

Independent Pricing and Regulatory Tribunal
New South Wales

Assessment of licence variation applications for the Central Park scheme

**Prepared in accordance with the *Water Industry
Competition Act 2006 (NSW)***

Report to the Minister for
Water, Property and Housing

March 2020

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1 Executive summary

We recommend that the Minister for Water, Property and Housing¹ (Minister) grants Central Park Water Pty Ltd (Central Park Water) a varied network operator's licence and Flow Systems Pty Ltd (Flow Systems) a varied retail supplier's licence.²

Central Park Water currently provides sewerage services and drinking water for the Central Park development in Chippendale, Sydney. It also recycles sewage and provides non-potable water for specific end-uses.

The variation to Central Park Water's network operator's licence would:

- ▼ Expand the area of operation to allow Central Park Water to provide non-potable water to the University of Technology, Sydney (UTS)
- ▼ Authorise Central Park Water to construct, operate and maintain non-potable water industry infrastructure specified in the licence for four new end-uses³
- ▼ Remove Permeate Partners Pty Ltd (Permeate Partners) as an Authorised Person from the network operator's licence.

A variation is not required for Central Park Water to provide drinking water and sewerage services to UTS as these services are already available to UTS within the existing area of operation.

Flow Systems currently supplies drinking water, non-potable water and sewerage services licensed under the corresponding Central Park Water network operator's licence. A variation to Flow Systems' retail supplier's licence would:

- ▼ Authorise Flow Systems to supply (retail) sewerage services, drinking water and non-potable water to the University of Technology, Sydney (UTS).

In assessing Central Park Water's application for a varied network operator's licence (Network Operator Licence Application) and Flow Systems' application for a varied retail supplier's licence (Retail Supplier Licence Application), we considered the licensing criteria set out in sections 10(3) and (4) of the *Water Industry Competition Act 2006* (WIC Act), and had regard to the licensing principles in section 7(1) of the WIC Act.

We recommend licence conditions for the Minister to consider when granting the varied licences in section 4.3, and include a draft varied network operator licence and draft varied retail supplier licence in **Appendix A** of this report.

¹ The Minister for Water, Property and Housing administers the *Water Industry Competition Act 2006* (NSW).

² Where this report refers to a *varied* licence, it is referring to a *new* licence granted by the Minister that replaces the previous licence.

³ We note that the licence application proposes to provide non-potable water for the new end uses via existing infrastructure and no new construction is required.

2 Recommendations

We recommend that the Minister for Water, Property and Housing:

- 1 Grant a varied network operator's licence to Central Park Water (licence no. 12_022) for the Central Park scheme, subject to the conditions as set out in the attached draft licence.
- 2 Grant a varied retail supplier's licence to Flow Systems (licence no. 13_001R) for the Central Park scheme, subject to the conditions as set out in the attached draft licence.

The Minister must consider, but is not bound to accept, any advice or recommendation in this report in determining the licence applications. The Minister may, if circumstances so require, seek further advice from us in relation to the licence applications.⁴

The Minister is required to provide us with a notice of the decision for each licence and the reasons for the decision when deciding whether or not to grant the licences.⁵ We would then publish the notices on our website, in accordance with requirements of the WIC Act.⁶

2.1 The applicants and parent organisation

Central Park Water has no employees and relies on the full support of Flow Systems to provide technical, financial and organisational capacity. Flow Systems is the parent company of eight WIC Act licensees, including Central Park Water. Flow Systems itself holds a retail supply licence so that nine WIC Act licences are held within the Flow Systems group. Flow Systems is named on the proposed network operator's licence as an Authorised Person⁷ to construct, operate and maintain non-potable water, drinking water and sewerage infrastructure.

Flow Systems' parent entity, Sustainable Communities Infrastructure Pty Ltd (SCI) is a special purpose vehicle with three shareholders, the New Zealand Superannuation Fund, the Commonwealth Superannuation Corporation (CSC) and MGIF SCIT PV Pty Ltd.

Under the proposed structure HRL Morrison & Co (Australia) Pty Ltd (Morrison & Co) will manage SCI and the Sustainable Communities Infrastructure Trust (SCIT) on behalf of SCI's shareholders. Morrison & Co is an investment management fund, founded in 1988.

A diagram illustrating Flow Systems ownership structure and related licence holders is provided at Appendix C.

⁴ WIC Act, section 10(2).

⁵ WIC Act, section 10(5).

⁶ WIC Act, section 10(6).

⁷ As defined in Central Park Water's network operator's licence no. 12_022.

2.2 Existing licences

Central Park Water currently holds a network operator's licence which authorises it to construct, operate and maintain drinking water, non-potable water and sewerage infrastructure at the Central Park development in Chippendale (the area of operations) with the support of Flow Systems and Permeate Partners. Central Park Water has been operating the Central Park scheme since June 2013.

The Minister administering the WIC Act granted Central Park Water a network operator's licence on 4 January 2013 and subsequently approved commercial operation of the drinking water and sewerage infrastructure on 23 January 2014. The Minister administering the WIC Act approved commercial operation of the non-potable water component of its licence on 28 February 2015.

The Minister administering the WIC Act varied the licence on 2 January 2019, following our recommendation as part of the 5-year review process under section 85 of the WIC Act.⁸

Flow Systems holds a corresponding retail supplier's licence (licence number 13_001R) granted by the Minister administering the WIC Act on 17 April 2013. The retail supplier's licence authorises Flow Systems to provide (retail) drinking water, non-potable water and sewerage services at various Flow Systems' schemes, including Central Park and eight other schemes as detailed in Appendix C. The area of operations for retail activities does not extend to UTS.

2.2.1 The variation applications seek to remove an Authorised Person from the network operator licence, use non-potable water for four new end-uses and supply non-potable water to the UTS precinct.

The Network Operator Licence Application seeks to:

- ▼ Expand the licensed area of operations for non-potable water industry infrastructure to include Jones Street in Chippendale.⁹ This would allow Flow Systems to supply non-potable water to the UTS precinct under its corresponding retail supplier's licence.¹⁰
- ▼ Add four new end-uses for non-potable water to the licence (water features, general wash-down, street cleaning and process water at the non-potable water treatment plant).
- ▼ Remove Permeate Partners as an Authorised Person on the licence for non-potable water and sewerage services.

The Retail Supplier Licence Application seeks to extend the retail of drinking water, non-potable water and sewerage services to the additional areas proposed by the Network Operator Licence Application.

⁸ The then Minister for Energy and Utilities was the Minister administering the WIC Act when the network operator's licence was varied.

⁹ As per the following development consents granted by the City of Sydney Council: D/2013/242 and D2016/434.

¹⁰ This is contingent on the Minister granting Flow Systems a variation to its retail supplier's licence (13_001R).

3 Consultation and submissions

3.1 Consultation on the Network Operator Licence Application

Central Park Water initially submitted an application for a varied licence on 6 July 2018, with subsequent revisions submitted between September 2018 and September 2019. We sought further information with regard to these revisions following the Flow Systems group's period of administration from 20 December 2018 to 15 April 2019, and again following the sale of the Flow Systems group on 28 November 2019.

We consulted in October 2018

On 17 October 2018, we provided the Network Operator Licence Application to, and invited submissions from, the following Ministers and their relevant departments:

- ▼ Minister administering the *Public Health Act 2010* (NSW) (Minister for Health)
- ▼ Minister administering Chapter 2 of the *Water Management Act 2000* (NSW) (Minister for Regional Water)
- ▼ Minister administering the *Protection of the Environment Operations Act 1997* (NSW) (POEO Act) (Minister for the Environment)
- ▼ Minister administering the *Environmental Planning and Assessment Act 1979* (NSW) (EP&A Act) (Minister for Planning).¹¹

We also provided a copy of the application to the Minister responsible for administering the WIC Act, who at that time was the Hon. Don Harwin, MLC (Minister for Energy and Utilities).¹²

We notified Sydney Water Corporation (Sydney Water) of the application¹³ as, Central Park Water initially proposed to use Sydney Water's water industry infrastructure¹⁴ as part of the activities in which it seeks a licence.¹⁵

We invited City of Sydney Council to make a submission on the application as the relevant consent authority under the EP&A Act and the appropriate regulatory authority under the POEO Act.¹⁶

We called for submissions on the application from the public.¹⁷ We advertised the application in the Sydney Morning Herald and Daily Telegraph on 17 October 2018 and on our website. The closing date for submissions was 28 November 2018.

¹¹ As required under the section 9(1)(b) of the WIC Act and clause 17(1) of the *Water Industry Competition (General) Regulation 2008*.

¹² As required under section 9(1)(a) of the WIC Act.

¹³ Letter to Sydney Water, IPART, 17 October 2018.

¹⁴ As defined in the WIC Act.

¹⁵ WIC Act, section 9(1)(b)(iii) and WIC Regulation, clause 17(2).

¹⁶ Letter to City of Sydney Council, IPART, 17 October 2018.

¹⁷ WIC Act, section 9(1)(c).

We consulted again in October 2019

We consulted again in October 2019 to capture changes in the application related to additional end-uses for non-potable water.

We made the revised application available for public submissions on our website on 2 October 2019 to allow interested parties to consider the additional end uses that were requested in the revised application. The closing date for submissions was 16 October 2019. We did not receive any public submissions as part of this consultation.

We considered the risks posed by the revised application, in particular the material changes related to public health and safety posed by additional end-uses, and determined that it was appropriate to undertake targeted consultation with NSW Health.¹⁸ Our consultation with NSW Health focused on the adequacy of the revised risk assessment for the proposed end-uses. We discuss NSW Health's feedback in section 4.

We considered all submissions

We considered all submissions against the relevant licensing principles and criteria as part of our assessment of the application. Where necessary, we sought more information from Central Park Water to satisfy ourselves that issues raised in the submissions would be addressed. Should the Minister grant the varied licences, we propose that the Minister impose conditions on the licence (where required) to address outstanding risk.

A summary of all the submissions we received is presented in Appendix D (Table D.1).

Our recommended licence conditions are summarised in section 4.

3.2 Consultation on the Retail Supplier Licence Application

Flow Systems initially submitted an application for a varied licence on 5 June 2019, with subsequent revisions submitted in August and September 2019.

