

Independent Pricing and Regulatory Tribunal
New South Wales

5-year review of Flow Systems Pty Ltd's retail supplier's licence (13_001R)

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

**Report to the Minister
For Energy and Utilities**

August 2018

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Executive Summary

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

We recommend that the Minister varies Flow Systems' retail supplier's licence (licence number 13_001R). These variations generally align Flow Systems' retail supplier's licence with our standard retail supplier's licence template to bring it in line with other retail supplier's licences. We consider that standardisation of Flow Systems' retail supplier's licence conditions with other WIC Act retail supplier's licences will clarify the proposed Flow Systems' 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 Flow Systems' retail supplier's licence, and subsequent licence variation assessments, had regard to the licensing principles in section 7(1) of the WIC Act. Our review revisited these principles, and resulted in the removal and modification of several conditions.

We sought a submission from Flow Systems on the existing conditions of its retail supplier's licence. Flow Systems confirmed on 16 May 2018, via email, that it had no comments or concerns regarding the 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 Flow Systems, we consulted only on the existing retail supplier's licence, and not on 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. 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.

We also sought a submission from the DPE on the existing conditions of Flow Systems' retail supplier's licence. The DPE confirmed on 26 July 2018, via email, that it had no comments or

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



concerns on the conditions and that it supports our approach to propose amending the existing licence to include conditions that are consistent with the current standard licence conditions.

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 Flow Systems' retail supplier's licence on 17 April 2013. This licence was varied by the Minister on 7 July 2014, 20 October 2014, 14 May 2015, 27 August 2015, 12 May 2016, and 17 October 2017, following the assessment of licence variation applications made by Flow Systems. We commenced our 5-year review of the licence on 17 April 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 Flow Systems as a WIC Act licensee. 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 standardising 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 licence. IPART reviewed the standardised conditions after the Minister last varied the Flow Systems retail supplier's licence in 2017. These standardised conditions form the basis for all new WIC Act licences, and licence variations. Applying the standard licence conditions will:

- ▼ align the Flow Systems retail supplier's licence 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 Flow Systems' retail supplier's licence other than applying the standard retail supplier's licence conditions.

² WIC Act, section 85(2).

³ WIC Act, section 85(3).

2 Review of retail supplier's licence

This section outlines our analysis and consideration of Flow Systems' 5-year retail supplier'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 Flow Systems. Flow Systems confirmed that it had no comments or any concerns regarding the existing conditions of its retail supplier's licence.⁶

In our initial consultation with Flow Systems, we consulted only on the existing retail supplier's licence, and not on the proposed amendments to the licence. This is consistent with our agreed approach with the DPE. Where the Minister makes proposed changes to Flow Systems' retail supplier's licence, we consider the Minister should consult with Flow Systems 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 Flow Systems' retail supplier's licence. The DPE confirmed that it had no comments or concerns regarding the existing conditions, and that it supports our approach to propose amended conditions that are consistent with the current standard licence conditions.⁷

2.2 Variations to the licence conditions

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

In reviewing the retail supplier'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.

IPART recommends that the Minister makes a number of variations to the existing licence, as set out in the proposed Flow Systems' retail supplier's licence to this report (**Appendix A**). The sections below detail the rationale and outcomes of our review.

⁴ Licence number 13_001R.

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

⁶ Email to IPART, Executive Manager - Risk and Compliance Flow Systems Pty Ltd, 14 June 2018.

⁷ Email to IPART, Manager Policy and Regulatory Reform, Water and Utilities, Department of Planning and Environment, 26 July 2018.

2.2.1 We do not propose any material changes to the scope of the licence

The scope of the licence is provided in Sections 1, 2 and 3 of the existing licence, and remains in Sections 1, 2 and 3 of the proposed licence.

The scope of the licence in the standard retail supplier'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 Flow Systems' retail supplier's licence scope which used an old template. Applying the standard licence template to the proposed Flow Systems' retail supplier'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 retail supplier's licences.

2.2.2 Consistent terminology, language and structure

Terminology, language and structure are updated throughout the licence.

