



Independent Pricing and Regulatory Tribunal

Assessment of Cooranbong Water's network operator's licence application

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

Water — Report to the Minister
July 2015



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1 Summary

We recommend that the Minister grants the Cooranbong Water Pty Ltd (Cooranbong Water) network operator's licence (licence number 15_033) to authorise Cooranbong Water to construct, operate and maintain water industry infrastructure to supply drinking water, non-potable water¹ and provide sewerage services at the North Cooranbong Development.

Cooranbong Water proposes to construct, operate and maintain a recycled water treatment plant (RWTP) and a reticulated network for drinking water, non-potable water and sewerage services at the North Cooranbong Development. Cooranbong Water has requested we consider its licence application in two separate phases:²

- ▼ Phase 1 involves the construction, operation and maintenance of the RWTP and the drinking water, non-potable water and sewerage infrastructure for the first 81 residential lots.
- ▼ Phase 2 will extend the reticulated network to provide drinking water, non-potable water and sewerage infrastructure to a further 1,924 residential lots.

Phase 2 of the project will be the subject of a future licence variation application. Our assessment is therefore focused on Phase 1. However, some elements of the larger scheme have been considered in our assessment where appropriate.

In assessing Cooranbong Water's licence application, we considered the licensing criteria set out in sections 10(3)-(4) of the *Water Industry Competition Act 2006* (NSW) (WIC Act), and had regard to the licensing principles in section 7(1) of the WIC Act.

In addition to assessing the application against the licensing criteria and principles of the WIC Act, we also considered whether Cooranbong Water's services should be declared monopoly services and subject to price regulation. We consider that the drinking water, recycled water and sewerage services at the North Cooranbong Development could be considered a monopoly service, however we recommend Cooranbong Water not be declared a monopoly supplier in relation to these services at this time.

Should the Minister declare any monopoly services, we recommend that the Minister does not refer to any of these services to IPART for determination of pricing or a periodic review of pricing policies, at this time.

¹ In the *Water Industry Competition (General) Regulation 2008*, non-potable water means water that is not drinking water.

² Letter to IPART, Mr Steve Hall, Cooranbong Water, 9 June 2015.

The Minister must consider, but is not bound to accept, any advice or recommendation in this report in determining the licence application. The Minister may, if circumstances so require, seek further advice from us in relation to the licence application.³

2 Background

Cooranbong Water applied for a network operator's licence on 11 June 2014 to supply drinking water and non-potable water and provide sewerage services for the North Cooranbong Development.

The applicant

The applicant (Cooranbong Water) is a subsidiary company of Flow Systems Pty Ltd (Flow Systems). Cooranbong Water has no direct employees and relies on the full support of Flow Systems to provide technical, financial and organisational capacity. Flow Systems will be named on the network operator's licence as a third party.

Flow Systems currently hold five other network operator's licences through its subsidiary companies, at Pitt Town, Discovery Point, Central Park, Wyee and Huntlee; including the supply and reticulation of drinking water and non-potable water, and the provision of sewerage services. In addition, Flow Systems has several other applications for network and retail licences that are currently being assessed.

On 14 May 2015, the Minister granted a variation to Flow Systems' retail supplier's licence (licence number 13_001R) to include the provision of drinking water supply, non-potable water supply and sewerage services at the North Cooranbong Development.

The scheme

Flow Systems has been engaged by Johnson Property Group Pty Ltd (JPG), (the project developer) to establish a local water utility (Cooranbong Water) for the North Cooranbong Development.⁴

³ WIC Act, section 10(2).

⁴ Excluding the development's initial 132 lots which will be serviced by Hunter Water Corporation.

JPG is currently undertaking a new large-scale residential development at Cooranbong, in the city of Lake Macquarie, NSW (the North Cooranbong Development). The North Cooranbong Development will comprise approximately 2,236 new homes of which 132 lots have already been developed or are in process of being developed (these are excluded from Cooranbong Water's application and therefore from this report).

The proposed scheme (phases 1 and 2) comprises 12 residential stages and one medium density residential stage (a total of 2,104 lots). The scheme includes one primary school allotment, landscaped areas, public open space, recreation areas and a small retail precinct (an additional 95 equivalent tenements).

Separate to the consideration of the network operator's licence application, the drinking water reticulation and sewerage networks for the development's initial 132 lots will be connected to Hunter Water Corporation's (Hunter Water) existing infrastructure.

In Phase 1 of the Cooranbong Water serviced scheme, 81 lots are proposed to be served by Cooranbong Water's pressure sewerage system, discharging into Hunter Water's existing sewerage infrastructure. In Phase 1, drinking water will be supplied by Hunter Water, and delivered to customers by Cooranbong Water's infrastructure. Phase 1 also includes the construction of a RWTP (with a treatment train consisting of primary treatment, membrane bioreactor, ultraviolet disinfection and chlorination), storage, and distribution reticulation systems to produce and supply non-potable water. Cooranbong Water will be responsible for the operation and maintenance of the treatment and reticulation infrastructure in Phase 1.

The North Cooranbong Development has received development consent under Part 4 of the *Environment Planning and Assessment Act 1979* (NSW) (EP&A Act) from Lake Macquarie City Council (DA/573/2014), comprising drinking water, non-potable water and sewage reticulation systems to 81 lots (Phase 1). The non-potable water and sewage reticulation systems for the remaining North Cooranbong Development obtained concept approval under Part 3A of the EP&A Act.

The Lake Macquarie City Council is currently assessing a designated development proposal for the water recycling facility (Phase 1) under Part 4 of the EP&A Act (DA/714/2014).

3 Consultation and submissions

On 25 March 2015, we provided the 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 Lands and Water)
- ▼ Minister administering the *Protection of the Environment Operations Act 1997* (NSW) (Minister for the Environment), and
- ▼ Minister administering the *Environmental Planning and Assessment Act 1979* (NSW) (Minister for Planning and Assistant Minister for Planning).⁵

We also provided a copy of the licence application to you as the Minister administering the WIC Act at the same time.⁶

Hunter Water was notified of the licence application because Cooranbong Water is proposing to connect to, or use, Hunter Water's water industry infrastructure (as defined in the WIC Act) as part of the activities in relation to which it seeks a licence, as required under section 9(1)(b)(iii) of the WIC Act and clause 17(2) of the *Water Industry Competition (General) Regulation 2008* (NSW) (WIC Regulation).

We invited Lake Macquarie City Council to make a submission as we understand that Lake Macquarie City Council is the Consent Authority under the *Environmental Planning and Assessment Act 1979* (NSW) (EP&A Act) for the development. Further, we understand that if the licence is granted, Lake Macquarie City Council would be the Appropriate Regulatory Authority under the *Protection of the Environment Operations Act 1997* (POEO Act), because Cooranbong Water has indicated that the proposed activities do not require an environment protection licence under the POEO Act.

We also called for submissions on the application from the public.⁷ We advertised in the Lakes Mail and the Newcastle Herald on 25 March 2015 for public submissions. The closing date for the submissions was 22 April 2015. Following requests from local residents, and given the extreme weather conditions of April 2015, we granted an extension to make submissions to 29 April 2015.

⁵ WIC Act, section 9(1)(b).

⁶ WIC Act, section 9(1)(a).

⁷ WIC Act, section 9(1)(c).

We received submissions from the Minister for Lands and Water, NSW Health, NSW Department of Planning and Environment (DPE), NSW Environmental Protection Authority (EPA), Hunter Water and 64 public submissions⁸. These submissions are available on our website. A summary of the submissions is provided in Attachment B.

The Minister for Lands and Water advised that depending on the volume of stormwater harvested and the area from which it is harvested, a water access licence may be required.⁹ The submission clarifies Cooranbong Water's understanding of the advice provided previously from the NSW Office of Water regarding the volume of stormwater to be harvested and the access licence requirements.¹⁰ The Minister recommended that Cooranbong Water seek further advice from the NSW Office of Water on the volumes proposed to be harvested to ensure that they are within their harvestable right, or otherwise appropriately licensed in accordance with the *Water Sharing Plan of the Hunter Unregulated and Alluvial Water Sources 2009*. These matters are addressed in section 4.6.2.

NSW Health supports the application, and has requested consultation during the detailed drinking water and non-potable water risk assessments before retail supply commences to ensure that all relevant public health matters have been considered.¹¹ NSW Health also requested consultation in the development of incident notification and management procedures. We have guidelines and procedures in place to ensure NSW Health is consulted after a licence is granted, prior to commercial operation.

DPE raised no objections to the application and indicated that it is not aware of any breaches of the EP&A Act by Cooranbong Water in relation to this project.¹² DPE did not provide specific comments in relation to potential environmental risks related to the licence application.

Hunter Water advised that it supports the application, and clarified technical and commercial parameters of the proposed working and contractual relationship between Hunter Water and Flow Systems.¹³ Hunter Water also clarified aspects of the sewer connection for Cooranbong Water and the sewerage sludge disposal. We address these issues in sections 4.2.1 and 4.6.2.

The NSW Environmental Protection Authority (EPA) has advised that if the treated effluent from the RWTP is being discharged to land or waters, an Environmental Protection Licence (EPL) from the EPA would be required in accordance with the POEO Act.¹⁴ We consider this issue in section 4.5.

⁸ We received 65 public submissions in the submission period; one submission was subsequently withdrawn.

⁹ Letter from the Minister for Lands and Water, 18 May 2015.

¹⁰ Email from NSW Office of Water to Flow Systems, 11 December 2014.

¹¹ Letter from NSW Health, 23 April 2015.

¹² Letter from DPE, 27 April 2015.

¹³ Letter from Hunter Water, 23 April 2015.

¹⁴ Letter from NSW EPA, 7 May 2015.

EPA is concerned that during Phase 1 of the project, Hunter Water may not be able to receive all of Cooranbong Water's untreated sewage during periods of high demand on Hunter Water's infrastructure. EPA accordingly recommended that Cooranbong Water would need to ensure adequate storage of sewage to prevent surcharge and pollution of waters from any surcharge event during this period, and ensure that adequate odour management measures are in place. Our consideration of these matters is outlined in sections 4.2.1, 4.3, 4.5, 4.6.1 and 4.6.2.

We received 64 submissions from Cooranbong residents expressing concerns and objections regarding the project.¹⁵ Of the 64 submissions:

- ▼ 62 submissions (97%) were concerned with the proposed location of the RWTP
- ▼ 42 submissions (66%) were concerned with water resources management
- ▼ 36 submissions (56%) were concerned with the environmental impacts of the RWTP
- ▼ 24 submissions (38%) were concerned with impacts on property values
- ▼ 10 submissions (16%) were concerned with traffic impacts, and
- ▼ three submissions (5%) made comments regarding monopoly supply.

The main concerns from the community members are regarding the proposed location of the RWTP and its potential environmental impacts (such as air quality, noise, flora and fauna and visual impacts) and water resource management (including flooding and stormwater). We consider these issues in section 4.6.2.

Further, community members are concerned that the proposed location of the RWTP with regard to its proximity to the existing town of Cooranbong, and identify potential impacts to the value of their properties and traffic movements. Three community members referred to monopoly supply. We consider the location of the RWTP and potential impacts on the value of surrounding properties in section 4.7. We address the traffic impact in section 4.6.2, and we consider the monopoly supply issues in section 4.8.1.