On 24 October 2019, we provided the Retail Supplier Licence Application to, and invited submissions from, the following Ministers and their relevant departments:

- ▼ Minister administering the WIC Act and the *Water Management Act 2000* (NSW) (Minister for Water, Property and Housing)
- ▼ Minister administering the *Public Health Act 2010* (NSW) (Minister for Health)
- ▼ Minister administering the *Environmental Planning and Assessment Act 1979* (NSW) (EP&A Act) (Minister for Planning)¹⁹
- ▼ Minister administering the *Protection of the Environment Operations Act 1997* (NSW) (POEO Act) (Minister for the Environment).

We also notified Sydney Water of the application.²⁰

¹⁸ Increased number of proposed end-uses for non-potable water.

¹⁹ As required under the section 9(1)(b) of the WIC Act and clause 17(1) of the *Water Industry Competition (General) Regulation 2008*.

²⁰ Letter to Sydney Water, IPART, 24 October 2019.

We called for submissions on the application from the public on our website.²¹ The closing date for submissions was 21 November 2019.

We considered all submissions

We considered all submissions against the relevant licensing principles and criteria as part of our assessment of the application.

A summary of all the submissions we received is presented in Appendix D (Table D.2).

We requested information from Flow Systems after its sale to Morrison & Co

Subsequent to our consideration of submissions, the Flow Systems group was sold and now has new owners (ie, New Zealand Superannuation, Commonwealth Superannuation Corporation, MGIF SCIT PV Trust). We have therefore re-assessed the technical, organisational and financial capacity of the applicants under the new ownership structure.

We sought further information to understand the impact of the sale on Flow Systems' and Central Park Water's capacity to undertake activities that the licence would authorise. Information sought included:

- ▼ Details of the sales, new ownership structure, changes to directors and management
- ▼ Copies of agreements between the shareholders and the Flow Systems group, and relevant trust deeds and details of facilities or arrangements for funding
- ▼ Financial information including budgeting and financial forecasts.

²¹ WIC Act, section 9(1)(c).

4 Assessment of application

The WIC Act sets out licensing principles which the Minister must have regard to in considering whether or not to grant a licence.²² The WIC Act also prohibits a licence from being granted to a disqualified corporation or related entity²³ and requires the Minister to be satisfied that the applicant meets specific criteria set out in the WIC Act or the regulations in order to grant a licence.²⁴ The Minister can consider other relevant matters, having regard to the public interest.²⁵

This section of our report contains our assessment of the Network Operator Licence Application and the Retail Supplier Licence Application against:

- ▼ The eligibility of the applicant (section 4.1)
- ▼ The licensing principles (section 4.2)
- ▼ The licensing criteria (section 4.3).

This section also includes reasons for our recommendations.

4.1 The applicants are eligible for a licence

We consider that Central Park Water and Flow Systems are not disqualified corporations or corporations that are a related entity of a relevant disqualified corporation.

We relied on the following information:

- ▼ ASIC reports that we obtained for Central Park Water, Flow Systems and any relevant²⁶ related entities confirmed that these companies are not disqualified nor are their directors or persons concerned in the management disqualified individuals.²⁷
- ▼ Information provided by Central Park Water and Flow Systems regarding details of the:
 - Relevant related entities²⁸

²² WIC Act, section 7.

²³ WIC Act, section 10(3).

²⁴ WIC Act, section 10(4)(a) to 10(4)(e).

²⁵ WIC Act, section 10(4)(f).

²⁶ A related entity that would have a direct or indirect interest in, or influence on, the carrying out of the activities that the licence authorises. WIC Act, section 10(3)(b).

²⁷ We completed the relevant searches on 13 February 2020.

²⁸ Central Park Water identified the following relevant related entities: Flow Systems Pty Ltd (ACN 136 272 298), Pitt Town Water Pty Ltd (ACN 141 705 660), Discovery Point Water Pty Ltd (ACN 142 392 541), Wye Water Pty Ltd (ACN 160 953 775), Green Square Water Pty Ltd (ACN 163 432 906), Huntlee Water Pty Ltd (ACN 167 418 608), Cooranbong Water Pty Ltd (ACN 169 450 453), Flow Systems Operations Pty Ltd (ACN 603 106 305), Flow Systems Constructors Pty Ltd (ACN 605 967 280), Meter2Cash Solutions Pty Ltd (ACN 130 008 196), Sustainable Communities Infrastructure Pty Limited as trustee for the Sustainable Communities Infrastructure Trust (ACN 633 957 918).

- Names of the Directors, Chief Financial Officer and Chief Executive Officer for each of Flow Systems’ and Central Park Water’s relevant related entities (subsidiary companies and holding companies within Australia).
- ▼ Statutory declaration²⁹ signed by Central Park Water’s Acting Chief Executive Officer and sole director, stating that:
 - Central Park Water is not a disqualified corporation within the meaning of the WIC Act
 - Central Park Water is not a related entity of a disqualified corporation that would have a direct or indirect interest in, or influence on, the carrying out of activities that the licence would authorise if granted.
- ▼ Statutory declaration³⁰ signed by Flow Systems’ Acting Chief Executive Officer and sole director, stating that:
 - Flow Systems is not a disqualified corporation within the meaning of the WIC Act
 - Flow Systems is not a related entity of a disqualified corporation that would have a direct or indirect interest in, or influence on, the carrying out of activities that the licence would authorise if granted.

4.2 The applications are consistent with the licensing principles

In considering whether or not to recommend that the Minister grant the varied licences, and the conditions to which the new licences should be subject (if granted), we had regard to the licensing principles set out in the WIC Act.

Box 4.1 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.”

4.2.1 The Network Operator Licence Application is consistent with licensing principles

We consider that the proposed extension of the scheme to authorise the construction, maintenance and operation of non-potable water industry infrastructure in the expanded area of operations, the addition of four new end-uses and the removal of Permeate Partners as an

²⁹ Updated statutory declaration dated 20 May 2019.

³⁰ Updated statutory declarations dated 15 and 16 August 2019.

Authorised Person is consistent with the licensing principles set out in section 7 of the WIC Act.

We analysed the information in the Network Operator Licence Application, and considered our assessment undertaken for the original network operator licence application in 2012. We consider that there have not been any material changes to how licensing principles (b) and (d)-(g) apply. The analysis contained in the report provided to the Minister in 2012, in which we recommended that Central Park Water be granted a network operator licence, continues to apply.³¹

Our analysis of the new activities against licensing principles (a) and (c) are set out below.

Protection of public health, the environment, public safety and consumers generally (licensing principle (a))

We had regard to Central Park Water's capacity to undertake the proposed new activities, in a manner that does not present a risk to public health, the environment, public safety and consumers generally.

Public health

We assessed Central Park Water's capacity to manage the key risks posed to public health by the new activities to be licensed, having regard to the protection of public health in section 4.3 of this report.

Protection of the environment

We relied on the analysis contained in the report provided to the Minister administering the WIC Act in 2012 as there have not been any material changes to how this licensing principle applies as a result of the Network Operator Licence Application.

Protection of public safety

We assessed Central Park Water's capacity to manage key risks with regard to public health specifically and public safety in general in section 4.3 of this report.

Protection of consumers generally

We considered whether any consumers would be disadvantaged as a result of a decision by the Minister to grant Central Park Water a varied licence.

We also assessed the financial capacity of the applicant and the revised scheme over the next 10 years. We consider consumers will remain protected against loss of essential services (see section 4.3).

If the Minister grants a varied licence, we consider that consumers generally will continue to be protected in relation to the activities licensed.

³¹ IPART, *Application for a network operator's licence from Central Park Water Factory Pty Ltd*, December 2012. https://www.ipart.nsw.gov.au/files/sharedassets/website/trimholdingbay/iparts_report_to_the_minister_-_central_park_water_factory_-_january_2013.pdf.

The ensuring of sustainability of water resources (licensing principle (c))

We had regard to Central Park Water's ability to reduce demand on Sydney Water's drinking and sewerage networks by sourcing sewage from the Central Park development to produce non-potable water to replace drinking water for permitted end-uses at UTS.

4.2.2 The Retail Supplier Licence Application is consistent with the licensing principles

We consider that the proposed extension of Flow Systems area of operations to include UTS as a customer for the supply of sewerage services and drinking and non-potable water is consistent with each of the licensing principles set out in the WIC Act.

We analysed the information in the Retail Supplier Licence Application, and considered our assessment undertaken for the original retail supplier licence application in 2013. We consider that there have not been any material changes to how licensing principles (a)-(g) apply, and that our the analysis contained in the report provided to the Minister in 2013,³² in which we recommended that Flow Systems (then Water Factory Company Pty Ltd) be granted a retail supplier licence for Central Park Water, continues to apply.³³

4.3 The applicants would continue to meet the licensing criteria

In making our recommendation that the Minister grant varied licences, and the conditions to which these licences should be subject (if granted), we considered the licensing criteria set out in the WIC Act.

Box 4.2 Licensing criteria under section 10(4) of the WIC Act

"A licence may not be granted unless the Minister is satisfied as to each of the following:

- a) that the applicant has, and will continue to have, the capacity (including technical, financial and organisational capacity) to carry out the activities that the licence (if granted) would authorise,
- b) that the applicant has the capacity to carry out those activities in a manner that does not present a risk to public health,
- c) that the applicant has made, and will continue to maintain, appropriate arrangements with respect to insurance,
- d) in the case of an application for a licence to supply water, that, if such a licence is granted, sufficient quantities of the water supplied by the licensee will have been obtained otherwise than from a public water utility,
- e) such matters as are prescribed by the regulations,
- f) such other matters as the Minister considers relevant, having regard to the public interest."

³² IPART, *Application for a Retail Supplier's Licence from Water Factory Company Pty Ltd - IPART's report to the Minister*, February 2013.

³³ IPART, *Application for a network operator's licence from Central Park Water Factory Pty Ltd*, December 2012. https://www.ipart.nsw.gov.au/files/sharedassets/website/trimholdingbay/iparts_report_to_the_minister_-_central_park_water_factory_-_january_2013.pdf.

