



Independent Pricing and Regulatory Tribunal
New South Wales

5-year review of Discovery Point Water Pty Ltd's network operator's licence (13_025)

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

Report to the Minister
for Water, Property and Housing

May 2020

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ISBN 978-1-76049-424-7

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Executive Summary

The Independent Pricing and Regulatory Tribunal of NSW (IPART) has conducted a 5-year review of Discovery Point Water Pty Ltd (Discovery Point Water)'s network operator's licence under section 85 of the *Water Industry Competition Act 2006* (WIC Act). This is the first time we have reviewed this licence.

Our original assessment of Discovery Point Water's network operator's licence application had regard to the licensing principles in section 7 of the WIC Act. We revisited these principles as part of this 5-year review. We have made changes to the licence and these are outlined in Section 2 of this report.

We recommend that the Minister varies Discovery Point Water's network operator's licence (licence number 13_025). The proposed variations relate to non-compliance issues over the term of the current licence and align Discovery Point Water's licence with our standard licence clauses for all network operators.

We also recommend amending the licence to update the licence structure, and licence language and terminology to improve readability and provide clarity.

We sought a submission from Discovery Point Water on the proposed varied licence clauses and considered their response.

While the *Water Industry Competition (General) Regulation 2008* (Regulation) does not require consultation with any persons other than the licensee, we consulted with the Department of Planning, Industry and Environment (DPIE) as part of the review process. We did not receive comments from this consultation.

1 Introduction

The Minister granted Discovery Point Water's network operator's licence on 4 December 2013. Following an assessment of a licence variation application made by Discovery Point Water, this licence was varied by the Minister on 7 July 2014. We commenced our 5-year review of the licence on 4 December 2018.¹ Our review was delayed as IPART considered whether an extended financial review of Discovery Point Water following a period of administration and subsequent change in ownership of the licensee, as well as compliance actions relating to the licensee would impact our review of licence clauses.²

This report outlines our recommendations to add new licence clauses, vary the existing licence clauses, and remove existing licence clauses.³ It also details our analysis and our reasons for recommending changes to the licence.

1.1 We considered whether new risks had emerged and sought to update licence clauses

The 5-year review process allows us to reconsider licence clauses in light of emerging risks to the scheme, and consider whether the existing licence clauses are appropriate to efficiently and effectively regulate WIC Act licensees. Licence clauses should direct licensees to achieve the desired outcomes, without imposing unnecessary compliance and administrative costs. This is in line with good regulatory practice.

We added licence clauses

We considered Discovery Point Water's licence scope and compliance record, and formed the view that there were additional risks relating to the implementation of Water Quality Plans, and safe operation of the plant and equipment in accordance with these plans.

We added four new clauses to the proposed licence:

- ▼ Three clauses to Schedule A (clauses 1.1, 2.1 and 2.2 of the proposed licence) result from several material non-compliances, within the Flow Systems Pty Ltd group's licensee companies, including Discovery Point Water. We are recommending the three additional licence clauses to ensure the previous non-compliances continue to be addressed and mitigate the risk of future non-compliance on the documentation and implementation of licence plans requirements. We will undertake audits to monitor ongoing compliance.

¹ We review licences granted under the WIC Act at intervals of not more than five years, with the first 5-year review commencing on the fifth anniversary of the granting of the licence, as per WIC Act, section 85(2).

² Discovery Point Water's was under administration from December 2018 to April 2019. Discovery Point Water was sold to new owners in November 2019. IPART's ongoing investigations into the licensee's financial capacity were completed, following the Licensee's parent company's response to information requests from IPART, in February 2020. IPART took compliance and enforcements actions, relating to licence non-compliances by Discovery Point Water, in the second half of 2019.

³ WIC Act, section 85(3) provides for this Report to the Minister to include recommendations as to the variation or revocation of existing licence conditions or the imposition of new licence conditions.

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- ▼ One clause to Schedule B (clause 11 of the proposed licence) on notification of non-compliant plumbing results from general risks (eg, cross connections, illegal connections and unlicensed end-uses) identified with plumbing practices within recycled water schemes generally.