In addition to inviting submissions, we sought expert advice from:

- ▼ Vincents Chartered Accountants to inform our financial assessment (see section 4.2.2), and
- ▼ the NSW Self Insurance Corporation (SICorp) to inform our assessment of appropriate insurance arrangements (see section 4.4).

¹⁵ We received submissions from the public from 15 April to 29 April 2015.

4 Assessment of application

This section of the report contains our assessment of Cooranbong Water's licence application and our recommendations. Our assessment considers each of the following requirements of the WIC Act:

- ▼ A licence must not be granted to:
 - a) a disqualified corporation, or
 - b) a corporation that is a related entity of a relevant¹⁶ disqualified corporation.
- ▼ A licence may not be granted unless the Minister is satisfied as to each of the following:
 - 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
 - that the applicant has the capacity to carry out those activities in a manner that does not present a risk to public health
 - that the applicant has made, and will continue to maintain, appropriate arrangements with respect to insurance
 - 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
 - in the case of an application for a network operator's licence, that the applicant has the capacity to carry out the activities that the licence (if granted) would authorise in a manner that does not present a significant risk of harm to the environment, and
 - such other matters as the Minister considers relevant, having regard to the public interest.¹⁷
- ▼ In considering whether or not a licence is to be granted, and what conditions are to be imposed on such a licence, regard is to be had to the following principles:
 - the protection of public health, the environment, public safety and consumers generally
 - the encouragement of competition in the supply of water and the provision of sewerage services
 - the ensuring of sustainability of water resources
 - the promotion of production and use of recycled water
 - the promotion of policies set out in any prescribed water policy document

¹⁶ Where the disqualified corporation would have a direct or indirect interest in, or influence on, the carrying out of the activities that the licence would authorise if granted; section 10(3)(b) WIC Act.

¹⁷ WIC Act, sections 10(3) and (4).

- the potential for adverse financial implications for small retail customers generally arising from the activities proposed to be covered by the licence, and
- 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.¹⁸

4.1 Disqualified corporation and related entity checks

We consider that the applicant is neither a disqualified corporation nor a corporation that is a related entity of a relevant¹⁹ disqualified corporation.

In making this recommendation, we have considered the following information:

- ▼ A statutory declaration signed by Cooranbong Water’s Chief Executive Officer and Director stating that:
 - neither Cooranbong Water, nor any director or person concerned in the management of Cooranbong Water is, or would be, a disqualified corporation or a disqualified individual within the meaning of the WIC Act, and
 - Cooranbong 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.
- ▼ Information provided by Cooranbong Water regarding details of the:
 - trustees (past and current) of any trusts in relation to which Cooranbong Water is a beneficiary
 - current beneficiaries of any trusts in relation to which Cooranbong Water is a trustee
 - relevant related entities,²⁰ and
 - names of the Chief Financial Officer and Chief Executive Officer for Cooranbong Water and each of Cooranbong Water’s relevant related entities.
- ▼ Results of ASIC and Dun & Bradstreet reports that we have obtained for Cooranbong Water, and for the eleven relevant related entities, confirmed that these companies are not disqualified nor are their directors or persons concerned in the management disqualified individuals.²¹

¹⁸ WIC Act, section 7.

¹⁹ 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).

²⁰ Cooranbong Water identified the following relevant related entities: BPIH Pty Ltd, Enwave Australia Pty Ltd (formerly Brookfield Utilities (Australia) Pty Ltd), Brookfield Water Holdings Pty Ltd, Flow Systems Pty Ltd, Huntlee Water Pty Ltd, Central Park Water Pty Ltd, Discovery Point Pty Ltd, Green Square Water Pty Ltd, Pitt Town Water Pty Ltd, Wyee Water Pty Ltd and Flow Systems Operations Pty Ltd.

²¹ The relevant searches completed on 12 June 2015 and 15 June 2015.

- ▼ Results of our search of the WIC Act licence register confirmed that Cooranbong Water and its relevant related entities are not listed on the register as a disqualified corporation.²²

4.2 Capacity (including technical, financial and organisational capacity) to carry out the activities

Cooranbong Water has applied for a network operator's licence to authorise the construction, operation and maintenance of water industry infrastructure at the North Cooranbong Development.

We assessed Cooranbong Water's technical, financial and organisational capacity to carry out the activities to be licensed. Our assessment was based on Cooranbong Water's capacity at the time of making the application.

4.2.1 Technical capacity

We are satisfied that Cooranbong Water, supported by Flow Systems, has the technical capacity to construct, operate and maintain water industry infrastructure.

As mentioned previously, Cooranbong Water relies on the full support of Flow Systems to provide technical capacity. Our analysis included a review of Cooranbong Water's:

- ▼ Corporate Services Agreement dated 23 March 2015 between Cooranbong Water and Flow Systems. The Agreement is a binding agreement for the provision of services by Flow Systems to Cooranbong Water.
- ▼ Reports, plans and procedures that Flow Systems²³ prepared for similar projects (ie, Pitt Town, Discovery Point and Central Park). These documents demonstrated its technical understanding of design, operation and maintenance of drinking water, non-potable water and sewerage reticulation and treatment infrastructure.
- ▼ The audit reports for the licence plan audits carried out for Pitt Town, Discovery Point, Central Park, and the Pitt Town operational audit report. The audit reports do not identify any significant non-compliances, which demonstrates Flow Systems' capacity to safely and reliably design, construct, operate and maintain water industry infrastructure.

²² There are currently no disqualified corporations or individuals on the register pursuant to the WIC Act, sections 16(e) and 16(f).

²³ Flow Systems will be undertaking these activities on behalf of Cooranbong Water.

- ▼ Process flow diagrams for drinking water, non-potable water and sewerage (including staged, interim and permanent facility development). This is evidence of Cooranbong Water's capacity, supported by Flow Systems, to design the required treatment system appropriately for each proposed scheme stage and identify key input and output streams and storages (eg, source materials, waste streams, etc). The diagrams also indicate preliminary critical control points for water quality and expected removal efficiency for each stage of the treatment for key water quality parameters (ie, virus, protozoa and bacteria for recycled water treatment) in accordance with the proposed recycled water end-uses.
- ▼ Cooranbong Water's preliminary risk assessment for the drinking water, non-potable water and sewerage services. This demonstrates Cooranbong Water's technical capacity to identify hazards and risks related to the scheme's drinking water, non-potable water and sewerage infrastructure and Cooranbong Water's business systems, and to develop control measures to manage these risks. The residual risks are considered adequate; and we consider the control measures identified are appropriate. Further, the preliminary risk assessment provided demonstrates technical capacity to understand and implement the *Australian Guidelines for Water Recycling 2006*.
- ▼ Proposed drinking water, non-potable water and pressure sewer reticulation masterplans. These demonstrate Cooranbong Water's technical capacity, as supported by Flow Systems, to design staged reticulation networks in accordance with the future project demands and stage requirements.
- ▼ A Water Balance Report submitted in response to a request for further information (we received the document after the submissions period).²⁴ The Water Balance Report demonstrates Cooranbong Water's technical capacity, as supported by Flow Systems, to forecast non-potable water requirements, production and storage necessary (eg, top-up and non-potable water demand volumes) in the scheme, and key information such as future sewage production, drinking and non-potable water demands, weather conditions and system losses. The Water Balance Report also includes a site specific land capability assessment report, which recommends a rate for effluent disposal²⁵. The Water Balance Report includes projected volumes of excess recycled water produced and areas of land required for irrigation in future stages in the Phase 2 of the North Cooranbong Development. The information provided to date by Cooranbong Water does not provide a sufficient level of scientific investigation to enable a full assessment of the treated effluent irrigation scheme proposed. However, effluent irrigation is not included in the scope of Phase 1, and we will consider it in our assessment of Phase 2.

²⁴ Water Balance Report, prepared by Kinesis for Flow Systems.

²⁵ Referred to in the Water Balance Report as 'recycled water land irrigation rate'.

- ▼ Flow Systems' previous technical experience (within Australia), which we assessed by reviewing schemes which are currently being operated by Flow Systems, including the Pitt Town, Discovery Point and Central Park schemes. We consider Flow Systems' previous technical experience is appropriate to provide sufficient technical capacity to Cooranbong Water.
- ▼ Flow Systems' human resources capability, which we assessed from the position descriptions and professional experience of specific personnel nominated to the project in the application. We consider the personnel and positions nominated by Flow Systems are appropriate to provide technical capacity to Cooranbong Water.

We received the following submissions regarding Cooranbong Water's technical capacity.

Hunter Water supports the application and is finalising a 'Utility Services Agreement' with Flow Systems which will outline technical and commercial parameters.²⁶ In relation to the interim sewer point of connection for the development, Hunter Water has indicated that it has agreed with the land developer (JPG) that prior to Cooranbong Water gaining permission to commence commercial operation and the RWTP becoming operational, to allow connection of a maximum of 180 lots to Hunter Water's sewer network (ie, including the 81 lots in Phase 1).²⁷

The **EPA** questioned whether Hunter Water's infrastructure would have the capacity to receive all of Cooranbong Water's untreated sewage during periods of high demand in Phase 1 and whether the storage designed by Cooranbong Water (a volume to enable two days' retention time) was sufficient.²⁸ Hunter Water confirmed that its sewerage network can accept the proposed pumped flow during dry weather (including during the daily peak diurnal period for Phase 1 of the scheme), and provided technical requirements for the interim pressure sewer connection. Hunter Water indicated that a tank with two days of storage should adequately accommodate foreseeable isolation events. Hunter Water indicated that in an emergency road tankering of sewage to Dora Creek Wastewater Treatment Plant, or to other Hunter Water network assets may be possible during Phase 1.²⁹ This would only require a few tankers per day and is therefore reasonable in an emergency.

We consider that the information submitted by Cooranbong Water demonstrates that it has the technical capacity to construct, operate and maintain water industry infrastructure.

²⁶ Letter from Hunter Water, 24 February 2015.

²⁷ Email to IPART, Mr Peter Shields, Regulatory Policy Manager, Hunter Water, 5 June 2015.

²⁸ Letter from NSW EPA, 7 May 2015.

²⁹ Email to IPART, Mr Peter Shields, Regulatory Policy Manager, Hunter Water, 5 June 2015.

We recommend that Cooranbong Water should be subject to the following licence condition (see draft licence in Attachment A), in relation to technical capacity, if a licence is granted:

B1.1 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 immediately in accordance with the Network Operator's Reporting Manual.

Further, we recommend that Cooranbong Water should be subject to the following special condition, in relation to technical capacity. If a licence is granted, this condition requires Cooranbong Water to provide prior notification to IPART when the licensee proposes to modify any agreement in connection with the licence application, including the Deed and CSA:

A4.1 If a party to an Agreement proposes to:

- a) terminate the Agreement;
- b) novate the Agreement;
- c) assign or transfer any of its rights or obligations under such an Agreement to any other person; or
- d) alter the Agreement in any way that materially reduces the Licensee's technical, financial or organisational capacity to carry out the activities authorised by this Licence,

the Licensee must provide IPART with written notice as soon as practicable, but no later than 3 months, before the time when the proposed action is to occur. The written notice must include details of how the service provided under the Agreement will be provided subsequent to the proposed termination, novation, assignment, transfer or alteration.