4.3.1 Central Park Water meets the licensing criteria

We consider that the proposed extension of the scheme to authorise the construction, maintenance and operation of non-potable water industry infrastructure in the expanded area of operations, the addition of four new end-uses and the removal of Permeate Partners as an Authorised Person satisfy the licensing criteria set out in the WIC Act. Our analysis of the new activities against licensing criteria (a), (b) and (c) is set out below. We consider that licensing criteria (d) relates to the supply of water which is an activity authorised under a retail supply licence and we have not considered it in the context of the current network operator licence application.

For the remainder of the licensing criteria, we analysed the information in the Network Operator Licence Application, and considered our assessment undertaken for the original network operator's licence application in 2012. We conclude that there have not been any material changes to our assessment on licensing criteria (e)-(f).³⁴

Technical capacity (licensing criteria (a))

We are satisfied that Central Park Water has the technical capacity to undertake the proposed new activities.

Central Park Water relies on the full support of Flow Systems staff and its systems for its technical capacity. Flow Systems provides technical services to Central Park Water under a corporate services agreement³⁵ between the parties. Therefore, we consider that Flow Systems' expertise is critical to Central Park Water's technical capacity and where necessary have considered information and evidence relevant to both Flow Systems and Central Park Water for the purpose of establishing Central Park Water's technical capacity. We note that Flow Systems will remain named as an Authorised Person on the varied licence.

Evidence of technical capacity

Central Park Water demonstrated its technical capacity through the provision of plans (including water quality plans) and documents,³⁶ developed by Flow Systems for the Central Park scheme, which show an understanding of design, operation and maintenance of non-potable water infrastructure.

We also considered Central Park Water's relevant experience and compliance history to inform our assessment of technical capacity and provide detail in the sections below. We have included more detail of Central Park Water's technical capacity assessment in Appendix B.

Relevant experience

Central Park Water, supported by Flow Systems, operates infrastructure at the Central Park scheme under its network operator's licence. Flow Systems will continue to provide sufficient technical capacity to Central Park Water to operate under a varied licence. We assessed position descriptions and professional experience of specific personnel nominated in the

³⁴ We consider, having regard to the public interest, that there are no other matters that the Minister should consider as relevant to this application.

³⁵ Executed as an agreement on 17 June 2016.

³⁶ Notwithstanding a broader review of Flow Systems' scheme licence plans in progress, Central Park Water's plans are structured in line with the *Australian Guidelines for Water Recycling* (AGWR).

application. We consider that the expertise required by Central Park Water/Flow Systems personnel under a varied licence is no different to that required under its current licence.

Compliance history

Central Park Water has demonstrated its capacity to construct, operate and maintain non-potable water industry infrastructure at the Central Park scheme since it was licensed in January 2013.

A recent audit report for the Central Park scheme identified several material non-compliances regarding the implementation of management plans, and safe operation of the plant and equipment in accordance with the plans.³⁷ While the non-compliances indicate that improvement is required, they did not result in a failure of treatment processes or adversely impact public health and safety.

We have also considered similar non-compliances identified for other Flow Systems subsidiary licensees as relevant to Flow Systems' ability to provide technical capacity to Central Park Water. IPART is undertaking an investigation into the non-compliances. We will undertake appropriate action to make sure Flow Systems and its subsidiaries address the non-compliances, and the risk of repeat non-compliances is reduced.

On balance, we consider that the ongoing operation of the scheme demonstrates Central Park Water's capacity to safely and reliably design, construct, operate and maintain water industry infrastructure, when supported by additional licence conditions. Therefore, we have recommended three additional licence conditions to mitigate the risk of further non-compliance on the implementation of licence plans.³⁸ We will undertake audits to monitor ongoing compliance. The proposed new licence conditions are summarised in Table 4.1.

Table 4.1 Recommended new licence conditions for technical capacity

Clause number	Condition
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 <i>Australian Guidelines for Water Recycling</i> .
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: <ol 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.

³⁷ The audits found similar non-compliances for the Discovery Point and Green Square schemes. These schemes are also operated by Flow Systems subsidiaries.

³⁸ Schedule A, clause 1.1 and clause 2.1 of the proposed network operator's licence.

Clause number	Condition
Schedule A, clause 2.2	<p>The Licensee must:</p> <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.

Note: Schedule A contains special licence conditions.

We recommend that the Minister removes Permeate Partners as an authorised person under the licence for non-potable water and sewerage services.

Central Park Water’s application seeks to remove Permeate Partners as an authorised person for non-potable water and sewerage services under its licence. We are satisfied that Central Park Water does not require Permeate Partners to provide it with the technical capacity to undertake currently licensed activities or activities that a varied licence would authorise.

Permeate Partners is specified as an authorised person on the existing network operator’s licence. Historically, Permeate Partners provided Central Park Water with operational and technical expertise during the design and operation of the non-potable water treatment plant. However, Central Park Water (through Flow Systems) has built sufficient capacity to undertake the activities that a varied licence would allow for, without relying on the capacity previously provided by Permeate Partners. Therefore we recommend that the Minister removes Permeate Partners from Table 1.1 in Section 1 and Table 3.1 in Section 3 of the licence.

Financial capacity (licensing criteria (a))

We are satisfied that Central Park Water has the financial capacity to undertake the proposed new activities.

Central Park Water currently relies on the support of Flow Systems for financial capacity as it does not have financial capacity as a stand-alone entity. In November 2019, the sale of the Flow Systems group to a consortium of investors (Shareholders), was completed.

We therefore re-assessed the financial capacity of the applicants under the new ownership structure and have concluded that the sale has not materially impacted Flow Systems or Central Park Water’s financial capacity.

With support from the Shareholders, Central Park Water and Flow Systems have adequate levels of solvency and liquidity to undertake licensed activities under the network operator’s licence.

We have included more detail of Flow Systems’ financial capacity assessment in Appendix B.

We note that our financial assessment represents financial capacity at a point in time. Our recommendation to grant Central Park Water a varied licence should not be viewed as an endorsement of its future, ongoing viability of Central Park Water or Flow Systems. The assessment is based on a combination of information sources, none of which is to be regarded as individually determinative. We undertake this assessment for our own purposes and for the Minister’s purposes in making a determination on the application. Our conclusion is not to be relied upon for any other purpose or by any other person.

We do not recommend additional licence conditions on financial capacity, should the Minister grant Central Park Water a varied licence. We consider that the existing condition in Schedule B, clause 1.1 adequately manages any risk on financial capacity.

Organisational capacity (licensing criteria (a))

We are satisfied that Central Park Water has the organisational capacity to undertake the proposed new activities.

We note that Central Park Water has no employees and relies on the full support of Flow Systems to provide it with organisational capacity. Flow Systems underwent a period of administration and a subsequent sale during the assessment of this application. We consider that despite the associated changes to the organisational structure, Central Park Water and Flow Systems' organisational capacity remains largely unchanged.

Our detailed assessment of Central Park Water's organisational capacity is in Appendix B.

Capacity to carry out those activities in a manner that does not present a risk to public health (licensing criteria (b))

We are satisfied that Central Park Water has the capacity to undertake the proposed new activities in a manner that does not present a risk to public health.

We assessed Central Park Water's capacity to manage key risks to public health posed by the:

- ▼ Construction, operation and maintenance of non-potable water infrastructure (pipes) in Jones Street.
- ▼ Use of non-potable water for four new end-uses: water features, general wash-down, street cleaning and process water at the non-potable water treatment plant.

We considered a range of information and evidence to establish Central Park Water's capacity. Our detailed assessment is in Appendix B.

NSW Health raised concerns regarding Central Park Water's application

We received one submission from NSW Health regarding Central Park Water's capacity to protect public health.³⁹ The submission is available on our website and discussed in the summary of submissions in Appendix D. NSW Health generally supported the licence application but advised that a risk assessment with relevant stakeholders is required to ensure that the treatment is appropriate for all intended end uses and the public health risks are managed.⁴⁰

NSW Health subsequently raised concerns with IPART regarding a draft of Central Park Water's revised risk assessment methodology and NSW Health's participation in the process of developing the risk assessment.⁴¹

IPART and NSW Health have provided feedback to Central Park Water. Under Schedule B, clause 3.1 of the current network operator's licence, Central Park Water must carry out the

³⁹ This submission was based on our October 2018 consultation.

⁴⁰ Letter from NSW Health, dated 27 November 2018.

⁴¹ Meeting between NSW Health and IPART on 17 October 2019.

activities in compliance with any requirements of NSW Health that IPART has agreed to and notified in writing. One such requirement is a requirement to “consult with NSW Health during the detailed risk assessments for drinking and recycled water”.⁴² Central Park Water is consulting with NSW Health to address concerns with the risk assessment.

Central Park Water must complete an update of water quality plans to address the risks associated with the new proposed end-uses prior to supplying non-potable water for those purposes. This will include finalising the risk assessment and identifying appropriate controls. This significant change to the water quality plan will require an audit to assess the adequacy of the revised plan under Schedule 1, clause 7(5)(a) of the *Water Industry Competition (General) Regulation (NSW) 2008* (WIC Regulation).

We are able to direct Central Park Water and other licensees to undertake further consultation with NSW Health regarding their risk assessment should NSW Health request it.⁴³ We continue to work with NSW Health to address this issue as required.

Therefore, on balance, we consider that Central Park Water has the capacity to continue to protect public health under a varied licence when supported by a combination of the regulatory measures outlined above and additional licence conditions. We have identified three additional special licence conditions in Schedule A of the proposed licence. We recommend that Central Park Water should also be subject to the standard licence conditions in Schedule B of the licence (refer to Attachment A for the proposed licence) in relation to its capacity to protect public health, if the Minister grants a varied licence. The proposed new licence conditions are summarised in Table 4.2.

We have restricted one of the proposed new end-uses for non-potable water

Central Park Water’s application seeks to include four new end-uses for non-potable water to include water features, general wash-down, street cleaning and process water at the non-potable water treatment plant.