We recommend amending the terminology, language and structure of Flow Systems' retail supplier's licence to align it with the standard retail supplier's licence conditions. This also brings Flow Systems' retail supplier's licence in line with other more recent retail supplier's licences. The changes include amending:

- ▼ The licence structure to bring the numbering of licence conditions in line with other more recent retail supplier's licence conditions template.
- ▼ The terminology and language in the licence to bring it in line with the standard retail supplier's licence conditions.

2.2.3 We propose changes to Schedule B of the licence

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 Flow Systems' retail supplier's licence prescribes the insurance licence conditions (conditions B2 and B3 in the existing Flow Systems retail supplier's licence).

The existing Flow Systems retail supplier'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 Flow Systems 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 Flow Systems retail supplier's licence. This brings Flow Systems' proposed retail supplier's licence in line with the standard retail supplier's licence conditions and other WIC Act retail supplier's licence.

The new licence condition requires the licensee to hold insurances appropriate for the size and nature of activities that the licensee is carrying out, but 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. All of Flow Systems' schemes are greenfield schemes.

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 sustainability of water resources.

Provision of a copy of plan

We recommend removing licence condition B8 in the existing Flow Systems retail supplier's licence.

The existing Flow Systems retail supplier's licence includes a condition that directs licensees to provide us with a copy of their licence plan whenever they make a significant 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 Reporting Manual. We will update our Reporting Manual accordingly.

Delineating responsibilities

Schedule B, condition 7 (condition B9 of the existing Flow Systems' retail supplier's licence) of the proposed Flow Systems retail supplier's licence prescribes the requirements for Codes of Conduct and the delineation of responsibilities.

The existing Flow Systems retail supplier's licence (condition B9) requires the licensee to establish a Code of Conduct between it and relevant network operators, retail suppliers and/or public water utilities.

⁸ IPART, *Retail Supplier's Reporting Manual*, July 2018, sections 2.3.1 and 2.3.2.

We recommend updating the structure and terminology of the existing 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 sustainability of water resources.

Notification of changes to Authorised Person

We recommend removing licence condition B10 in the existing Flow Systems retail supplier's licence.

The existing Flow Systems retail supplier'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. We note that our existing Reporting Manual contains such a requirement.⁹

2.2.4 We do not propose any material changes to Schedule C of the licence

The interpretation and definitions are provided in Schedule C of the existing Flow Systems retail supplier's licence but will be moved to Schedule D of the proposed Flow Systems retail supplier's licence.

The interpretation and definitions are provided in Schedule D of the proposed licence. The proposed format of the licence varies from the existing Flow system retail supplier's licence which provided both the details of relevant schemes, and the interpretation and definitions in Schedule C. Providing the interpretation and definitions under a separate schedule (Schedule D) in the proposed Flow Systems retail supplier'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 retail supplier's licences.

⁹ IPART, *Retail Supplier's Reporting Manual*, July 2018, section 2.3.4.

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

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 compliance and auditing)
- ▼ providing better protection of consumers (delineation of responsibilities and meeting code of conduct requirements), 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 Flow Systems' proposed retail supplier's licence in line with the standard retail supplier's licence conditions. We consider this is appropriate given the impending changes to the WIC Act and licensing regime.¹⁰

¹⁰ *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 Flow Systems in a way that provides an opportunity to comment on all proposed changes to its retail supplier's licence.
2. Subject to considering Flow Systems' submission on the proposed changes, vary the conditions of Flow Systems' retail supplier's licence (Licence no. 13_001R) in accordance with IPART's recommendations (**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 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 WIC 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 WIC 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 WIC Regulation.
Reporting Manual	means the “Retail Supplier’s Reporting Manual”, prepared by IPART and are available on IPART’s website at www.ipart.nsw.gov.au , as amended from time to time.



Appendices

A Proposed retail supplier's licence



NEW SOUTH WALES GOVERNMENT

Water Industry Competition Act 2006 (NSW)

Retail supplier's licence

Licence no. 13_001R

Flow Systems Pty Ltd

(ACN 136 272 298)

PRELIMINARY

1. Summary

- 1.1. This Licence is granted under section 10(1) of the Act.
- 1.2. The Act prohibits a person from supplying water, or providing a sewerage service, by means of 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.