4.2.2 Financial capacity

We are satisfied that Cooranbong Water has the financial capacity to construct, operate and maintain water industry infrastructure.

As mentioned previously, Cooranbong Water relies on the full support of Flow Systems to provide financial capacity. In making our assessment of the applicant's financial capacity we have considered the following information:

- ▼ Flow Systems' summarised profit and loss statements.
- ▼ Flow Systems' summarised balance sheets.
- ▼ Flow Systems' summarised income tax returns.
- ▼ Flow Systems' key financial ratios.
- ▼ Deed of Guarantee and Indemnity (the Deed) and the Corporate Services Agreement (CSA) between Cooranbong Water and Flow Systems.

We engaged an independent financial consultant, Vincents Chartered Accountants (Vincents), to assess the financial capacity of Cooranbong Water and the viability of the scheme. Since Cooranbong Water is a newly formed subsidiary of Flow Systems, we asked Vincents to review both companies.

The Deed provides a financial guarantee for the subsidiary company, whilst the CSA provides the contractual arrangements between parent and subsidiary regarding the provision of services necessary to complete the works. The Deed has no cap on liability and no sunset date. Flow Systems will ensure that Cooranbong Water will perform and observe the guaranteed obligations necessary to meet any claim during the term and, if required, Flow Systems will perform or observe any guaranteed obligation or otherwise procure its performance.

In terms of financial capacity, Vincents reported that Flow Systems has a low to medium risk of financial failure.³⁰ In terms of financial viability of the project, Vincents considered the project operations will be cash flow positive from its commencement and until [at least] the year 2030. Based on its assessment of Flow Systems and the scheme's cash flows, Vincents considers that Cooranbong Water does not require any special licence conditions relating to financial capacity.

We would like to emphasise that our financial assessment represents the applicant's financial capacity at a point in time. Our recommendation to grant Cooranbong Water a licence should not be viewed as an endorsement of the future ongoing viability of the corporation. The 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 by any other person.

We note that Vincents' assessment was made on the basis that the insurance policies obtained by the applicant are adequate for its proposed operations. We consider this assumption is reasonable (see section 4.4 for our assessment of insurance).

We reviewed the Deed and consider that it is adequate to provide a continuing guarantee and indemnity for all liabilities incurred by Cooranbong Water in carrying out the obligations under the scheme contract.

We received no submissions regarding Cooranbong Water's financial capacity.

³⁰ Vincents Chartered Accountants. *Forensic Accountant's Report in the matter of Water Industry Competition Act Financial Capacity Review in respect of the applicants Flow Systems Pty Ltd and Cooranbong Water Pty Ltd*, 18 February 2015, p 6.

We consider that the information submitted by Cooranbong Water demonstrates that it has the financial capacity to construct, operate and maintain sewerage infrastructure.

We recommend that Cooranbong Water should be subject to the following standard licence condition (see draft licence in Attachment A), in relation to financial capacity, if a licence is granted:

- ▼ B1.1 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 immediately in accordance with the Reporting Manual.

Further, we recommend that Cooranbong Water should be subject to the following special condition, in relation to financial capacity, if a licence is granted, this condition requires Cooranbong Water to provide prior notification to IPART when the licensee proposes to modify any agreement in connection with the licence application, including the Deed and CSA:

- ▼ A4.1 If a party to an Agreement proposes to:
 - a) terminate the Agreement;
 - b) novate the Agreement;
 - c) assign or transfer any of its rights or obligations under such an Agreement to any other person; or
 - d) alter the Agreement in any way that materially reduces the Licensee's technical, financial or organisational capacity to carry out the activities authorised by this Licence,

the Licensee must provide IPART with written notice as soon as practicable, but no later than 3 months, before the time when the proposed action is to occur. The written notice must include details of how the service provided under the Agreement will be provided subsequent to the proposed termination, novation, assignment, transfer or alteration.

4.2.3 Organisational capacity

We are satisfied that Cooranbong Water has the organisational capacity to construct, operate and maintain water industry infrastructure.

Our analysis showed that, through its relationship with Flow Systems, Cooranbong Water demonstrated its organisational capacity to construct, maintain and operate water industry infrastructure at the North Cooranbong Development by:

- ▼ providing evidence of its experience in providing similar services to other schemes, including Pitt Town, Central Park and Discovery Point

- ▼ having an appropriate organisational structure to manage its nominated third parties to deliver the proposed work based on their contractual arrangements and agreements
- ▼ outlining the experience of the personnel currently in the Managing Director, Chief Operating Officer, Executive Manager Project Delivery and Executive Manager Utility Operations roles, which matched that of the role descriptions
- ▼ having previous experience (within Australia) in the water industry and specific personnel nominated to the project, as shown by the CVs of its key personnel provided to us in its application form
- ▼ showing evidence of its capacity to negotiate utility service agreements with network operators, through its correspondence with Hunter Water, and
- ▼ having demonstrated that business risks have been identified and will be managed, through the risk assessment provided to us in its application form.

As a subsidiary of Flow Systems, Cooranbong Water relies on Flow Systems, for business support. The CSA and the Deed demonstrated continued organisational support from Flow Systems.

We received no submissions regarding Cooranbong Water's organisational capacity.

We consider that the information submitted by Cooranbong Water demonstrates that it has the organisational capacity to construct, operate and maintain water industry infrastructure.

We recommend that Cooranbong Water should be subject to the following licence condition (see draft licence in Attachment A), in relation to organisational capacity, if a licence is granted:

- B1.1 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 immediately in accordance with the Network Operator's Reporting Manual.

Further, we recommend that Cooranbong Water should be subject to the following special condition, in relation to organisational capacity, if a licence is granted, this condition requires Cooranbong Water to provide prior notification to IPART when the licensee proposes to modify any agreement in connection with the licence application, including the Deed and CSA:

A4.1 If a party to an Agreement proposes to:

- a) terminate the Agreement;
- b) novate the Agreement;
- c) assign or transfer any of its rights or obligations under such an Agreement to any other person; or

- d) alter the Agreement in any way that materially reduces the Licensee's technical, financial or organisational capacity to carry out the activities authorised by this Licence,

the Licensee must provide IPART with written notice as soon as practicable, but no later than 3 months, before the time when the proposed action is to occur. The written notice must include details of how the service provided under the Agreement will be provided subsequent to the proposed termination, novation, assignment, transfer or alteration.

4.3 Capacity to carry out those activities in a manner that does not present a risk to public health

We are satisfied that Cooranbong Water has the capacity to construct, operate and maintain water industry infrastructure, in a manner that does not present a risk to public health.

We assessed Cooranbong Water's capacity to manage the following key risks to public health, posed by constructing, operating and maintaining water industry infrastructure in the North Cooranbong Development:

- ▼ **Source water quality:** Cooranbong Water will source drinking water from Hunter Water. We understand that drinking water quality will be consistent with the *Australian Drinking Water Guidelines 2006*, and non-potable water would be consistent with the *Australian Guidelines for Water Recycling 2006*. As the retail supplier for the North Cooranbong Development, Flow Systems has a water quality complaints procedure that includes a 24-hour emergency incident number for water quality (drinking and non-potable water) incidents and concerns. The procedure includes notification of Cooranbong Water as the network operator.
- ▼ **Water supply interruption:** Interruptions in supply of drinking water or non-potable water could pose a risk to public health. Cooranbong Water will establish a Utility Services Agreement with Hunter Water to define communication protocols, pressure monitoring and drinking water storage to minimise interruptions on supply of drinking water to final customers. Cooranbong Water proposes to provide tankered or bottled drinking water if required in an emergency.
- ▼ **Provide non-potable water quality fit for purpose:** Cooranbong Water has demonstrated its capacity to treat and provide non-potable water to an appropriate quality level given proposed specific uses. Cooranbong Water will source sewage collected within the North Cooranbong Development and intend to top-up the system with drinking water and stormwater. We consider Cooranbong Water's proposed sewage treatment and recycled water treatment systems to be robust and consistent with the requirements of the *Australian Guidelines for Recycling Water 2006*.

- ▼ **Potential for inappropriate water use:** Cooranbong Water will supply non-potable water to Flow Systems, who will then retail to customers at the North Cooranbong Development. This could present a risk to public health if customers do not use non-potable water for the appropriate purposes. Cooranbong Water has indicated that customers will be provided with guidance on appropriate use of non-potable water by Flow Systems. We consider this is the responsibility of the retailer, and have previously reviewed Flow Systems application for a variation to its retail supplier's licence to include the North Cooranbong Development. We determined that Flow Systems had demonstrated its capacity to mitigate the risk of inappropriate end use through its guidance to customers on its existing non-potable water schemes.
- ▼ **Potential for cross connections:** Cooranbong Water has indicated technical controls to ensure the risks of cross connections are minimised. Such controls include lower pressure in the recycled water network relative to the drinking water distribution network, network pressure monitoring, colour coded and labelled pipes and marker tape in the recycled water distribution network. Further, Cooranbong Water proposes to conduct quality assurance inspections to non-potable water connections prior to commercial operation and will follow a specific notification protocol in case of possible cross connection incidents.
- ▼ **Sewerage service interruption:** Cooranbong Water has demonstrated its capacity to mitigate this risk through its risk management assessment and sewerage plans. Cooranbong Water has indicated that should an interruption to sewerage services occur, sewage would be diverted from the non-potable water facility direct via a by-pass to Hunter Water's sewerage mains or removed by tankers.

We reviewed Cooranbong Water's preliminary risk assessment and we consider that Cooranbong Water has demonstrated its capacity to identify and manage hazards and risks of the drinking water, recycled water and sewage components of the proposed scheme, to acceptable levels of risk, and will have in place reasonable control and mitigation measures.

NSW Health supports the application to grant Cooranbong Water's licence and did not identify any specific issues in regard to Cooranbong Water's capacity to protect public health.³¹ NSW Health has requested that it is consulted during the detailed drinking water and non-potable water risk assessments, which must be completed before retail supply commences, to ensure that all relevant public health matters have been considered. NSW Health also requested that it is consulted by Cooranbong Water in the development of incident notification and management procedures.

³¹ NSW Health, letter dated 23 April 2015.

Our current practices will ensure NSW Health is consulted at various stages throughout the development and auditing of the licence's management plans. The WIC Regulation requires audit plans for 'greenfield schemes' to be submitted prior to commercial operation.

We consider that the information submitted by Cooranbong demonstrates that it has the capacity to construct, operate and maintain water industry infrastructure, in a manner that does not present a risk to public health.

We recommend that Cooranbong Water should be subject to the following licence condition (see draft licence in Attachment A), in relation to its capacity to protect public health, if a licence is granted:

B4.1 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.

4.4 Appropriate arrangements with respect to insurance

We are satisfied that Cooranbong Water has made, and will continue to maintain, appropriate insurance arrangements.

In making our assessment of Cooranbong Water's insurance arrangements, we have considered Cooranbong Water's:

- ▼ Combined Business Liability Insurance, including Public Liability, Products Liability and Professional Indemnity (Financial Loss arising from a Wrongful Act) insurance policy.
- ▼ Workers Compensation insurance policy.
- ▼ Risk management assessment and control plan.