We consider that although Central Park Water proposes risk mitigation measures in its Risk Register, the public health risks posed by authorising the use of non-potable water in water features is high. This is because water features may include splash park type features or shallow pools where children or adults may interact resulting in a high likelihood of ingesting non-potable water. Therefore, we propose to limit this end-use to ornamental water features only as follows:⁴⁴

Ornamental water features means water features that:

- (a) are provided primarily for aesthetic or beautification purposes, and
- (b) do not, by their design or accessibility, encourage interaction with the water.

⁴² Schedule B, clause 3.1 of the proposed new licence.

⁴³ This arrangement is set out in condition Schedule B, clause 4.1 of the current licence (Schedule B, clause 3.1 of the proposed new licence).

⁴⁴ This is included in Table 1.3 of the proposed network operator’s licence in Attachment A.

Table 4.2 Recommended new licence conditions for the protection of public health

Clause number	Condition
Schedule A, clause 2.1	<p>The Licensee must develop and document, consistent with element 4 of the Australian Guidelines for Water Recycling, the following Operational Procedures:</p> <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; andd) Programs for regular inspection and maintenance of all equipment, including monitoring equipment.
Schedule A, clause 2.2	<p>The Licensee must:</p> <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; andc) keep records to demonstrate the extent to which the Operational Procedures have been implemented and complied with.

Note: Schedule A contains special licence conditions.

Appropriate arrangements with respect to insurance (licensing criteria (c))

We are satisfied that Central Park Water has made, and will continue to maintain, appropriate insurance arrangements for the Central Park scheme.

We requested advice from Insurance and Care NSW (icare) on the adequacy of Central Park Water's insurance arrangements. As a result of its review, icare concluded that Central Park Water's insurance arrangements are sufficient for the existing and proposed new activities under the Network Operator Licence Application.⁴⁵ Based on the advice from icare, we consider that Central Park Water has demonstrated that it has made, and will continue to maintain, appropriate insurance arrangements for the scheme.

Further details of our assessment of Central Park Water's insurance arrangements are in Appendix B.

We received no submissions regarding Central Park Water's insurance arrangements.

We recommend removing the licence condition in Schedule B, clause 2.3 of Central Park Water's licence which requires that Central Park Water provide us with an insurance expert's report. Central Park Water has provided us with such reports which we have reviewed and consider that they appropriately manage risks related to the scheme.

4.3.2 Flow Systems meets the licensing criteria

We consider that the proposed extension of Flow Systems area of operation to include UTS as a customer for the supply of non-potable water satisfies each of the licensing criteria set out

⁴⁵ Emails to IPART, icare Insurance and Reinsurance Strategy manager, 2 August 2019, 5 November 2019 and 10 February 2020.

in the WIC Act. We analysed the information in the Retail Supplier Licence Application, and considered our assessment undertaken for the original retail supplier licence application in 2013. We conclude that there have not been any material changes to our assessment on licensing criteria (d)-(f), and that our the analysis contained in the report provided to the Minister in 2013, in which we recommended that Flow Systems (then Water Factory Company Pty Ltd) be granted a retail supplier licence for Central Park Water, continue to apply.

We have undertaken further analysis of the Retail Supplier Licence Application in relation to licensing criteria (a)-(c) as described below.

Technical capacity (licensing criteria (a))

We are satisfied that Flow Systems has the technical capacity to supply drinking water, non-potable water and sewerage services to UTS as part of the Central Park scheme.

Flow Systems proposes to use the same systems, procedures and resources to supply its intended customers for the varied licence at the Central Park scheme.⁴⁶

Flow Systems has demonstrated its technical capacity as a retail supplier of non-potable water through the provision of plans, codes of practice and policies that show its understanding of retail supply of non-potable water supply to customers.

We have included more detail of Flow Systems' technical capacity assessment in Appendix B.

Financial and organisational capacity (licensing criteria (a))

We are satisfied that Flow Systems has the financial and organisational capacity to supply drinking water, non-potable water and sewerage services to UTS as part of the Central Park scheme.

With support from the Shareholders, Flow Systems has adequate levels of solvency and liquidity to undertake licensed activities under the retail supplier's licence.

We have included more detail of Flow Systems' financial capacity assessment in Appendix B.

We note that our financial assessment represents financial capacity at a point in time. Our recommendation to grant Flow Systems a varied licence should not be viewed as an endorsement of its future, ongoing viability of Flow Systems. The assessment is based on a combination of information sources, none of which is to be regarded as individually determinative. We undertake this assessment for our own purposes and for the Minister's purposes in making a determination on the application. Our conclusion is not to be relied upon for any other purpose or by any other person.

We do not recommend additional licence conditions on financial capacity, should the Minister grant Flow Systems a varied licence. We consider that the existing condition in Schedule B, clause 1.1 adequately manages any risk on financial capacity.

Our detailed assessment of Flow Systems' financial and organisational capacity is in Appendix B.

⁴⁶ The Retail Supply Management Plan (RSMP), codes and compliance procedures are standard documents that apply across all of Flow Systems' schemes.

Capacity to carry out those activities in a manner that does not present a risk to public health (licensing criteria (b))

We are satisfied that Flow Systems has the capacity to supply drinking water, non-potable water and sewerage services to UTS via Jones Street, in a manner that does not present a risk to public health.

Our detailed assessment of Flow Systems' capacity to undertake licensed retail activities in a manner that does not pose a risk to public health is in Appendix B.

As Flow Systems will retail water produced by Central Park Water at the non-potable water treatment plant, we consider the management of public health risks by Central Park Water as outlined in section 4.2 to be relevant.

Appropriate arrangements with respect to insurance (licensing criteria (c))

We are satisfied that Flow Systems has made, and will continue to maintain, appropriate insurance arrangements for the Central Park scheme.

We have previously assessed Flow Systems' insurance as adequate for the retail supply activities undertaken under the retail supplier's licence, which covers a number of schemes including the Central Park scheme.⁴⁷ The insurance arrangements set out in the Retail Supplier Licence Application have not materially changed from Flow Systems' existing insurance arrangements. We consider that Flow Systems insurance arrangements with respect to the activities undertaken under the retail supplier's licence are sufficient to cover UTS as an additional customer for the Central Park scheme.

⁴⁷ See "Assessment of Flow Systems Pty Ltd's application to vary its retail supplier's licence no. 13_001R Prepared under the Water Industry Competition Act 2006 (NSW)" August 2017.



Appendices

A Draft licences



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

1. 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.

2. Outline

- 2.1. 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>

- 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

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:

- a) Table 1.2A:
 - i) for one or more of the purposes for water industry infrastructure specified in Table 1.2A, and
 - ii) within the area of operations specified in Table 1.4A.
- b) Table 1.2B:
 - i) for one or more of the purposes for water industry infrastructure specified in Table 1.2B, and
 - ii) within the area of operations specified in Table 1.4B.

The non-potable water supplied by means of the water industry infrastructure specified in Table 1.2A and Table 1.2B may only be used for the Authorised Purposes for non-potable water specified in Table 1.3.

Table 1.1 Authorised Persons

Flow Systems Pty Ltd (ACN 136 272 298)
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Table 1.2A Water industry infrastructure and purposes for water industry infrastructure

<p>A treatment plant for non-potable water and other water infrastructure used, or to be used, in connection with the treatment plant, where components of the treatment plant or other water infrastructure may also be used for one or more of the following:</p>

- | |
|---|
| <ul style="list-style-type: none">1) Production of non-potable water2) Treatment of non-potable water3) Filtration of non-potable water4) Storage of non-potable water5) Conveyance of non-potable water. |
|---|

Table 1.2B Water industry infrastructure and purposes for water industry infrastructure

A reticulation network for non-potable water and other water infrastructure used, or to be used, in connection with the reticulation network, where components of the reticulation network or other water infrastructure may also be used for one or more of the following:

- 1) Treatment of non-potable water
- 2) Storage of non-potable water
- 3) Conveyance of non-potable water.

Table 1.3 Authorised Purposes for non-potable water

- 1) Toilet flushing
- 2) Supply of cold water to washing machine
- 3) Irrigation (including irrigation of vertical gardens)
- 4) Cooling tower make up water
- 5) Car washing
- 6) Ornamental Water Features
- 7) General wash-down
- 8) Street cleaning
- 9) Process water at the non-potable water treatment plant.

Table 1.4A Area of operations

The basement of Central Park Mall at 28 Broadway, Chippendale, NSW, 2008.

Table 1.4B Area of operations

<p>1) The land bounded by the following streets in Chippendale, NSW 2008:</p> <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).
<p>2) The land bounded by the following streets in Chippendale, NSW 2008:</p> <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.
<p>3) The following streets in Chippendale, NSW 2008:</p> <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.
<p>4) The area bounded by the following development approvals:</p> <ul style="list-style-type: none">• service trenches below Jones Street at UTS (refer to development consent D/2013/242 granted by the City of Sydney Council, as in effect on 15 April 2013)• service trenches below Jones Street (between Broadway and Thomas St) between Central Park and UTS City Campus Building CB02 (refer to development consent D/2016/434 granted by the City of Sydney Council, as in effect on 1 July 2016), and• recycled water link between Central Park and the UTS City campus Building 1 under Broadway and Jones Street (refer to development consent D/2015/1450 granted by the City of Sydney Council, as in effect on 6 January 2016).

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.

Table 2.1 Authorised Persons

Flow Systems Pty Ltd (ACN 136 272 298)
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Table 2.2 Water industry infrastructure and purposes for water industry infrastructure

Water industry infrastructure used for the treatment, storage, conveyance or reticulation of drinking water.
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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:

- 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.

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:

- a) for one or more of the purposes for water industry infrastructure specified in Table 3.2, and
- b) within the area of operations specified in Table 3.3.

Table 3.1 Authorised Persons

Flow Systems Pty Ltd (ACN 136 272 298)
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Table 3.2 Water industry infrastructure and purposes for water industry infrastructure

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:

- 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.

SCHEDULE A – SPECIAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS

1. Water Quality Plan

- 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.

2. Operational Procedures

- 2.1. The Licensee must develop and document, consistent with element 4 of the Australian Guidelines for Water Recycling, the following Operational Procedures:
- 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.
- 2.2. The Licensee must:
- 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 – 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. [Not applicable]
- 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 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. [Not applicable]
- 8.3. 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.

