

# **Hunter Water Corporation Operating Licence**

End of Term Review

**Water — Report to the Minister**  
April 2012



# **Hunter Water Corporation Operating Licence**

## **End of Term Review**

**Water Licensing — Report to the Minister**  
April 2012

© Independent Pricing and Regulatory Tribunal of New South Wales 2012

This work is copyright. The *Copyright Act 1968* permits fair dealing for study, research, news reporting, criticism and review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgement of the source is included.

ISBN 978-1-921929-82-3

The Tribunal members for this review are:

Dr Peter J Boxall AO, Chairman

Mr James Cox PSM, Chief Executive Officer and Full Time Member

Ms Sibylle Krieger, Part Time Member

Inquiries regarding this document should be directed to a staff member:

Gary Drysdale (02) 9290 8477

Narelle Berry (02) 9113 7722

Independent Pricing and Regulatory Tribunal of New South Wales

PO Box Q290, QVB Post Office NSW 1230

Level 8, 1 Market Street, Sydney NSW 2000

T (02) 9290 8400 F (02) 9290 2061

[www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)

## Contents

<b>Summary</b>	<b>1</b>
<b>1 IPART's approach and process for this review</b>	<b>2</b>
1.1 Objective of the review	2
1.2 Scope of the review	2
1.3 Our approach to the review	4
1.4 Structure of this report	6
<b>2 Major recommended changes</b>	<b>7</b>
2.1 Introduction of management systems standard	7
<b>3 Other minor recommended changes</b>	<b>10</b>
3.1 Drinking water and recycled water quality management systems	10
3.2 Reporting manual	11
3.3 Economic level of leakage	12
3.4 Catchment report	13
3.5 Other changes	14
<b>4 Reviews</b>	<b>16</b>
4.1 Consultative forum	16
4.2 Integrated water resource plan	16
<b>Appendices</b>	<b>19</b>
A Recommended Hunter Water Corporation operating licence	
B Draft Hunter Water Corporation reporting manual	
C Cost benefit analysis	
D Hunter Water Customer Contract	



## Summary

The Independent Pricing and Regulatory Tribunal (IPART) has conducted an end of term review (review) of the current Hunter Water Corporation (Hunter Water) operating licence (licence).

The current Hunter Water licence expires on 30 June 2012. Licences granted to major water utilities are reviewed and must be subsequently renewed after a maximum period of 5 years. We usually recommend that a licence be granted for the full 5-year period. On this basis, Hunters Water's next operating licence will operate from 1 July 2012 to 30 June 2017.

We have consulted interested stakeholders extensively and undertaken a cost benefit analysis of our recommended changes.

We have recommended changes to Hunter Water's licence, including:

- ▼ introduction of systems standards for the management of drinking and recycled water quality, assets, the environment and (administrative) quality
- ▼ introduction of a reporting manual which includes new reporting requirements related to the management systems
- ▼ removal of obligations relating to the Hunter Water integrated water resource (H<sub>2</sub>50) plan
- ▼ a new requirement to agree, develop, maintain and comply with a roles and responsibilities protocol with the Metropolitan Water Directorate for development of the Lower Hunter Water Plan (LHWP).

In addition we have recommended the following minor changes to make the licence clearer and more effective:

- ▼ removal of obligations which duplicate other legislative requirements
- ▼ a review of the system performance standards to ensure the definitions and the standards are consistent
- ▼ removal of obligations on IPART and parties other than Hunter Water.

Our recommended regulatory approach is similar to the approach used for Sydney Water. It has also been recommended for Sydney Catchment Authority.

## 1 | IPART's approach and process for this review

The Hunter Water Corporation is a State Owned Corporation (SOC), wholly owned by the NSW Government. Its primary role is to provide water, wastewater and drainage services for the benefit of the Hunter and surrounding urban areas. These roles and responsibilities, as well as Hunter Water's objectives, are prescribed by the *State Owned Corporations Act 1989*, the *Hunter Water Act 1991* (the Act) and the licence granted to Hunter Water under Part 5 of the Act.

The specific functions of Hunter Water are set out in the Act and include supplying water, providing sewerage and drainage services and disposing of wastewater.

### 1.1 Objective of the review

The primary objective of the end of term review is for IPART to recommend to the relevant Minister (currently the Minister for Finance and Services – the Minister) the conditions which may be included in the new licence. In reviewing Hunter Water's licence, we considered whether to maintain or amend the terms of the current licence to improve Hunter Water's operational efficiency and regulation.

In line with good regulatory practice for public utilities, the licence should be outcome focused and provide a net benefit to society. That is, the licence conditions should direct Hunter Water to achieve the desired outcomes without imposing unnecessary compliance and administrative costs.

### 1.2 Scope of the review

Hunter Water's current licence requires that a review be undertaken:

- ▼ to determine whether the licence is fulfilling its objectives
- ▼ in relation to any matter required by the licence to be reviewed
- ▼ to determine the relevance of licence terms in light of the *Water Industry Competition Act 2006* (WIC Act) and any other relevant legislation □ to determine the terms of any renewal of the licence.



As part of the end of term review we must:

- ▼ evaluate and report on the effectiveness of the Consultative Forum and compliance with the Consultative Forum Charter (licence clause 5.4.8)
- ▼ evaluate and report on the outcomes achieved by the Integrated Water Resources Plan (licence clause 9.2.7).

In addition, the licence requires the following specific matters to be reviewed during the term of the licence:

- ▼ System Performance Standards (SPS), being the water pressure standard, the water continuity standard and the sewage overflow standard (licence clause 4.6)
- ▼ the Customer Contract (licence clause 5.1.5 and Schedule 2).

The following table summarises those parts of the operating licence where we limited the scope of the review, and the reasons for the proposed limitation.

**Table 1.1 Sections of licence subject to limited review**

Sections/clause(s) of Licence	Limitation
Managing Supply and Demand (Section 9)	<p>In late 2010, the NSW Government refused the planning application for the proposed Tillegra Dam. At the same time, the Government announced that it would develop a new Lower Hunter Water Plan (LHWP) to secure a water supply for this region. This plan is being developed by the Department of Finance and Services, Metropolitan Water Branch, in consultation with Hunter Water and the local community.</p> <p>Clause 9 of the current licence requires Hunter Water to develop/review an Integrated Water Resources Plan, and report annually on its performance in implementing the plan.</p> <p>At this time, we have only conducted a limited review of this clause of the licence as the LHWP is likely to have a significant influence on the supply and demand obligations within the licence.. A more comprehensive review will be conducted once the LHWP has been finalised. This may result in Hunter Water's new licence being varied after 1 July 2012 to take account of the final LHWP.</p>
Customer Contract (Schedule 2)	<p>Hunter Water's Customer Contract has recently been subject to a public review by IPART. Recommended changes to the contract were sent to the Minister in February 2011. We did not revisit the Customer Contract as part of the review, apart from the rebate for low water pressure</p>
Performance indicators (clauses 4.7, 5.5, 7.1, 9.3 and 9.4)	<p>We are currently conducting a separate review to examine performance indicators for major public water utilities (including Hunter Water). The performance indicator review included targeted stakeholder consultation. We expect to conclude this review of performance indicators by May 2012 to be effective from 1 July 2012. The outcomes from this review will assist in the development of suitable performance indicators for Hunter Water. Once developed, we propose to include the revised performance indicators in a reporting manual.</p>
System performance standards	<p>In 2010 the system performance standards were reviewed through a public process which included extensive public consultation. The new system performance standards were amended by the Minister on 6 July 2010. With such a recent review there was no need to revisit these issues.</p>

### 1.3 Our approach to the review

The current licence requires that we engage in public consultation and report to the Minister on the findings of the review and any recommendations for the new licence. The Minister may accept or reject our recommendations before endorsing a new licence for approval by the Governor and subsequent gazettal.

Table 1.2 shows the steps we took in this review.

**Table 1.2 Steps taken in reviewing Hunter Water's licence**

Action	Timing
Issues paper released	March 2011, submissions closed in May 2011
Public workshop	June 2011
Draft cost benefit analysis (CBA) of changes to the licence identified through the issues paper	May to September 2011
Review of Hunter Water's Consultative Forum and Integrated Water Resource Plan in accordance with the licence conditions	August 2011
Draft licence and reporting manual prepared	July to December 2011
Targeted consultation with stakeholders that made a submission to the issues paper	January to March 2012
Final draft operating licence, reporting manual and CBA prepared	March 2012

In considering conditions for the new licence, we adapted and rephrased the Better Regulation Principles to apply to the licence review process.<sup>1</sup> The principles we applied to the review are as follows:

1. The need for action should be established.
2. The objectives of the licence should be clear.
3. The impact of the licence should be properly understood by considering the costs and benefits of a range of options, including non-regulatory options.
4. The licence should be effective and proportional.
5. Consultation with the regulated utility and the community should inform the licence review.
6. Simplification, minimisation of regulatory overlap and avoidance of regulatory inconsistency should be considered.
7. The licence should be enforceable and periodically reviewed to ensure continued efficiency and effectiveness.

<sup>1</sup> The Better Regulation Principles applied to this review are discussed in detail in the Review of the Operating Licence for Hunter Water Corporation - Issues Paper March 2011 (section 1.1) available on the IPART website at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au).

### 1.3.1 Issues paper

The issues paper raised a range of issues and questions. The paper also summarised our preliminary views on changes to the licence that were required to address issues raised in the paper. The proposed changes included:

- ▼ introduction of a systems standard approach to operational areas in the licence, which identifies a particular framework to follow to achieve identified outcomes
- ▼ introduction of a reporting manual to consolidate and coordinate reporting requirements under the licence
- ▼ minor changes to the licence to make it clearer and more effective (eg, removal and consolidation of duplicative licence requirements and legislative references and a plain English review).

The issues paper also sought feedback on the following, Hunter Water-specific issues:

- ▼ the effectiveness of the consultative forum
- ▼ the outcomes achieved by Hunter Water's integrated water resource plan.

### 1.3.2 Submissions and public workshop

The following organisations made submissions in response to the issues paper:

- ▼ Hunter Water
- ▼ Sydney Water
- ▼ Office of Environment and Heritage
- ▼ NSW Office of Water
- ▼ Department of Finance and Services
- ▼ NSW Health (Hunter Water Public Health Unit and the Water Unit)
- ▼ Hunter Central Rivers Catchment Management Authority
- ▼ Total Environment Centre
- ▼ Public Interest Advocacy Centre
- ▼ An interested individual.

We held a public workshop on 21 June 2011 where stakeholders provided feedback on the proposed changes.

Stakeholders were generally supportive of the proposed changes outlined in the issues paper. Some stakeholders proposed additional changes to the licence and these included:

- ▼ a requirement for Hunter Water to review and report on its economic level of leakage from the drinking water network

- ▼ a requirement for Hunter Water to develop and comply with an information exchange protocol between the Metro Water Directorate and Hunter Water to support the development of the Lower Hunter Water Plan
- ▼ minor changes to the consultative forum membership and reporting on the Customer Contract to customers and consumers.

## 1.4 Structure of this report

The rest of this report is structured as follows:

- ▼ Chapters 2 and 3 discuss the recommended changes to the licence, including the cost benefit analysis of these changes
- ▼ Chapter 4 provides an overview of the consultative forum and integrated water resource plan reviews
- ▼ Appendix A contains the recommended operating licence for Hunter Water for the period 1 July 2012 to 30 June 2017
- ▼ Appendix B contains the draft reporting manual for Hunter Water
- ▼ Appendix C contains the cost benefit analysis of changes to the licence

## 2 Major recommended changes

The following section discusses the major recommended change to the Hunter Water operating licence as identified by the issues paper and stakeholder submissions.

### 2.1 Introduction of management systems standard

We have recommended the introduction of a management systems standard approach to replace the existing prescriptive licence conditions in the operational areas of environment and asset management. A new requirement to introduce a quality management system will address issues highlighted in recent operational audits of Hunter Water.

Table 3.1 provides a summary of the current licence conditions in this area.

**Table 2.1 Summary of current licence conditions relating to management systems**

Operational area	Current requirement
Asset management	Conditions include a detailed list of reporting requirements related to the asset management plan, but do not specify the content of the plan. To some extent, the content of the plan can be inferred from reporting requirements in the licence. However, this imprecise approach makes compliance auditing and regulation difficult..
Environmental management	<p>Prescriptive standard that requires an Environmental Management Plan that:</p> <ul style="list-style-type: none"><li>▼ contains details of environmental improvement strategies and objectives for its catchments, water storages, water supply systems and drainage systems, as well as environmental aspects of its other activities such as energy management, waste minimisation and heritage</li><li>▼ endorses Ecologically Sustainable Development (ESD) principles</li><li>▼ is integrated in Hunter Water's business plan</li><li>▼ incorporates the objectives of the energy management plan</li><li>▼ sets targets and timetables for environmental activities (for a 5-year planning period).</li></ul>
Quality (administrative) management	No requirement. Our 2009/10 operational audit of Hunter Water found aspects of the business would benefit from improved quality management.

## Recommended changes and alternatives

We recommend:

- ▼ replacing the current environmental obligation with a requirement to develop and implement an environmental management system that is consistent with the environment management system standard, *ISO 14001*, by 2017 (see clause 6.1 of the recommended licence).
- ▼ replacing the current asset obligation with a requirement to develop and implement an asset management system consistent with *BSI PAS55:2088 Asset Management Standard*<sup>2</sup> or a system based on the Water Service Association of Australia's *Aquamark* asset benchmarking tool, or other appropriate standard as agreed by IPART (see clause 4.1 of the recommended licence).
- ▼ a new licence condition requiring Hunter Water to develop and implement a quality management system consistent with the quality management system standard, *ISO 9001*, by 2017 (see clause 7.1 of the recommended licence).

Hunter Water considers that these 3 requirements can be met by implementing an Integrated Quality Management System (IQMS).<sup>3</sup> This means that the systems would be integrated into a single system.

We have worded the definition of management systems in the recommended licence to allow Hunter Water the flexibility to adopt an integrated approach in meeting the licence conditions.

## Benefits and costs

The recommended obligations are more comprehensive than current obligations and consistent with good business practice.

The potential benefits of implementing certified management systems are wide-ranging and can include efficiency and productivity gains, better levels of service and reduced risk of system failure. However, these benefits are difficult to quantify.

Hunter Water considers that an IQMS can improve consistency of process, outcomes and records relevant to their current practices.<sup>4</sup> This is achieved through staff working to standard procedures which are reviewed by management and reinforced through audits.

We also note that there are likely to be other benefits in adopting a systems based approach, in addition to cost savings. These include potential benefits to third

---

<sup>2</sup> Work is currently underway to convert this British asset management standard into an International Standard for asset management.

<sup>3</sup> Hunter Water proposed to use *Aquamark* to guide the development of the Asset Management System however it would be embedded in the integrated system certified to the ISO 9001.

<sup>4</sup> Hunter Water, 2011, Cost benefit analysis of proposed changes to Hunter Water's OL, Response to IPART's Request for Information, Section 5, pp 20-21.

parties (such as environmental gains or savings), enhanced levels of service and reduced risk of system failure.

The cost to develop, implement and certify the IQMS is about \$4.53 million in total over 5 years or 0.83% of Hunter Water's annual average total expenditure.

Therefore, if cost savings (via efficiency gains) under the certified IQMS exceed 1%, then the benefits of this option will exceed the costs. As set out in the CBA report, we consider that this is likely.

### **Conclusion**

The CBA found that the benefits of adopting a systems standard approach in the operational areas of environment, assets and (administrative) quality are likely to outweigh the costs.