2. Outline

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

Section 1 authorises the supply of non-potable water (if applicable).
Section 2 authorises the supply of drinking water (if applicable).
Section 3 authorises the supply of sewerage services (if applicable).
Schedule A sets out special Ministerially-imposed licence conditions that are specific to this Licence.
Schedule B sets out Ministerially-imposed licence conditions that generally apply to retail suppliers' licences granted under the Act.
Schedule C sets out relevant scheme details
Schedule D sets out definitions and interpretation provisions.

- 2.2. 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 SUPPLY

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 supply non-potable water:

- a) by means of the water industry infrastructure specified in Table 1.2;
- b) to the persons or classes of persons specified in Table 1.3;
- c) within the area of operations specified in Table 1.4; and
- d) for one or more of the authorised purposes for non-potable water specified in Table 1.5.

Table 1.1 Authorised Persons

[Not applicable]

Table 1.2 Water industry infrastructure

The water industry infrastructure detailed in Schedule C, Table C.1.

Table 1.3 Person or classes of persons

Persons within the area of operations detailed in Schedule C, Table C.1.

Table 1.4 Area of operations

The area of operations detailed in Schedule C, Table C.1.

Table 1.5 Authorised purposes for non-potable water

The authorised purposes detailed in Schedule C, Table C.1.

SECTION 2 – ACTIVITIES AUTHORISED - DRINKING WATER SUPPLY

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 supply drinking water:

- a) by means of the water industry infrastructure specified in Table 2.2; and
- b) to the persons or classes of persons specified in Table 2.3;
- c) within the area of operations specified in Table 2.4; and
- d) for one or more of the authorised purposes for drinking water specified in Table 2.5.

Table 2.1 Authorised Persons

[Not applicable]

Table 2.2 Water industry infrastructure

The water industry infrastructure detailed in Schedule C, Table C.2.

Table 2.3 Person or classes of persons

Persons within the area of operations detailed in Schedule C, Table C.2.

Table 2.4 Area of operations

The area of operations detailed in Schedule C, Table C.2.

Table 2.5 Authorised purposes for drinking water

The authorised purposes detailed in Schedule C, Table C.2.

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 provide sewerage services:

- a) by means of the water industry infrastructure specified in Table 3.2;
- b) to the persons or classes of persons specified in Table 3.3;
- c) within the area of operations specified in Table 3.4; and
- d) for one or more of the authorised purposes for sewerage services specified in Table 3.5.

Table 3.1 Authorised Persons

[Not applicable]

Table 3.2 Water industry infrastructure

The water industry infrastructure detailed in Schedule C, Table C.3.

Table 3.3 Person or classes of persons

Persons within the area of operations detailed in Schedule C, Table C.3.

Table 3.4 Area of operations

The area of operations detailed in Schedule C, Table C.3.

Table 3.5 Authorised purposes for sewerage services

The authorised purposes detailed in Schedule C, Table C.3.

SCHEDULE A – SPECIAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS

This schedule sets out the conditions which the Minister imposes pursuant to section 13(1)(b) of the Act. In addition to these special Ministerially-imposed conditions, the Licensee is subject to obligations imposed by the Act, the Regulation and the standard Ministerially-imposed licence conditions set out in Schedule B. The Minister may vary the conditions in this schedule or impose new conditions, provided there is no inconsistency with the conditions imposed by the Act or the Regulation.

- A1 If requested by IPART, the Licensee must prepare and provide IPART with:
- a) a report, to IPART's satisfaction, outlining:
 - (i) evidence of discussions with intended customer(s) or formal agreement(s) with customer(s); and
 - (ii) the curriculum vitae of the key personnel involved in the operation and management of the activities authorised by this Licence, and
 - b) a statement:
 - (i) identifying any third party providing customer services under this Licence; and
 - (ii) outlining the enforceable controls the Licensee has in place to enable it to effectively respond to any suspected breaches of these Licence conditions.

