regent Street);• Regent Street (between Wellington Street and Kensington Street); and• Kensington Street (between Regent Street and Broadway).2. The land bounded by the following streets in Chippendale, NSW 2008:<ul style="list-style-type: none">• Kensington Street (between Dwyer Street and Outram Street);• Outram Street (between Kensington Street and Goold Street);• Goold Street;• Regent Street (between Goold Street and Dwyer Street); and• Dwyer Street.3. The following streets in Chippendale, NSW 2008:<ul style="list-style-type: none">• Broadway (between Abercrombie Street and Kensington Street);• Abercrombie Street (between Broadway and O'Connor Street);• O'Connor Street (between Abercrombie Street and Balfour Street);• Balfour Street (between O'Connor Street and Wellington Street); |
|---|

- Wellington Street (between Balfour Street and Regent Street);
- Regent Street) between Wellington Street and Kensington Street, and between Goold Street and Dwyer Street);
- Kensington Street (between Regent Street and Broadway);
- Outram Street (between Kensington Street and Goold Street);
- Goold Street; and
- Dwyer Street.

Table 2.4 Authorised purposes for drinking water

Drinking water and other purposes for which drinking water could be used safely.

SECTION 3 – ACTIVITIES AUTHORISED: SEWERAGE SERVICES

Subject to the conditions imposed by the Act, the Regulation and Schedules A and B of this Licence, this Licence authorises the Licensee and any Authorised Persons specified in Table 3.1 to construct, maintain and operate the water industry infrastructure specified in Table 3.2:

- c) for one or more of the purposes for water industry infrastructure specified in Table 3.2; and
- d) within the area of operations specified in Table 3.3.

The sewerage services supplied by means of the water industry infrastructure specified in Table 3.2 may only be used for the authorised purposes for sewerage services specified in Table 3.4.

Table 3.1 Authorised Persons

Flow Systems Pty Ltd (ABN 28 136 272 298) Permeate Partners Pty Limited (ABN 54 130 112 257)

Table 3.2 Water industry infrastructure and purposes for water industry infrastructure

- | |
|---|
| 1) Water industry infrastructure used for the storage, conveyance, reticulation or treatment of sewage. |
|---|

Table 3.3 Area of operations

- | |
|---|
| <ol style="list-style-type: none">1. The land bounded by the following streets in Chippendale, NSW 2008:<ul style="list-style-type: none">• Broadway (between Abercrombie Street and Kensington Street);• Abercrombie Street (between Broadway and O'Connor Street);• O'Connor Street (between Abercrombie Street and Balfour Street);• Balfour Street (between O'Connor Street and Wellington Street);• Wellington Street (between Balfour Street and Regent Street);• Regent Street (between Wellington Street and Kensington Street); and• Kensington Street (between Regent Street and Broadway).2. The land bounded by the following streets in Chippendale, NSW 2008:<ul style="list-style-type: none">• Kensington Street (between Dwyer Street and Outram Street);• Outram Street (between Kensington Street and Goold Street);• Goold Street;• Regent Street (between Goold Street and Dwyer Street); and• Dwyer Street.3. The following streets in Chippendale, NSW 2008:<ul style="list-style-type: none">• Broadway (between Abercrombie Street and Kensington Street);• Abercrombie Street (between Broadway and O'Connor Street);• O'Connor Street (between Abercrombie Street and Balfour Street); |
|---|

- Balfour Street (between O'Connor Street and Wellington Street);
- Wellington Street (between Balfour Street and Regent Street);
- Regent Street) between Wellington Street and Kensington Street, and between Goold Street and Dwyer Street);
- Kensington Street (between Regent Street and Broadway);
- Outram Street (between Kensington Street and Goold Street);
- Goold Street; and
- Dwyer Street.

Table 3.4 Authorised purposes for sewerage services

Collection and treatment of sewage.

SCHEDULE A – SPECIAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS

No special Ministerially-imposed licence conditions apply to this Licence.