Therefore we consider adopting management system based approach to the environment, assets and quality has a net benefit to Hunter Water and the community. Stakeholders have supported this approach.

## 3 Other minor recommended changes

The following section discusses the minor recommended changes to the Hunter Water licence as identified by the issues paper and stakeholder submissions.

### 3.1 Drinking water and recycled water quality management systems

The existing licence was granted following the release of the Australian Drinking Water Guideline 2004 (ADWG). It requires Hunter Water to develop a water quality management plan based on the framework outlined in ADWG. The licence also requires the development of a wastewater and recycling operations plan, making reference to the Australian Guidelines for Recycled Water (AGWR) for the supply of other grades of water. Both ADWG and AGWR outline comprehensive, risk-based frameworks (applying a systems standard) for the management of water quality.

Within the existing licence there are also some prescriptive conditions relating to water quality standards, monitoring and reporting that duplicate the requirements of the ADWG and AGWR. The licence does not comprehensively cover all 12 elements which may cause Hunter Water to prioritise the prescribed elements over other equally critical components.

#### Recommended changes

We recommend changing the drinking and recycled water quality requirements to ensure all elements of the relevant guidelines are addressed adequately. The new obligation requires Hunter Water to maintain and implement a drinking water quality management system that is consistent with the ADWG as well as a recycled water management system that is consistent with the AGWR (see clauses 2.1 and 2.2 of the recommended operating licence).

This new obligation also allows NSW Health to amend certain requirements within the guidelines to take account of Hunter Water's circumstances and/or NSW Government's policy and practices.

#### Benefits and costs

This change will enhance the clarity of the licence. Enhanced clarity can improve accountability, the licence audit process, and Hunter Water's performance.



There are no foreseeable costs to making this change to the licence, as Hunter Water currently complies with both of the water quality guidelines.

## Conclusion

We consider that this proposed change is justified, as it is likely to provide a benefit at no cost. NSW Health and other relevant stakeholders support the approach as it is detailed in the recommended licence.

## 3.2 Reporting manual

The current licence has many reporting obligations. These reporting obligations can only be changed by an amendment to the licence requiring approval from the Minister and the NSW Governor. This takes time and has meant that reporting requirements could not be easily adapted in response to changes in the operating environment.

### Recommended change

We recommend that:

- ▼ all reporting requirements and performance indicators be consolidated in a subsidiary document, the Hunter Water reporting manual.
- ▼ the licence includes a condition that Hunter Water report in accordance with the reporting manual (see clause 8.2 of the recommended licence).

The reporting manual is a stand-alone, consolidated document. However, it will still constitute part of the licence and Hunter Water's performance against the reporting manual obligations will be audited.

The Manual will be publicly available on IPART's website. Similar manuals are used for Sydney Water and private suppliers under the WIC Act.

### Benefits and costs

Moving the reporting requirements to a reporting manual means they can be updated easily and in a timely fashion, in light of changing circumstances. This is because the reporting manual can be updated by IPART, through consultation, and without approval from the Minister and Governor.

There may be some minor administrative costs in updating the reporting manual, if required. However, this is balanced against cost savings from not reporting on out-of-date obligations or amending the licence.

## **Conclusion**

The CBA found the insignificant administrative costs are outweighed by the benefits of flexibility. We consider the benefits of introducing a reporting manual outweigh any minor costs involved.

### **3.3 Economic level of leakage**

There is currently no requirement for Hunter Water to assess or report on its economic level of leakage although Sydney Water is required to do so under its current licence.

In response to stakeholder feedback and given leakage is a component of the water balance currently being reviewed as part of the Lower Hunter Water Plan, we considered that it would be prudent to include a new condition on leakage in Hunter Water's licence.

## **Recommended change**

We recommend a new licence condition requiring Hunter Water to review and report on its economic level of leakage from the drinking water network (see clause 3.2 of the recommended licence).

## **Benefits and costs**

The advantage of this change is that it will identify whether that Hunter Water is efficiently managing leakage from its drinking water supply system, ie, not under or over spending on leakage management, given the cost of leakage control relative to the value of water lost or saved from leakage. It may therefore help to minimise costs of the water supply system.

Hunter Water has informed IPART that no or negligible additional costs would be incurred due to the proposed change. This is because the information is already available to Hunter Water as part of its normal business practices. The report will therefore only need to be updated, rather than developed.

## **Conclusion**

The CBA found that this change is expected to impose no or negligible additional cost on Hunter Water. However, it will ensure that Hunter Water has sufficient information to efficiently manage leaks from its water supply system. Benefits are expected to exceed costs.

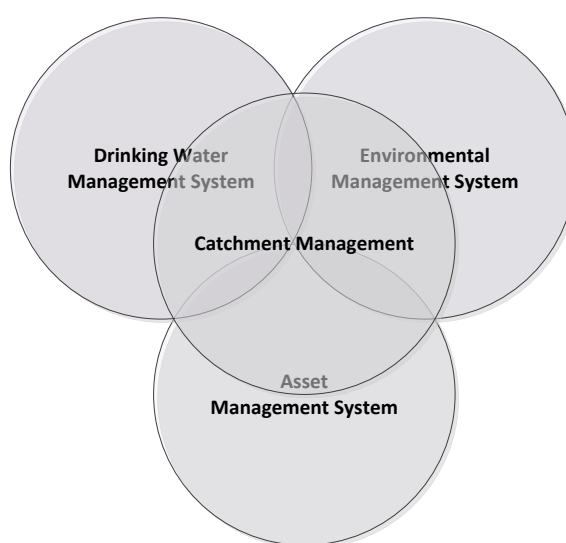
We consider the benefits of requiring Hunter Water to report on its economic level of leakage warrant inclusion of the condition.

### 3.4 Catchment report

The current licence includes a requirement for Hunter Water to report on its catchment management activities for the preceding financial year (existing clause 7.3).

This reporting requirement overlaps with several areas of the licence such that reporting of the catchment management activities is now fully captured under other areas of the licence as described in Figure 4.1 below.

**Figure 3.1 Catchment management overlap**



#### Recommended change

We recommend that the current clause 7.3 on the catchment report is removed from the licence. This clause is now redundant as the requirement to report on catchment management activities is fully captured by reporting requirements under the drinking water quality, asset management and environmental management systems.

#### Benefits and costs

This change will remove any duplication of licence conditions and will prevent double counting of a breach should Hunter Water fail to comply with the condition.

It will also ensure the licence remains consistent with the management of Hunter Water's other activities. For example the network management activities are similarly covered by the systems shown in Figure 4.1 with no specific clause requiring Hunter Water to report separately on any network management activities.

There are no foreseeable costs to removing the licence condition.

## Conclusion

The CBA found that this change is expected to impose no additional cost on Hunter Water. However, it will remove a duplicative and therefore redundant clause of the licence.

We consider the benefits warrant removal of this condition.

## 3.5 Other changes

In line with good regulatory practice, we recommend changing the licence to streamline regulation and improve information exchange and consultation. This will be achieved by:

- ▼ removing duplication with other legislative requirements, and
- ▼ including new conditions about sharing information with customers and consumers and the Metropolitan Water Directorate.

The recommended licence changes, the benefits and costs are summarised in the following table.

**Table 3.1 Other changes to Hunter Water's licence**

<b>Proposed change</b>	<b>Costs</b>	<b>Benefits</b>	<b>Assessment</b>
Remove duplication and redundant provisions	No cost, as it would not change Hunter Water's practices	Simplified licence may enhance auditing of the licence thus potentially minimising risk, and enhancing Hunter Water's performance	Minor net benefit
Add licence conditions to broaden the membership of Hunter Water's consultative forum, increase the frequency of distributing information on the customer contract, customer hardship policies and rebates (including advertising customer rebate obligations)	Minor costs (newspaper adds and adding forum members)	Better management of the effects of customer hardship. Enhance Hunter Water's ability to provide services to its customers.	Minor net benefit
Add a licence condition requiring the development, agreement, maintenance and compliance with a roles responsibilities protocol between MWD and Hunter Water on the development of the LHWP. (clause 3.3 of the recommended operating licence)	No costs as Hunter Water have an information exchange protocol in place with MWD.	Formalises the relationship.	Minor net benefit
Amendment to reporting requirements requiring 2 state of the assets reports instead of one and consolidating water quality reporting requirements from other instruments.	Additional cost of preparing and submitting a second report.  No or minor additional costs to the water quality reporting requirements.	Provision of transparent and readily accessible information to regulators.  Improved water quality management and reporting to customers and Health.	Minor net benefit

## 4 | Reviews

Hunter Water's current licence required that, as part of the licence review, IPART must:

1. evaluate and report on the effectiveness of the consultative forum and compliance with the consultative forum charter (clause 5.4.8 of the current licence)
2. evaluate and report on the outcomes achieved by the integrated water resources plan (clause 9.2.7 of the current licence).

### 4.1 Consultative forum

We have reviewed Hunter Water's consultative forum and concluded that it is a valuable component of Hunter Water's consultation program. We have recommended that the consultative forum be maintained in its current capacity with some minor changes to the membership.

These changes have been briefly discussed in the other changes listed in section 3.4 above.

### 4.2 Integrated water resource plan

We have reviewed the outcomes of the integrated water resource plan and concluded that Hunter Water has successfully completed many of the capital works programs identified by the plan, with the exception of the Tillegra Dam. The construction of this dam was initially favoured by Hunter Water due to the large volume of water that can be collected and the role of the dam in delaying or negating the need to initiate preliminary studies on drought emergency during times of water scarcity.

However, on 26 November 2010 the NSW Government refused the planning application for Tillegra Dam under the critical infrastructure provisions within Part 3A of the *Environmental Planning and Assessment Act 1979*.

Further, the Government directed the Office of Water<sup>5</sup> to develop a LHWP in consultation with Hunter Water and other stakeholders. The LHWP, when developed, will replace Hunter Water's integrated water resources plan.

In the interim, Hunter Water has continued to implement the demand side strategies in its integrated water resource plan with many programs now embedded in Hunter Water's normal business processes.

In light of these developments, we have not made any recommendations from our review of the integrated water resources plan. We anticipate that changes to Hunter Water's licence relating to implementation of the LHWP may be required once the LHWP is developed.

---

<sup>5</sup> Following changes to portfolio responsibilities in State Government, responsibility for developing the LHWP now rests with the Metropolitan Water Directorate within the Department of Finance and Services. This group is responsible for the development and maintenance of Sydney's Metropolitan Water Plan







## Appendices



## A Recommended Hunter Water Corporation operating licence

A Recommended Hunter Water Corporation operating  
licence

# **Hunter Water Corporation Operating Licence 2012 - 2017**

**Water Licensing — Operating Licence**  
July 2012



## Contents

<b>1</b>	<b>Licence and Licence authorisation</b>	<b>1</b>
1.1	Objectives of this Licence	1
1.2	Licence authorisation	1
1.3	Provision of a drainage system	1
1.4	Duration of this Licence	1
1.5	Licence amendment	2
1.6	Connection of Services	2
1.7	Non-exclusive Licence	2
1.8	Availability of Licence	2
1.9	Pricing	2
<b>2</b>	<b>Water quality</b>	<b>3</b>
2.1	Drinking Water	3
2.2	Recycled Water	4
<b>3</b>	<b>Water quantity</b>	<b>5</b>
3.1	Water Conservation Target	5
3.2	Economic Level of Leakage	5
3.3	Roles and responsibilities protocol	5
<b>4</b>	<b>Assets</b>	<b>6</b>
4.1	Asset Management System	6
4.2	Water pressure, water continuity and Wastewater Overflow Standards	6
<b>5</b>	<b>Customers and Consumers</b>	<b>9</b>
5.1	Customer Contract	9
5.2	Providing information	9
5.3	Consumers	10
5.4	Procedure for financial hardship, payment difficulties, water flow restriction and disconnection	10
5.5	Consultative Forum	11
5.6	Internal Complaints Handling Procedure	12
5.7	External dispute resolution scheme	13
<b>6</b>	<b>Environment</b>	<b>14</b>
1.1	Environment Management	14

<b>7</b>	<b>Quality management</b>	<b>15</b>
7.1	Quality Management System	15
<b>8</b>	<b>Performance monitoring</b>	<b>16</b>
8.1	Operational Audits	16
8.2	Reporting	17
8.3	Provision of information	17
8.4	Performance indicators	18
<b>9</b>	<b>Memorandum of Understanding</b>	<b>19</b>
9.1	NSW Health	19
<b>10</b>	<b>End of term review</b>	<b>20</b>
10.1	End of Term Review	20
<b>11</b>	<b>Notices</b>	<b>21</b>
<b>12</b>	<b>Definitions and interpretation</b>	<b>22</b>
12.1	Definitions	22
12.2	Interpretation	26
	<b>Schedules</b>	<b>29</b>
A	Background notes	31
B	Area of Operations	33
C	Customer Contract	35



# 1 Licence and Licence authorisation

## 1.1 Objectives of this Licence

- 1.1.1 The objective of this Licence is to enable and require Hunter Water to provide the Services within its Area of Operations. Consistent with this objective, this Licence requires Hunter Water to:
- a) meet the objectives and other requirements imposed on it in the Act and other applicable law;
  - b) comply with the System Quality and Performance Standards;
  - c) recognise the rights given to Customers and Consumers; and
  - d) be subject to Operational Audits.

## 1.2 Licence authorisation

- 1.2.1 This Licence is granted to enable and require Hunter Water to provide, construct, operate, manage and maintain efficient, co-ordinated and commercially viable systems and Services for supplying water, providing sewerage Services, and disposing of Wastewater throughout the Area of Operations.

## 1.3 Provision of a drainage system

- 1.3.1 Hunter Water must provide, operate, manage and maintain a drainage service as described in section 13(1)(b) of the Act.

## 1.4 Duration of this Licence

- 1.4.1 The term of this Licence is 5 years from the Commencement Date.

*[Note: This Licence starts on 1 July 2012, which means that it will end on 30 June 2017.]*

## **1.5 Licence amendment**

- 1.5.1 Subject to the Act and clause 1.5.2, this Licence may be amended by the Governor by notice in the NSW Government Gazette. The amendment takes effect on the date the notice is published in the NSW Government Gazette, or on such other date specified in the notice.
- 1.5.2 Before any notice of an amendment to this Licence is published in the NSW Government Gazette, the Minister must give Hunter Water reasonable notice of the proposed amendment to enable it to comply with the amendment (if relevant) upon its commencement.

## **1.6 Connection of Services**

- 1.6.1 Subject to Hunter Water continuing to comply with any applicable law, Hunter Water must ensure that the Services are available on request for connection to any Property situated in the Area of Operations.
- 1.6.2 Connection to the Services is subject to any conditions Hunter Water may lawfully impose to ensure the safe, reliable and financially viable supply of the Services to Properties in the Area of Operations in accordance with this Licence.

## **1.7 Non-exclusive Licence**

- 1.7.1 This Licence does not prohibit another person from providing any Services in the Area of Operations that are the same as, or similar to, the Services, if the person is lawfully entitled to do so.

## **1.8 Availability of Licence**

- 1.8.1 Hunter Water must make this Licence available free of charge:
- a) on its website for downloading by any person; and
  - b) to the public on request.

## **1.9 Pricing**

- 1.9.1 Hunter Water must set the level of fees, charges, and other amounts payable for the Services subject to the terms of this Licence, the Act and the maximum prices and methodologies for the Services determined from time to time by IPART under the IPART Act.