We note that Flow Systems also holds other insurances including industrial special risks insurance and forefront portfolio insurance.

We requested advice from the SICorp on the appropriateness of Cooranbong Water's insurance arrangements, with respect to the activities to be licensed.

As part of the review, SICorp examined Cooranbong Water's proposed scope of work, the risk assessment, insurance coverage in the areas of professional indemnity, public liability and product liability, as shown in the applicant's insurance certificates. SICorp also reviewed the product disclosure statements for each insurance certificate, and examined the financial rating of the various underwriters providing the insurance.

On SICorp's request Cooranbong Water provided specific information on the activities proposed to be undertaken, such as RWTP design, information regarding pre-existing site contaminants, long term pollution control measures and methods and risk management.

SICorp reviewed the draft licence conditions. As Cooranbong Water is responsible for the design of the water industry infrastructure, we proposed an additional licence condition, that the licensee must maintain professional indemnity insurance during the Design Phase and for a minimum period of six years from the date of completion of the Design Phase. SICorp agreed with the inclusion of the Design Phase condition.

SICorp found the insurances held by Cooranbong Water to be adequate for the purposes of its network operator's licence application.³²

We received no submission regarding Cooranbong Water's insurance arrangements.

We consider that the information submitted by Cooranbong Water and SICorp demonstrates that it has made, and will continue to maintain, appropriate insurance arrangements.

We recommend that Cooranbong Water should be subject to the following licence conditions (see draft licence in Attachment A), in relation to its insurance arrangements, if a licence is granted:

B2 Obtaining appropriate insurance

B2.1 Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must:

- a) obtain insurance that is appropriate for the size and nature of the activities authorised under this Licence;
- b) provide a copy of each certificate of currency of the insurance obtained to IPART; and
- c) demonstrate that the insurance obtained is appropriate for the size and nature of the activities authorised under this Licence by providing a report to IPART from an Insurance Expert that:
 - i) certifies that in the Insurance Expert's opinion, the type and level of the insurance obtained by the Licensee is appropriate for the size and nature of the activities authorised under the Licence; and
 - ii) is in the form prescribed by the Network Operator's Reporting Manual.

³² Email to IPART, Insurance and Reinsurance Strategy Manager, SICorp, 2 June 2015.

- B3 Maintaining appropriate insurance**
- B3.1 The Licensee must maintain insurance that is appropriate for the size and nature of the activities authorised under this Licence.
- B3.2 The Licensee must provide a copy of each certificate of currency of the insurance maintained by the Licensee to IPART in accordance with the Network Operator's Reporting Manual.
- B3.3 If there is to be a change in:
- 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, in relation to the activities authorised under this Licence, the Licensee must provide a report to IPART in accordance with the Network Operator's Reporting Manual
- B3.4 From time to time when requested in writing by IPART, the Licensee must provide a report to IPART, in the manner, form and time specified by IPART, from an Insurance Expert certifying that in the Insurance Expert's opinion the type, scope or limit on the amount of the insurance held by the Licensee is appropriate for the size and nature of the activities authorised under this Licence.
- B3.5 The licensee must maintain professional indemnity insurance during the Design Phase and for a minimum period of 6 years from the date of the completion of the Design Phase.

4.5 Capacity to carry out those activities in a manner that does not present a significant risk of harm to the environment

We are satisfied that Cooranbong Water has the capacity to construct, operate and maintain water industry infrastructure, in a manner that does not present a significant risk of harm to the environment.

We assessed Cooranbong Water's:

- ▼ **Capacity to comply with environmental regulations on existing schemes:** Cooranbong Water in conjunction with Flow Systems has demonstrated capacity to comply with environmental regulations, through their previous experience (within Australia) in preparing environmental assessment and implementing mitigation measures for the construction and operation of drinking and recycled water treatment and reticulation infrastructure.
- ▼ **Understanding of environmental regulations in NSW:** Cooranbong Water has demonstrated understanding of regulatory approval requirements, as confirmed by our own assessment. The developer obtained approval under Part 3A of the EP&A Act and development consent under Part 4 of the EP&A Act.

We received a submission from the EPA regarding the scheme's environmental regulations. The EPA has advised that if the treated effluent from the RWTP is being discharged to land or waters, an EPL from the EPA would be required in accordance with the POEO Act.³³ Coorabong Water in its licence application form, stated that its intended full usage of the recycled water means that it doesn't anticipate that it will need to discharge any recycled water (ie, treated effluent) to land or waters. However, if all the proposed long term options for use of recycled water are exhausted and there still remains excess recycled water, an environment protection licence will be sought. As mentioned previously, Hunter Water allows sewerage connection of 180 lots (ie, including the 81 lots in Phase 1).³⁴

The North Coorabong Development has been through other relevant regulatory processes, including getting development consent under Part 4 of the EP&A Act and concept approval under Part 3A of the EP&A Act.

- ▼ **Capacity to implement environmental management processes in relation to the activities to be licensed:** Coorabong Water has demonstrated its capacity to implement environmental management processes, through its site-specific environmental risk assessment and impact assessment. We will audit the adequacy of these controls prior to Coorabong Water commencing commercial operation of the scheme.

We also reviewed following reports submitted by Coorabong Water:

- ▼ Environmental Assessment
- ▼ Review of Environmental Factors, and
- ▼ Environmental Impact Statement.

We present the description and relevant conclusions of reports above in section 4.6.2 in this report.

We consider that the information submitted by Coorabong Water demonstrates that it has the capacity to carry out the construction, operation and maintenance of water industry infrastructure, in a manner that does not present a significant risk of harm to the environment.

We consider that Coorabong Water should not be subject to any licence conditions in relation to its capacity to not present a significant risk of harm to the environment, if a licence is granted.

³³ Letter from NSW EPA, 7 May 2015.

³⁴ Email to IPART, Mr Peter Shields, Regulatory Policy Manager, Hunter Water, 5 June 2015.

4.6 Licensing principles

We have had regard to each of following licensing principles in making a recommendation as to whether or not the network operator's licence should be granted, and if so, what conditions to impose.

4.6.1 Protection of public health

We have had regard to protection of public health through our assessment of Cooranbong Water's capacity to construct, maintain and operate water industry infrastructure in a manner that does not present a risk to public health. As outlined in section 4.3 of this report, we assessed Cooranbong Water's capacity to manage the key risks posed to public health by the activities to be licensed.

NSW Health supported the application to grant Cooranbong Water's licence and did not identify any specific risks to public health.³⁵

If the Minister grants a network operator's licence to Cooranbong Water, we consider that public health will be protected in relation to the activities licensed.

4.6.2 Protection of the environment

In having regard to protection of the environment, we considered the approvals obtained/required under the EP&A Act for the activities to be licensed. The EP&A Act is main legislation that controls planning and development in NSW.

We understand that the following activities to be licensed have obtained approvals under the EP&A Act and require no further approvals under the EP&A Act:

- ▼ Phase 1: drinking water, recycled water and sewerage reticulation to 81 lots at Lot 333 DP 1183498, Lot 10 Sec 6 DP 3533 have development consent under Part 4 of the EP&A Act from Lake Macquarie City Council (DA/573/2014)

We understand that the following activities to be licensed have not obtained approvals under the EP&A Act and require approvals in the future under the EP&A Act:

Phase 1: recycling water facility on part of Lot 12 DP 1158508 at 617 Freemans Dr, Cooranbong. Lake Macquarie City Council is currently assessing a designated development proposal under Part 4 of the EP&A Act (DA/714/2014).

³⁵ Letter from NSW Health, 23 April 2015.

In assessing the proposal for a RWTP, Lake Macquarie City Council officers have prepared a Development Assessment Report that notes:³⁶

- ▼ The application meets the definition of “Designated Development”, as the intended capacity of the facility is 1,500 kL per day (more than 750 kL per day).
- ▼ The proposed acoustic and odour emissions have been assessed as acceptable.
- ▼ The Stormwater Management Plan generally satisfies the requirements for the control of erosion and sediments.
- ▼ There are no impacts to or from the facility in terms of flooding.
- ▼ Conditions regarding bushfire have been proposed by the Rural Fire Service.
- ▼ The application is unlikely to have a significant impact to threatened biota.
- ▼ The proposed development is not located within the vicinity of any natural water bodies and the development incorporates stormwater detention and water quality controls that will limit any impact on downstream water bodies.

We note that the Development Assessment Report identifies some concerns relevant to Phase 2 of the Cooranbong Water application:

- ▼ The water and land pollution possibilities emanate from the irrigation of treated effluent to land if the production of treated effluent exceeds the demand. The EIS and supplementary documentation does not provide a sufficient level of scientific investigation to enable a full assessment of the treated effluent irrigation scheme.
- ▼ Given that the development can be undertaken with no irrigation (via the reticulated system) in a limited sense, the application is able to be considered as acceptable from a water and land pollution perspective, without the need to consider irrigation. The Council officers have recommended to Council that a condition be placed on any consent issued to the effect that no irrigation of treated effluent is permitted. Treated effluent irrigation may be possible at some time in the future if further sufficient documentation is produced.

We have not considered treated effluent irrigation in this report as it is not within the scope of Phase 1 of Cooranbong Water’s application.

In summary, regarding the protection of the environment the Development Assessment Report prepared by Lake Macquarie City Council officers concluded that the proposal for the installation of a RWTP will result in an acceptable impact on the environment with the disposal of excess treated water to an existing reticulated system.³⁷ We understand the development application will be considered by Lake Macquarie City Council in late July.

³⁶ Lake Macquarie City Council Development Assessment Report DA/714/2014 for the proposed Utility Installation – Sewage Treatment Plant and Recycled Water Facility at 615-617 Freemans Drive, Cooranbong.

³⁷ Lake Macquarie City Council Development Assessment Report DA/714/2014 for the proposed Utility Installation – Sewage Treatment Plant and Recycled Water Facility at 615-617 Freemans Drive, Cooranbong.

We understand Lake Macquarie City Council will make a decision regarding the development application in July 2015. In having regard to protection of the environment, we also considered the following information:

▼ **Environmental Assessment (EA)**

An EA was prepared for the proposed development concept plan. It contains a high level assessment of the environmental impacts of the whole concept plan site of the housing development. The EA does not identify any unacceptable risks for the environment as a consequence of the development and proposes specific mitigation and environmental control measures.

▼ **Review of Environmental Factors (REF)**

The licence application includes a REF for a pressure sewage reticulation system and a recycled water reticulation system at the proposed development (Phase 1 and Phase 2). It identifies potential environmental impacts and proposes mitigation measures during construction and operation of the reticulation systems, considering relevant legislation. The REF concludes that the proposal is not likely to significantly affect the environment subject to specific mitigation measures.

▼ **Environmental Impact Statement (EIS)**

An EIS for the construction and operations of the RWTP was submitted with the licence application. The EIS characterises a number of potential environmental impacts to soil, water, air, flora and fauna, considering relevant legislation for different stages of the RWTP. It concludes that if appropriate preventive and mitigation measures are implemented, the resultant impacts will not be beyond relevant guidelines and legislation.

▼ **Environmental approvals granted**

Development consents have been granted under Part 4 of the EP&A Act for the development. Concept approval has been granted under Part 3A of the EP&A Act for the development.