SCHEDULE B – GENERAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS

1. Ongoing capacity to operate

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

2. Maintaining appropriate insurance

- 2.1. The Licensee must hold insurance that is appropriate for the size and nature of the activities that the Licensee is carrying out under this Licence.
- 2.2. The Licensee must provide a copy of each certificate of currency of the insurance maintained by the Licensee to IPART in accordance with the Reporting Manual.
- 2.3. Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must demonstrate that the insurance held is appropriate for the size and nature of those commercial operation activities, by providing a report to IPART from an Insurance Expert that:
- a) certifies that in the Insurance Expert's opinion, the type, scope and limit of the insurance held by the Licensee is appropriate for the size and nature of those commercial operation activities; and
 - b) is in the form prescribed by the Reporting Manual.
- 2.4. [Not applicable]
- 2.5. The Licensee must, within 6 months of the date that this Licence is granted or by a later date specified by IPART (if any), demonstrate that the insurance held is appropriate for the size and nature of the activities that the Licensee is carrying out under this Licence, by providing a report to IPART from an Insurance Expert that:
- a) certifies that in the Insurance Expert's opinion, the type, scope and limit of the insurance held by the Licensee is appropriate for the size and nature of the activities that the Licensee is carrying out under this Licence; and
 - b) is in the form prescribed by the Reporting Manual.
- 2.6. If, in relation to the activities authorised by this Licence, there is, or is to be, a change in either of the following, the Licensee must provide a report to IPART in accordance with the Reporting Manual:
- a) the insurer or underwriting panel in respect of an insurance policy held by the Licensee; or

b) the type, scope or limit on the amount of insurance held by the Licensee.

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

[Note: The circumstances in which IPART may request a report under clause 2.6 include (but are not limited to) the following:

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

3. Complying with NSW Health requirements

3.1. The Licensee must carry out the activities authorised by this Licence in compliance with any requirements of NSW Health that:

- a) IPART has agreed to; and
- b) are notified from time to time to the Licensee by IPART in writing.

4. Complying with Audit Guidelines

4.1. The Licensee must comply with any Audit Guidelines issued by IPART.

5. Reporting in accordance with the Reporting Manual

5.1. The Licensee must prepare and submit reports in accordance with the Reporting Manual.

6. Reporting information in relation to the register of licences

6.1. The Licensee must notify IPART, and provide IPART with details, of any change in relation to the following, in accordance with the Reporting Manual, within 14 days of the change:

- a) any source from which the water handled by the Specified Water Industry Infrastructure is derived;
- b) the identity of each licensed retail supplier or public water utility that has access to the infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of supplying water to its customers;
- c) any other water infrastructure to which the Specified Water Industry Infrastructure is connected;
- d) in the case of non-potable water, the authorised purposes for that water;
- e) the identity of each licensed retail supplier or public water utility that has access to infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of providing sewerage services to its customers;
- f) any other sewerage infrastructure to which the Specified Water Industry Infrastructure is connected; and
- g) the arrangements for the disposal of waste from the water industry infrastructure specified in Section 3, Table 3.2.

7. Monitoring

7.1. The Licensee must undertake any monitoring that is required for the purposes of this Licence, any Plan, the Act or the Regulation in accordance with this clause 7.

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

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

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

8. Delineating responsibilities

- 8.1. If a code of conduct has not been established under clause 25 of the Regulation, the Licensee must, by a date specified by IPART, establish a code of conduct (**Licensee's Code of Conduct**) in accordance with this clause 8.
- 8.2. Before the Licensee brings the Specified Water Industry Infrastructure into commercial operation or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between:
- a) the Licensee; and
 - b) each licensed network operator, licensed retail supplier and/or public water utility that:
 - i) supplies water or provides sewerage services by means of any water industry infrastructure that is connected to the Specified Water Industry Infrastructure; or
 - ii) constructs, maintains or operates any water industry infrastructure that is connected to the Specified Water Industry Infrastructure.
- 8.3. [Not applicable]
- 8.4. Within 6 months of the date on which this Licence is granted or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between:
- a) the Licensee; and
 - b) each licensed network operator, licensed retail supplier and/or public water utility that:
 - i) supplies water or provides sewerage services by means of any water industry infrastructure that is connected to the Specified Water Industry Infrastructure; or
 - ii) constructs, maintains or operates any water industry infrastructure that is connected to the Specified Water Industry Infrastructure.
- 8.5. The Licensee's Code of Conduct must set out the respective responsibilities of the entities specified in clause 8.3 by, at a minimum, providing for:
- a) who is responsible for repairing, replacing or maintaining any pipes, pumps, valves, storages or other infrastructure connecting the Specified Water Industry Infrastructure to the other water industry infrastructure;
 - b) who is responsible for water quality;
 - c) who is liable in the event of the unavailability of water;
 - d) who is liable in the event of failure of any water industry infrastructure;
 - e) the fees and charges payable in respect of the use of the water industry infrastructure; and
 - f) who is responsible for handling customer complaints.