## 2 | Water quality

### 2.1 Drinking Water

- 2.1.1 Hunter Water must maintain a Management System that is consistent with:
- a) the Australian Drinking Water Guidelines; or
  - b) if NSW Health specifies any amendment or addition to the Australian Drinking Water Guidelines that applies to Hunter Water, the Australian Drinking Water Guidelines as amended or added to by NSW Health,

**(Drinking Water Quality Management System).**

*[Note: It is generally expected that Hunter Water will develop a system consistent with the Australian Drinking Water Guidelines, including the Drinking Water Quality Framework. However, where NSW Health considers it appropriate, the application of those Guidelines may be amended or added to, to take account of Hunter Water's circumstances and/or Drinking Water Quality policy and practices within New South Wales.]*

- 2.1.2 Hunter Water must ensure that the Drinking Water Quality Management System is fully implemented and that all relevant activities are carried out in accordance with the system, including to the satisfaction of NSW Health.
- 2.1.3 Hunter Water must notify IPART and NSW Health of any significant changes that it proposes to make to the Drinking Water Quality Management System in accordance with the Reporting Manual.
- 2.1.4 Hunter Water must obtain NSW Health's approval for any significant changes proposed to be made to the Drinking Water Quality Management System before implementing or carrying out its activities in accordance with them.

## 2.2 Recycled Water

- 2.2.1 Hunter Water must maintain a Management System that is consistent with:
- a) the Australian Guidelines for Water Recycling; or
  - b) if NSW Health specifies any amendment or addition to the Australian Guidelines for Water Recycling that applies to Hunter Water, the Australian Guidelines for Water Recycling as amended or added to by NSW Health,

**(Recycled Water Quality Management System).**

*[Note: It is generally expected that Hunter Water will develop a system consistent with the Australian Guidelines for Water Recycling, including the Recycled Water Quality Framework. However, where NSW Health considers it appropriate, the application of those Guidelines may be amended or added to, to take account of Hunter Water's circumstances and/ or Recycled Water Quality policy and practices within New South Wales.]*

- 2.2.2 Hunter Water must ensure that the Recycled Water Quality Management System is fully implemented and that all relevant activities are carried out in accordance with the system, including to the satisfaction of NSW Health.
- 2.2.3 Hunter Water must notify IPART and NSW Health of any significant changes that it proposes to make to the Recycled Water Quality Management System in accordance with the Reporting Manual.
- 2.2.4 Hunter Water must obtain NSW Health's approval for any significant changes proposed to be made to the Recycled Water Quality Management System before implementing or carrying out its activities in accordance with them.

## 3 | Water quantity

### 3.1 Water Conservation Target

- 3.1.1 Hunter Water must ensure that the 5 year rolling average for annual residential water consumption calculated for each financial year during the term of this Licence is equal to or less than 215 kilolitres per year for each Property used for residential purposes (**Water Conservation Target**).
- 3.1.2 Hunter Water must report its compliance with the Water Conservation Target to IPART in accordance with the Reporting Manual.

### 3.2 Economic Level of Leakage

- 3.2.1 By 31 January 2014, Hunter Water must:
  - a) complete a review to determine the Economic Level of Leakage from its Drinking Water Network; and
  - b) submit a report on this review to IPART in accordance with the Reporting Manual.
- 3.2.2 Hunter Water must provide to IPART, for its approval, the proposed methodology for determining the Economic Level of Leakage in accordance with the Reporting Manual.
- 3.2.3 When determining the Economic Level of Leakage from the Drinking Water Network for the purposes of clause 3.2.1, Hunter Water must use the methodology approved by IPART under clause 3.2.2.

### 3.3 Roles and responsibilities protocol

- 3.3.1 Hunter Water must use its best endeavours to:
  - a) develop and agree a Roles and Responsibilities Protocol with the Metropolitan Water Directorate for the development of the Lower Hunter Water Plan; and
  - b) maintain and comply with any Roles and Responsibilities Protocol that has been agreed and developed under clause 3.3.1(a).

#### 4.1 Asset Management System

- 4.1.1 Hunter Water must maintain a Management System that is consistent with:
- a) the *BSI PAS 55:2008 (PAS 55) Asset Management standard*; or
  - b) the Water Services Association of Australia's Aquamark benchmarking tool; or
  - c) another asset management standard agreed to by IPART,
- (Asset Management System).
- 4.1.2 Hunter Water must ensure that the Asset Management System is fully implemented and that all relevant activities are carried out in accordance with the system.
- 4.1.3 Hunter Water must notify IPART of any significant changes that it proposes to make to the Asset Management System in accordance with the Reporting Manual.

#### 4.2 Water pressure, water continuity and Wastewater Overflow Standards

- 4.2.1 Interpretation of standards
- a) For the purposes of the Water Pressure Standard and Water Continuity Standard, each separately billed or separately occupied part of a Multiple Occupancy Property is considered to be 1 Property.  
*[Note: for example, a block of 5 townhouses or apartments is counted as 5 Properties, and a block of land on which there is a house and a granny flat is counted as 2 Properties.]*
  - b) For the purposes of the Wastewater Overflow Standard, a Multiple Occupancy Property is considered to be 1 Property.  
*[Note: for example, a block of 5 townhouses or apartments is counted as 1 Property, and a block of land on which there is a house and a granny flat is counted as 1 Property.]*
  - c) In the case of any ambiguity in the interpretation or application of any of the standards set out in this clause 4.2, IPART's interpretation of the relevant standard or assessment of its application will prevail.

#### 4.2.2 Water Pressure Standard

- a) Hunter Water must ensure that no more than 4,800 Properties experience a Water Pressure Failure in a financial year (**Water Pressure Standard**).
- b) A Property is taken to have experienced a Water Pressure Failure at each of the following times:
  - i) when a person notifies Hunter Water that the Property has experienced a Water Pressure Failure and that Water Pressure Failure is confirmed by Hunter Water; or
  - ii) when Hunter Water's systems identify that the Property has experienced a Water Pressure Failure.
- c) Despite clause 4.2.2(b), a Property will not be taken to have experienced a Water Pressure Failure if that Water Pressure Failure occurred only because of:
  - i) a Planned Water Interruption or Unplanned Water Interruption;
  - ii) water usage by authorised fire authorities in the case of a fire; or
  - iii) a short term or temporary operational problem (such as a main break) which is remedied within 4 days of its occurrence.

#### 4.2.3 Water Continuity Standard

- a) Hunter Water must ensure that in a financial year:
  - i) no more than 10,000 Properties experience an Unplanned Water Interruption that lasts more than 5 continuous hours; and
  - ii) no more than 5,000 Properties experience 3 or more Unplanned Water Interruptions that each lasts more than 1 hour,

**(Water Continuity Standard).**
- b) For the purposes of clause 4.2.3(a), Hunter Water must use the best available data (taking account of water pressure data where that data is available) to determine:
  - i) whether a Property has experienced an Unplanned Water Interruption; and
  - ii) the duration of the Unplanned Water Interruption.
- c) If a Property experiences an Unplanned Water Interruption that was caused by a third party, that Property is taken not to have experienced an Unplanned Water Interruption for the purposes of clause 4.2.3(a).

4.2.4 Wastewater Overflow Standard

- a) Hunter Water must ensure that in a financial year:
  - i) no more than 5,000 Properties (other than Public Properties) experience an Uncontrolled Wastewater Overflow in dry weather; and
  - ii) no more than 45 Properties (other than Public Properties) experience 3 or more Uncontrolled Wastewater Overflows in dry weather,

**(Wastewater Overflow Standard).**



## 5 Customers and Consumers

### 5.1 Customer Contract

- 5.1.1 Hunter Water must publish a copy of the Customer Contract and any variations to it on Hunter Water's website for downloading free of charge, and must provide it to any Customer or Consumer free of charge upon request.
- 5.1.2 Hunter Water must notify IPART of any significant changes that it proposes to make to the Customer Contract in accordance with the Reporting Manual.

### 5.2 Providing information

- 5.2.1 Hunter Water must prepare a pamphlet that:
  - a) briefly explains the Customer Contract;
  - b) summarises the key rights and obligations of Customers under the Customer Contract;
  - c) refers to the types of account relief available for Customers experiencing financial hardship;
  - d) outlines the Customer's obligations and rights to claim a rebate; and
  - e) contains information about how to contact Hunter Water by telephone, email, postal mail or in person.
- 5.2.2 Hunter Water must update the pamphlet prepared under clause 5.2.1 when variations are made to the Customer Contract.
- 5.2.3 Hunter Water must provide the pamphlet prepared under clause 5.2.1 and any updates made under clause 5.2.2 free of charge to:
  - a) Customers at least annually with their Bills; and
  - b) any other person on request.
- 5.2.4 Hunter Water must advertise in a local newspaper at least once annually on:
  - a) the types of account relief available for Customers experiencing financial hardship;

- b) the Customer's obligations and rights to claim a rebate.

### 5.3 Consumers

- 5.3.1 Hunter Water's obligations under the Customer Contract relating to:
- a) complaint handling and complaint resolution procedures; and
  - b) the Procedure for Payment Difficulties and Actions for Non-payment,
- are extended to Consumers as if Consumers were parties to the Customer Contract.

### 5.4 Procedure for financial hardship, payment difficulties, water flow restriction and disconnection

- 5.4.1 Hunter Water must maintain and fully implement procedures relating to financial hardship, payment difficulties, water flow restriction and disconnection (**Procedure for Payment Difficulties and Actions for Non-payment**), which must include:
- a) a financial hardship policy that helps residential Customers experiencing financial hardship better manage their current and future Bills;
  - b) procedures relating to a payment plan for residential Customers who are responsible for paying their Bills and who are, in Hunter Water's opinion, experiencing financial hardship;
  - c) conditions for disconnection of supply or water flow restriction; and
  - d) provisions for self-identification, identification by community welfare organisations and identification by Hunter Water of residential Customers experiencing financial hardship.
- 5.4.2 Hunter Water must set out the Procedure for Payment Difficulties and Actions for Non-payment in the Customer Contract.
- 5.4.3 Hunter Water must provide an explanation of the Procedure for Payment Difficulties and Actions for Non-payment free of charge to:
- a) residential Customers, at least annually with their Bills;
  - b) residential Customers whom Hunter Water identifies as experiencing financial hardship; and
  - c) any other person who requests it.
- 5.4.4 Hunter Water must publish the Procedure for Payment Difficulties and Actions for Non-payment on its website for downloading free of charge.

## 5.5 Consultative Forum

- 5.5.1 Hunter Water must maintain and regularly consult with its Customers and Consumers through a Consultative Forum.
- 5.5.2 Hunter Water may utilise the Consultative Forum to, among other things, provide it with advice on the interests of Hunter Water's Customers and Consumers, the Customer Contract and such other key issues related to Hunter Water's planning and operations as Hunter Water may determine, consistent with the Consultative Forum Charter.
- 5.5.3 Hunter Water must:
- a) ensure that at all times the membership of the Consultative Forum is appointed and determined by Hunter Water in accordance with the Consultative Forum Charter; and
  - b) use its best endeavours to include a person representing each of the following interests as members of the Consultative Forum:
    - i) business and Consumer groups;
    - ii) organisations representing low income households;
    - iii) people living in rural and urban fringe areas;
    - iv) residential Consumers;
    - v) environmental groups;
    - vi) local government;
    - vii) older people;
    - viii) people with disabilities;
    - ix) Aboriginal people; and
    - x) people from non-English speaking backgrounds.
- 5.5.4 Hunter Water and members of the Consultative Forum must for the term of this Licence maintain a charter (**Consultative Forum Charter**) that addresses all of the following issues:
- a) the role of the Consultative Forum;
  - b) selection criteria on how members will be drawn from the community, and information on how vacancies for membership will be advertised;
  - c) the procedure for appointment of members;
  - d) the term for which members are appointed;
  - e) information on how the Consultative Forum will operate;
  - f) a description of the type of matters that will be referred to the Consultative Forum and how those matters may be referred;

- g) procedures for the conduct of Consultative Forum meetings, including the appointment of a chairperson;
- h) procedures for communicating the outcome of the Consultative Forum's work to Hunter Water;
- i) procedures for tracking issues raised and ensuring appropriate follow-up of those issues; and
- j) funding and resourcing of the Consultative Forum by Hunter Water.

5.5.5 Hunter Water must provide the Consultative Forum with information in its possession or under its control necessary to enable the Consultative Forum to discharge the tasks assigned to it, other than information or documents that are confidential or privileged.

5.5.6 Hunter Water must make:

- a) a copy of the Consultative Forum Charter; and
- b) minutes from proceedings of the Consultative Forum,  
  
available free of charge:
- c) on its website for downloading; and
- d) available at its offices for access or collection by any member of the public.

## 5.6 Internal Complaints Handling Procedure

5.6.1 Hunter Water must maintain a procedure for receiving, responding to and resolving Complaints, which is consistent with the *Australian Standard AS ISO 10002-2006: Customer satisfaction - Guidelines for complaints handling in organizations* (ISO 10002:2004, MOD) (**Internal Complaints Handling Procedure**).

5.6.2 Hunter Water must ensure that the Internal Complaints Handling Procedure is fully implemented and that all relevant activities are carried out in accordance with the procedure.

5.6.3 Hunter Water must provide to Customers at least annually with their Bills information concerning the Internal Complaints Handling Procedure which explains how to make a Complaint and how the Internal Complaints Handling Procedure works.

## **5.7 External dispute resolution scheme**

5.7.1 Hunter Water must be a member of the Energy and Water Ombudsman NSW for the resolution of disputes between Hunter Water and its Customers and its Consumers.

5.7.2 Hunter Water must:

- a) prepare a pamphlet that explains the operation of the dispute resolution service provided by the Energy and Water Ombudsman NSW including any rights to have a Complaint or dispute referred to the Energy and Water Ombudsman NSW and how it can be accessed; and
- b) provide that pamphlet:
  - i) to Customers at least once a year with their Bills; and
  - ii) free of charge to the public on request.

## 6 Environment

### 4.1 Environment Management

- 6.1.1 By 30 June 2017, Hunter Water must develop a Management System which is consistent with the *Australian Standard AS/NZS ISO 14001:2004: Environmental Management Systems - Requirements with guidance for use* (**Environmental Management System**).
- 6.1.2 Hunter Water must ensure that:
- a) by 30 June 2017, the Environmental Management System is certified by an appropriately qualified third party to be consistent with the *Australian Standard AS/NZS ISO 14001:2004: Environmental Management Systems - Requirements with guidance for use*; and
  - b) once the Environmental Management System is certified under clause 6.1.2(a), the certification is maintained during the remaining term of this Licence.
- 6.1.3 Hunter Water must ensure that by 30 June 2017, the Environment Management System is fully implemented and that all relevant activities are carried out in accordance with the system.
- 6.1.4 Until the Environmental Management System has been developed and certified in accordance with clauses 6.1.1 and 6.1.2, Hunter Water must:
- a) maintain programs to manage risks to the environment from carrying out its activities; and
  - b) ensure that all its activities are carried out in accordance with those programs.
- 6.1.5 Hunter Water must notify IPART of any significant changes that it proposes to make to the Environmental Management System in accordance with the Reporting Manual.