8.4. 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.

8.5. 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.

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.

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 *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 section 1, Table 1.3.
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.
Operational Procedures	means the protocols, procedures and programs referred to in Schedule A, clause 2.1 (a)-(d).

Ornamental Water Features	<p>means water features that:</p> <ul style="list-style-type: none"> a) are provided primarily for aesthetic or beautification purposes, and b) do not, by their design or accessibility, encourage interaction with the water.
Plan	<p>means any infrastructure operating plan, water quality plan or sewage management plan that the Licensee is required to prepare under the Regulation.</p>
Plumbing	<p>means any pipe, fitting or apparatus that is situated:</p> <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	<p>has the meaning given to that term under section 3 of the <i>Plumbing and Drainage Act 2011</i> (NSW).</p>
Regulation	<p>means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).</p>
Reporting Manual	<p>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.</p>
Specified Water Industry Infrastructure	<p>means the water industry infrastructure specified in, as applicable:</p> <ul style="list-style-type: none"> a) section 1, Table 1.2A and 1.2B b) section 2, Table 2.2, and c) section 3, Table 3.2.

Verification Monitoring means verification monitoring as described in the document titled “*Australian Drinking Water Guidelines*” or the document titled “*Australian Guidelines for Water Recycling*” as the case may be.

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



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
- 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 Network Operator's Licence.
Central Park Scheme	The water industry infrastructure specified in Section 1, Table 1.2A and Table 1.2B of the Central Park Water Network Operator's Licence.	The Authorised Purposes specified in Section 1, Table 1.3 of the Central Park Water Network Operator's Licence.	The Area of Operations specified in Section 1, Table 1.4A and Table 1.4B of the Central Park Water Network Operator's Licence, and Lot 2012 DP 1183894, and Lot 2012 DP 1190337.
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.
Glossodia Scheme	The water industry infrastructure specified in Table 1.2 in Section 1 of the Glossodia Network Operator's Licence.	The Authorised Purposes specified in Table 1.4 in Section 1 of the Glossodia Network Operator's Licence.	The Area of Operations specified in Table 1.3 in Section 1 of the Glossodia 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.

Scheme	Water industry infrastructure	Authorised Purposes	Area of Operations
North Cooranbong Scheme	The water industry infrastructure specified in Schedule A, Tables 1.2A and 1.2B of the Cooranbong Water 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 Section 2, Table 2.2 of the Central Park Water Network Operator's Licence.	The Authorised Purposes specified in Section 2, Table 2.2 of the Central Park Water Network Operator's Licence.	The Area of Operations specified in Section 2, Table 2.3 of the Central Park Water Network Operator's Licence., and Lot 2012 DP 1183894, and Lot 2012 DP 1190337.
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.
Wye Scheme	The water industry infrastructure specified in Schedule A, Table 2.2 of the Wye Water Network Operator's Licence.	The Authorised Purposes specified in Schedule A, Table 2.3 of the Wye Water Network Operator's Licence.	The Area of Operations specified in Schedule A, Table 2.4 of the Wye 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 Section 3, Table 3.2 of the Central Park Water Network Operator's Licence.	The Authorised Purposes specified in Section 3, Table 3.2 of the Central Park Water Network Operator's Licence.	The Area of Operations specified in Section 3, Table 3.3 of the Central Park Water Network Operator's Licence, and Lot 2012 DP 1183894, and Lot 2012 DP 1190337.
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.
Glossodia Scheme	The water industry infrastructure specified in Table 3.2 in Section 1 of the Glossodia Network Operator's Licence.	The Authorised Purposes specified in Table 3.2 in Section 1 of the Glossodia Network Operator's Licence.	The Area of Operations specified in Table 3.3 in Section 1 of the Glossodia 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 Cooranbong Scheme	The water industry infrastructure specified in Schedule A, Tables 3.2A and 3.2B of the Cooranbong Water Network Operator's Licence.	The Authorised Purposes specified in Schedule A, Tables 3.3A and 3.3B of the Cooranbong Water Network Operator's Licence.	The Area of Operations specified in Schedule A, Tables 3.4A and 3.4B of the Cooranbong Water Network Operator's Licence.

Scheme	Water industry infrastructure	Authorised Purposes	Area of Operations
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.
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 *Water Industry Competition Act 2006* (NSW).

Area of Operations means the area of operations specified in, as applicable:

- a) section 1, Table 1.4
- b) section 2, Table 2.4, and
- c) section 3, Table 3.4.

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.
Authorised Persons	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 Purposes	means the authorised purposes specified in, as applicable: <ul style="list-style-type: none"> a) section 1, Table 1.5 b) section 2, Table 2.5, and c) section 3, Table 3.5.
Box Hill North Network Operator's Licence	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)
Central Park Water Network Operator's Licence	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).
Cooranbong Water Network Operator's Licence	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).
Discovery Point Water Network Operator's Licence	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).
Glossodia Network Operator's Licence	means network operator's licence no. 19_043 granted to Flow Systems Operations Pty Ltd (ACN 603 106 305) (as varied by the Minister from time to time).
Green Square Water Network Operator's Licence	means network operator's licence no. 15_031 granted to Green Square Water Pty Ltd (ACN 163 432 906) (as varied by the Minister from time to time).

Huntlee Water Network Operator's Licence	means network operator's licence no. 15_030 granted to Huntlee Water Pty Ltd (ACN 167 418 608) (as varied by the Minister from time to time).
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 Pty 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 Pty 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.
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.
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).

B Detailed capacity analysis of Central Park Water's and Flow Systems' applications

We considered the following as part of our assessment:

Evidence of technical capacity with respect to the Network Operator Licence Application

From our assessment, we consider that Central Park Water has the relevant technical capacity to carry out the activities that the varied licence (if granted) would authorise.

- ▼ **Compliance history and understanding of relevant legislative frameworks:** Central Park Water holds a network operator's licence under the WIC Act. Central Park Water is working to fix some non-compliances from a recent compliance audit and reduce the risk of repeat non-compliances. The non-compliances did not result in a failure of treatment processes but did identify a failure to implement aspects of the Water Quality Plans, and assure some aspects of safe operation of the plant and equipment.
- ▼ **Risk assessment for the non-potable water infrastructure:**⁴⁸ The draft risk assessment identifies key hazards and risks related to the scheme's non-potable water infrastructure and business systems, and identifies control measures to manage these risks. Further development of the risk assessment in consultation with NSW Health is required to identify shortcomings identified by NSW Health. However, on balance, we consider that the current draft risk assessment demonstrates Central Park Water's technical capacity to understand and implement the AGWR.
- ▼ **Flow Systems recycled water quality plan (WQP):**⁴⁹ The WQP describes how the operation and maintenance of infrastructure for Flow Systems schemes (including Central Park) would be consistent with the AGWR.⁵⁰
- ▼ **Flow Systems infrastructure operating plan (IOP):**⁵¹ The IOP describes the asset lifecycle planning, system redundancy and condition monitoring for water industry infrastructure, amongst other infrastructure management considerations.
- ▼ **Central Park Water scheme management plan (SMP):**⁵² The SMP describes the framework for the management of the Central Park scheme. It includes scheme-specific details from relevant Flow Systems' plans (eg, WQP and IOP) for the Central Park

⁴⁸ *Central Park Scheme Risk Register (CP-WAT-NSW-PL-OPS-2480)*, Flow Systems, dated 18 September 2019.

⁴⁹ *Recycled Water Quality Plan (FS-WAT-AUS-PL-OPS-1311)*, Flow Systems, revision 13, dated 10 July 2019.

⁵⁰ We would audit the adequacy and consistency of the WQP against requirements in the AGWR prior to Central Park Water commencing commercial operation of any new infrastructure in Jones St (under WIC Regulation, Sch. 1 cl. 3 and cl. 6(1)). We would also consider if it is appropriate to trigger an audit of the WQP prior to Central Park Water supplying non-potable water for the proposed new end-uses. Alternatively, we would check implementation with the WQP at the next operational audit.

⁵¹ *Infrastructure Operating Plan (FS-WAT-AUS-PL-OPS-1279)*, Flow Systems, revision 12, dated 30 December 2018.

⁵² *Central Park Water Scheme Management Plan (CP-WAT-NSW-PL-OPS-1344)*, Central Park Water, revision 5, dated 30 December 2018.

infrastructure. It also integrates elements from the asset management plan, incident management plan and operations environmental management plan.

- ▼ **Recycled water servicing strategy:**⁵³ The strategy outlines the design for non-potable water infrastructure, including interconnections, required for the scheme. The strategy includes forecasting details for non-potable water demand as a result of an expanded scheme.
- ▼ **Water balance report:**⁵⁴ The report forecasts non-potable water demand for the Central Park scheme.

Evidence of technical capacity with respect to the Retail Supplier Licence Application

From our assessment, we consider that Flow Systems has the relevant technical capacity to carry out the activities that the varied licence (if granted) would authorise.

- ▼ **Retail Supply Management Plan (RSMP):** The RSMP describes the retailing activities to supply drinking water and non-potable water and provide sewerage services to greenfield and urban infill schemes.
- ▼ **Code of practice for customer complaints:**⁵⁵ The Code of Practice describes the processes Flow Systems uses to respond to complaints (includes handling, resolution, escalation, compliance and continuous improvement) by customers (including owners, tenants and customers) in relation to the services provided. Flow Systems' code of practice for customer complaints has been developed to be consistent with the Australian Standard AS/NZS ISO 10002:2014 and addresses complaints handling, including complaint definition, contact details to make a complaint, tracking of complaints, assessment of complaints, response to complaints and escalation of complaints to the Energy and Water Ombudsman NSW.
- ▼ **Missed Payments Policy:**⁵⁶ The policy outlines how Flow Systems responds when customers (eg, tenants or businesses) have missed one or more payments, and outlines Flow Systems' approach to customers who are having difficulty paying or are concerned about not being able to pay on time. In situations of financial hardship, (ie where a customer does not pay its water bill), we understand that Central Park Water would continue to provide non-potable water at a reasonable flow for basic health and hygiene purposes. Flow Systems, as the retail supplier, would give reasonable notice to its customers if it intended for Central Park Water to restrict supply.
- ▼ **Incident Management Plan:**⁵⁷ The plan addresses continuity of service during interruptions due to incidents or operational problems, including interruptions to sewerage services, non-potable water supply and disruptions to the customer centre.