We updated licence clauses

The review also provided an opportunity to update Discovery Point Water's network operator's licence clauses to align them with other more recent standard licence clauses. We consider that applying the recently updated standard licence clauses to Discovery Point Water's licence will:

- ▼ Address any gaps in the licence
- ▼ Clarify licence clauses for the licensee
- ▼ Apply an equitable regulatory framework
- ▼ Allow us to more efficiently regulate licensees through improved and more consistent audit processes
- ▼ Improve the efficiency of administering licences until the new licensing regime, the amended WIC Act, comes into effect.

We removed licence clauses

Where licence clauses imposed requirements that are already imposed elsewhere (eg, in our Reporting Manual requirements for WIC Act licensees) we removed those clauses.

1.2 We consulted with relevant stakeholders to inform our review

We sought a submission from Discovery Point Water on its existing network operator's licence.⁴ Discovery Point Water confirmed that it had no comments regarding the existing clauses in its licence.⁵

We sought a submission from the DPIE on the existing licence. DPIE did not propose any changes to Discovery Point Water's existing licence.⁶

We also consulted with Discovery Point Water on our proposed varied licence clauses.⁷ If the Minister chooses to make further changes to the licence, she must notify the licensee of these proposed changes and give the licensee a reasonable opportunity to make submissions with respect to the proposed changes.⁸ The Minister must consider any such submissions with respect to any proposed further changes.

⁴ Letter to Discovery Point Water, Executive Manager – Risk & Compliance, 4 December 2018.

⁵ Email to IPART, Executive Manager – Risk & Compliance, Flow Systems, 8 April 2019.

⁶ Email to DPIE, 17 May 2019.

⁷ Letter to IPART, Executive Manager – Risk & Compliance, Flow Systems, 12 May 2020. See Appendix C.

⁸ WIC Act section 17.

1.3 We had regard to licensing principles

We had regard to the licensing principles in section 7 of the WIC Act (Box 1.1). Our recommendation to add, remove and amend Discovery Point Water's licence clauses to align them with more recent licence clauses, is in line with the licensing principles as it provides:

- ▼ Increased protection of public health and public safety (by having clear requirements for water quality plans and their implementation and meeting plumbing standards).⁹
- ▼ Better consumer protection (by having clear plumbing and safety standards, and by clarifying requirements for the delineation of responsibilities where there are interconnections with other utilities).¹⁰
- ▼ Assurance with regard to sustainability of water resources (by having clearer auditing and reporting requirements for licensees).¹¹

Box 1.1 Licensing principles under section 7(1) of the WIC Act

"In considering whether or not a licence is to be granted under this Part and what conditions are to be imposed on such a licence, regard is to be had to the following principles:

- (a) the protection of public health, the environment, public safety and consumers generally,
- (b) the encouragement of competition in the supply of water and the provision of sewerage services,
- (c) the ensuring of sustainability of water resources,
- (d) the promotion of production and use of recycled water,
- (e) the promotion of policies set out in any prescribed water policy document,
- (f) the potential for adverse financial implications for small retail customers generally arising from the activities proposed to be covered by the licence,
- (g) the promotion of the equitable sharing among participants in the drinking water market of the costs of water industry infrastructure that significantly contributes to water security."

Source: WIC Act, section 7.

1.4 We were mindful of changes to the 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 consent conditions. The Amending WIC Act includes a changed scope for schemes that will require a licence and provisions to transition currently licensed schemes to the new framework where appropriate. Therefore, we have recommended the minimum changes necessary to address recent compliance shortcomings, and primarily seek to bring Discovery Point Water's network operator's licence in line with the standard network operator's licence clauses. We consider this is appropriate given the impending changes to the WIC Act and licensing regime.

⁹ WIC Act section 7(1)(a).

¹⁰ WIC Act section 7(1)(a).

¹¹ WIC Act section 7(1)(c).