▼ **Submissions made in relation to the protection of the environment**

A submission made by the **Minister for Lands and Water** on the volumes of stormwater to be harvested.³⁸ In response to further request for information, Cooranbong Water confirmed that stormwater harvesting will be metered and limited to the volume that does not exceed the harvestable rights enshrined in the *Water Management Act 2000* and the *Water Sharing Plan for the Hunter Unregulated and Alluvial Water Sources 2009*. Cooranbong Water also informed us that it has conducted preliminary investigations of the stormwater flows in the relevant catchment to size onsite detention basins, which are not sufficient for supplying the estimated volumes of water required for top-up of non-potable water. Cooranbong Water stated that it will seek further advice from the NSW Office of Water to ensure the volumes proposed to be harvested are

³⁸ Letter from the Minister for Lands and Water, 18 May 2015.

within harvestable rights or otherwise appropriately licenced in accordance with the *Water Sharing Plan for the Hunter Unregulated and Alluvial Water Sources 2009*.

- A submission made by **Hunter Water**, and submissions from local residents, in relation to sewage sludge disposal.³⁹ In response to requests for further information, Cooranbong Water has provided information (received after the submissions period) regarding the predicted sludge production volumes, according to the expected sewage inflow to the RWTP. Cooranbong Water also informed us of the proposed sludge treatment (sludge dewatering system) and disposal (sampling, collection, transport and disposal by certified contractor) methods.⁴⁰
- A submission made by the **EPA** regarding adequate storage of sewage to prevent surcharge and pollution of water from any surcharge event during the Phase 1.⁴¹ In response to further request for information, Cooranbong Water has confirmed (received after the submissions period) that in case of emergency, the pressure sewer system has inherent storage on each lot's wastewater collection tank which provides storage for 48 hours of sewage production.⁴² It can evacuate each tank individually or each individual pump activated by a portable generator and the sewage can then be collected by a tanker at the local centre and transported to another Flow Systems' scheme, Hunter Water treatment facility or a Wyong Shire Council wastewater treatment plant. Hunter Water has confirmed that should such an event occur, it will work with Cooranbong Water to assist where possible.⁴³ Further, Hunter Water informed us that during Phase 1 it would consider discharge of Cooranbong Water's untreated sewerage into Hunter Water's local sewer network, given operating and environmental circumstances.

Hunter Water has indicated that its sewerage network can accept the proposed pumped flow during dry weather in Phase 1 (including the daily peak periods), subject to operational and technical requirements of the interim sewer connection point.⁴⁴

³⁹ Letter from Hunter Water, 23 April 2015. We received submissions from the public from 15 April to 29 April 2015.

⁴⁰ Email to IPART, Cooranbong Water, 21 May 2015.

⁴¹ Letter from NSW EPA, 7 May 2015.

⁴² Letter from Cooranbong Water, 21 May 2015.

⁴³ Email to IPART, Mr Peter Shields, Regulatory Policy Manager, Hunter Water, 5 June 2015.

⁴⁴ Email to IPART, Peter Shields, Regulatory Policy Manager, Hunter Water, 5 June 2015.

- A submission made by the **EPA**, and submissions made by local residents, regarding odour management measures for the untreated sewage storage tanks during Phase 1.⁴⁵ The EIS provided by Cooranbong Water for the RWTP included an odour impact assessment. The assessment considered two scenarios: only interim sewage Flow Balance Tanks (FBT) are operational (Phase 1); and RWTP fully operational and interim FBT decommissioned. The approach for the assessment follows the *Approved Methods and Guidance for the Modelling and Assessments of Air Pollutants in NSW*. The EIS includes specific mitigation measures based upon the findings of the assessment, and considers that modelling results indicated the predicted odour concentrations would comply with the most stringent EPA assessment criteria.
- Submissions from **local residents** regarding dust generation during construction of the RWTP.⁴⁶ The EIS addresses potential dust generation sources and activities (mainly during construction), and proposes monitoring and other specific measures to minimize impacts on air.
- Submissions from **local residents** regarding noise impacts.⁴⁷ The main sources of noise are expected to be during construction. Noise mitigation measures are proposed, including relevant standards for the equipment used, work and deliveries times restrictions, appropriate plant and equipment maintenance. The EIS predicts that the operational noise levels from the proposed development will meet all noise criteria on all occasions at the closest identified noise sensitive locations (both existing and future).
- Submissions from **local residents** regarding visual impacts. The EIS identifies potential visual impacts for different stages of the project. The architectural and landscaping design consider the relevant legislation and local conditions. Proposed mitigation measures are proposed to ensure the visual impacts are acceptable.
- Submissions from **local residents** regarding impacts on flora and fauna. The EA (Environmental Assessment) Report, REF and EIA (Environmental Impact Statement) includes specific ecological assessments, addresses potential impacts on biodiversity from the project and contains site specific conservation, mitigation and compensation measures.

⁴⁵ Letter from NSW EPA, 7 May 2015. We received submissions from the public from 15 to 29 April 2015.

⁴⁶ We received submissions from the public from 15 April to 29 April 2015.

⁴⁷ We received submissions from the public from 15 April to 29 April 2015.

- Submissions made by **local residents** regarding flooding and runoff management. The EA and REF outline the water management principles to elaborate a site specific water management strategy and a stormwater management plan for the development. The EIA refers to a site specific Flooding Impact Assessment, addressing impacts to and from the facility. It includes constraints to the detailed design and impacts on the operation of the infrastructure, and contingency measures in the event of operational impacts due to flooding, considering findings from several local flood studies. It concludes that there are no impacts on the site due to flooding in the 1% Annual Exceedance Probability flood level event and it considers it unlikely that the Probable Maximum Flood level would impact the facility. The assessment also states that there are no flooding impacts from the RWTP.
- Submissions made by **local residents** regarding impacts on local traffic from the project. Cooranbong Water submitted an EA report for the development, addressing the impacts on local traffic from the project. The EA evaluated the likely impacts of the proposed development in the road and transport system operations. Upgrading works regarding various items including the intersections of Freemans Drive and Avondale Road and extension of the existing local road system to service this area have been identified to offset impacts. Local bus services and cycleways are planned to be extended to meet increased demand from the North Cooranbong development. Traffic management and other impact mitigation control measures during construction are proposed. The EA also indicates that the upgrading of local road infrastructure has been agreed to between JPG and Lake Macquarie City Council as per the recommendations of the traffic investigations, which have also been the subject of review by the NSW RTA. Information regarding traffic generation and potential traffic impacts are also included as supporting material for the report. It concludes that the elements of the site concept plan and the orientation of the internal road network will be sufficient to reinforce the intended role of each of the four access points in terms of their functional classification within the concept plan area and to minimize the amenity impacts on surrounding residential properties to satisfactory levels.

In having regard to protection of the environment, we recommend that the activities authorised by the licence (if granted) should be limited to the construction, maintenance and operation of water industry infrastructure that:

- ▼ has been granted development consent under the EP&A Act, or
- ▼ is exempt development under the EP&A Act and may be carried out without development consent under section 76(3)(a) of the EP&A Act.

This provision is contained within Schedule A of the draft licence (Attachment A). We recommend this limitation on activities authorised by the licence for the following reasons:

- ▼ We understand the activities to be licensed include development for the purpose of a RWTP. The land is currently zoned RU6 Transition, and Lake Macquarie Council is currently assessing a planning proposal to rezone the land to R2 Low Density Residential (RZ/3/2014).
- ▼ We consider that the proposed limitation on the authorised activities would remove the risk that Cooranbong Water could carry out activities without any assessment under the EP&A Act, which we consider relevant to ensuring protection of the environment.

4.6.3 Protection of public safety

We have had regard to the protection of public safety through our assessment of Cooranbong Water's technical capacity to construct, operate and maintain water industry infrastructure. As outlined in section 4.2.1 of this report, we assessed Cooranbong Water's capacity to manage key risks to public safety by the activities to be licenced.

We received submissions from local residents regarding the protection of public safety, specifically related to Cooranbong Water's capacity to manage the impacts of extreme weather events. Local residents were particularly concerned about management of the RWTP due to its proximity to the existing Cooranbong township. As outlined in section 4.2.1, we assessed and are satisfied that Cooranbong Water has the technical capacity to construct, operate and maintain water infrastructure in the North Cooranbong Development. As part of our assessment (outlined in section 4.6.2), we considered environmental assessment reports provided by Cooranbong Water, which included specific control and mitigation measures to protect the public safety during different stages of the proposed scheme. Further, we considered Cooranbong Water's risk assessment and proposed control and mitigation measures for the drinking water, non-potable water and sewage services proposed. We will audit the adequacy of these controls prior to Cooranbong Water commencing commercial operation of the scheme.

If the Minister grants a network operator's licence to Cooranbong Water, we consider that public safety will be protected in relation to the activities licensed.

4.6.4 Protection of consumers generally

We have had regard to the protection of consumers through our assessment of Cooranbong Water's technical capacity to construct, operate and maintain water industry infrastructure. We considered this principle in more detail in our Flow Systems' retail supplier report for the North Cooranbong Development licence.

We consider that Cooranbong Water has the technical, financial and organisational capacity and relevant specific experience to undertake the activities to be licensed in a way that will satisfactorily manage risks and afford protection to consumers. While there are no Operator of Last Resort provisions in place, and no requirement to have them, in emergency situations sewage can be diverted to Hunter Water or trucked off-site, thereby providing continuous sewerage services to consumers. Similarly, drinking water will be sourced from Hunter Water by Cooranbong Water, and both utilities have contingency plans in place to ensure drinking water supply in emergency situations. Further, drinking water and stormwater will be used as non-potable water top-up if required.

If the Minister approves this licence, we consider that consumers generally will be protected in relation to the activities licensed.

4.6.5 Encouragement of competition

Historically, Hunter Water has provided monopoly water supply and sewerage services in the Newcastle and Hunter regions. This licence would enable a new entity to supply water and provide sewerage services to the North Cooranbong Development, thus encouraging competition in the provision of these services. This is consistent with the long title of the WIC Act.

4.6.6 Ensuring sustainability of water resources

Cooranbong Water will supply non-potable water to its customers at the North Cooranbong Development. This water will be sourced from treated sewage which would have otherwise been treated and discharged into the environment. The supply of non-potable water also replaces the use of drinking water, contributing to the sustainability of water resources.

4.6.7 Promotion of production and use of recycled water

Cooranbong Water will provide non-potable water, including recycled water, to its customers at the North Cooranbong Development. Through its website and other marketing material, Cooranbong Water has also committed to promoting the use of non-potable water in the community.

4.6.8 Promotion of policies set out in any prescribed water policy document

The Metropolitan Water Plan is the only prescribed water policy document in the WIC Regulation. The Metropolitan Water Plan outlines strategies to secure greater Sydney's water supply now and in the future. The North Cooranbong Development is not within the greater Sydney area, therefore the policies set out in the Metropolitan Water Plan do not apply.

However, the NSW Government has recently released the Lower Hunter Water Plan which is a package of water supply and demand management measures to ensure the region can withstand extreme drought. Although this is not a prescribed water policy document, we considered whether Cooranbong Water's provision of services at the North Cooranbong Development is consistent with the document.