## 7 | Quality management

### 7.1 Quality Management System

- 7.1.1 By 30 June 2017, Hunter Water must develop a Management System that is consistent with the *Australian Standard AS/NZS ISO 9001:2008: Quality Management Systems – Requirements* (**Quality Management System**).
- 7.1.2 Hunter Water must ensure that:
- a) by 30 June 2017, the Quality Management System is certified by an appropriately qualified third party to be consistent with the *Australian Standard AS/NZS ISO 9001:2008: Quality Management Systems – Requirements*; and
  - b) once the Quality Management System is certified under clause 7.1.2(a), the certification is maintained during the remaining term of this Licence.
- 7.1.3 Hunter Water must ensure that by 30 June 2017, the Quality Management System is fully implemented and that all relevant activities are carried out in accordance with the system.
- 7.1.4 Hunter Water must notify IPART of any significant changes that it proposes to make to the Quality Management System in accordance with the Reporting Manual.

## 8 Performance monitoring

### 8.1 Operational Audits

8.1.1 IPART may undertake, or may appoint an Auditor to undertake, an audit on Hunter Water's compliance with:

- a) this Licence;
- b) the Reporting Manual; and
- c) any matters required by the Minister,

**(Operational Audit).**

8.1.2 Hunter Water must provide IPART or any Auditor with all information in or under its possession, custody or control which is necessary to conduct the Operational Audit, including whatever information is reasonably requested by IPART or an Auditor.

8.1.3 Hunter Water must provide the information requested under clause 8.1.2 within a reasonable time of it being requested.

8.1.4 For the purposes of any Operational Audit or verifying a report on a Operational Audit, Hunter Water must, within a reasonable time of being required by IPART or an Auditor, permit IPART or the Auditor to:

- a) have access to any works, premises or offices occupied by Hunter Water;
- b) carry out inspections, measurements and tests on, or in relation to, any such works, premises or offices;
- c) take on to any such premises, works or offices any person or equipment necessary for the purposes of performing the Operational Audit or verifying any report on the Operational Audit;
- d) inspect and make copies of, and take extracts from, any books and records of Hunter Water that are maintained in relation to the performance of Hunter Water's obligations under this Licence; and
- e) discuss matters relevant to the Operational Audit or any report on the Operational Audit with Hunter Water, including any of Hunter Water's officers and employees.



## 8.2 Reporting

- 8.2.1 Hunter Water must comply with its reporting obligations set out in the Reporting Manual, which include:
- a) reporting to IPART and NSW Health in accordance with the Reporting Manual, and
  - b) making reports and other information publicly available,

in the manner set out in the Reporting Manual.

- 8.2.2 Hunter Water must maintain sufficient record systems that enable it to report accurately in accordance with clause 8.2.1.

## 8.3 Provision of information

- 8.3.1 If IPART requests that Hunter Water provide information relating to the performance of its obligations under clause 8.2, Hunter Water must provide the information requested within a reasonable time of IPART's request, including providing IPART with physical and electronic access to the records required to be kept under clause 8.2.
- 8.3.2 Hunter Water must provide IPART with such information as is reasonably required to enable IPART to conduct any review or investigation of Hunter Water's obligations under this Licence.
- 8.3.3 If Hunter Water contracts out any of its activities to third parties (including a subsidiary) it must take all reasonable steps to ensure that, if required by IPART or an Auditor, any such third parties provide information and do the things specified in this clause 8 as if that third party were Hunter Water.
- 8.3.4 If IPART or an Auditor requests information under this clause 8 which is confidential, the information must be provided to IPART or the Auditor, subject to IPART or the Auditor entering into reasonable arrangements to ensure that the confidential information remains confidential.
- 8.3.5 If NSW Health requests that Hunter Water provide information relating to water quality, Hunter Water must provide the information requested in the manner and form specified by NSW Health. Hunter Water must provide the information requested within a reasonable time of NSW Health's request.

*[Note: Under section 19 of the Public Health Act 2010 (NSW), the Director General of NSW Ministry of Health may require Hunter Water to produce certain information.]*

#### **8.4 Performance indicators**

- 8.4.1
- a) Hunter Water must maintain sufficient record systems to enable it to measure accurately its performance against the performance indicators specified in the Reporting Manual.
  - b) In the case of any ambiguity in the interpretation or application of any performance indicators specified in the Reporting Manual, IPART's interpretation or assessment of the indicators will prevail.

## 9 Memorandum of Understanding

### 9.1 NSW Health

9.1.1 Hunter Water must:

- a) use its best endeavours to maintain a Memorandum of Understanding with NSW Health; and
- b) comply with any Memorandum of Understanding maintained with NSW Health under clause 9.1.1(a).

9.1.2 The purpose of a Memorandum of Understanding is to form the basis for co-operative relationships between the parties to the memorandum. In particular, the purpose of the Memorandum of Understanding with NSW Health is to recognise NSW Health's role in providing advice to the NSW Government in relation to Drinking Water quality standards and the supply of water which is safe to drink.

9.1.3 The Memorandum of Understanding with NSW Health must include a procedure for Hunter Water to report to NSW Health any information or events in relation to any of Hunter Water's systems or Services which may have risks for public health.

9.1.4 Clause 9.1.1 does not limit the persons with whom Hunter Water may have a Memorandum of Understanding.

## 10 | End of term review

### 10.1 End of Term Review

10.1.1 It is anticipated that a review of this Licence will commence in the first quarter of 2016 to investigate:

- a) whether this Licence is fulfilling its objectives; and
- b) any issues which have arisen during the term of this Licence, which may affect the effectiveness of this Licence,

**(End of Term Review).**

*[Note: In the event that IPART undertakes the end of term review, IPART intends to:*

- ▼ *commence the end of term review (including undertaking public consultation) in the first quarter of 2016;*
- ▼ *report to the Minister by 30 April 2017 on:*
  - ▼ *the findings of the end of term review,*
  - ▼ *any recommendations for conditions to be included in a new Licence, and*
  - ▼ *any recommendations for amending any law that adversely impacts on this Licence; and*
- ▼ *make the report to the Minister publicly available after the end of term review.]*

10.1.2 Hunter Water must provide to the person undertaking the End of Term Review such information as is reasonably required to enable the person to undertake the End of Term Review.

## 11 | Notices

Any notice or other communication given under this Licence must be made in writing addressed to the intended recipient at the address shown below or the last address notified by the recipient.

<b>Hunter Water</b>	<b>IPART</b>
The Managing Director Hunter Water Corporation 36 Honeysuckle Drive Newcastle West NSW 2302	The Chief Executive Officer Independent Pricing and Regulatory Tribunal Level 8, 1 Market Street Sydney NSW 2000

## 12 Definitions and interpretation

### 12.1 Definitions

In this Licence:

**Act** means the *Hunter Water Act 1991* (NSW);

**Area of Operations** means the Area of Operations specified in section 16(1) of the Act, a description of which (as at the Commencement Date) is set out in Schedule B;

**Asset Management System** has the meaning given in clause 4.1.1;

**Auditor** means a person appointed by IPART to undertake an Operational Audit;

**Australian Drinking Water Guidelines** means the document titled “Australian Drinking Water Guidelines 6 2011” published by the National Health and Medical Research Council and the Natural Resource Management Ministerial Council, as updated from time to time;

**Australian Guidelines for Water Recycling** means the document titled “Australian Guidelines For Water Recycling: Managing Health and Environmental Risks (Phase 1 and 2)” and published by the Environment Protection and Heritage Council, the Natural Resource Management Ministerial Council and the Australian Health Ministers’ Conference in November 2006, as updated from time to time;

**Bill** means a bill sent by Hunter Water to a Customer for the provision of the Services;

**Commencement Date** is the date by law on which this Licence commences;

*[Note: The date on which a Licence commences is ordinarily specified in the NSW Government Gazette when the Governor grants or renews this Licence under the Act.]*

**Complaint** means an expression of dissatisfaction made by Customers or Consumers to Hunter Water in relation to its Services or its complaints-handling process, where a response or resolution is explicitly or implicitly expected;

**Consultative Forum** means a meeting that facilitates and provides an opportunity for community involvement in issues relevant to the performance of Hunter Water's obligations under this Licence;

**Consultative Forum Charter** has the meaning given in clause 5.5.4;

**Consumer** means any person who consumes or uses the Services and includes, but is not limited to, a tenant or occupier of a Property;

**Controlled Wastewater Overflow** is an overflow of Wastewater that is directed by Hunter Water via a designed structure to a predetermined location, such as a stormwater system or waterway, in order to prevent overloaded or blocked sewers from discharging at sensitive locations, on private Property or within buildings;

**Customer** means any person who is taken to have entered into a Customer Contract under section 36 of the Act, or to have entered into a contract on terms relating to the imposition of charges under section 43 of the Act;

**Customer Contract** means the terms and conditions of a contract which is contained in Schedule C;

**Drinking Water** means water intended primarily for human consumption but which has other personal, domestic or household uses such as bathing and showering;

**Drinking Water Network** means the infrastructure owned by Hunter Water used to deliver Drinking Water to Hunter Water's Customers and Consumers.

**Drinking Water Quality Framework** means the Framework for the management of Drinking Water Quality, which is detailed in the Australian Drinking Water Guidelines;

**Drinking Water Quality Management System** has the meaning given in clause 2.1.1;

**Economic Level of Leakage** is the level of leakage at which it would cost more to reduce the leakage than to produce the water from another source;

**Energy and Water Ombudsman NSW** means the NSW industry complaints scheme for the water industry of that name and any successor to that scheme;

**Environmental Management System** has the meaning given in clause 6.1.1;

**Hunter Water** means the Hunter Water Corporation constituted as a corporation by the Act;

**Internal Complaints Handling Procedure** has the meaning given in clause 5.6.1;

**IPART** means the Independent Pricing and Regulatory Tribunal of New South Wales constituted by the IPART Act;

**IPART Act** means the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW);

**Licence** means this operating Licence granted under section 12 of the Act to Hunter Water or any renewal of it, as in force for the time being;

**Lower Hunter Water Plan** means the plan being developed by the NSW Government to ensure a sustainable and secure water supply for the lower Hunter region;

**Management System** means a set of interrelated elements or components used by Hunter Water to develop and implement its policies and to manage any of its activities, products or Services, and includes organisational structure, planning activities, responsibilities, practices, procedures, processes and resources;

**Memorandum of Understanding** means the memorandum of understanding referred to in clause 9;

**Metropolitan Water Directorate** means the Metropolitan Water Directorate of the NSW Department of Finance and Services;

**Minister** means the Minister responsible for the Act, which at the date of this Licence is the Minister for Finance and Services;

**Multiple Occupancy Property** means any land or title on which there is more than one Property;

**NSW Health** means the Hunter New England Local Health District (as defined by the NSW Ministry of Health) and the Water Unit of the NSW Ministry of Health;

**Operational Audit** has the meaning given in clause 8.1.1;

**Planned Water Interruption** means an event which:

- a) commences when the supply of Drinking Water at the first cold water tap of a Property is interrupted following receipt by the Customer or Consumer of a prior water interruption notice from Hunter Water; and
- b) ceases when a normal supply of Drinking Water is restored to the Property referred to in paragraph (a);

**Procedure for Payment Difficulties and Actions for Non-payment** has the meaning given in clause 5.4.1;

**Property** means:

- a) an individual dwelling or individual premises used for any purpose;
- b) land, whether built on or not Property which is owned by a person (whether jointly or individually), excluding Public Property; or
- c) a lot in a strata plan that is registered under the *Strata Schemes (Freehold Development) Act 1973* (NSW) or the *Strata Schemes (Leasehold Development) Act 1986* (NSW),



which is:

- d) connected to, or for which a connection is available to, the Water Supply System or the Sewerage System, or
- e) within an area of land declared by an order of the Governor to be a drainage area for the purpose of section 46 of the Act;

*[Note: For the purposes of the Water Pressure Standard, Water Continuity Standard and Wastewater Overflow Standard, a Multiple Occupancy Property may be considered a Property.]*

**Public Property** means real Property vested in or under the control of a Minister of the Crown or public authority, and excludes any part of that Property which is leased, licensed or used for private purposes;

**Quality Management System** has the meaning given in clause 7.1.1;

**Recycled Water** means water that has been treated to a standard suitable for its intended end use such as industrial, commercial and/or household applications but is not intended for use as Drinking Water;

**Recycled Water Quality Framework** means the Framework for the management of Recycled Water Quality, which is detailed in the Australian Guidelines for Water Recycling;

**Recycled Water Quality Management System** has the meaning given in clause 2.2.1;

**Reporting Manual** means the document titled “Hunter Water Corporation Reporting Manual” dated July 2012, which is prepared by IPART and is available on IPART’s website at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au), as updated from time to time;

**Roles and Responsibilities Protocol** means the Roles and Responsibilities Protocol referred to in clause 3.3.1;

**Services** means the supply of water, provision of sewerage and drainage services, and disposal of Wastewater by Hunter Water;

**Sewerage System** means the sewer mains, pipes, treatment plants and other equipment provided, constructed, managed, operated and maintained by Hunter Water to provide sewerage services under this Licence including the collection, transportation, treatment and disposal of sewage;

**System Quality and Performance Standards** means the quality and performance standards specified in clauses 3 and 4 in relation to water quantity, water pressure, water continuity and Wastewater overflows;

**Uncontrolled Wastewater Overflow** means is an overflow of Wastewater that is not a Controlled Wastewater Overflow and will be taken to have commenced on the earlier of the following:

- a) when a person notifies Hunter Water that a Property has experienced a Wastewater overflow which Hunter Water confirms is an Uncontrolled Wastewater Overflow; and
- b) when Hunter Water's systems identify that a Property has experienced an Uncontrolled Wastewater Overflow;

**Unplanned Water Interruption** means an event which:

- a) commences when the supply of Drinking Water at the first cold water tap of a Property is interrupted without the Customer or Consumer having received prior notice of that interruption from Hunter Water; and
- b) ceases when a normal supply of Drinking Water is restored to the Property referred to in paragraph (a);

**Wastewater** means any discarded water of any origin, whether clean or contaminated, that is discharged into the Sewerage System;

**Wastewater Overflow Standard** has the meaning given in clause 4.2.4;

**Water Conservation Target** has the meaning given in clause 3.1.1;

**Water Continuity Standard** has the meaning given in clause 4.2.3;

**Water Pressure Failure** means a situation in which a Property experiences water pressure of less than 20 metres head for a continuous period of 30 minutes or more measured at the point of connection of the Property to the Water Supply System (usually at the point of connection known as the 'main tap'), but does not include a situation in which the Property experiences low water pressure on a day when peak day demand exceeds 370 megalitres per day;

**Water Pressure Standard** has the meaning given in clause 4.2.2; and

**Water Supply System** means the storages, water mains, pipes, treatment plants and other equipment provided, constructed, managed, operated and maintained by Hunter Water to supply water under this Licence, including the storage, treatment transfer and delivery of water;

## 12.2 Interpretation

- a) In this Licence, unless the contrary intention appears:
  - i) "person" includes an individual, a body corporate, an unincorporated body or other entity and one or more of each of them;
  - ii) headings are for convenience only and do not affect the interpretation of this Licence;
  - iii) notes do not form part of this Licence but may be used to assist with interpretation if there is an ambiguity;
  - iv) words importing the singular include the plural and vice versa;

- v) a reference to a law or legislation (including the Act) includes regulations made under the law or legislation;
  - vi) a reference to regulations includes ordinances, codes, Licences, orders, permits and directions;
  - vii) a reference to a law or regulation includes consolidations, amendments, variations, re-enactments, or replacements of any of them;
  - viii) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
  - ix) a reference to a year means a calendar year that ends on 31 December;
  - x) a reference to a financial year means a period of 12 months commencing on 1 July and ending on the following 30 June;
  - xi) a reference to a clause or schedule is to a clause of or schedule to this Licence; and
  - xii) a reference to a quarter is a period of three months beginning on 1 July, 1 October, 1 January or 1 April in a year.
- b) If any part of this Licence is prohibited, void, voidable, illegal or unenforceable, then that part is severed from this Licence but without affecting the continued operation of the remainder of this Licence.
  - c) A reference in this Licence to any organisation, association, society, group or body will, in the event of it ceasing to exist or being reconstituted, renamed or replaced or if its powers or functions are transferred to any other entity, body or group, refer respectively to any such entity, body or group, established or constituted in lieu thereof or succeeding to similar powers and functions.
  - d) A reference in this Licence to a document (original document) is a reference to the original document as amended or revised or, where the original document is replaced, to the replacing document, or the document that most closely approximates the original document.
  - e) Information provided to IPART under this Licence may be used by IPART for the purpose of an investigation or report under the IPART Act in relation to Hunter Water, or in the discharge of any function lawfully conferred on IPART.