1.5 Summary of changes

The following section outlines our analysis and our recommendations. In summary, we propose to update Discovery Point Water's network operator's licence (the proposed licence is in **Appendix A**) as follows:

- ▼ Restructure the licence scope in Schedule A into three parts, Section 1, Section 2 and Section 3 (section 2.1 of this report).
- ▼ Add three licence clauses to the Schedule A related to requirements for the Water Quality Plan and operational procedures (section 2.2 of report).
- ▼ Add one licence clause in Schedule B related to the notification of non-compliant plumbing (section 2.3 of this report).
- ▼ Update three existing clauses in Schedule B related to insurance, reporting information for our register of licences and delineating responsibilities (section 2.4 of this report).
- ▼ Remove three existing licence clauses from Schedule B related to the provision of licence plans, notification of changes to end-use and notification of changes to Authorised Persons (section 2.5 of this report).
- ▼ Standardise licence structure, language and terminology throughout the licence.

2 Review of Discovery Point Water’s licence

2.1 We propose immaterial changes to the licence scope

The licence scope is set out in Schedule A of the existing licence. We propose to restructure the licence scope into three sections, one for non-potable water, one for drinking water and one for sewerage services. This aligns the licence with our standard template. We consider that applying the standard licence template, while maintaining the language in Discovery Point Water’s existing licence, improves clarity with no material changes to the licence scope.

2.2 We propose to add three new licence clauses to Schedule A

We propose to include three new licence clauses relating to the requirements for the Water Quality Plan and operational procedures (clauses 1.1, 2.1 and 2.2 of the new Schedule A in the proposed licence). We are adding these clauses to ensure that shortcomings identified in Discovery Point Water’s water quality plan and related operational procedures continue to be addressed, and Discovery Point Water’s implementation of licence plans and operational procedures is enhanced and maintained. These new licence clauses make explicit requirements which we consider are already implicit in the conditions for network operator’s licences set out in clause 7 of schedule 1 of the Regulation.

The reasons for our proposed changes are in Table 2.1.¹²

Table 2.1 Proposed new licence clauses in Schedule A

New licence clause	Reasons for including this clause	We had particular regard to the following licensing principles/licensing criteria in making our recommendation
Schedule A clause 1.1 Water Quality Plan	<ul style="list-style-type: none">▼ Address risks relating to the licensed scheme including ensuring that Discovery Point Water’s Water Quality Plan is a single, cohesive and structured scheme-specific document.▼ Ensure the plan is consistent with the Australian Guidelines for Water Recycling (AGWR).▼ Require the plan to specify actions to implement the 12 elements of the framework set out in the AGWR, as required by the Regulation.^a	<ul style="list-style-type: none">▼ That the applicant has, and will continue to have, the technical capacity to carry out the activities that the licence would authorise s10(4)(a) of the WIC Act.

¹² The new licence clause wording is provided in Table B.2 of Appendix B.

New licence clause	Reasons for including this clause	We had particular regard to the following licensing principles/licensing criteria in making our recommendation
Schedule A clause 2.1 Operational procedures	Require documentation of actions required to implement the 12 elements of the framework set out in the AGWR in operational procedures, as required by the Regulation.	<ul style="list-style-type: none"> ▼ The protection of public health, public safety and consumers under s7(1)(a) of the WIC Act. ▼ That the applicant has, and will continue to have, the technical capacity to carry out the activities that the licence would authorise s10(4)(a) of the WIC Act.
Schedule A, clause 2.2 Operational procedures	<ul style="list-style-type: none"> ▼ Require implementation of the operational procedures. ▼ Ensure records are kept to monitor implementation and improve auditability of the requirement to implement operational procedures. 	<ul style="list-style-type: none"> ▼ The protection of public health, public safety and consumers under s7(1)(a) of the WIC Act. ▼ That the applicant has, and will continue to have, the technical capacity to carry out the activities that the licence would authorise s10(4)(a) of the WIC Act.

^a Regulation Schedule 1 clause 7(1)(b).

2.3 We propose to add a new licence clause to Schedule B

We propose to include one new licence clause relating to the notification of non-compliant Plumbing (Schedule B clause 11 of the proposed licence).