The Lower Hunter Water Plan includes actions to supply, save and substitute water. In relation to recycled water and notes that there are continuing actions, including:

...private sector suppliers are likely to play a bigger role in providing water supply, wastewater and recycled water services to new developments, particularly in areas remote from urban centres.

Cooranbong Water's supply of drinking water, non-potable water (including recycled water) and sewerage services at the North Cooranbong Development is consistent with this Plan.

4.6.9 Potential for adverse financial implications for small retail customers

We have had regard to the potential for adverse financial implications for small retail customers through our assessment of Cooranbong Water's technical capacity to supply drinking and recycled water and provide sewerage services to its customers. We assessed this principle in detail in our report for Flow Systems' retail supplier licence for North Cooranbong Development.

Further, in its application, Cooranbong Water has indicated that the drinking water and sewerage prices for the North Cooranbong Development will match those of Hunter Water. It has also indicated that its non-potable water prices to its customers will be less than its drinking water prices.

4.6.10 Promotion of equitable sharing of the costs of water industry infrastructure that significantly contributes to water security

Cooranbong Water will source drinking water from Hunter Water. The price that Cooranbong Water will pay Hunter Water should incorporate a share of the cost of any infrastructure that significantly contributes to water security in the lower Hunter region.

4.7 Public interest considerations

In having regard to the public interest, we consider that the location of the recycled water treatment plant in relation to the existing town of Cooranbong is a relevant consideration in regard to Cooranbong Water's licence application and therefore we considered this issue. We consider the siting of the RWTP to be appropriate. We consider that an alternative location within the North Cooranbong Development would not have lower impacts, although it may impact on different people.

A licence may not be granted unless the Minister is satisfied of any matters that the Minister considers relevant, having regard to the public interest.⁴⁸

The first major consideration is that the 'public' should be the broader NSW community, of which the local community is only a subset. However, some of the local residents consider that Hunter Water should be providing services to the North Cooranbong Development, which would remove the need for a RWTP and in effect negate the need for a WIC Act licence at all.

With this in mind, there are considerations in relation to Government's commitment to the WIC Act, which aims to encourage competition in relation to the supply of water and the provision of sewerage services and to facilitate the development of infrastructure for the production and reticulation of recycled water; and for other purposes.⁴⁹ Further, in considering whether or not a licence is to be granted and what conditions are to be imposed on such a licence, regard is to be had to the following principles (see also section 4.6):

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

We consider Cooranbong Water's application to construct, operate and maintain water industry infrastructure to supply drinking water, non-potable water and provide sewerage services at the North Cooranbong Development meets the implied objective of the WIC Act and the principles set out in the WIC Act.

⁴⁸ Section 10(4)(f) of the WIC Act.

⁴⁹ The long title of the WIC Act.

Hunter Water advised that it supports the application. We consider that this licence would enable a new entity to supply water and provide sewerage services to the North Cooranbong development, thus encouraging competition in the provision of these services (see also section 4.6.5).

There are also matters that should be considered in the more localised public interest, that is, in relation to the local community. In that regard, the proposed location of the RWTP could be considered as a matter of public interest. The RWTP is located at the southern boundary of the North Cooranbong Development, and therefore adjacent to the existing town of Cooranbong.

The main concerns from the community members are regarding the proposed location of the RWTP and its potential environmental impacts (such as air quality, noise, flora and fauna and visual impacts), wastewater and sludge management, and water resource management (including flooding and stormwater).

Community members also expressed concerns regarding the location of the RWTP with regard to its proximity to the existing town of Cooranbong, identifying potential impacts to the value of their properties and traffic movements. A number of residents argue that the RWTP should be located in the middle of the North Cooranbong Development, rather than at a site located between the edge of the development and the existing town of Cooranbong.

We understand the proposed location for the RWTP was selected as it is adjacent to a collector road (Freemans Drive), and its proximity to Hunter Water's connection points. Further, following a previous development application to Lake Macquarie City Council, the location of the RWTP was changed to its current site as the previously proposed site was considered to have unacceptable environmental and community impacts.

The EIS has found that the RWTP site will have a low environmental impact, and the Lake Macquarie City Council officer's Development Assessment Report has concluded that the proposal has minimal environmental impact. We consider the environmental impacts (including traffic impacts) in section 4.6.2 of the report to the Minister.

It is difficult to determine a causal relationship between the RWTP and any change in land values.

We consider the siting of the RWTP to be appropriate. We do not consider that an alternative location within the North Cooranbong Development would have lower impacts, although it may impact on different people.

We consider that Cooranbong Water should not be subject to any licence conditions in relation to public interest, if a licence is granted.

4.8 Additional matters considered

In addition to assessing the application against the licensing criteria and principles of the WIC Act, we also considered whether the applicant's services should be subject to price regulation, at this time.

4.8.1 Monopoly supply and price regulation

We recommend that the Minister does not declare Cooranbong Water to be a monopoly supplier in relation to the construction, maintenance and operation of water industry infrastructure at the North Cooranbong Development.

Should the Minister declare any monopoly services at North Cooranbong, we recommend that the Minister does not refer these services to IPART for a determination of pricing or a periodic review of pricing policies, at this time.

The Minister *may* declare a licensed retail supplier or licensed network operator to be a monopoly supplier in relation to a specified water supply or sewerage service in a specified area to a specified class of customers.⁵⁰

The Minister can declare a monopoly supplier at any time. This declaration does not have to link to the grant or variation of a licence or a change in licence conditions. If the Minister declares a monopoly supplier, the Minister may then refer the monopoly services to IPART for price regulation.⁵¹

A monopoly declaration may only be made in relation to a service, if the Minister is satisfied that it is a service:

- ▼ for which there are no other suppliers to provide competition in the part of the market concerned
- ▼ for which there is no contestable market by potential suppliers in the short term in that part of the market, and
- ▼ in the case of a water supply service for recycled water, that connection of land to that service is required by or under some other Act.⁵²

We have considered the market for each of the services within the North Cooranbong Development (the specified area) for all classes of customer. Cooranbong Water will construct, operate and maintain water industry infrastructure to supply drinking water, recycled water and sewerage services. We consider that these could be considered monopoly services.

⁵⁰ WIC Act, section 51.

⁵¹ Determination of the pricing and/or periodic review of the pricing policies. WIC Act, section 52(1).

⁵² WIC Act, section 51(2).

We received submissions from Hunter Water and the public (see section 3) referring to Cooranbong Water monopoly supply. The submissions we received consider that the supply of drinking water, recycled water and sewerage services would be a monopoly in the North Cooranbong Development.

We also note that, in its application, Cooranbong Water has indicated that it will match the price of its drinking water supply and sewerage services to Hunter Water's prices. It also has indicated that its non-potable water prices will be less than its drinking water prices. We consider this reasonable and for these reasons, should the Minister declare any monopoly services, we recommend that the Minister does not refer these monopoly services to IPART for price regulation, at this time.

5 Recommendations

We recommend that the Minister:

- grants a network operator's licence (licence number 15_033) to Cooranbong Water, subject to the conditions as set out in the attached draft licence (licence number 15_033), and
- does not declare Cooranbong Water to be a monopoly supplier in relation to the supply drinking water, non-potable water,⁵³ and sewerage services to the North Cooranbong Development. Should the Minister declare any monopoly services at the North Cooranbong Development, we recommend that the Minister does not refer these services to IPART for a determination of pricing or a periodic review of pricing policies, at this time.

The Minister must consider, but is not bound to accept, any advice or recommendation in this report in determining the licence application. The Minister may, if circumstances so require, seek further advice from us in relation to the licence application.⁵⁴

The Minister is required to provide us with a notice of the decision and of the reasons for the decision on making a decision whether or not to grant the licence⁵⁵. We will then make the information in the notice available to the public on our website, in accordance with the requirements of the WIC Act.⁵⁶

⁵³ In the WIC Regulation, non-potable water means water that is not drinking water.

⁵⁴ WIC Act, section 10(2).

⁵⁵ WIC Act, section 10(5).

⁵⁶ WIC Act, section 10(6).



Appendices

A Draft network operator's licence



**NEW SOUTH WALES
GOVERNMENT**

WATER INDUSTRY COMPETITION ACT 2006
(NSW)

NETWORK OPERATOR'S LICENCE

COORANBONG WATER PTY LTD

(ACN 169 450 453)

SCHEDULE A - SPECIAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS FOR COORANBONG WATER PTY LTD'S NETWORK OPERATOR'S LICENCE

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 on the Licensee by the Act or the Regulation.

A1 Activities authorised - non-potable water

A1.1 This Licence authorises the Licensee and any authorised persons specified in Table 1.1 to construct, maintain and operate the water industry infrastructure:

- a) specified in Table 1.2A that has been granted development consent under the EPA Act or is exempt development under the EPA Act and may be carried out without development consent under section 76(3)(a) of the EPA Act:
 - i) for the authorised purposes specified in Table 1.3; and
 - ii) within the area of operations specified in Table 1.4A; and
- b) specified in Table 1.2B that has been granted development consent under the EPA Act or is exempt development under the EPA Act and may be carried out without development consent under section 76(3)(a) of the EPA Act:
 - i) for the authorised purposes specified in Table 1.3; and
 - ii) within the area of operations specified in Table 1.4B,

subject to the conditions imposed by or under the Act, the Regulation and this Licence.

Table 1.1 Authorised persons

Flow Systems Pty Ltd (ACN 136 272 298)

Table 1.2A Water industry infrastructure

Infrastructure used for the treatment of non-potable water.

Table 1.2B Water industry infrastructure

Infrastructure used for the storage, conveyance or reticulation of non-potable water.

Table 1.3 Authorised purposes

Toilet flushing, washing machines, car washing, irrigation and water features.

Table 1.4A Area of operations

Lot 12 in DP 1158508.

Table 1.4B Area of operations

Lot 12 in DP 1158508, Lot 333 in DP 1183498 and Lot 10, section 6 in DP 3533.

A2 Activities authorised – drinking water

A2.1 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 that has been granted development consent under the EPA Act or is exempt development under the EPA Act and may be carried out without development consent under section 76(3)(a) of the EPA Act:

- a) for the authorised purposes specified in Table 2.3; and
- b) within the area of operations specified in Table 2.4,

subject to the conditions imposed by or under the Act, the Regulation and this Licence.

Table 2.1 Authorised persons

Flow Systems Pty Ltd (ACN 136 272 298)

Table 2.2 Water industry infrastructure

Infrastructure used for the treatment, storage, conveyance or reticulation of drinking water.

Table 2.3 Authorised purposes

Drinking water.

Table 2.4 Area of operations

Lot 12 in DP 1158508, Lot 333 in DP 1183498 and Lot 10, section 6 in DP 3533.

A3 Activities authorised – sewerage services

A3.1 This Licence authorises the Licensee and any authorised persons specified in Table 3.1 to construct, maintain and operate the water industry infrastructure:

- a) specified in Table 3.2A that has been granted development consent under the EPA Act or is exempt development under the EPA Act and may be carried out without development consent under section 76(3)(a) of the EPA Act:
 - i) for the authorised purposes specified in Table 3.3A; and
 - ii) within the area of operations specified in Table 3.4A; and
- b) specified in Table 3.2B that has been granted development consent under the EPA Act or is exempt development under the EPA Act and may be carried out without development consent under section 76(3)(a) of the EPA Act:
 - i) for the authorised purposes specified in Table 3.3B; and

ii) within the area of operations specified in Table 3.4B,
subject to the conditions imposed by or under the Act, the Regulation and this Licence.