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 any of the activities authorised by this Licence, the Licensee must demonstrate that the insurance held is appropriate for the size and nature of the 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 the activities; and
 - b) is in the form prescribed by the Reporting Manual.
- 2.4. *[Not applicable]*
- 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:
- 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.
- 2.6. 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.

[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 licensed network operator or public water utility from whose water industry infrastructure the Licensee supplies water to its customers;
 - b) any source from which the water handled by the water industry infrastructure referred to in clause 6.1a) is derived;
 - c) whether or not any of the Licensee's customers are Small Retail Customers;
 - d) any order under section 54 of the Act by which the Licensee is declared to be a retailer of last resort; and

- e) any licensed network operator or public water utility by means of whose sewerage infrastructure the Licensee provides sewerage services to its customers.

7. Delineating responsibilities

- 7.1. 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 7.
- 7.2. Before commencing to supply water or provide sewerage services by means of the Licensed Water Industry Infrastructure under this Licence 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 Licensed Water Industry Infrastructure; or
 - ii) constructs, maintains or operates any water industry infrastructure that is connected to the Licensed Water Industry Infrastructure.
- 7.3. *[Not Applicable]*
- 7.4. The Licensee's Code of Conduct must set out the respective responsibilities of the entities specified in clause 7.2 by, at a minimum, providing for:
 - a) who is responsible for repairing, replacing or maintaining any pipes, pumps, valves or storages or other infrastructure connecting the Licensed 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.
- 7.5. 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.

8. Infrastructure to be used

- 8.1. The Licensee must only source and supply water by means of water industry infrastructure, if that water industry infrastructure is maintained and operated by a licensed network operator or public water utility.
- 8.2. The Licensee must only provide sewerage services by means of water industry infrastructure, if that water industry infrastructure is maintained and operated by a licensed network operator or public water utility.

9. Notification of supply of water or provision of sewerage services

- 9.1. Each time the Licensee commences to supply water under this Licence, the Licensee must:
 - a) notify IPART in accordance with the Reporting Manual that it has commenced to supply water to customers by means of the relevant Licensed Water Industry Infrastructure; and
 - b) provide such notification within 10 days after such commencement.
- 9.2. Each time the Licensee commences to provide sewerage services under this Licence, the Licensee must:
 - a) notify IPART in accordance with the Reporting Manual that it has commenced to provide sewerage services to customers by means of the relevant Licensed Water Industry Infrastructure; and
 - b) provide such notification within 10 days after such commencement.

SCHEDULE C – RELEVANT SCHEME DETAILS

Table C.1 Non-potable water supply

Scheme	Water industry infrastructure	Authorised purposes	Area of operations
Box Hill North Scheme	The water industry infrastructure specified in clause S1, Table 1.2 of the Box Hill North Network Operator's Licence.	The authorised purposes specified in clause S1, Table 1.3 of the Box Hill North Water Network Operator's Licence.	The area of operations specified in clause S1, Table 1.4 of the Box Hill North Water North Network Operator's Licence.
Central Park Scheme	The water industry infrastructure specified in Schedule A, Table 2.2 of the Central Park Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 2.3 of the Central Park Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 2.4 of the Central Park Water Network Operator's Licence.
Discovery Point Scheme	The water industry infrastructure specified in Schedule A, Table 1.2 of the Discovery Point Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 1.3 of the Discovery Point Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 1.4 of the Discovery Point Water Network Operator's Licence.
Green Square Scheme	The water industry infrastructure specified in Schedule A, Table 1.2 of the Green Square Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 1.3 of the Green Square Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 1.4 of the Green Square Water Network Operator's Licence.
Huntlee Scheme	The water industry infrastructure specified in Schedule A, Table 1.2 of the Huntlee Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 1.3 of the Huntlee Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 1.4 of the Huntlee Water Network Operator's Licence.
North Cooranbong Scheme	The water industry infrastructure specified in Schedule A, Tables 1.2A and 1.2B of the Cooranbong Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 1.3 of the Cooranbong Water Network Operator's Licence.	The area of operations specified in Schedule A, Tables 1.4A and 1.4B of the Cooranbong Water Network Operator's Licence.