## Schedules



## A Background notes

### Purpose of this Licence

This Licence is granted to enable and require Hunter Water to exercise its functions under the Act.

### Hunter Water's obligations

Hunter Water must comply with this Licence and all applicable laws. Hunter Water has functions and obligations under a number of laws including, but not limited to:

- ▼ *Hunter Water Act 1991 (NSW);*
- ▼ *State Owned Corporations Act 1989 (NSW);*
- ▼ *Protection of the Environment Operations Act 1997 (NSW);*
- ▼ *Public Health Act 2010 (NSW);*
- ▼ *Fluoridation of Public Water Supplies Act 1957 (NSW);*
- ▼ *Water Industry Competition Act 2006 (NSW);*
- ▼ *Water Act 1912 (NSW);*
- ▼ *Water Management Act 2000 (NSW);*
- ▼ *Environmental Planning and Assessment Act 1979 (NSW);*
- ▼ *Independent Pricing and Regulatory Tribunal Act 1992 (NSW);* and
- ▼ *Dams Safety Act 1978 (NSW).*

### Lower Hunter Water Plan

The Licence does not include any conditions on maintaining the security of supply of Drinking Water within Hunter Water's Area of Operations. This is because the planning process to secure water for the lower Hunter, through the Lower Hunter Water Plan, is currently underway.

The Metropolitan Water Directorate is leading the development of the Lower Hunter Water Plan in close consultation with Hunter Water, other government agencies and the lower Hunter community.

The Lower Hunter Water Plan is expected to be completed by the summer of 2013-14. At this time, we envisage the Minister will amend this Licence to place obligations on Hunter Water with respect to the implementation of the Lower Hunter Water Plan.

In the short term, Hunter Water is addressing water security by continuing its focus on recycling and water conservation initiatives including residential and business water efficiency and loss minimisation.

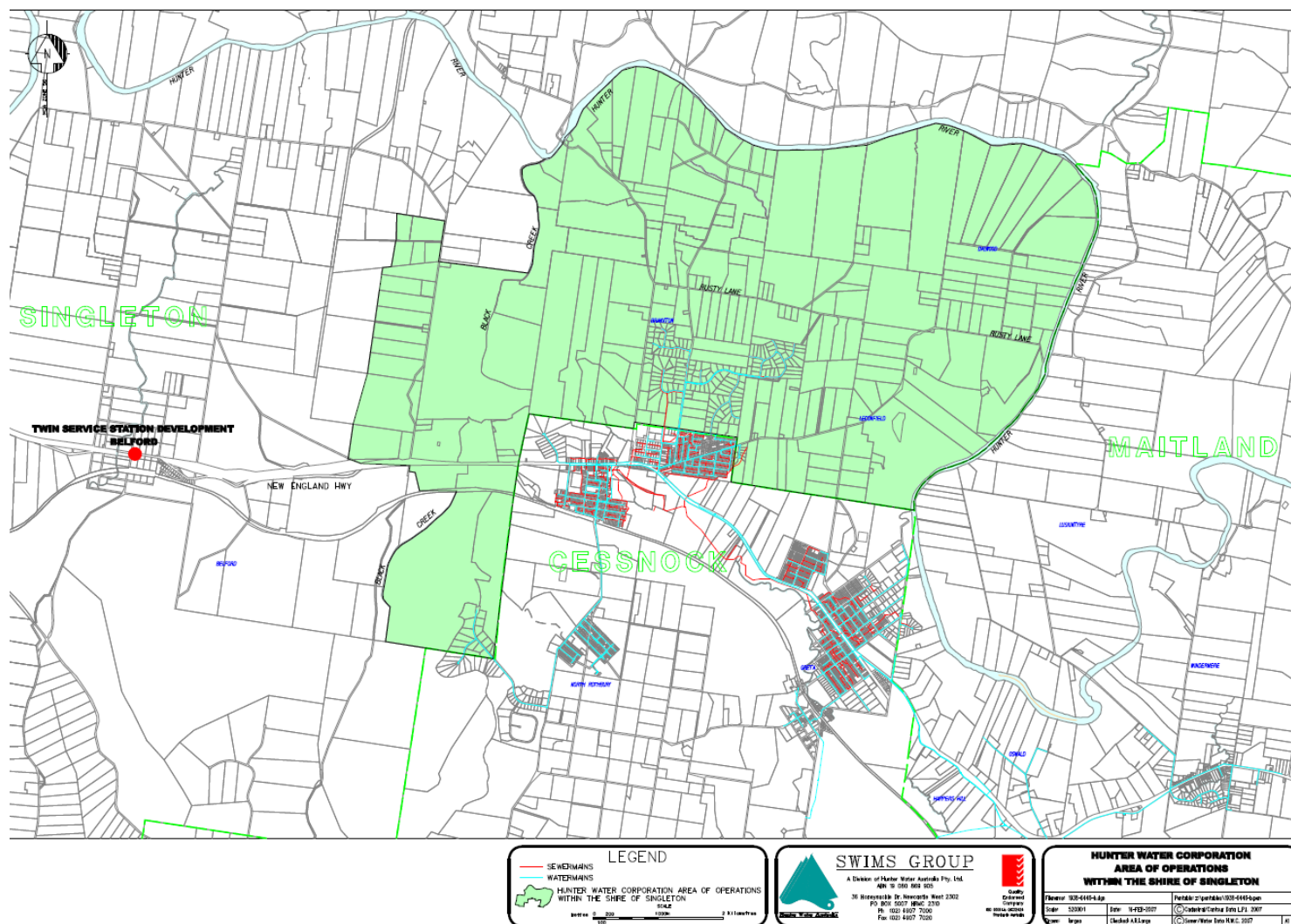


## B Area of Operations

For the purposes of section 16(1) of the Act, the Area of Operations (as at the Commencement Date) can be described as follows:

- a) those parts of the Shire of Singleton shown in the map in figure B1; and
- b) the following areas of land in or on which works owned by Hunter Water are installed or that is connected with a water main or sewer main owned by Hunter Water at the Commencement Date:
  - i) the islands in that part of the Hunter River between the confluence with the Williams River and the entrance of the Hunter River (including Newcastle Harbour);
  - ii) any land upon the waters of that part of the Hunter River between its confluence with the Williams River and the entrance of the Hunter River (including Newcastle Harbour) upon which there is erected any wharf, pier, jetty, building or other structure;
  - iii) the Cities of Newcastle, Maitland, Cessnock and Lake Macquarie;
  - iv) the Shire of Port Stephens; and
  - v) the local government area of Dungog.

Figure B.1 Area of Operations - Singleton



## C | Customer Contract



## B | Draft Hunter Water Corporation reporting manual



# **Hunter Water Corporation Draft Reporting Manual**

**Water— Reporting Manual**  
July 2012

© Independent Pricing and Regulatory Tribunal of New South Wales 2012

This work is copyright. The *Copyright Act 1968* permits fair dealing for study, research, news reporting, criticism and review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgement of the source is included.

Inquiries regarding this document should be directed to a staff member:

Gary Drysdale        (02) 9290 8477

Narelle Berry        (02) 9113 7722

Independent Pricing and Regulatory Tribunal of New South Wales  
PO Box Q290, QVB Post Office NSW 1230  
Level 8, 1 Market Street, Sydney NSW 2000  
T (02) 9290 8400 F (02) 9290 2061  
[www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)



# Contents

<b>1</b>	<b>Introduction</b>	<b>1</b>
1.1	Purpose	1
1.2	Definitions and interpretation	1
1.3	Structure of this Reporting Manual	2
1.4	Changing this Reporting Manual	2
1.5	When should the information be reported?	2
1.6	How should the information be reported?	3
<b>2</b>	<b>Water quality</b>	<b>5</b>
2.1	Periodic reporting	5
2.2	Annual reporting	7
2.3	Intermittent reporting	8
2.4	Publicly available documents	9
<b>3</b>	<b>Water quantity</b>	<b>10</b>
3.1	Periodic reporting	10
3.2	Annual reporting	10
3.3	Intermittent reporting	11
3.4	Publicly available documents	12
<b>4</b>	<b>Assets</b>	<b>13</b>
4.1	Periodic reporting	13
4.2	Annual reporting	13
4.3	Intermittent reporting	14
4.4	Publicly available documents	14
<b>5</b>	<b>Customers and Consumers</b>	<b>15</b>
5.1	Periodic reporting	15
5.2	Annual reporting	15
5.3	Intermittent reporting	16
5.4	Publicly available documents	16
<b>6</b>	<b>Environment</b>	<b>17</b>
6.1	Periodic reporting	17
6.2	Annual reporting	17
6.3	Intermittent reporting	18
6.4	Publicly available documents	19

<b>7</b>	<b>Quality management</b>	<b>20</b>
7.1	Periodic reporting	20
7.2	Annual reporting	20
7.3	Intermittent reporting	21
7.4	Publicly available documents	21
<b>8</b>	<b>Performance monitoring</b>	<b>22</b>
8.1	Periodic reporting	22
8.2	Annual reporting	22
8.3	Intermittent reporting	23
8.4	Publicly available documents	23
<b>9</b>	<b>Other reporting</b>	<b>24</b>
9.1	Audit recommendations	24
9.2	Significant changes	24
9.3	Statement of compliance	25
	<b>Appendices</b>	<b>26</b>
A	Timeline for reporting	27
B	Performance indicators	28
C	Drinking Water and Recycled Water quality management system report template	29

# 1 Introduction

The Independent Pricing and Regulatory Tribunal (**IPART**) is responsible for monitoring and reporting on the compliance of Hunter Water Corporation (**Hunter Water**) with its Licence.

## 1.1 Purpose

This Reporting Manual outlines all of Hunter Water's reporting requirements under its Licence. This Reporting Manual identifies:

- ▼ when Hunter Water should report;
- ▼ what information Hunter Water must report; and
- ▼ how Hunter Water should report.

It is a condition of Hunter Water's Licence that it must comply with the reporting obligations set out in this Reporting Manual.<sup>1</sup>

This Reporting Manual does not reproduce Hunter Water's Licence obligations in full. It is still necessary for Hunter Water to refer to the Licence and to any law, statutory instrument or document referred to in the Licence obligation (eg, guidelines, etc).

## 1.2 Definitions and interpretation

Terms that are defined in the Licence have the same meaning in this Reporting Manual, unless the terms are separately defined in this Reporting Manual.

The interpretation provisions in the Licence apply to this Reporting Manual, with all references to the Licence in those provisions taken to be references to this Reporting Manual.

*[Note: As at the Commencement Date, the interpretation provisions are contained in clause 12.2 of the Licence.]*

---

<sup>1</sup> Clause 8.2.1 of the Licence.

### 1.3 Structure of this Reporting Manual

This Reporting Manual is structured as follows:

- ▼ Section 1 details how and when Hunter Water is to report; and
- ▼ Sections 2 to 9 outline the specific reporting requirements for each section of the Licence according to the reporting schedule in Table 1.1.

### 1.4 Changing this Reporting Manual

We may change this Reporting Manual at any time. In particular, we may change this Reporting Manual to:

- ▼ reflect changes in the applicable law, including the Act;
- ▼ include additional reporting obligations where appropriate;
- ▼ include references to new Licence obligations;
- ▼ delete references to Licence obligations that are no longer relevant;
- ▼ amend the information that Hunter Water must provide to IPART and to NSW Health (as the case may be); and
- ▼ improve the reporting process.

Before we change this Reporting Manual significantly, we will consult with Hunter Water and other interested stakeholders. We will then notify Hunter Water and stakeholders of the changes to this Reporting Manual and the start date for any new reporting arrangements. In determining the start date of significant changes, we will make sure there is enough time for Hunter Water to implement new arrangements.

### 1.5 When should the information be reported?

Hunter Water's reporting schedule is summarised in Table 1.1. We have grouped reporting requirements into:

- ▼ periodic reporting (ie, monthly, quarterly, etc);
- ▼ annual reporting; and
- ▼ intermittent reporting.

Appendix A to this Reporting Manual provides a complete timeline for Hunter Water's reporting requirements under its Licence.

## 1.6 How should the information be reported?

### 1.6.1 Reporting to IPART

Hunter Water should report the required information in a clear and concise report. Where this Reporting Manual requires information on more than one area (eg, water quality and environment) at the same time, Hunter Water is encouraged to provide the information in a single report. However, Hunter Water may choose to report the information in separate reports.

The reports must be approved by Hunter Water's Managing Director.

Hunter Water must lodge each report electronically with a hard copy sent by mail. When lodging a report, Hunter Water must also provide the name and contact details (phone, email) of the primary contact with whom IPART can liaise when assessing compliance, and an alternative contact for those times when the primary contact is unavailable.

Electronic reports must be emailed to: [compliance@ipart.nsw.gov.au](mailto:compliance@ipart.nsw.gov.au).

Hard copy reports must be sent to:

The Chief Executive Officer  
Independent Pricing and Regulatory Tribunal of NSW  
PO Box Q290  
QVB Post Office NSW 1230

### 1.6.2 Reporting to NSW Health

Hunter Water must provide reports to NSW Health as outlined in this Reporting Manual.

Hunter Water must lodge each report electronically with a hard copy sent by mail. When lodging a report, Hunter Water must also provide the name and contact details (phone, email) of the primary contact with whom NSW Health can liaise when assessing compliance, and an alternative contact for those times when the primary contact is unavailable.

Electronic reports must be emailed to: [waterqual@doh.health.nsw.gov.au](mailto:waterqual@doh.health.nsw.gov.au), or to the last email address notified by NSW Health to Hunter Water.

Hard copy reports must be sent to:

Environmental Health Manager  
Hunter New England Population Health  
Locked Bag 10  
WALLSEND NSW 2287

or to the last address notified by NSW Health.

**Table 1.1 Summary of Hunter Water's reporting requirements**

Reporting schedule	Water quality	Water quantity	Assets	Customers and Consumers	Environment	Quality management	Performance monitoring
	Section 2 of Reporting Manual	Section 3 of Reporting Manual	Section 4 of Reporting Manual	Section 5 of Reporting Manual	Section 6 of Reporting Manual	Section 7 of Reporting Manual	Section 8 of Reporting Manual
Periodic	Public report – Monthly	None	State of assets – 1 September 2014 and 1 September 2016	None	None	None	None
	NSW Health report – Monthly & Quarterly						
Annual	Compliance and performance report – 1 September <sup>a,b</sup>						
	Report on audit recommendations and significant changes to systems and/or procedures – 31 March						
Intermittent	Incident notification – Immediately	Proposed Economic Level of Leakage Methodology 31 July 2013 <sup>c</sup>	None	None	None	None	None
		Economic Level of Leakage– 31 January 2014					

<sup>a</sup> The compliance and performance reporting requirements in section 6 of this Reporting Manual change following certification of the Environmental Management System.