⁵³ *UTS Recycled Water Servicing Options UTS Servicing Assessment (2304737B-HYD-REP-001)*, prepared by WSP Parsons Brinckerhoff for Flow Systems, revision 2, dated 16 December 2016.

⁵⁴ *Central Park Calibration Water Balance Report*, prepared by Kinesis for Flow Systems, revision 1, dated 16 March 2017.

⁵⁵ Flow Systems, *Complaints and Dispute Resolution Policy (FS-ALL-AUS-PO-RET-1249)*, revision 4, dated 14 March 2018.

⁵⁶ Flow Systems, *Missed Payments Policy, (FS-WAT-AUS-PO-RET-1286)*, revision 1, provided to IPART as Appendix D6(c) on 30 September 2019.

⁵⁷ Flow Systems, *Incident Management Plan (FS-WAT-AUS-PL-INC-1266)*, revision 8, 19 December 2018.

- ▼ **Customer contract:**⁵⁸ The contract provides the standard terms under which Flow Systems would supply water and provide sewerage services and describes Flow Systems' responsibilities and its customers' responsibilities in relation administration of accounts, disputes and levels of service.
- ▼ **Compliance management procedure:**⁵⁹ describes at a high level the compliance management policies and processes followed by Flow Systems.
- ▼ **Technical performance and previous retail experience** in the Australian water industry in preparing and implementing required retail systems and procedures at existing operational schemes⁶⁰ and the specific personnel nominated in the information provided to us in the application. Flow Systems proposes to use the same systems, procedures and resources to supply its intended customers under a varied licence at the Central Park scheme.⁶¹
- ▼ **Compliance history:** Flow Systems' RSMP was audited in August 2016. The audit report on the RSMP provided to IPART did not find any non-compliances or any opportunities for improvement.⁶²

Evidence of financial capacity with respect to the network operators and retail supplier's licence applications

From our assessment, we consider that both Central Park Water and Flow Systems have the relevant financial capacity to carry out the activities that the varied licences (if granted) would authorise.

We have reviewed information provided by Flow Systems regarding the changed ownership structure for the Flow Systems group.⁶³ We conclude that, on balance, Central Park Water (the applicant for the network operator licence) and Flow Systems (the applicant for the retail supply licence) have, and will continue to have, financial capacity to carry out the activities that would be carried out under the respective licences for the Central Park scheme through the new ownership structure. We considered:

- ▼ An agreement facilitating the funding of the day-to-day operations of Central Park Water and Flow Systems.
- ▼ The new owners include large superannuation and sovereign wealth funds that injected equity into the Flow Systems business and imposed increased financial reporting on Flow Systems.

⁵⁸ Flow Systems, *Customer Contract*, 30 October 2015, see

<http://flowsystems.com.au/governance/CustomerContract.pdf>, accessed on 2 March 2019.

⁵⁹ Flow Systems' Compliance Management Procedure, (FS-ALL-AUS-PR-GOV-1366), revision 3, 29 August 2017.

⁶⁰ Existing operational schemes are Box Hill North, Central Park, Discovery Point, Green Square, Huntlee, North Cooranbong, Pitt Town, and Shepherds Bay schemes.

⁶¹ The RSMP, codes and compliance procedures are standard documents that apply across all of Flow Systems' schemes.

⁶² *Report on the Retail Supply Management Plan Audit of Flow Systems: Retail Supplier's Licence No. 13_001R (Flow Systems)*, Water Futures, 5 August 2016.

⁶³ Information provided includes copies of a Securityholder's Agreement, Subscription Agreement, and a Trust Deed for the applicant's holding company, A Directors' Declaration, replies to our formal requests for information and informal correspondence with the applicant.

- ▼ The Flow Systems group has improving levels of solvency (ie, Net Assets) and working capital.
- ▼ Flow System's financial forecasts indicate profitability for the Flow Systems group and individual schemes.
- ▼ A directors' declaration from Flow Systems regarding its financial capacity.

We note that our financial assessment represents Central Park Water and Flow Systems' financial capacity at a point in time. Our recommendation to grant Central Park Water and Flow Systems licence variations should not be viewed as an endorsement of the future ongoing viability of Central Park Water and/or Flow Systems. Our assessment is based on a combination of information sources, none of which is to be regarded as individually determinative. This assessment is done for our own purposes and for the Minister's purposes in assessing the application. The conclusion is not to be relied upon for any other purpose or by any other person.

Further confidential information relating to financial capacity of the licensees is included in the Briefing to the Minister accompanying this report.

Evidence of organisational capacity with respect to the network operators and retail supplier's licence applications

From our assessment, we consider that both Central Park Water and Flow Systems have the relevant organisational capacity to carry out the activities that the varied licences (if granted) would authorise.

- ▼ **Organisational structure:**⁶⁴ Flow Systems owns and manages its subsidiaries, including Central Park Water. Central Park Water and Flow Systems manage third parties to deliver the proposed works based on contractual arrangements and agreements.
- ▼ **Organisational chart:**⁶⁵ key personnel for areas such as business development, project delivery, operations, retail, finance technology, legal, risk and compliance are shared across the subsidiaries as required.⁶⁶
- ▼ **An outline of the experience of key personnel:**⁶⁷ namely the Directors, Chief Executive Officer, Executive Manager Project Delivery, Executive Manager Scheme Operations and Executive Manager Risk and Compliance, which match the role descriptions.
- ▼ **Key personnel curricula vitae:**⁶⁸ which outlines relevant experience in the water industry and specific personnel nominated to the Central Park scheme.

⁶⁴ Flow Systems Operations Ownership Structure, as at 20 May 2019.

⁶⁵ Flow Systems Organisational Chart, May 2019.

⁶⁶ We consider the slight changes to organisational chart from the application package that was consulted on does not impact our assessment that Central Park Water has organisational capacity.

⁶⁷ Appendix 6.1.3(a) Position Descriptions (key personnel) of the network operator's application form and Appendix 6 of the retail supplier's application form.

⁶⁸ Ibid.

Capacity to carry out those activities in a manner that does not present a risk to public health with respect to the network operators and retail supplier's licence applications

From our assessment, we consider that both Central Park Water and Flow Systems have the capacity to carry out the activities that the varied licences (if granted) would authorise in a manner that does not present a risk to public health.

- ▼ **Risk management method:** we reviewed Central Park Water/Flow Systems' risk assessment⁶⁹ and consider that Central Park Water and Flow Systems have demonstrated capacity to identify and manage key hazards and risks related to non-potable water components of an amended scheme, to acceptable levels of risk, and would have in place reasonable control and mitigation measures as discussed in section 4.3 of the report.
- ▼ **Source water quality:** Central Park Water will continue to source non-potable water from the licensed Central Park sewage treatment plant. Drinking water top-up for the non-potable water treatment plant would be sourced from Sydney Water as per the existing scheme. Central Park Water would continue to operate under its existing trade waste agreement with Sydney Water.
- ▼ **Fit for purpose non-potable water quality:** Central Park Water operates non-potable water infrastructure at Central Park under its existing licence and has demonstrated its capacity to treat sewage and provide fit for purpose non-potable water, consistent with the requirements of the AGWR. We consider that Central Park Water is likely to need to further revise its risk assessment to adequately manage risks posed by the proposed new end-uses under the varied licence.
- ▼ **Cross connection mitigation measures:** Central Park Water has identified appropriate controls to ensure the risks of cross connections are minimised. In addition, Central Park Water will continue to conduct quality assurance inspections of non-potable water connections prior to commercial operation of the new infrastructure and would follow a specific notification protocol in the case of possible cross connection incidents.
- ▼ **Non-potable water supply interruption:** Any interruption to the provision of non-potable water should pose a limited risk to public health because drinking water top up for recycled water is available from Sydney Water under the existing Utility Services Agreement⁷⁰ between Flow Systems and Sydney Water. In situations of financial hardship, (ie where a customer does not pay its water bill), we understand that Central Park Water would continue to provide non-potable water at a reasonable flow for basic health and hygiene purposes. Flow Systems, as the retail supplier, would give reasonable notice to its customers if it intended for Central Park Water to restrict supply.

Appropriate arrangements with respect to insurance for the network operator's and retail supplier's licence applications

From our assessment, we consider that both Central Park Water and Flow Systems have appropriate insurance arrangements.

⁶⁹ *Central Park Scheme Risk Register (CP-WAT-NSW-PL-OPS-2480)*, Flow Systems, dated 18 September 2019.

⁷⁰ *Utility Services Agreement – Central Park between Sydney Water Corporation and Flow Systems*, dated 6 August 2014.

▼ **Insurance information for Flow Systems and all subsidiaries (including Central Park Water) was provided:**

- Insurance certificates of currency
- Works and legal liability insurance policy
- Industrial special risk insurance policy
- Insurance experts report detailing the following insurances:
 - Workers compensation
 - Contractors pollution liability
 - Industrial special risks
 - Combined public and products liability and professional indemnity
 - Contract works
 - Cyber risk
 - General business
 - Management liability
 - Portable equipment property

▼ **Additional insurance information with respect to the Network Operator Licence Application was provided:**

- Central Park Water and Flow Systems are named on each relevant insurance certificate
- Public and Products liability insurance
- Workers compensation insurance policy
- Risk management assessment and control plan.

We note that Flow Systems also holds other insurances including construction insurance, contractors pollution insurance, equipment insurance and cyber enterprise risk management insurance.