Pitt Town Scheme	The water industry infrastructure specified in Schedule A, Table 1.2 of the Pitt Town Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 1.3 of the Pitt Town Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 1.4 of the Pitt Town Water Network Operator's Licence.
Shepherds Bay Scheme	The water industry infrastructure specified in Schedule A, Table 1.2 of the Shepherds Bay Water Network Operator's Licence.	The authorised purposes specified in Table 1.4 of the Shepherds Bay Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 1.3 of the Shepherds Bay Water Network Operator's Licence.
Wyee Scheme	The water industry infrastructure specified in Schedule A, Table 1.2 of the Wyee Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 1.3 of the Wyee Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 1.4 of the Wyee Water Network Operator's Licence.

Table C.2 – Drinking water supply

Scheme	Water industry infrastructure	Authorised purposes	Area of operations
Central Park Scheme	The water industry infrastructure specified in Schedule A, Table 3.2 of the Central Park Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 3.3 of the Central Park Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 3.4 of the Central Park Water Network Operator's Licence.
Discovery Point Scheme	The water industry infrastructure specified in Schedule A, Table 2.2 of the Discovery Point Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 2.3 of the Discovery Point Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 2.4 of the Discovery Point Water Network Operator's Licence.
Huntlee Scheme	The water industry infrastructure specified in Schedule A, Table 2.2 of the Huntlee Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 2.3 of the Huntlee Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 2.4 of the Huntlee Water Network Operator's Licence.

North Cooranbong Scheme	The water industry infrastructure specified in Schedule A, Table 2.2 of the Cooranbong Water Operator's Licence.	The authorised purposes specified in Schedule A, Table 2.3 of the Cooranbong Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 2.4 of the Cooranbong Water Network Operator's Licence.
Shepherds Bay Scheme	The water industry infrastructure specified in Schedule A, Table 2.2 of the Shepherds Bay Water Network Operator's Licence.	The authorised purposes specified in Table 2.2 of the Shepherds Bay Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 2.3 of the Shepherds Bay Water Network Operator's Licence.
Wyee Scheme	The water industry infrastructure specified in Schedule A, Table 2.2 of the Wyee Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 2.3 of the Wyee Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 2.4 of the Wyee Water Network Operator's Licence.

Table C.3 Provision of sewerage services

Scheme	Water industry infrastructure	Authorised purposes	Area of operations
Box Hill North Scheme	The water industry infrastructure specified in clause S3, Table 3.2 of the Box Hill North Network Operator's Licence.	The authorised purposes specified in clause S3, Table 3.3 of the Box Hill North Water Network Operator's Licence.	The area of operations specified in clause S3, Table 3.4 of the Box Hill North Water Network Operator's Licence.
Central Park Scheme	The water industry infrastructure specified in Schedule A, Table 1.2 of the Central Park Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 1.3 of the Central Park Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 1.4 of the Central Park Water Network Operator's Licence.
Discovery Point Scheme	The water industry infrastructure specified in Schedule A, Table 3.2 of the Discovery Point Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 3.3 of the Discovery Point Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 3.4 of the Discovery Point Water Network Operator's Licence.

Pitt Town Scheme	The water industry infrastructure specified in Schedule A, Table 2.2 of the Pitt Town Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 2.3 of the Pitt Town Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 2.4 of the Pitt Town Water Network Operator's Licence.
Huntlee Scheme	The water industry infrastructure specified in Schedule A, Table 3.2 of the Huntlee Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 3.3 of the Huntlee Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 3.4 of the Huntlee Water Network Operator's Licence.
North Coorabong Scheme	The water industry infrastructure specified in Schedule A, Tables 3.2A and 3.2B of the Coorabong Water Operator's Licence.	The authorised purposes specified in Schedule A, Tables 3.3A and 3.3B of the Coorabong Water Network Operator's Licence.	The area of operations specified in Schedule A, Tables 3.4A and 3.4B of the Coorabong Water Network Operator's Licence.
Shepherds Bay Scheme	The water industry infrastructure specified in Table 3.2 of the Shepherds Bay Water Network Operator's Licence.	The authorised purposes specified in Table 3.2 of the Shepherds Bay Water Network Operator's Licence.	The area of operations specified in Table 3.3 of the Shepherds Bay Water Network Operator's Licence.
Wye Scheme	The water industry infrastructure specified in Schedule A, Table 3.2 of the Wye Water Network Operator's Licence.	The authorised purposes specified in Schedule A, Table 3.3 of the Wye Water Network Operator's Licence.	The area of operations specified in Schedule A, Table 3.4 of the Wye Water Network Operator's Licence.