<sup>b</sup> Reporting under section 7 of this Reporting Manual will commence from the certification of the Quality Management System.

<sup>c</sup> The proposed methodology for determining the Economic Level of Leakage is due at least 6 months before Hunter Water commences the review (ie, no later than 31 July 2013).

## 2 Water quality

This section sets out Hunter Water's reporting obligations for clause 2 of the Licence.

### 2.1 Periodic reporting

#### 2.1.1 Public reporting

Hunter Water must prepare a report that summarises the results of routine monitoring of Drinking Water quality, which is undertaken each month under the monitoring program developed as part of the Drinking Water Quality Management System (**Monthly Water Quality Monitoring Report**). This report is to contain the results of routine monitoring which the monitoring program requires to be reported to Hunter Water's Customers.

Hunter Water must report publicly on the Monthly Water Quality Monitoring Report in accordance with section 2.4 of this Reporting Manual by the second week of the following month.

*[Note: Under clauses 2.1.1 and 2.1.2 of the Licence, Hunter Water must maintain and implement a Drinking Water Quality Management System, ie, a Management System that is consistent with the Australian Drinking Water Guidelines. The Australian Drinking Water Guidelines provide a framework for good management of Drinking Water supply. One of the central aspects of the framework is the use of monitoring to confirm the effectiveness of the preventive measures and barriers to contamination, and to enhance Hunter Water's understanding of the performance of the system that implements the Australian Drinking Water Guidelines.]*

*To comply with the Licence, the Drinking Water Quality Management System must include a monitoring program. This section 2.1.1 of the Reporting Manual requires Hunter Water to report on aspects of its monitoring of Drinking Water quality to Customers.]*

### 2.1.2 NSW Health reporting

#### Monthly

Hunter Water must submit a report on its fluoride monitoring to NSW Health for each month, which contains the information required by the Code of Practice for Fluoridation of Public Water Supplies. Hunter Water must submit the report within the first week of the following month.

#### Quarterly

Hunter Water must submit a report on its monitoring of the quality of Drinking Water and Recycled Water on an exception<sup>2</sup> basis to NSW Health for each quarter starting from 1 July 2012. Hunter Water must submit the report within 6 weeks of the end of the quarter.

Each report must include the following information for the quarter:

- ▼ the details of any monitoring test result (**Exception**) that does not comply with:
  - the relevant guideline value for each Drinking Water quality characteristic (each as specified in the monitoring program developed as part of the Drinking Water Quality Management System); or
  - the relevant guideline value for each Recycled Water quality characteristic (each as specified in monitoring program developed as part of the Recycled Water Management System).

The details must include test results and the date or period of non-compliance with the relevant guideline values;

- ▼ an appraisal of the Exception, including a discussion of the extent and nature of the Exception and an analysis of the risks posed by the Exception; and
- ▼ an explanation of the causes of the Exception and any action taken to rectify it and prevent it from re-occurring.

If there are no Exceptions in the quarter, the report should state that this is the case.

*[Note: As explained in the Note to section 2.1.1 above, Hunter Water must maintain and implement a Drinking Water Quality Management System in accordance with the Licence. Hunter Water must also maintain and implement a Recycled Water Quality Management System, i.e. a Management System that is consistent with the Australian Guidelines for Water Recycling (Licence, clauses 2.2.1 and 2.2.2). The Australian Guidelines for Water Recycling seek to provide a framework for good management of Recycled Water supply. To comply with the Licence, the Drinking Water Quality Management System and Recycled Water Quality Management System must each include a monitoring program. This section*

<sup>2</sup> An exception is a test result that does not meet the guideline value for that water characteristic. A non-compliance occurs where the value for a water characteristic observed in testing does not satisfy the long term (12-month or longer) performance requirements set out in the Australian Drinking Water Guidelines or as determined by NSW Health.



*2.1.2 requires Hunter Water to report on aspects of its monitoring of the quality of Drinking Water and Recycled Water under such monitoring programs.*

*Hunter Water must also report on its fluoride monitoring as its monitoring programs must comply with monitoring requirements in the Code of Practice for Fluoridation of Public Water Supplies. NSW Health has specified this Code as an addition to the Australian Drinking Water Guidelines for the purposes of clause 2.1.1(b) of the Licence.]*

## 2.2 Annual reporting

### 2.2.1 Compliance and performance reporting

Hunter Water must submit a compliance and performance report on its management of the quality of Drinking Water and Recycled Water to IPART for each financial year. The report must use the template in Appendix C of this Reporting Manual. Hunter Water must submit the report by **1 September** after the end of the financial year, or at a later date agreed to by IPART.

The report must include:

- ▼ the Drinking Water and Recycled Water quality management activities and programs completed by Hunter Water in the financial year to meet its water quality objectives, including the results and outcomes from those activities and programs;
- ▼ the Drinking Water and Recycled Water quality management activities and programs proposed to be undertaken by Hunter Water to meet its water quality objectives in the future, including the expected outcomes, scope and timetable for completion;
- ▼ an assessment of the performance of critical control points (as identified by the Drinking Water Quality Management System and the Recycled Water Quality Management System) over the long-term in accordance with Chapter 10 of the Australian Drinking Water Guidelines or Element 11 of the Australian Guidelines for Water Recycling (as the case may be);
- ▼ any proposed significant changes to the Drinking Water Quality Management System and/or the Recycled Water Quality Management System; and
- ▼ any failures in the Drinking Water Quality Management System and/or the Recycled Water Quality Management System, and the action taken to resolve them.

*[Note: As explained in the Notes to sections 2.1.1 and 2.1.2 above, Hunter Water must maintain and implement a Drinking Water Quality Management System and Recycled Water Quality Management System in accordance with the Licence. This section 2.2 requires Hunter Water to report on how it complies with this Licence condition.]*

*The water quality objectives referred to in this section 2.2.1 are objectives that Hunter Water would need to identify for the Drinking Water Quality Management System and the Recycled Water Quality Management System. Hunter Water's water quality objectives may be either:*

- ▼ *the broad objectives of the Drinking Water Quality Management System or Recycled Water Quality Management System (e.g. to ensure consistent management of water quality). These objectives may cover all 12 elements of the Drinking Water Quality Framework or Recycled Water Quality Framework, such as monitoring, operation maintenance, training, community consultation and research programs; or*
- ▼ *the target water quality criteria (i.e. operational water quality objectives) for each operational water quality characteristic included in the monitoring program developed as part of the Drinking Water Quality Management System or Recycled Water Quality Management System (e.g. E.coli numbers in feeder streams or raw water).*

*The Drinking Water and Recycled Water Quality Management System activities and programs referred to in this section 2.2.1 are those that Hunter Water would identify in its risk assessments as actions or programs that are required to manage or maintain a risk below a tolerable level. Undertaking a risk assessment is part of the Drinking Water Quality Framework and Recycled Water Quality Framework, with which the Drinking Water Quality Management System and the Recycled Water Quality Management System (respectively) must be consistent.]*

## **2.3 Intermittent reporting**

### **2.3.1 Incident and emergency reporting – Drinking Water and Recycled Water**

Hunter Water must immediately report to NSW Health any incident in the delivery of its Services which may adversely affect public health.

Hunter Water must report the incident in accordance with the reporting protocols developed in the Drinking Water Quality Management System or the Recycled Water Quality Management System. "Incident" is as defined under the Drinking Water Quality Management System or the Recycled Water Quality Management System.

*[Note: To comply with the Licence, the Drinking Water Quality Management System and the Recycled Water Management System should define "incidents" and include protocols for external communications and reporting of incidents. This section 2.3 requires Hunter Water to report these incidents in accordance with these protocols.]*

## 2.4 Publicly available documents

Hunter Water must make:

- ▼ the Monthly Water Quality Monitoring Report; and
- ▼ the compliance and performance report on Drinking Water and Recycled Water quality management (referred to in section 2.2.1 of this Reporting Manual),

available free of charge:

- ▼ on its website for downloading by any person; and
- ▼ at its offices for access or collection by any member of the public.

## 3 | Water quantity

This section sets out Hunter Water's reporting obligations for clause 3 of the Licence.

### 3.1 Periodic reporting

There is no periodic reporting requirement under this section 3 of the Reporting Manual.

### 3.2 Annual reporting

#### 3.2.1 Compliance and performance reporting

Hunter Water must submit a compliance and performance report on its water quantity management to IPART for each financial year. Hunter Water must submit the report by **1 September** following the end of the financial year, or at a later date agreed to by IPART.

The report must include:

- ▼ Hunter Water's compliance with the Water Conservation Target;
- ▼ an update on the projects that Hunter Water has undertaken in the financial year to achieve the Water Conservation Target, including:
  - a description of each project; and
  - an estimate of the amount of water that was saved as a result of each project; and
- ▼ a list of projects that Hunter Water proposes to undertake to achieve the Water Conservation Target, including:
  - a description of each project; and
  - an estimate of the amount of water that will be saved as a result of each project;
- ▼ an estimate of the maximum reliable quantity of water that Hunter Water can derive from one year to the next, from its existing water storages, taking into account and quantifying all relevant factors including but not limited to:
  - the capacity of the water storages, and the rates of depletion and recovery of water in the water storages at current rates of consumption;

- climatic data, trends and projections;
- supply to and/or from areas outside the Area of Operations; and
- constraints on extraction of water to the water storages, including those imposed by Licences and approvals under the *Water Act 1912* (NSW), the *Water Management Act 2000* (NSW) and conditions in the relevant water sharing plans.

*[Note: Under clause 3.1 of the Licence, Hunter Water must report on its compliance with the Water Conservation Target. This section 3.2.1 requires Hunter Water to report on its compliance with the Water Conservation Target as well as the actions it has taken or proposes to take to maintain such compliance.]*

*As noted in Schedule A to the Licence, the Licence does not currently include any conditions on maintaining the security of supply of Drinking Water in Hunter Water's Area of Operations because this will be achieved through the Lower Hunter Water Plan, which is still being developed. This section 3.2.1 requires Hunter Water to report on the estimate of the maximum reliable quantity of water in the interim, as an indicator of the security of water supply until the Lower Hunter Water Plan has been developed.*

*Reporting of the maximum reliable quantity of water should be based on the yield definition in Hunter Water's H<sub>2</sub>50 Plan (the integrated water resource plan published in 2008) until a new definition of yield is developed under the Lower Hunter Water Plan.]*

### 3.3 Intermittent reporting

#### 3.3.1 Economic Level of Leakage report

Hunter Water must submit a report to IPART on the Economic Level of Leakage from its Drinking Water Network by **31 January 2014**.

Hunter Water must submit to IPART, for its approval, the proposed methodology for determining the Economic Level of Leakage at least 6 months before Hunter Water commences the review to determine the Economic Level of Leakage<sup>3</sup> (ie, no later than 31 July 2013).

*[Note: Under clause 3.2 of the Licence, Hunter Water must provide the proposed methodology for its review of the Economic Level of Leakage to IPART for approval and report on the review in accordance with this Reporting Manual.]*

---

<sup>3</sup> Licence, clause 3.2.1(a).

### **3.4 Publicly available documents**

Hunter Water must make the compliance and performance report on its water quantity management (referred to in section 3.2.1 of this Reporting Manual) available free of charge:

- ▼ on its website for downloading by any person; and
- ▼ at its offices for access or collection by any member of the public.

## 4 Assets

This section sets out Hunter Water's reporting obligations for clause 4 of the Licence.

### 4.1 Periodic reporting

#### 4.1.1 State of the assets report

Hunter Water must report to IPART on the state of each group of assets it manages by **1 September 2014** and **1 September 2016**. The report must include the following matters as at 1 July 2014 and 1 July 2016 (as the case may be):

- ▼ a description of each group of assets;
- ▼ Hunter Water's assessment of the expected capability of the assets to deliver the Services and to meet the existing obligations consistent with the Licence, the Customer Contract, and all applicable laws with which Hunter Water must comply;
- ▼ Hunter Water's assessment of the major issues or constraints on current and future performance of the assets;
- ▼ the strategies and expected costs of future investment in assets; and
- ▼ such other matters reasonably required by IPART.

*[Note: Under clauses 4.1.1 and 4.1.2 of the Licence, Hunter Water must develop and implement an Asset Management System. This section 4.1.1 requires Hunter Water to provide a snap shot of these aspects of the Asset Management System (as implemented) at a point in time.]*

### 4.2 Annual reporting

#### 4.2.1 Compliance and performance reporting

Hunter Water must submit a compliance and performance report on its Asset Management System to IPART for each financial year. Hunter Water must submit the report by **1 September** following the end of the financial year, or at a later date agreed to by IPART.

The report must include:

- ▼ the asset management activities and programs completed by Hunter Water in the financial year to meet the objectives of the Asset Management System;
- ▼ the results and outcomes from those activities and programs;
- ▼ the asset management activities and programs proposed to be undertaken by Hunter Water to meet objectives of the Asset Management System in the future, including the timetable for completion;
- ▼ any proposed significant changes to the Asset Management System; and
- ▼ any Asset Management System failures and the action taken to resolve them.

*[Note: As noted above, Hunter Water must maintain and implement an Asset Management System, i.e. a Management System that is consistent with the standard specified in the licence (Licence, clauses 4.1.1 and 4.1.2). This section 4.2.1 requires Hunter Water to report on how it complies with this Licence condition. The objectives referred to in this section 4.2.1 are those that Hunter Water would need to identify for the Asset Management System. The asset management activities and programs referred to in this section 4.2.1 are those that Hunter Water would need to undertake to achieve the objectives of the Asset Management System.]*

#### **4.2.2 Water Pressure, Water Continuity and Wastewater Overflow Standards**

Hunter Water's reporting obligations on Water Pressure, Water Continuity and Wastewater Overflow Standards are set out in section 8.2.1 of this Reporting Manual.

#### **4.3 Intermittent reporting**

There is no intermittent reporting requirement under this section 4 of the Reporting Manual.

#### **4.4 Publicly available documents**

Hunter Water must make the compliance and performance report on its Asset Management System (referred to in section 4.2.1 of this Reporting Manual) available free of charge:

- ▼ on its website for downloading by any person; and
- ▼ at its offices for access or collection by any member of the public.



## 5 Customers and Consumers

This section sets out Hunter Water's reporting obligations for clause 5 of the Licence.

### 5.1 Periodic reporting

There is no periodic reporting requirement under this section 5 of the Reporting Manual.

### 5.2 Annual reporting

#### 5.2.1 Compliance and performance reporting

Hunter Water must submit a compliance and performance report on its Customer and Consumer management to IPART for each financial year. Hunter Water must submit the report by **1 September** after the end of the financial year, or at a later date agreed to by IPART.

The report must include:

- ▼ the activities of the Consultative Forum in the financial year including:
  - the activities and achievements of the Consultative Forum; and
  - compliance of the Consultative Forum with the Consultative Forum Charter;
- ▼ any systemic problems arising from Complaints and the action taken to resolve them;
- ▼ any proposed significant changes to:
  - the Customer Contract;
  - the Procedure for Payment Difficulties and Actions for Non-Payment;
  - the Consultative Forum Charter;
  - the Internal Complaints Handling Procedure; and
  - the external dispute resolution scheme referred to in clause 5.7 of the Licence.