Table 3.1 Authorised persons

Flow Systems Pty Ltd (ACN 136 272 298)

Table 3.2A Water industry infrastructure

Infrastructure used for the treatment of sewage.

Table 3.2B Water industry infrastructure

Infrastructure used for the storage, conveyance or reticulation of sewage.

Table 3.3A Authorised purposes

Collection, transport and treatment of sewage.

Table 3.3B Authorised purposes

Collection and transport of sewage.

Table 3.4A Area of operations

Lot 12 in DP 1158508.

Table 3.4B Area of operations

Lot12 in DP 1158508, Lot 333 in DP 1183498 and Lot 10, section 6 in DP 3533.

A4 Special conditions

A4.1 If a party to an Agreement proposes to:

- a) terminate the Agreement;
- b) novate the Agreement;
- c) assign or transfer any of its rights or obligations under such an Agreement to any other person; or
- d) alter the Agreement in any way that materially reduces the Licensee's technical, financial or organisational capacity to carry out the activities authorised by this Licence,

the Licensee must provide IPART with written notice of that fact as soon as practicable, but no later than 3 months, before the time when the proposed action is to occur. The written notice must include details of how the services provided under the Agreement will

be provided subsequent to the proposed termination, novation, assignment, transfer or alteration.

INTERPRETATION AND DEFINITIONS

Interpretation

In this Schedule A, unless the context requires otherwise:

- (i) the singular includes the plural and vice versa;
- (ii) headings are used for convenience only and do not affect the interpretation of this Schedule A;
- (iii) a reference to a document includes the document as modified from time to time and any document replacing it;
- (iv) a reference to a person includes a natural person and any body or entity whether incorporated or not;
- (v) a reference to a clause is to a clause in this Schedule A;
- (vi) a reference to a schedule is to a schedule to this Licence;
- (vii) 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
- (viii) explanatory notes do not form part of this Licence, but in the case of uncertainty may be relied on for interpretation purposes.

Definitions

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

In this Schedule A:

Act	means the <i>Water Industry Competition Act 2006</i> (NSW).
Agreement	means any agreement or deed provided to IPART in connection with the Licensee's application for this Licence.
EPA Act	means the <i>Environmental Planning and Assessment Act 1979</i> (NSW).
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 the person to whom this Licence is granted under section 10 of the Act.
Minister	means the Minister responsible for Part 2 of the Act.
Regulation	means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).

SCHEDULE B - STANDARD MINISTERIALLY-IMPOSED LICENCE CONDITIONS FOR ALL LICENSED NETWORK OPERATORS UNDER THE ACT

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

B1 Ongoing capacity to operate

B1.1 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 immediately in accordance with the Reporting Manual.

B2 Obtaining appropriate insurance

B2.1 Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must:

- a) obtain insurance that is appropriate for the size and nature of the activities authorised under this Licence;
- b) provide a copy of each certificate of currency of the insurance obtained to IPART; and
- c) demonstrate that the insurance obtained is appropriate for the size and nature of the activities authorised under this Licence by providing a report to IPART from an Insurance Expert that:
 - i) certifies that in the Insurance Expert's opinion, the type and level of the insurance obtained by the Licensee is appropriate for the size and nature of the activities authorised under the Licence; and
 - ii) is in the form prescribed by the Reporting Manual.

B2.2 *[Not applicable]*

B3 Maintaining appropriate insurance

B3.1 The Licensee must maintain insurance that is appropriate for the size and nature of the activities authorised under this Licence.

B3.2 The Licensee must provide a copy of each certificate of currency of the insurance maintained by the Licensee to IPART in accordance with the Reporting Manual.

B3.3 If there is to be a change in:

- 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, in relation to the activities authorised under this Licence, the Licensee must provide a report to IPART in accordance with the Reporting Manual.

B3.4 From time to time when requested in writing by IPART, the Licensee must provide a report to IPART, in the manner, form and time specified by IPART, from an Insurance Expert certifying that in the Insurance Expert's opinion the type, scope or limit on the

amount of the insurance held by the Licensee is appropriate for the size and nature of the activities authorised under this Licence.

[Note: The circumstances in which IPART may request a report under clause B3.4 include (but are not limited to) the following:

- *where IPART has reason to believe 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 authorised under this Licence;*
- *where there is a change in the type or extent of activities authorised under this Licence; or*
- *where IPART or an approved auditor has reason to believe 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 authorised under this Licence.]*

B3.5 The Licensee must maintain professional indemnity insurance during the Design Phase and for a minimum period of 6 years from the date of the completion of the Design Phase.

B4 Complying with NSW Health requirements

B4.1 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.

B5 Complying with Audit Guidelines from IPART

B5.1 The Licensee must comply with any Audit Guidelines issued by IPART.

B6 Reporting in accordance with the Reporting Manual

B6.1 The Licensee must prepare and submit reports in accordance with the Reporting Manual.

B7 Reporting information in relation to the Register of Licences

B7.1 Within 14 days of any change in relation to the following, the Licensee must notify IPART, and provide IPART with details, of the change in accordance with the Reporting Manual:

- a) any source from which the water handled by the Specified Water Industry Infrastructure is derived;
- b) the Authorised Purposes of the water handled by the Specified Water Industry Infrastructure;
- c) the identity of each licensed retail supplier or public water utility that has access to the infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of supplying water to its customers;
- d) any other water infrastructure to which the Specified Water Industry Infrastructure is connected;
- e) the identity of each licensed retail supplier or public water utility that has access to infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of providing sewerage services to its customers;
- f) any other sewerage infrastructure to which the Specified Water Industry Infrastructure is connected;

- g) the arrangements for the disposal of waste from the Specified Water Industry Infrastructure.

B8 Monitoring

- B8.1 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 B8.
- B8.2 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).
- B8.3 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.

B9 Provision of copy of Plan

- B9.1 Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor engaged to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.

B10 Delineating responsibilities – interconnections

- B10.1 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 B10.
- B10.2 The Licensee's Code of Conduct must set out the respective responsibilities of:
 - a) the Licensee; and
 - b) each licensed network operator, licensed retail supplier and/or public water utility that:
 - (i) that supplies water or provides sewerage services by means of, or
 - (ii) constructs, maintains or operates,any water industry infrastructure that is connected to the Specified Water Industry Infrastructure,by, at a minimum, providing for:
 - c) 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;
 - d) who is responsible for water quality;
 - e) who is liable in the event of the unavailability of water;
 - f) who is liable in the event of failure of the Specified Water Industry Infrastructure;
 - g) the fees and charges payable in respect of the use of the Specified Water Industry Infrastructure; and

h) who is responsible for handling customer complaints.

B10.3 Before the Licensee brings the Specified Water Industry Infrastructure into commercial operation or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between the Licensee and the other licensed network operators, licensed retail suppliers and/or public water utilities referred to in clause B10.2.

B10.4 *[Not applicable]*

B10.5 The Licensee must not contravene the Licensee's Code of Conduct to the extent that it makes the Licensee responsible or liable for the matters set out in it.

B11 Notification of changes to end-use

B11.1 If the Licensee proposes to operate the Specified Water Industry Infrastructure to supply water for an end-use which is not set out in the most recent Water Quality Plan provided to IPART, the Licensee must notify IPART in writing at least 3 months before commencing such operation.

B12 Notification of changes to Authorised Person

B12.1 If an Authorised Person ceases, proposes to cease, or receives notification to cease providing any of the services relating to the activities authorised by this Licence, the Licensee must provide IPART with written notice as soon as practicable but no later than 28 days before the date of cessation of the services. The written notice must include details of how the services previously undertaken by the Authorised Person will continue to be undertaken.

B13 Notification of commercial operation

B13.1 This clause B13 applies each time the Licensee has brought any of the Specified Water Industry Infrastructure into commercial operation.

B13.2 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.

INTERPRETATION AND DEFINITIONS

Interpretation

In this Schedule B, unless the context requires otherwise:

- (i) the singular includes the plural and vice versa;
- (ii) headings are used for convenience only and do not affect the interpretation of this Schedule B;
- (iii) a reference to a document includes the document as modified from time to time and any document replacing it;
- (iv) a reference to a "person" includes a natural person and any body or entity whether incorporated or not;
- (v) a reference to a clause is to a clause in this Schedule B;

- (vi) a reference to a schedule is to a schedule to this Licence;
- (vii) 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
- (viii) explanatory notes do not form part of this Licence, but in the case of uncertainty may be relied on for interpretation purposes.

Definitions

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

In this Schedule B:

Act	means the <i>Water Industry Competition Act 2006</i> (NSW).
Audit Guidelines	means the document entitled “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 the authorised persons specified in, as applicable: <ul style="list-style-type: none"> (i) Schedule A, clause A1, Table 1.1; (ii) Schedule A, clause A2, Table 2.1; and (iii) Schedule A, clause A3, Table 3.1.
Authorised Purposes	means the authorised purposes specified in, as applicable: <ul style="list-style-type: none"> (i) Schedule A, clause A1, Table 1.3; (ii) Schedule A, clause A2, Table 2.3; and (iii) Schedule A, clause A3, Tables 3.3A and 3.3B.
Design Phase	means the period during which any design works are carried out in relation to the water industry infrastructure that the Licensee is authorised to construct, maintain and operate under this Licence.
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 a person to whom this Licence is granted under section 10 of the Act.
Licensee’s Code of Conduct	has the meaning given in clause B10.1.
Minister	means the Minister responsible for Part 2 of the Act.
NSW Health	means the Water Unit of NSW Ministry of Health and any of the local

health districts as defined by the NSW Ministry of Health.

Plan	means any infrastructure operating plan, water quality plan or sewage management plan that the Licensee is required to prepare under the Regulation.
Regulation	means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).
Reporting Manual	means the document entitled “Network Operator’s Reporting Manual,” which is prepared by IPART and is available on IPART’s website at www.ipart.nsw.gov.au .
Specified Area of Operations	means the area of operations specified in, as applicable: <ul style="list-style-type: none">(i) Schedule A, clause A1, Tables 1.4A and 1.4B;(ii) Schedule A, clause A2, Table 2.4; and(iii) Schedule A, clause A3, Tables 3.4A and 3.4B.
Specified Water Industry Infrastructure	means the water industry infrastructure specified in, as applicable: <ul style="list-style-type: none">(i) Schedule A, clause A1, Tables 1.2A and 1.2B;(ii) Schedule A, clause A2, Table 2.2; and(iii) Schedule A, clause A3, Tables 3.2A and 3.2B.
Verification Monitoring	means verification monitoring as described in the document entitled “Australian Drinking Water Guidelines” or the document entitled “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.