The reason for our proposed change is in Table 2.2.¹³

Table 2.2 Proposed new licence clause in Schedule B

New licence clause	Reason for including this clause	We had particular regard to the following licensing principles in making our recommendation
Schedule B clause 11 Notification of non-compliant Plumbing	<ul style="list-style-type: none"> ▼ Reduce the risk of adverse impacts on Discovery Point Water's customers resulting from improper and illegal plumbing connections. 	<ul style="list-style-type: none"> ▼ The protection of public health, public safety and consumers under s7(1)(a) of the WIC Act.

2.4 We propose material changes to three licence clauses in Schedule B

We propose to amend three licence clauses on:

- ▼ Insurance requirements
- ▼ Reporting information related to the Register of Licences
- ▼ Delineating responsibilities where there are interconnections with other infrastructure.

¹³ The new licence clause wording is provided in Table B.2 of Appendix B.

The reasons for our proposed changes are in Table 2.3.¹⁴

Table 2.3 Proposed material changes to licence clauses

Current licence clause(s)	New licence clause	Reasons for the change	We had particular regard to the following licensing principles in making our recommendation
B2 Obtaining appropriate insurance B3 Maintaining appropriate insurance	Schedule B clause 2 Maintaining appropriate insurance	<ul style="list-style-type: none"> ▼ Consolidate clause B2.1 as Discovery Point Water is no longer a greenfield scheme and requirements of this clause are now covered by new clause B2. ▼ Consolidate insurance requirements for obtaining insurance (B2) and maintaining insurance (B3) into one clause to reduce repetition and improve clarity. 	<ul style="list-style-type: none"> ▼ The protection of consumers under s7(1)(a) of the WIC Act ▼ The potential for adverse financial implications for small retail customers under s7(1)(f).
B7 Reporting information in relation to the Register of Licences	Schedule B clause 6 Reporting information in relation to the register of licences	<ul style="list-style-type: none"> ▼ Clarify Discovery Point Water's reporting requirements on the Register of Licences. ▼ Clarify the manner and form which Discovery Point Water must follow when notifying IPART. 	<ul style="list-style-type: none"> ▼ Section 20 of the WIC Act.
B10 Delineating responsibilities - interconnections	Schedule B clause 8 Delineating responsibilities	<ul style="list-style-type: none"> ▼ Reduce the likelihood of unregulated connections and the risks to public health, by allowing IPART to specify when Discovery Point Water's code of conduct to manage interconnection must be established by, if one has not already been established under clause 25 of the Regulation. ▼ Require that the code of conduct includes what fees and charges are payable, and by whom, in respect of the use of the licensed infrastructure to ensure transparency. 	<ul style="list-style-type: none"> ▼ The protection of public health, public safety and consumers under s7(1)(a) of the WIC Act. ▼ Ensuring the sustainability of water resources under s7(1)(c).

2.5 We propose to remove three existing licence clauses in Schedule B

We propose to remove the requirement for Discovery Point Water to notify IPART of changes to plans, end uses and/or authorised persons.

These requirements are already in the network operator's Reporting Manual. The reason for our proposed changes are in Table 2.4.¹⁵

¹⁴ The current and new licence clause wording is provided in Table B.1 of Appendix B.

¹⁵ The deleted clause wording is provided in Table B.3 of Appendix B.

Table 2.4 Proposed deleted licence clauses

Current licence clause	Reason for deleting this clause	Considerations in making our recommendation
B9 Provision of copy of Plan	▼ This clause duplicates a requirement in section 3.10 of the Reporting Manual for Network Operator's Licensees.	▼ Inefficient regulation caused by duplicative requirements on Discovery Point Water.
B11 Notification of changes to end-use	▼ This clause duplicates a requirement in section 3.6 of the Reporting Manual for Network Operator's Licensees.	▼ Inefficient regulation caused by duplicative requirements on Discovery Point Water.
B12 Notification of changes to Authorised Person	▼ This clause duplicates a requirement in section 3.7 of the Reporting Manual for Network Operator's Licensees.	▼ Inefficient regulation caused by duplicative requirements on Discovery Point Water.

Note: We updated the *Network Operator's Reporting Manual* to incorporate these reporting requirements on 4 August 2019.