*[Note: Under the Licence, Hunter Water must:*

- ▼ *maintain and implement a Procedure for Payment Difficulties and Actions for Non-payment (Licence, clause 5.4);*

- ▼ *consult with its Customers and Consumers through a Consultative Forum and maintain a Consultative Forum Charter (Licence, clause 5.5); and*
- ▼ *maintain and implement an Internal Complaints Handling Procedure (Licence, clause 5.6) and be a member of the external dispute resolution scheme (Licence, clause 5.7).*

*This section 5.2.1 requires Hunter Water to report on how it complies with these Licence conditions.]*

### **5.3 Intermittent reporting**

There is no intermittent reporting requirement under this section 5 of the Reporting Manual.

### **5.4 Publicly available documents**

Hunter Water must make the:

- ▼ Consultative Forum Charter (as required by clause 5.5.6 of the Licence);
- ▼ minutes of Consultative Forum meetings (as required by clause 5.5.6 of the Licence);
- ▼ Customer Contract (including any variations to it, as required by clause 5.1.1 of the Licence);
- ▼ pamphlet that explains the Customer Contract (as required by clause 5.2.1 of the Licence);
- ▼ pamphlet that explains the operation of the dispute resolution service (as required by clause 5.7.2 of the Licence);
- ▼ Procedure for Payment Difficulties and Actions for Non-payment (as required by clause 5.4.4 of the Licence); and
- ▼ compliance and performance report on its Customer and Consumer management (referred to in section 5.2.1 of this Reporting Manual),

available free of charge:

- ▼ on its website for downloading by any person; and
- ▼ at its offices for access or collection by any member of the public.

## 6 Environment

This section sets out Hunter Water's reporting obligations for clause 6 of the Licence.

Hunter Water is required to develop and certify an Environmental Management System by 30 June 2017.<sup>4</sup> Before the Environmental Management System is certified, Hunter Water must report in accordance with section 6.2.1 of this Reporting Manual. Following certification of the Environmental Management System, Hunter Water must report in accordance with section 6.2.2 of this Reporting Manual.

### 6.1 Periodic reporting

There is no periodic reporting requirement under this section 6 of the Reporting Manual.

### 6.2 Annual reporting

#### 6.2.1 Compliance and performance reporting (before certification of Environmental Management System)

Hunter Water must submit a compliance and performance report to IPART for each financial year on the programs that it is required to maintain under clause 6.1.4 of the Licence. Hunter Water must submit the report by **1 September** following the end of the financial year, or at a later date agreed to by IPART.

The report must include:

- ▼ details of the activities undertaken by Hunter Water to maintain the programs across its business to manage risks to the environment;
- ▼ any changes to the environmental improvement targets or timetables to achieve these targets;
- ▼ Hunter Water's performance in meeting the targets and timetables for the financial year; and
- ▼ programs and timetables identified for the next financial year to achieve environmental improvement targets.

---

<sup>4</sup> Licence, clause 6.1.

*[Note: Under clause 6.1.4 of the Licence, Hunter Water must maintain programs to manage risks to the environment from carrying out its activities, and ensure that its activities are carried out in accordance with those programs. In implementing those programs, Hunter Water must identify the targets for those programs. This section 6.2.1 requires Hunter Water to report on those programs and the targets.]*

### **6.2.2 Compliance and performance reporting (following certification of Environmental Management System)**

Once the Environmental Management System is certified, Hunter Water must submit a compliance and performance report on its Environmental Management System to IPART for each financial year. Hunter Water must submit the report by **1 September** following the end of the financial year, or at a later date agreed to by IPART.

The report must include:

- ▼ a summary of the objectives and targets of the Environmental Management System;
- ▼ the environmental management activities and programs completed by Hunter Water in the financial year to meet the objectives and targets of the Environmental Management System;
- ▼ the results and outcomes from those activities and programs;
- ▼ the environmental management activities and programs proposed to be undertaken by Hunter Water to meet the objectives and targets of the Environmental Management System in the future, including the timetable for completion;
- ▼ any proposed significant changes to the Environmental Management System; and
- ▼ any failures in the Environmental Management System and the action taken to resolve them.

*[Note: Under clauses 6.1.1 and 6.1.2 of the Licence, Hunter Water must develop and implement an Environmental Management System, i.e. a Management System that is consistent with the standard specified in the Licence. The standard outlines the components of an Environmental Management System, which includes identifying and developing objectives and targets for the System. This section 6.2.2 requires Hunter Water to report on how it complies with these Licence conditions. The environmental management activities and programs referred to in this section 6.2.2 are those that Hunter Water would need to undertake to achieve the objectives and targets of the Environmental Management System.]*

### **6.3 Intermittent reporting**

There is no intermittent reporting requirement under this section 6 of the Reporting Manual.

## 6.4 Publicly available documents

Hunter Water must make the compliance and performance report on:

- ▼ its environmental programs (referred to in section 6.2.1 of this Reporting Manual); and
- ▼ the Environmental Management System (referred to in section 6.2.2 of this Reporting Manual),

available free of charge:

- ▼ on its website for downloading by any person; and
- ▼ at its offices for access or collection by any member of the public.

## 7 Quality management

This section sets out Hunter Water's reporting obligations for clause 7 of the Licence.

Hunter Water is required to develop and certify a Quality Management System by 30 June 2017.<sup>5</sup> The reporting obligations set out in this section only arise once the Quality Management System has been developed and certified in accordance with the Licence.

### 7.1 Periodic reporting

There is no periodic reporting requirement under this section 7 of the Reporting Manual.

### 7.2 Annual reporting

#### 7.2.1 Compliance and performance reporting

Once the Quality Management System is certified, Hunter Water must submit a compliance and performance report on the Quality Management System to IPART for each financial year. Hunter Water must submit the report by **1 September** after the end of the financial year, or at a later date agreed to by IPART.

The report must include:

- ▼ the quality management activities and programs completed by Hunter Water in the financial year to meet the objectives of the Quality Management System;
- ▼ the results and outcomes from those activities and programs;
- ▼ the quality management activities and programs proposed to be undertaken by Hunter Water to meet objectives of the Quality Management System in the future, including the timetable for completion;
- ▼ any proposed significant changes to the Quality Management System; and
- ▼ any failures in the Quality Management System and the action taken to resolve them.

---

<sup>5</sup> Licence, clause 7.1.1.

*[Note: Under clauses 7.1.1 and 7.1.2 of the Licence, Hunter Water must develop and implement a Quality Management System, i.e. a Management System that is consistent with the standard specified in the Licence. This section 7.2.1 requires Hunter Water to report on how it complies with this Licence condition. The objectives referred to in this section 7.2.1 are those that Hunter Water would need to identify for the Quality Management System. The quality management activities and programs referred to in this section 7.2.1 are those that Hunter Water would need to undertake to achieve the objectives of the Quality Management System.]*

### **7.3 Intermittent reporting**

There is no intermittent reporting requirement under this section 7 of the Reporting Manual.

### **7.4 Publicly available documents**

Hunter Water must make the compliance and performance report on the Quality Management System (referred to in section 7.2.1 of this Reporting Manual) available free of charge:

- ▼ on its website for downloading by any person; and
- ▼ at its offices for access or collection by any member of the public free of charge.

## 8 Performance monitoring

This section sets out Hunter Water's reporting obligations for clause 8 of the Licence.

### 8.1 Periodic reporting

There is no periodic reporting requirement under this section 8 of this Reporting Manual.

### 8.2 Annual reporting

#### 8.2.1 Compliance and performance reporting

Hunter Water must submit a compliance and performance report to IPART for each financial year on:

- ▼ Hunter Water's performance against the performance indicators set out in Appendix B of this Reporting Manual for the financial year;
- ▼ Hunter Water's analysis of any problems of a systemic nature arising from Hunter Water's performance against those performance indicators;
- ▼ Hunter Water's compliance with Water Pressure Standard, Water Continuity Standard and Wastewater Overflow Standard; and
- ▼ how Hunter Water has complied or not complied with the Water Pressure Standard, Water Continuity Standard and Wastewater Overflow Standard, including:
  - major factors (both positive and negative) that have influenced Hunter Water's performance, including factors that are both within Hunter Water's control and factors beyond Hunter Water's control; and
  - reasons for any variation (both positive and negative) between Hunter Water's performance in the financial year with performance in prior years.

Hunter Water must submit the report by **1 September** after the end of the financial year, or at a later date agreed to by IPART.



*[Note: Under clause 4.2 of the Licence, Hunter Water is required to comply with the Water Pressure Standard, Water Continuity Standard and Wastewater Overflow Standard. This section 8.2.1 requires Hunter Water to report on how it complies with this Licence condition.]*

*Under clause 8.2 of the Licence, Hunter Water must comply with its reporting obligations in this Reporting Manual. This section 8.2.1 requires Hunter Water to report on its performance against the performance indicators. Please note that the IPART performance indicators are currently being reviewed. On completion of the review, IPART will update this Reporting Manual accordingly and notify stakeholders of the changes].*

### **8.3 Intermittent reporting**

There is no intermittent reporting requirement under this section 8 of this Reporting Manual.

### **8.4 Publicly available documents**

Hunter Water is not required to make documents or reports publicly available under this clause 8 of the Reporting Manual.

*[Note: IPART prepares an annual performance report on the public water utilities (including Hunter Water). The National Water Commission also prepares an annual national performance report of all urban water utilities (including Hunter Water). Both of these reports are publicly available.]*

## 9 Other reporting

### 9.1 Audit recommendations

Hunter Water must report to IPART annually on the status of any audit recommendations and opportunities for improvement identified in the most recent Operational Audit and outlined in IPART's audit report to the Minister.

Our public water utility (PWU) audit guideline dated May 2012 specifies the information that IPART requires on the status update on the audit recommendations and opportunities for improvement. Hunter Water's report on the status update must provide the information as specified in our PWU audit guideline. Our PWU audit guideline is available on IPART's website at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au).

Hunter Water must submit the report to IPART by **31 March** each year, or at a later date agreed to by IPART.

*[Note: Under clause 8.1 of the Licence, IPART or an Auditor may undertake an Operational Audit. This section 9.1 requires Hunter Water to report on the status of implementing recommendations and opportunities for improvement identified in an Operational Audit.]*

### 9.2 Significant changes

Hunter Water must submit to IPART by **31 March** each year a report on any significant changes that have been made to the following since 31 March the previous year<sup>6</sup>:

- ▼ the Drinking Water Quality Management System;
- ▼ the Recycled Water Quality Management System;
- ▼ the Asset Management System;
- ▼ the Customer Contract;
- ▼ the programs maintained under clause 6.1.4 of the Licence;
- ▼ the Environmental Management System (once implemented in accordance with clause 6.1.3 of the Licence); and

---

<sup>6</sup> The information on significant changes to systems may be used to inform the scope of Operational Audit.

- ▼ the Quality Management System (once implemented in accordance with clause 7.1.3 of the Licence).

*[Note: Under the Licence, Hunter Water is required to develop and implement the Management Systems or maintain the programs referred to above (Licence, clauses 2.1, 2.2, 4.1, 6.1 and 7.1). This section 9.2 requires Hunter Water to report on any significant changes to these matters. Hunter Water must also notify IPART of any proposed significant changes to the Customer Contract in accordance with this Reporting Manual (Licence, clause 5.1.2).]*

### **9.3 Statement of compliance**

Our PWU audit guideline specifies the information that IPART requires for a statement of compliance. Hunter Water's statement of compliance must be provided in accordance with our PWU audit guideline.

*[Note: Under clause 8.1, IPART may undertake an Operational Audit on Hunter Water's compliance with Licence. As part of the audit process, Hunter Water must provide a statement of compliance which identifies any non-compliance of which Hunter Water is aware.]*



# Appendices

## A Timeline for reporting

**Table A.1 Timing of regular reporting under Hunter Water's Licence**

Date	Report to	Required Report
Monthly	Customers (web)	▼ Monthly Drinking Water quality reports and presented on Hunter Water's website.
Monthly	NSW Health	▼ Reporting on fluoride monitoring
Quarterly	NSW Health	▼ Exception reporting on Drinking Water and Recycled Water quality
31 March	IPART	▼ Notification of changes to processes, procedures and systems ▼ Audit recommendation status update.
1 September	IPART	▼ Compliance and performance reports ▼ Compliance with Water Pressure Standard, Water Continuity Standard and Wastewater Overflow Standard ▼ Performance Indicators

**Table A.2 Timing of submission of unique reports**

Date	Plan submitted to	Event
1 September 2014 and 2016	IPART	State of the assets report
No later than 31 July 2013	IPART	Proposed methodology for determining the Economic Level of Leakage
31 January 2014	IPART	Report on Economic Level of Leakage
Incident	NSW Health Customers	Incident water quality monitoring results

## B | Performance indicators

TO BE UPDATED FOLLOWING THE PERFORMANCE INDICATOR REVIEW

## C Drinking Water and Recycled Water quality management system report template

The following table is a template to be used for Hunter Water's compliance and performance report to IPART on its management of the quality of Drinking Water and Recycled Water, as set out in clause 2.2.1 of this Reporting Manual.

<b>ADWG Framework sub-element</b>	<b>Water quality objective</b>	<b>Activity/Program</b>	<b>Results/outcomes</b>
<i>Example:</i> 4.1 – Operational procedures 7.2 – Employee training	<i>Example:</i> Consistent management of water quality	<i>Example:</i> Proceduralise the routine data analysis process and train staff in procedure	<i>Example:</i> All data analysts are trained in routine data analysis and respond consistently when new data arrives.
4.3 – Corrective action	pH target for specific WFP	pH buffering facilities at WFP to be installed	Project scheduled for completion in late 2012





## C | Cost benefit analysis



# **Cost-benefit analysis of proposed changes to Hunter Water Corporation's Operating Licence**

**Water Licensing — Final Report**  
April 2012

© Independent Pricing and Regulatory Tribunal of New South Wales 2012

This work is copyright. The *Copyright Act 1968* permits fair dealing for study, research, news reporting, criticism and review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgement of the source is included.

ISBN 1-978-1-921929-81-6

The Tribunal members for this review are:

Dr Peter J Boxall AO, Chairman

Mr James Cox PSM, Chief Executive Officer and Full Time Member

Ms Sibylle Krieger, Part Time Member

Inquiries regarding this document should be directed to a staff member:

Alexandra Lobb (02) 9113 7757

Peter Leventis (02) 9113 7758

Independent Pricing and Regulatory Tribunal of New South Wales

PO Box Q290, QVB Post Office NSW 1230

Level 8, 1 Market Street, Sydney NSW 2000

T (02) 9290 8400 F (02) 9290 2061

[www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)

## Contents

<b>1</b>	<b>Cost Benefit Analysis Framework</b>	<b>1</b>
1.1	Introduction	1
1.2	Overview of proposed changes	1
1.3	An overview of our findings	3
1.4	The structure of this paper and our analysis	3
<b>2</b>	<b>Requirements to introduce Quality, Asset and Environmental Management Systems</b>	<b>5</b>
2.1	Options	6
2.2	Costs	7
2.3	Benefits	9
2.4	Our assessment	10
<b>3</b>	<b>Replace clause 7.2 with a new clause changing payments</b>	<b>11</b>
3.1	Costs	11
3.2	Benefits	12
3.3	Our assessment	12
<b>4</b>	<b>Other proposed changes</b>	<b>13</b>
4.1	Changes to drinking water provisions (proposal 5)	13
4.2	Changes to waste water and recycled water provisions	15
4.3	Water leakage	16
4.4	Customer contract	17
4.5	Advertising customer relief measures and rebates	17
4.6	Consultative forum	18
4.7	Information and reporting requirements	19
4.8	Provision of information	21
4.9	Move all reporting requirements from the OL to the Reporting Manual	22
4.10	Remove all duplication with other legislative requirements	23
	List of Appendices	24
	<b>Appendices</b>	<b>25</b>
A	HWC's estimated costs of implementing an IQMS	27
B	HWC's submission regarding Customer Contract Clause 7.2	31
C	List of benefits of certified quality management systems	37
D	Literature review – benefits of management system certification in Australia and overseas	38



# 1 Cost Benefit Analysis Framework

## 1.1 Introduction

In accordance with good regulatory practice, we have conducted a Cost Benefit Analysis (CBA) of proposed changes to Hunter Water Corporation's (HWC) Operating Licence (OL). We have prepared this CBA in accordance with guidance provided in the *Guide to Better Regulation*, published by the Better Regulation Office (BRO).<sup>1</sup> In line with BRO's guidelines, our analysis is proportionate to the expected impact of the proposed changes and their alternatives.