B Summary of submissions

Table B.1 Summary of submissions by government agencies and utilities

ID	IPART Reference	Agency	Supports application?	Request / Clarifications / Concerns
1	D15/8467	NSW Health	Yes	Request NSW Health to be consulted: <ul style="list-style-type: none"> ▼ After pre-operational audit. ▼ In incident notification and management procedures.
2	D15/8554 D15/12468	Hunter Water	Yes	Hunter Water is working with Cooranbong Water to define the technical, commercial parameters and contractual relationship between the two entities as part of a 'Utilities Services Agreement'. Hunter Water indicates: <ul style="list-style-type: none"> ▼ Permanent sewerage network connection won't be provided after the RWTP is operational or by August 2016, whichever is earlier. ▼ Sewerage sludge won't be accepted at Hunter Water's sewerage network or as a tankered tradewaste at any of its WWTPs. ▼ Hunter Water considers Flow Systems will act as a local monopoly supplier for all Cooranbong Water customers and is concerned with the allocation of last resort nomination costs. Further, after submissions closing date Hunter Water provide response to IPART's questions: <ul style="list-style-type: none"> ▼ During phase 1 Hunter Water can accept the proposed sewerage flow to be discharged and provide technical details regarding the isolation of the interim sewer connection. A tank with 2 days of storage should adequately accommodate foreseeable isolation events. In the event the system is isolated for 2 days or more, road tankering of waste to Dora Creek or WWTP or other network assets may be possible, and Hunter Water will work with Cooranbong Water to assist where possible, considering operational and environmental impacts. ▼ Hunter Water has an agreement with JPG (the land developer) to allow connection of a maximum of 180 lots to Hunter Water sewer network (ie, 99 lots already connected and further 81 lots - Phase 1).
3	D15/8852	NSW Planning & Environment	N/A	The Department is not aware of any breaches of the <i>Environmental Planning and Assessment Act 1979</i> by Cooranbong Water Pty Ltd in relation to this project. Suggest IPART to confirm with local Council whether the "water recycling facility" is consistent with DA. Recommend local Council clarify the local provisions in the water reticulation system. It also advice IPART to seek advice from the Commonwealth Department of Environment regarding threatened species and ecological communities. (<i>Environmental Protection and Biodiversity Conservation Act 1999</i> .)

ID	IPART Reference	Agency	Supports application?	Request / Clarifications / Concerns
4	D15/9628	EPA NSW	N/A	<p>The EPA is not aware of any breaches of the <i>Protection of the Environment Operations Act 1997</i> (POEO Act) by Cooranbong Water.</p> <p>EPA concerns:</p> <ol style="list-style-type: none"> 1. During Phase 1 Hunter Water may not be able to receive all of Cooranbong sewage during peak periods. Therefore adequate storage of sewage and odour management measures in place. 2. Environmental Protection Licence from EPA to be required for the sewage treatment system under POEO Act if treated effluent to be discharged to land and possibly waters.
5	D15/10428 D15/10607	Minister for Primary Industries Minister for Lands and Water	N/A	<p>Indicates that the applicant's interpretation of the advice provided by the NSW Office of Water is not correct. The Licence application indicates that "an access licence is not required if the volume of water harvested is less than 10% of the volume of stormwater in a catchment. This is not consistent with the actual advice provided by the Office of water (Appendix 3 in the application).</p> <p>It recommends IPART seek further advice from the Office of Water on the volumes proposed to be harvested to ensure that they are within the harvestable right, or appropriately licensed under the <i>Water Sharing Plan for the Hunter Unregulated and Alluvial Water Sources 2009</i>.</p>

Table B.2 Summary of public submissions

ID	IPART Ref.	Public submission	Concerns / Issues						
			Environmental Including noise, odour, dust, light, flora & fauna, risk management, etc.	Water resources management including flooding, runoff and stormwater management	Traffic	Location	Property value	Monopoly supplier	Other
1	D15/7761	Lisa Glover and Jim Gillan	<input checked="" type="checkbox"/> Noise, Odour, flora and fauna	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Negative economic impacts
2	D15/8530	M. McFarlane			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
3	D15/8531	K. Noble				<input checked="" type="checkbox"/>			
4	D15/8535	Anonymous		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
5	D15/8536	S. Agafonoff and Ian Lowe				<input checked="" type="checkbox"/>			
6	D15/8615	J. Foley	<input checked="" type="checkbox"/> Fauna	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			

ID	IPART Ref.	Public submission	Concerns / Issues						
			Environmental Including noise, odour, dust, light, flora & fauna, risk management, etc.	Water resources management including flooding, runoff and stormwater management	Traffic	Location	Property value	Monopoly supplier	Other
7	D15/8639	R. Rose	<input checked="" type="checkbox"/> Odour	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
8	D15/8666	P. Dixon		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
9	D15/8670	B. Wrigley	<input checked="" type="checkbox"/> Odour			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
10	D15/8697	Anonymous	<input checked="" type="checkbox"/> Wastewater and sludge management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
11	D15/8699	Anonymous		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
12	D15/8700	Anonymous		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
13	D15/8702	Brian Timms	<input checked="" type="checkbox"/> Excess wastewater disposal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
14	D15/8703	Anonymous	<input checked="" type="checkbox"/> Visual, noise, odour			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
15	D15/8704	Anonymous				<input checked="" type="checkbox"/>			
16	D15/8705	Anonymous		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
17	D15/8706	B. Howard		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
18	D15/8707	L. Stuart		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			Socially irresponsible
19	D15/8708	B. Reid							Connect sewerage into Hunter Water system
20	D15/8710	M. Reynolds	<input checked="" type="checkbox"/> Odour	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
21	D15/8711	Anonymous	<input checked="" type="checkbox"/> Odour and noise			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Connect sewerage into Hunter Water system
22	D15/8712	Anonymous	<input checked="" type="checkbox"/> Environmental risks management	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	Connect sewerage into Hunter Water system
23	D15/8713	K. Muirhead	<input checked="" type="checkbox"/> Odour	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Risks management
24	D15/8714	Anonymous				<input checked="" type="checkbox"/>			
25	D15/8715	G. Fraser		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
26	D15/8716	C. Venegas				<input checked="" type="checkbox"/>			Negative economic impact, health concerns

ID	IPART Ref.	Public submission	Concerns / Issues						
			Environmental Including noise, odour, dust, light, flora & fauna, risk management, etc.	Water resources management including flooding, runoff and stormwater management	Traffic	Location	Property value	Monopoly supplier	Other
27	D15/8717	D. Page	<input checked="" type="checkbox"/> Visual, noise, odour			<input checked="" type="checkbox"/>			Health and lifestyle
28	D15/8718	Tiani Page	<input checked="" type="checkbox"/> Visual, noise, odour, flora and fauna			<input checked="" type="checkbox"/>			Health hazards
29	D15/8719	H. Williamson	<input checked="" type="checkbox"/> Odour			<input checked="" type="checkbox"/>			Quality of life
30	D15/8733	J. Newell	<input checked="" type="checkbox"/> Noise, dust, odour and fauna	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
31	D15/8734	R. Newell	<input checked="" type="checkbox"/> Noise, dust, odour, flora and fauna	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
32	D15/8750	K. Tams				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
33	D15/8751	Anonymous	<input checked="" type="checkbox"/> Overflow, noise, odour, excess wastewater disposal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			Risks management
34	D15/8783	Anonymous		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
35	D15/8785	Anonymous	<input checked="" type="checkbox"/> Fauna, waterways	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Connect sewerage into Hunter Water system
36	D15/8791	Anonymous	<input checked="" type="checkbox"/> Waterways	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Connect sewerage into Hunter Water system
37	D15/8792	J. Fraser		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			Risks management
38	D15/8796	Anonymous	<input checked="" type="checkbox"/> Excess wastewater disposal			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
39	D15/8823	Chris Akroyd				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
40	D15/8839	Anonymous				<input checked="" type="checkbox"/>			Risks management
41	D15/8855	C. OConnor		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
42	D15/8856	B. Church		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			Risks management

ID	IPART Ref.	Public submission	Concerns / Issues						
			Environmental Including noise, odour, dust, light, flora & fauna, risk management, etc.	Water resources management including flooding, runoff and stormwater management	Traffic	Location	Property value	Monopoly supplier	Other
43	D15/8857	Anna Howard	<input checked="" type="checkbox"/> Noise, odour, overflow management, fauna	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Risks management
44	D15/8858	R. Webster				<input checked="" type="checkbox"/>			Risks management
45	D15/8859	C. Nuttall	<input checked="" type="checkbox"/> Noise, night time lighting, overflow, odour	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Connect sewerage into Hunter Water system
46	D15/8860	J. Max	<input checked="" type="checkbox"/> Flora and fauna, waterways, noise, odour	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Negative economic impacts
47	D15/8861	H. Dixon	<input checked="" type="checkbox"/> Visual, excess wastewater disposal	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Taxation concerns, risks management
48	D15/8862	R. Dixon	<input checked="" type="checkbox"/> Water pollution, flora and fauna, overflow risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Misinformed community, untrue application information
49	D15/8864	Robert Fisher	<input checked="" type="checkbox"/> Odour and noise, overflow management	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
50	D15/8867	Cooranbong Community and Business Alliance	<input checked="" type="checkbox"/> Overflow	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			Risks management, connect into Hunter Water sewerage
51	D15/8878	Cooranbong Community and Business Alliance	<input checked="" type="checkbox"/> Overflow	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			Risks management, connect into Hunter Water sewerage
52	D15/8883	S. Thompsom	<input checked="" type="checkbox"/> Waterways	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			Risks management
53	D15/8938	M. Waldrip		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			

ID	IPART Ref.	Public submission	Concerns / Issues							
			Environmental Including noise, odour, dust, light, flora & fauna, risk management, etc.	Water resources management including flooding, runoff and stormwater management	Traffic	Location	Property value	Monopoly supplier	Other	
54	D15/8939	Noel Clark	<input checked="" type="checkbox"/>	Visual, odour, overflow, waterways, noise, night lighting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			Risks management, 400m buffer zone required, HW sewerage. No benefits (economic, environmental, social...)
55	D15/8940	S. Agafonoff	<input checked="" type="checkbox"/>	Noise and light	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
56	D15/8941	K. Kennedy	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			Risks management
57	D15/8943	Anonymous	<input checked="" type="checkbox"/>	Odour, overflow			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Guidelines: 400m from residential, HW WWTP
58	D15/8946	A. Legge	<input checked="" type="checkbox"/>	Odour, light,	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			Risks management
59	D15/8947	A. Knopper					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Negative health effects
60	D15/8995	Anonymous					<input checked="" type="checkbox"/>			Economic impact, risks, suggest relocate recycling plant
61	D15/9187	Peter and Shirley-Ann Morton	<input checked="" type="checkbox"/>	Odour, noise	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			Risk management (power failure)
62	D15/9188	D. Bamborough			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			Risk management (power failure). Unhappy with plant location.
63	D15/9309	C. Duffy	<input checked="" type="checkbox"/>	Odour, noise	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
64	D15/9310	Anonymous						<input checked="" type="checkbox"/>		

Table B.3 Consideration of issues raised in submissions – location in the Report to the Minister

Issue	Report to the Minister section
Air quality, noise and dust	Section 4.6.2
Environmental impacts – general	Section 4.6.2
Flooding and runoff management	Section 4.6.2
Flora and fauna	Section 4.6.2
Monopoly supplier	Section 4.8.1
Noise	Section 4.6.2
Property value / economic impacts	Section 4.7
Recycled Water Treatment Plant location	Section 4.7
Sludge management	Section 4.6.2
Traffic and transport	Section 4.6.2
Visual impacts	Section 4.6.2