3 Recommendations

- 1 We recommend that the Minister vary the clauses of Discovery Point Water's network operator's licence in accordance with the proposed varied licence in Appendix 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 IPART with a notice of the decision and the reasons for the decision. Where the Minister provides us with a notice of the decision, we will make that 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 varied licence.



Appendices



A Proposed network operator's licence

B Proposed licence clause amendments

Table B.1 Proposed licence clause amendments which have resulted in material changes

Current licence clause(s)	New licence clause(s)
<p>B2 Obtaining appropriate insurance</p> <p>B2.1 Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must:</p> <ul style="list-style-type: none"> a) obtain insurance that is appropriate for the size and nature of the activities authorised under this Licence; b) provide a copy of each certificate of currency of the insurance obtained to IPART; and c) demonstrate that the insurance obtained is appropriate for the size and nature of the activities authorised under this Licence by providing a report to IPART from an Insurance Expert that: <ul style="list-style-type: none"> i) certifies that in the Insurance Expert's opinion, the type and level of the insurance obtained by the Licensee is appropriate for the size and nature of the activities authorised under the Licence; and ii) is in the form prescribed by the Reporting Manual. <p>B2.2 <i>[Not applicable]</i></p>	<p>Schedule B</p> <p>2. Maintaining appropriate insurance</p> <p>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.</p> <p>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.</p> <p>2.3. <i>[Not applicable]</i></p> <p>2.4. <i>[Not applicable]</i></p> <p>2.5. 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:</p> <ul style="list-style-type: none"> 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.
<p>B3 Maintaining appropriate insurance</p> <p>B3.1 The Licensee must maintain insurance that is appropriate for the size and nature of the activities authorised under this Licence.</p> <p>B3.2 The Licensee must provide a copy of each certificate of currency of the insurance maintained by the Licensee to IPART in accordance with the Reporting Manual.</p> <p>B3.3 Whenever there is a change in the type, or level of insurance held by the Licensee in relation to the activities authorised under this Licence, the Licensee must provide a copy of the certificate of currency to IPART within 10 days of the change being made.</p> <p>B3.4 From time to time when requested in writing by IPART, the Licensee must provide a report to IPART, in the manner, form and time specified by IPART, from an Insurance Expert certifying that in the Insurance Expert's opinion the type and level of the insurance held by the Licensee is appropriate for the size and nature of the activities authorised under this Licence.</p>	<p>2.6. 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.</p> <p><i>[Note: The circumstances in which IPART may request a report under clause 2.6 include (but are not limited to) the following:</i></p> <ul style="list-style-type: none"> • <i>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;</i> • <i>where there is a change in the type or extent of activities authorised by this Licence; or</i> • <i>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.]</i>
<p><i>[Note: The situations in which IPART may request a report under clause B3.4 include (but are not limited to) the following:</i></p> <ul style="list-style-type: none"> • <i>when IPART has reason to believe that there may be a change in the type or level of insurance held by the Licensee in relation to activities authorised under this Licence;</i> • <i>where there is a change in the type or extent of activities authorised under this Licence; or</i> • <i>when IPART or an approved auditor has reason to believe that the type or level of insurance held by the Licensee may not be appropriate for the size and nature of the activities authorised under this Licence.]</i> 	