▼ **icare review:** As part of its review, icare examined:

- Central Park Water's proposal under a varied licence
- The scheme risk assessment
- Insurance coverage details, certificates of currency and product disclosure statements related to professional indemnity, public liability and product liability
- A Deed of Guarantee and Indemnity⁷¹ between CPW and its Guarantor, Water Factory Company Pty Ltd
- Insurance experts report.⁷²

⁷¹ Dated 5 October 2011. (Appendix 3.4.3(a) in D19/25417)

⁷² Prepared by Arthur J. Gallagher & Co. (Aus) Limited, dated 30 July 2019. (Appendix 3.3.1(d) in D19/25417)

C Central Park Water ownership structure and related licensees

Table C.1 Flow Systems' subsidiaries and their licenced schemes

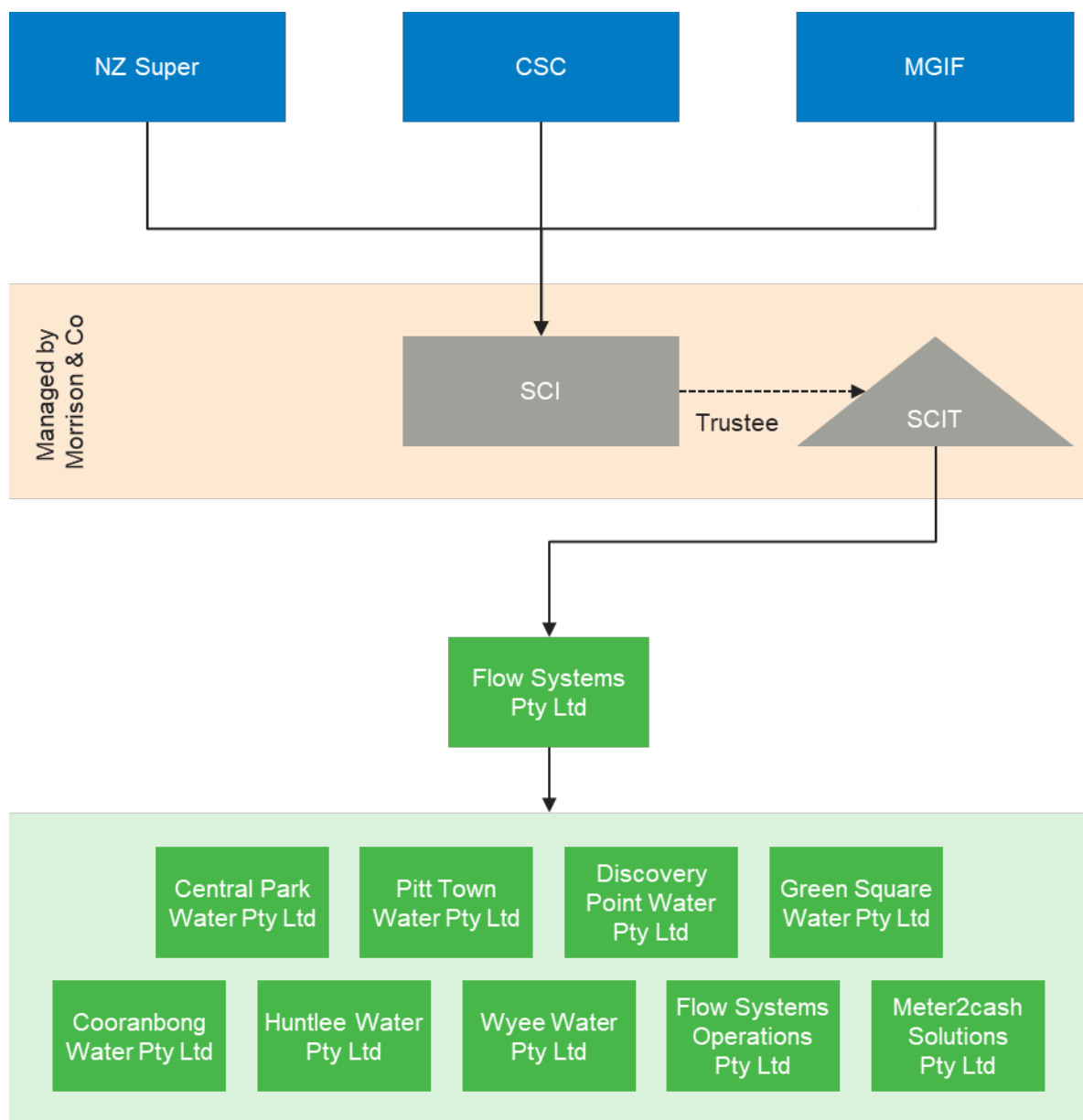
Subsidiary	Scheme	Network operator's licence	Licensed for		
			DW ^a	NP ^b	S ^c
Pitt Town Water Pty Ltd	Pitt Town scheme, Pitt Town, Sydney	10_014		✓	✓
Central Park Water Factory Pty Ltd	Central Park development, Chippendale, Sydney	12_022	✓	✓	✓
Discovery Point Water Pty Ltd	Discovery Point development, Wollie Creek, Sydney	13_025	✓	✓	✓
Wyee Water Pty Ltd	Wyee residential scheme, Wyee, Lake Macquarie	14_026	✓	✓	✓
Huntlee Water Pty Ltd	Huntlee residential scheme, North Rothbury, Hunter Valley	15_030	✓	✓	✓
Green Square Water Pty Ltd	Green Square Town Centre, Sydney	15_031		✓	
Cooranbong Water Pty Ltd	Cooranbong residential development, Cooranbong, Lake Macquarie	15_033	✓	✓	✓
Flow Systems Operations Pty Ltd	Box Hill North residential development, Hills Shire Council	16_037		✓	✓
Flow Systems Operations Pty Ltd	Shepherds Bay development, Meadowbank, City of Ryde Council	17_042	✓	✓	✓

a Drinking water infrastructure

b Non-potable water infrastructure

c Sewerage infrastructure

Figure C.1 Flow Systems group ownership structure



Legend: NZ Super = New Zealand Superannuation Fund
 CSC = Commonwealth Superannuation Corporation
 MGIF = MGIF SCIT PV Pty Ltd
 SCI = Sustainable Communities Infrastructure Pty Ltd
 SCIT = Sustainable Communities Infrastructure Trust

Note: As Trustee Corporation SCI has direct control over SCIT.
Data source: Letters from Flow Systems to IPART, 6 August 2019 and 28 January 2019.

D Summary of submissions



Table D.1 Summary of stakeholder submissions – Central Park Water’s network operator’s licence application

Agency	Summary of submission	Our response
NSW Health		
1.	NSW Health noted the additional proposed end-uses (water features and fire system top-up). NSW Health advised that Central Park Water is required to complete its risk assessment with relevant stakeholders to ensure that the treatment of non-potable water is appropriate for all intended end uses and that public health risks are managed.	We understand that Central Park Water is currently liaising with NSW Health in the development of its amended risk assessment for the scheme.
2.	NSW Health noted that the variation would expand the area that Central Park Water supplies services to. NSW Health advised that Central Park Water needs to update its management plans for drinking water and recycled water.	<p>Central Park Water amended its application. The revised application only seeks to expand the licensed area of operations for recycled water (non-potable water). Therefore we consider that Central Park Water does not need to update its drinking water management plan.</p> <p>We agree that Central Park Water will be required to update its recycled water management plan prior to commencing commercial operation of new infrastructure or supplying recycled water for new end-uses.</p>
3.	Central Park should consult with NSW Health during the development of the risk assessment, management plans, and incident notification protocols.	Central Park Water’s standard licence condition (Schedule B, clause 3.1) requires Central Park Water to comply with requirements of NSW Health where IPART has agreed to the requirement and notified Central Park Water in writing. The existing direction from NSW Health requires Central Park Water to consult with NSW Health, as relevant, during the development of all documents identified.

Agency	Summary of submission	Our response
4.	<p>NSW Health considers that IPART's audit process would confirm adequacy and compliance of the:</p> <ul style="list-style-type: none"> ▼ Drinking water management plan against the <i>Australian Drinking Water Guidelines</i>, and ▼ Recycled water management plan against the <i>Australian Guidelines for Water Recycling</i>. 	<p>Central Park Water amended its application. The revised application only seeks to expand the licensed area of operations for recycled water (non-potable water). Therefore we do not intend to reaudit the drinking water management plan outside of our standard operational audit process.</p> <p>For new infrastructure:</p> <p>We would undertake a Licence Plans Audit as part of this variation. This audit would check the adequacy and compliance of licence plans against requirements in relevant guidelines.</p> <p>For already licensed infrastructure with the proposed new end-uses:</p> <p>Central Park Water must notify us of its proposal to supply non-potable water for new end-uses at least three months before commencing such operation (Schedule B, clause 9.1 of the existing network operator's licence).</p> <p>Central Park Water is required to update its Water Quality Plan and associated risk assessment to adequately identify risks and controls related to the new end uses. We will audit the plan to ensure that the risk assessment is (1) adequate and (2) implemented.</p>
5.	<p>NSW Health noted that a licence under the WIC Act does not automatically exempt Central Park Water from the requirement to develop and adhere to a drinking water management system under the <i>Public Health Act 2010</i> and <i>Public Health Regulation 2012</i>.</p>	<p>Noted.</p>
EPA		
6.	<p>EPA is not aware of any breaches of the <i>Protection of Environment Operations Act 1997 (POEO Act)</i>.</p>	<p>Noted.</p>
7.	<p>CPW does not require an environmental protection licence (EPL) under the POEO Act despite the increase in wastewater treatment capacity to 1300 kL/day.</p>	<p>Noted.</p>
8.	<p>EPA does not recommend adding any licence conditions to CPW's network operator's licence in relation to the protection of the environment.</p>	<p>Noted.</p>

Agency	Summary of submission	Our response
9.	EPA noted that IPART should not duplicate legislated environmental requirements.	Noted.
10.	EPA does not consider that the variation would result in additional environmental risks.	Noted.
11.	EPA supports the Central Park scheme as a means of conserving and reusing water resources.	Noted.
City of Sydney Council		
12.	Council supports the variation. Council noted that it aligns with its objectives for a water sensitive city as the scheme reduces demand on the water and sewerage networks by providing recycled water.	Noted.
13.	<p>Council considers that a Part 5 assessment under the <i>Environmental Protection and Assessment Act 1979</i> (EP&A Act) is required for the:</p> <ul style="list-style-type: none"> ▼ Construction and operation of the recycled water reticulation network at UTS Central (CB 02 building). ▼ Construction and operation of the recycled water reticulation network to existing UTS buildings (except UTS Central CB 02 building). 	We consider that the Part 5 assessment is no longer relevant under Central Park Water's revised application. Central Park Water no longer seeks to include the UTS precinct in its area of operations. The newly proposed area of operations only seeks to include Jones Street (between Broadway and Thomas Street) and not the UTS precinct.
14.	<p>Council considers that no further approval is required for the:</p> <ul style="list-style-type: none"> ▼ Construction and operation of the proposed gravity sewerage system at UTS precinct (Lot 2012 DP 1183894) ▼ Construction and operation of the potable water reticulation network at UTS Central (CB 02 building) <p>as they were previously addressed and determined by the <i>Department of Planning and Environment (DPE)</i> under SSD 7382.</p> <p>Council also noted that the Development Consent issued by DPE dated 23 September 2016 describes the development as "Construction and use of an education building including: ... extension and augmentation of physical infrastructure/utilities."</p>	We agree that no further approval is required for the scheme variation. Central Park Water no longer seeks to include the UTS precinct in its area of operations. The newly proposed area of operations extends only to Jones Street (between Broadway and Thomas Street).