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

9. Notification of changes to end-use

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

10. Notification of commercial operation

10.1. Each time the Licensee has brought any new Specified Water Industry Infrastructure into commercial operation, the Licensee must:

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

11. Notification of non-compliant Plumbing

11.1. If the Licensee becomes aware that a customer's Plumbing is not Code Compliant, the Licensee must, within 10 days, notify the customer and the Plumbing Regulator, in writing, of that fact.

SCHEDULE C – INTERPRETATION AND DEFINITIONS

1. Interpretation

1.1. In this Licence, unless the context requires otherwise:

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

Definitions

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

1.3. In this Licence:

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

Audit Guidelines means the document titled “*Audit Guideline – Water Industry Competition Act 2006*”, which is prepared by IPART and is available on IPART’s website at www.ipart.nsw.gov.au, and any other guidelines issued by IPART in relation to audits under the Act.

Authorised Person	means each person specified in, as applicable: <ul style="list-style-type: none"> a) section 1, Table 1.1; b) section 2, Table 2.1; and c) section 3, Table 3.1.
Authorised Purpose	means each purpose specified in, as applicable: <ul style="list-style-type: none"> a) section 1, Table 1.4; b) section 2, Table 2.4; and c) section 3, Table 3.4
Code Compliant	has the meaning given to that term under section 7 of the <i>Plumbing and Drainage Act 2011</i> (NSW).
Insurance Expert	means an insurance broker which holds an Australian financial services licence under Part 7.6 of the <i>Corporations Act 2001</i> (Cth) that authorises the broker to provide financial product advice for, and deal in, contracts of insurance within the meaning of Chapter 7 of that Act.
IPART	means the Independent Pricing and Regulatory Tribunal of New South Wales established under the <i>Independent Pricing and Regulatory Tribunal Act 1992</i> (NSW).
Licence	means this network operator's licence granted under section 10 of the Act.
Licensee	means Central Park Water Pty Ltd (ACN 151 072 838)
Licensee's Code of Conduct	has the meaning given in Schedule B, clause 8.1.
Minister	means the Minister responsible for Part 2 of the Act.
NSW Health	means the Water Unit of NSW Ministry of Health and any of the local health districts as defined by the NSW Ministry of Health.

Plan	means any infrastructure operating plan, water quality plan or sewage management plan that the Licensee is required to prepare under the Regulation.
• Plumbing	means any pipe, fitting or apparatus that is situated: <ul style="list-style-type: none"> a) downstream of the customer's connection point to a water main, where the water main is Specified Water Industry Infrastructure; b) upstream of a customer's connection point to a sewer main, where the sewer main is Specified Water Industry Infrastructure; or c) upstream of a customer's connection point to a stormwater drain, where the stormwater drain is Specified Water Industry Infrastructure.
Plumbing Regulator	has the meaning given to that term under section 3 of the <i>Plumbing and Drainage Act 2011</i> (NSW).
Regulation	means the Water Industry Competition (General) Regulation 2008 (NSW).
Reporting Manual	means the document titled "Network Operator's Reporting Manual", which is prepared by IPART and is available on IPART's website at www.ipart.nsw.gov.au .
Specified Area of Operations	means the area of operations specified in, as applicable: <ul style="list-style-type: none"> a) section 1, Table 1.3; b) section 2, Table 2.3; and c) section 3, Table 3.3
Specified Water Industry Infrastructure	means the water industry infrastructure specified in, as applicable: <ul style="list-style-type: none"> a) section 1, Table 1.2; b) section 2, Table 2.2; and c) section 3, Table 3.2
Verification Monitoring	means verification monitoring as described in the document titled " <i>Australian Drinking Water Guidelines</i> " or the document titled " <i>Australian Guidelines for Water Recycling</i> " as the case may be.

Water Quality Plan means the water quality plan that the Licensee is required to prepare under the Regulation.