SCHEDULE D – 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.

2. Definitions

2.1. 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.

2.2. In this Licence:

Act	means the <i>Water Industry Competition Act 2006</i> (NSW).
Audit Guidelines	means the document titled “ <i>Audit Guideline – Water Industry Competition Act 2006</i> ”, 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.

<p>Authorised Person</p>	<p>means each person specified in, as applicable:</p> <p>section 1, Table 1.1; section 2, Table 2.1; and section 3, Table 3.1.</p>
<p>Authorised Purposes</p>	<p>means the authorised purposes specified in, as applicable:</p> <p>section 1, Table 1.5; section 2, Table 2.5; and section 3, Table 3.5.</p>
<p>Box Hill North Network Operator's Licence</p>	<p>means network operator's licence no. 16_037 granted to Flow Systems Operations Pty Ltd (ACN 603 106 305) (as varied by the Minister from time to time)</p>
<p>Central Park Water Network Operator's Licence</p>	<p>means network operator's licence no. 12_022 granted to Central Park Water Factory Pty Ltd (ACN 151 072 838) (as varied by the Minister from time to time).</p>
<p>Cooranbong Water Network Operator's Licence</p>	<p>means network operator's licence no. 15_033 granted to Cooranbong Water Pty Ltd (ACN 169 450 453) (as varied by the Minister from time to time).</p>
<p>Discovery Point Water Network Operator's Licence</p>	<p>means network operator's licence no. 13_025 granted to Discovery Point Water Factory Pty Ltd (ACN 142 392 541) (as varied by the Minister from time to time).</p>
<p>Green Square Water Network Operator's Licence</p>	<p>means network operator's licence no. 15_031 granted to Green Square Water Ply Ltd (ACN 163 432 906) (as varied by the Minister from time to time).</p>
<p>Huntlee Water Network Operator's Licence</p>	<p>means network operator's licence no. 15_030 granted to Huntlee Water Ply Ltd (ACN 167 418 608) (as varied by the Minister from time to time).</p>

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 retail supplier's licence granted under section 10 of the Act.
Licensed Water Industry Infrastructure	means the water industry infrastructure by means of which the non-potable water, drinking water and/or sewerage services (as applicable) under this Licence are supplied.
Licensee	means Flow Systems Ply Ltd (ACN 136 272 298).
Licensee's Code of Conduct	has the meaning given in Schedule B, clause 7.1.
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.
Pitt Town Water Network Operator's Licence	means network operator's licence no. 10_014 granted to Pitt Town Water Factory Ply Ltd (ACN 141 705 660) (as varied by the Minister from time to time).
Plan	means the retail supply management plan that the Licensee is required to prepare under the Regulation.
Regulation	means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).

Reporting Manual	means the document titled “Retail Supplier’s Reporting Manual”, which is prepared by IPART and is available on IPART’s website at www.ipart.nsw.gov.au .
Shepherds Bay Network Operator's Licence	means network operator's licence no. 17 042 granted to Flow Systems Operations Pty Ltd (ACN 603 106 305) (as varied by the Minister from time to time).
Small Retail Customer	has the meaning given to that term in the Regulation.
Area of Operations	means the area of operations specified in, as applicable: section 1, Table 1.4; section 2, Table 2.4; and section 3, Table 3.4.
Water Industry Infrastructure	means the water industry infrastructure specified in, as applicable: section 1, Table 1.2; section 2, Table 2.2; and section 3, Table 3.2.
Wyee Water Network Operator's Licence	means network operator's licence no. 14_026 granted to Wyee Water Pty Ltd (ACN 160 953 775) (as varied by the Minister from time to time).