Current licence clause(s)	New licence clause(s)
<p>B7 Reporting information in relation to the Register of Licences</p>	<p>Schedule B</p>
<p>B7.1 Within 14 days of any change in relation to the following, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual:</p> <ul style="list-style-type: none"> a) any source from which the water handled by the Specified Water Industry Infrastructure is derived; b) the Authorised Purposes of the water handled by the Specified Water Industry Infrastructure; c) the identity of each licensed retail supplier or public water utility that has access to the infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of supplying water to its customers; d) any other water infrastructure to which the Specified Water Industry Infrastructure is connected; e) the identity of each licensed retail supplier or public water utility that has access to infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of providing sewerage services to its customers; f) any other sewerage infrastructure to which the Specified Water Industry Infrastructure is connected; g) the arrangements for the disposal of waste from the Specified Water Industry Infrastructure. 	<p>6. Reporting information in relation to the register of licences</p> <p>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:</p> <ul style="list-style-type: none"> 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.
<p>B10 Delineating responsibilities - interconnections</p>	<p>Schedule B</p>
<p>B10.1 If a code of conduct has not been established under reg 25 of the Regulation, the Licensee must (by a date specified by IPART) establish a code of conduct (Licensee's Code of Conduct) in accordance with this clause B10.</p>	<p>8. Delineating responsibilities</p>
<p>B10.2 The Licensee's Code of Conduct must set out the respective responsibilities of (i) the Licensee, and (ii) each licensed network operator, licensed retail supplier and/or public water utility that supplies water, provides sewerage services or constructs, maintains or operates any other water industry infrastructure in the Specified Area of Operations. The Licensee's Code of Conduct must at a minimum, provide for:</p> <ul style="list-style-type: none"> a) if the Specified Water Industry Infrastructure is connected to any other water industry infrastructure, 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 the Specified Water Industry Infrastructure; e) the fees and charges payable in respect of the use of the Specified Water Industry Infrastructure; and f) who is responsible for handling customer complaints. 	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> a) the Licensee; and b) each licensed network operator, licensed retail supplier and/or public water utility that: <ul style="list-style-type: none"> 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.
<p>B10.3 Before the Licensee brings the Specified Water Industry Infrastructure into commercial operation or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between the Licensee and the other licensed network operators, licensed retail suppliers and/or public water utilities referred to in clause B10.2</p>	<p>8.3. <i>[Not applicable]</i></p>
<p>B10.4 <i>[Not applicable]</i></p>	<p>8.4. The Licensee's Code of Conduct must set out the respective responsibilities of the entities specified in clause 8.2 by, at a minimum, providing for:</p> <ul style="list-style-type: none"> 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.
<p>B10.5 The Licensee must not contravene the Licensee's Code of Conduct to the extent that it makes the Licensee responsible or liable for the matters set out in it.</p>	<p>8.5. The Licensee must not contravene the Licensee's Code of Conduct to the extent that it makes the Licensee responsible or liable for the matters set out in it.</p>

Table B.2 Proposed new licence clauses

Clause number	New licence clause
Schedule A, clause 1.1	The Licensee must ensure that its Water Quality Plan is a single, cohesive and structured scheme-specific document which specifies the actions the licensee must take to implement the 12 elements of the framework for recycled water quality management and use set out in the Australian Guidelines for Water Recycling.
Schedule A, clause 2.1	The Licensee must develop and document, consistent with element 4 of the Australian Guidelines for Water Recycling, the following Operational Procedures: <ul style="list-style-type: none"> a) Monitoring protocols for operational performance of the recycled water supply system, including the selection of operational parameters and criteria, and the routine analysis of results; b) Procedures for corrective action where operational parameters are not met; c) Procedures for rapid communication systems to deal with unexpected events; and d) Programs for regular inspection and maintenance of all equipment, including monitoring equipment.
Schedule A, clause 2.2	The Licensee must: <ul style="list-style-type: none"> a) fully implement the Operational Procedures; b) ensure that all of its activities are carried out in accordance with the Operational Procedures; and c) keep records to demonstrate the extent to which the Operational Procedures have been implemented and complied with.
Schedule B, clause 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.

Note: Schedule A contains special licence conditions. Schedule B contains general licence conditions.

Table B.3 Proposed deleted licence clauses

Current licence clause (proposed for deletion)	
B9.	Provision of copy of Plan
B9.1	Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor engaged to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.
B11.	Notification of changes to end-use
B11.1	If the Licensee proposes to operate the Specified Water Industry Infrastructure to supply water for an end-use which is not set out in the most recent Water Quality Plan provided to IPART, the Licensee must notify IPART in writing at least 3 months before commencing such operation.
B12.	Notification of changes to Authorised Person
B12.1	If an Authorised Person ceases, proposes to cease, or receives notification to cease providing any of the services relating to the activities authorised by this Licence, the Licensee must provide IPART with written notice as soon as practicable but no later than 28 days before the date of cessation of the services. The written notice must include details of how the services previously undertaken by the Authorised Person will continue to be undertaken.

C Submission from Discovery Point Water Pty Ltd