Agency	Summary of submission	Our response
15.	Council considers that it is unclear how long the existing gravity sewerage system at the UTS precinct has existed and what the planning rules were at the time.	Noted. This is not relevant under Central Park Water's amended application. We consider that no further approval is required for the scheme variation. Central Park Water no longer seeks to include sewage infrastructure to the UTS precinct under a varied licence. The newly proposed area of operations extends only to Jones Street (between Broadway and Thomas Street).
16.	<p>Council considers that no further approval is required for the:</p> <ul style="list-style-type: none"> ▼ Construction of recycled water pipeline between Central Park and UTS ▼ Operation of recycled water pipeline between Central Park and UTS <p>as they were previously assessed and determined under development approval D/2015/1450.</p>	Noted.
17.	Council considers that no further approval is required for the construction and operation of potable water reticulation network within existing UTS precinct (except UTS Central CB 02 building).	Noted.
18.	<p>In relation to:</p> <ul style="list-style-type: none"> ▼ Construction and operation of potable water reticulation network at UTS Central (CB 02 building) ▼ Construction and operation of potable water reticulation network within existing UTS precinct (except UTS Central CB 02 building) <p>The City noted that SEPP (Infrastructure) 2007 clause 125(1) states "Development for the purposed of water reticulation systems may be carried out by or on behalf of a public authority without consent on any land."</p>	Noted.
Department of Planning and Environment		
19.	DPE confirmed that Central Park Water has not been subject to enforcement action under the EP&A Act.	Noted.

Agency	Summary of submission	Our response
20.	<p>DPE confirmed that the following consents have been granted for the proposed variation:</p> <ul style="list-style-type: none"> ▼ SSD 7382 – approval to connect sewage and water utilities at UTS ▼ D/2015/1450 and D/2016/434 (granted by the City of Sydney Council) – approvals to connect UTS to Central Park’s infrastructure. <p>DPE considers that Central Park Water does not require additional approvals for its proposal.</p>	Noted.
21.	DPE does not consider that the proposal would result in unacceptable risks to the environment.	Noted.

Table D.2 Summary of stakeholder submissions – Flow Systems’ retail supplier’s application

Agency	Summary of submission	Our response
NSW Health		
1.	<p>NSW Health noted the additional proposed end-uses (car washing, general wash down on hard surfaces, street cleaning, recycled water treatment plant process water and water features).</p> <p>NSW Health requested the Flow Systems confirm if water features is limited to ornamental water features only.</p>	<p>We consider that this relates to the corresponding Central Park Water network operator’s application.</p> <p>We propose to restrict the corresponding Central Park Water network operator’s licence to ornamental water features only.</p>
2.	<p>NSW Health requested that all new end-uses are subject to a risk assessment to make sure that risks are appropriately managed. NSW Health noted that “an exposure assessment is necessary” to determine log reduction values for end-uses that are not considered in the AGWR.</p> <p>NSW Health also noted that all Flow Systems’ should update its risk methodology prior to conducting new risk workshops related to the scheme. The updates should address NSW Health and IPART feedback on previous risk assessments.</p>	<p>We understand that Flow Systems is currently liaising with NSW Health in the development of its amended risk assessment for the scheme.</p>
3.	<p>NSW Health recommended that Flow Systems customers and other end users of recycled water are made aware of, and agree to, any requirements to manage the risk.</p>	<p>Under Schedule 2, clause 9 of the WIC Regulation, Flow Systems must inform customers of the authorised purposes of non-potable water and must not supply non-potable water for any other purpose.</p> <p>If the Minister grants the licence variation, we propose to write to Flow Systems, informing them of this requirement. We would include this clause in the next operational audit scope for Flow Systems’ retail supplier’s licence.</p>
4.	<p>NSW Health requested that Flow Systems review the risk assessments in consultation with NSW Health and IPART. NSW Health expects an invitation to attend risk assessments.</p>	<p>We consider that this relates to the corresponding Central Park Water network operator’s application. Our response is in item 3, in Table D.1.</p>

Agency	Summary of submission	Our response
5.	<p>NSW Health considers that IPART's audit process would confirm adequacy and compliance of the:</p> <ul style="list-style-type: none"> ▼ Drinking water management plan against the <i>Australian Drinking Water Guidelines</i>, and ▼ Recycled water management plan against the <i>Australian Guidelines for Water Recycling</i>. 	We consider this relates to the corresponding Central Park Water network operator's application. Our response is in item 4, in Table D.1.
6.	NSW Health noted that a licence under the WIC Act does not automatically exempt Central Park Water from the requirement to develop and adhere to a drinking water management system under the <i>Public Health Act 2010</i> and <i>Public Health Regulation 2012</i> .	Noted.
Environment Protection Authority		
7.	EPA is not aware of any breaches of the <i>Protection of Environment Operations Act 1997 (POEO Act)</i> .	Noted.
8.	Flow Systems does not require an environmental protection licence (EPL) under the POEO Act despite the increase in wastewater treatment capacity to 1300 kL/day.	Noted.
9.	EPA does not recommend adding any licence conditions to Flow Systems' retail supplier's licence in relation to the protection of the environment.	Noted.
Department of Planning, Industry & Environment		
10.	DPE confirmed that Flow Systems has not been subject to enforcement action under the EP&A Act.	Noted.
11.	DPE does not consider that the proposal would result in unacceptable risks to the environment.	Noted.

Agency	Summary of submission	Our response
Sydney Water		
12.	<p>Sydney Water supports measures that help to reduce the demand for drinking water, subject to:</p> <ul style="list-style-type: none"> ▼ Conditions may be needed to assure public health, safety and environmental outcomes (as determined by NSW Health, WorkCover and the Environment Protection Authority). ▼ Consistent definitions being used across licences for the same permitted uses. ▼ An assessment of impacts on the overall water balance for each scheme, including changes to the supply of drinking water for top-up. 	<p>Noted.</p> <p>We do not consider that additional licence conditions are required. Conditions for network operators licences prescribed in the <i>Water Industry Competition (General) Regulation 2008</i> address issues of a safe and reliable network, environmental protection and require that water quality plans consistent with Australian guidelines be developed and implemented.</p> <p>The Central Park licence also has a licence condition requiring it to comply with NSW Health's requirements that IPART has agreed to and notified the Licensee of. We note that the EPA, in its submission states that the licence should not duplicate existing legislative requirements and it did not recommend additional licence conditions.</p> <p>We have attempted to ensure that the definitions used across Flow Systems' subsidiary licences are consistent. Eg, the licences refer to "ornamental water features" rather than simply "water features" to reduce ambiguity about recycled water use.</p> <p>We have not required an assessment of the impacts of the variation on the overall water balance for the Central Park Scheme as the supply of recycled water to UTS will result in the use of recycled water where drinking water would otherwise be used.</p>

Agency	Summary of submission	Our response
13.	<p>Sydney Water has stated its strong preference that all WIC Act Licence holders be required to develop a Code of Conduct (CoC) with any other utility that provides services to or within their area of operations, regardless of whether there is a direct interconnection of infrastructure. As a minimum, the CoC should cover matters such as:</p> <ul style="list-style-type: none"> ▼ Data sharing (for example, water quality) ▼ Incident management ▼ Customer communication and complaint protocols ▼ How the risk of cross connections will be managed/mitigated. 	<p>Noted.</p> <p>Central Park Water is required to establish a CoC in accordance with Schedule B, clause 8 of its current network operator's licence, if the Minister has not already established a CoC under clause 25 of the <i>Water Industry Competition (General) Regulation 2008</i> (WIC Regulation).</p> <p>Schedule B, clause 8 sets out the minimum requirements of what must be included in the CoC. The WIC Regulation also sets out similar matters that the Minister may include in a CoC under clause 25 of the Regulation. The matters raised by Sydney Water go beyond these requirements. As this raises a broader issue that affects all licences and is not related to the variation being sought, we have not sought to address this issue through the licence variation process. We will however consider this issue as part of the next re-make of the WIC Regulation. We intend to consult further with Sydney Water and WICA licensees on the issues raised as part of that process.</p>
14.	<p>Sydney Water would welcome the opportunity to work with Flow Systems to ensure the safety of customers is prioritised, including better understanding Flow Systems' approach to communicating with recycled water customers during drought.</p> <p>Sydney Water noted that while historically recycled water has been exempted from water restrictions, demand in extended dry periods typically exceeds the available supply requiring significant volumes of drinking water top-up. This may compromise pressure and flow in Sydney Water's drinking water system which may lead to poor service outcomes for customers and could also present public safety risk to the community during incidents (for example, during bushfires).</p>	<p>Noted.</p> <p>Flow Systems has a contract with Sydney Water for the supply of drinking water top-up supply. Central Park Water/Flow Systems can and should discuss the terms of provision of top-up potable water supply, during extended dry periods, under this contract.</p> <p>If necessary, the Minister has the capacity to impose restrictions on recycled water use. We consider that this is a more appropriate and flexible mechanism than specific licence clauses which are not able to be updated dynamically in response to wet/dry periods.</p>