This analysis considers the costs and benefits of our proposed changes, as well as those of alternative options. These costs and benefits are relative to the 'base case' of the current OL and current 'business as usual' practices (ie, no change to requirements and practices under the regime of the current OL). This includes all costs and benefits to HWC, the environment, its consumers and society in general (ie, all economic costs and benefits).

The analysis considers costs and benefits over a 5-year period, in accordance with the term of the OL.

## 1.2 Overview of proposed changes

The proposed changes to the OL include the following:

1. Introduce a requirement to develop and maintain certification of a Quality Management System (QMS) in accordance with industry standards (AS/NZS ISO 9001:2008) by 30 June 2017 (clause 7.1 in the new OL).
2. Introduce a requirement to implement and maintain an asset management system (AMS) that is consistent with:
  - the BSI PAS 55:2008 (PAS 55) *Asset management standard*, or
  - the Water Services Association of Australia's Aquamark benchmarking tool, or
  - another asset management standard agreed to by IPART (clause 4.1 in the new OL).
3. Remove clause 7.2 (Environmental Management Plan) and replace it with a requirement to develop and maintain certification of an Environment Management System (EMS) in accordance with industry standards (AS/NZS ISO 14001:2004) by 30 June 2017 (clause 6.1 in the new OL).

---

<sup>1</sup> Better Regulation Office, NSW Government, *Guide to Better Regulation*, November 2009, ([http://www.dpc.nsw.gov.au/\\_\\_data/assets/pdf\\_file/0009/16848/01\\_Better\\_Regulation\\_eGuide\\_October\\_2009.pdf](http://www.dpc.nsw.gov.au/__data/assets/pdf_file/0009/16848/01_Better_Regulation_eGuide_October_2009.pdf)).

4. Remove clause 7.2 of the customer contract (rebate for low water pressure) and replace it with a new clause to make the rebate more consistent with Sydney Water Corporation's (SWC) rebate for low water pressure. This new clause would read:

Where your drinking water is below 15 metres head of pressure at the point of connection for a continuous period of 15 minutes, unless as a result of a supply interruption, you will be eligible for a rebate of 10% of your quarterly water service charge, subject to a minimum payment of \$30. This rebate will be payable for one event each quarter. A rebate will be granted automatically when you are identified through our monitoring.

5. Remove clauses 3.1 (Drinking Water Quality – Planning), 3.3 (Water Quality – Monitoring), 3.4 (Water Quality – Reporting) and 3.5 (Water – Incident Management Plan). Maintain and amend clause 3.2 (Drinking Water Quality – Standards) or similar, which requires HWC to comply with Australian Drinking Water Guidelines (ADWG) (clause 2.1 in the new OL). (Note: reporting requirements in above-mentioned clauses will be moved to the Reporting Manual, per proposal 10 below).
6. Combine clauses 3.6 (Waste Water and Recycling Operations) and 3.7 (Other grades of water) into a new clause (clause 2.2 in the new OL).
7. Insert clause 3.2 (Water leakage) to require HWC to complete a review and submit a report on the economic level of leakage from its drinking water network.
8. Customers and consumers:
  - amend clause 5.1 to require HWC to inform IPART of significant changes to its customer contract and to distribute a pamphlet to customers annually, with their bills, which summarises and explains the customer contract
  - insert clause 5.2.4 to require HWC to advertise annually in a local newspaper its customer relief measures and rebates
  - amend clause 5.4 to require HWC to use its best endeavours to broaden its consultative forum to include additional interest groups of the community.
9. Information requirements:
  - insert clause 3.3 to require HWC to use its best endeavours to develop and maintain a roles and responsibilities protocol with the Metropolitan Water Directorate (MWD) for the development of the Lower Hunter Water Plan
  - insert requirements in the Reporting Manual (RM) obliging HWC to report on fluoride and water quality monitoring, against key elements of the ADWG or Australian Guidelines for Water Recycling (AGWR), and on the state of its assets
  - insert clause 8.3 to require HWC to provide information to:
    - i) IPART on its obligations under the RM
    - ii) NSW Health on water quality.



10. Remove all reporting requirements and performance indicators from the OL and place them in the RM.<sup>2</sup> Include a condition for HWC to report and monitor in accordance with the RM (clause 8.2 in the new OL).
11. Remove all duplication with other legislative requirements.

### 1.3 An overview of our findings

Our analysis indicates that, with the exception of proposal 4, all of the proposals listed above are justified on the grounds that their expected benefits would likely exceed their costs.

The benefits of proposal 4 (rebate for low water pressure) would be unlikely to exceed its costs.

Table 1.1 below summarises the results of the CBA for each proposed change. These changes are discussed in subsequent sections of this paper.

### 1.4 The structure of this paper and our analysis

The focus of this paper and our analysis is on proposals 1 to 4 above. This is because these proposed changes would compel HWC to change, to some extent, its operating practices. Therefore, it would incur costs and benefits relative to the 'base case' of existing OL conditions and HWC's current practices.

Our analysis indicates that proposals 5 to 11 would cause insignificant or no change to HWC's operation. They are aimed at eliminating duplication and ensuring a less prescriptive and more flexible OL in a way that has minimal, if any, impact on the practices or performance of HWC. We have therefore carried out a qualitative assessment of these proposed changes. Our analysis of these proposals largely focuses on explaining the rationale behind them and why it is unlikely they would change HWC's practices.

This paper is structured as follows:

- ▼ Chapter 2 assesses the costs and benefits of proposed changes 1 to 3 above
- ▼ Chapter 3 examines proposed change 4
- ▼ Chapter 4 considers proposed changes 5 to 11.

---

<sup>2</sup> The RM will be a stand-alone, consolidated document that covers HWC's performance indicators and reporting obligations. The Manual can be changed by IPART at any time during the OL term, if necessary. Changes to terms and conditions in the Manual do not need Ministerial approval, unlike changes to OL conditions. (See Appendix A of the Issues Paper for more details).

**Table 1.1 Costs and benefits to HWC of proposed major changes to OL (\$2010/11)**

Proposed Change	Costs	Benefits	Assessment
<b>1 – 3 QMS, AMS and EMS to relevant standards</b>	\$4,530,000 <sup>a</sup>	Reduced costs, efficiency gains Enhanced service/performance Reduced risk of system failure Assurance to stakeholders.	Net benefit
<b>4 Customer Contract (rebates)</b> New clause for rebate for low water pressure	\$10,000,000 over 5 years <sup>b</sup>	Potential reduction in water losses	Net cost- Not recommended
<b>5 Water quality management system</b> Amend water quality clauses to require HWC to maintain a management system consistent with ADWG	No cost, as would not change HWC's practices.	Simplified OL may enhance auditing of OL and regulation of HWC, thus potentially minimising risk and enhancing performance.	Minor net benefit
<b>6 Waste water and Recycled water</b> Combine clauses 3.6 (Wastewater and Recycling Operations) and 3.7 (Other grades of water) to eliminate duplication.	No cost, as would not change HWC's practices.	Simplified OL may enhance auditing of OL and regulation of HWC, thus potentially minimising risk and enhancing performance.	Minor net benefit
<b>7 Water Leakage</b> Insert clause 3.2 to require HWC to report on the economic level of water leakage	No cost, as the information is currently available.	Assist HWC in efficiently managing leakage – hence minimising costs of the water supply system over time	Net benefit
<b>8 Customers and Consumers</b> Require HWC to provide information on its customer contract and customer hardship and rebate, as well as broadening its consultative forum	Minor costs (printing pamphlet, newspaper ads and administration costs by adding forum members)	Mitigate effects of customer hardship. Enhance HWC's ability to service its customers.	Minor net benefit
<b>9 Information Requirements</b> Insert clause 3.3 roles and responsibilities protocol in OL Insert fluoride, drinking and recycled water quality, compliance and asset reporting requirements in RM Insert clause 8.3	Minor cost to produce reports, and to report against key elements of ADWG/AGWR. Potentially costs in responding to NSW Health information requests.	Enhanced information to regulators. Potentially enhanced HWC performance.	Minor net benefit

Proposed Change	Costs	Benefits	Assessment
(Provision of information) in OL			
<b>10 Reporting Manual</b>	No costs. Simply moving reporting requirements from OL to accompanying RM.	Avoids administrative costs (of amending OL) Ensures reporting requirements are current and relevant	Minor net benefit
<b>11 Remove duplication and redundant provisions</b>	No cost, as would not change HWC's practices.	Simplified OL may enhance auditing of OL and regulation of HWC, thus potentially minimising risk and enhancing performance.	Minor net benefit

<sup>a</sup> Present value of cost (over 5-year term of OL. The value in the table has been rounded to nearest thousand.

<sup>b</sup> \$2010/11. HWC did not provide us with a cost profile, thus we did not calculate a present value amount. However, it is likely that most of the expenditure would occur immediately. Hence, present value and real cost would be similar.

## 2 Requirements to introduce Quality, Asset and Environmental Management Systems

This section considers the costs and benefits of the first 3 proposed changes listed in section 1.2 – ie, quality, asset and environmental management system requirements. The objectives of these proposed requirements are to ensure that HWC:

- ▼ effectively manages its systems and assets in order to deliver and maintain a suitable level of service (QMS and AMS)
- ▼ undertakes environmental management as efficiently and effectively as possible (EMS).

HWC has advised that it is likely to comply with the first 3 proposed changes by implementing an Integrated Quality Management System (IQMS). As a result, it has been unable to provide separate costs for complying with each of the proposed 'management system' requirements (Quality, Asset and Environmental).

HWC notes that an IQMS has components that are applied across all subsystems and will provide consistency across areas of the business. This means that quality systems, environmental systems and asset management systems are best thought of as one single integrated management system, and as a result cannot be easily costed separately without the risk of double counting.

According to HWC, an IQMS can be applied across all business areas and subsystems, to:

...provide consistency across areas such as Document Control, Records Management, Incident Reporting, etc.<sup>3</sup>

<sup>3</sup> HWC, *Cost benefit analysis of proposed changes to HWC's OL, Response to IPART's Request for Information*, 2011, pp 4-5.

We accept that an IQMS is a legitimate and effective means of complying with the 3 proposed changes, and that it is therefore difficult for HWC to separately assess the costs of complying with each of the requirements. Consequently, we have considered the costs and benefits of an IQMS, which would be implemented in order to comply with the 3 proposed changes.

## 2.1 Options

We have considered 3 options for implementing an IQMS in order to comply with the proposed Quality, Asset Management and Environmental system requirements. These options require:

1. an IQMS that is **certified across all areas of business** (where possible)<sup>4</sup> (IPART's preferred option)
2. an IQMS that is **certified across core areas of the business and compliant across all areas** (HWC's preferred option)
3. an IQMS that is **not certified but is applied across all areas of the business.**

In the case of Option 2, the critical components of the IQMS would be certified in accordance with ISO9001:2008. The remaining subsystems would be compliant or certified based on whether they are considered core (critical) business areas or not. HWC's criteria for determining whether a subsystem is core would be based on:

... whether activities in that area had a direct impact on the businesses existing operating licence or impacted our customers. These subsystems would be all be certified to the base ISO9001:2008 standard and then built upon further to meet any additional ISO standard that was needed – for example the Environmental Management System would be certified to ISO14001:2004, Customer Service to CSS2003:2006, etc.<sup>5</sup>

---

<sup>4</sup> There is currently no international standard (ie, ISO certification) for Asset Management Systems.

<sup>5</sup> HWC, *Cost benefit analysis of proposed changes to HWC's OL, Response to IPART's Request for Information*, 2011, p 5.

## 2.2 Costs

Table 2.1 below lists estimates of the costs to HWC of implementing a compliant IQMS under each of the 3 options (fully certified, part certified, not certified). These estimates were provided by HWC, in response to an information request from IPART (See Appendix A for detailed cost tables).

**Table 2.1 Costs to HWC over 5 years (\$ 2010/11)<sup>a</sup>**

<b>Costs</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
Staff and training costs <sup>b</sup>	\$3,475,552	\$3,475,552	\$3,345,166
Audit costs	\$176,662	\$161,689	\$118,485
Technological costs (eg, maintenance)	\$877,309	\$877,309	\$877,309
<b>Total costs</b>	<b>\$4,529,523</b>	<b>\$4,514,551</b>	<b>\$4,340,960</b>

<sup>c</sup> **a** Present value of costs over the 5-year OL term.

<sup>d</sup> **b** These include an average of 6 FTEs, staff training and management consultant costs.

<sup>e</sup> **Source:** HWC's costs provided to IPART, August 2011.

<sup>f</sup>

From Tables 2.1 we can see the following:

- ▼ The total costs are for each option over the 5-year OL term are:
  - \$4.530 million for Option 1
  - \$4.515 million for Option 2
  - \$4.341 million for Option 3.
- ▼ The average annual cost for each option over the 5-year OL term is:
  - \$905,905 for Option 1
  - \$902,910 for Option 2
  - \$868,192 for Option 3.
- ▼ Cost differences between the 3 options are relatively minor (Option 1 is approximately 4% more costly than Option 3 over the 5-year OL term, based on present values). According to HWC, these differences are due to additional auditing and training costs of certification.

In regard to the final point above, we are of the view that the audit costs of Options 2 and 3 would be the same as Option 1, and therefore that the figures listed in Table 2.1 underestimate the audit costs of Options 2 and 3. This is because, regardless of certification, HWC's systems would be subject to the same level of auditing to show compliance with the IQMS and therefore the OL. Table 2.2 below lists our revised cost estimates, assuming Options 2 and 3 incur the same level of audit costs as Option 1.

**Table 2.2 IPART's revised costs to HWC over 5 years (\$ 2010/11)<sup>a</sup>**

Costs	Option 1	Option 2	Option 3
Staff and training costs <sup>b</sup>	\$3,475,552	\$3,475,552	\$3,345,166
Audit costs	\$176,662	\$176,662	\$176,662
Technological costs (eg, maintenance)	\$877,309	\$877,309	\$877,309
<b>Total costs</b>	<b>\$4,529,523</b>	<b>\$4,529,523</b>	<b>\$4,399,137</b>

<sup>g</sup> <sup>a</sup> Present value of costs over the 5-year OL term.

<sup>h</sup> <sup>b</sup> These include an average of 6 FTEs, staff training and management consultant costs.

To put these costs into context, Table 2.3 below shows these costs as a percentage of HWC's operating and total costs. The average annual cost of implementing an IQMS over years 1 to 5 would equate to about 1% of HWC's annual average operating expenditure and approximately 0.8% of its annual average total expenditure.

**Table 2.3 Costs of implementing an IQMS, as a proportion of HWC's total expenditure (\$ 2010/11)**

	Option 1	Option 2	Option 3
Average annual IQMS costs (years 1 to 5) as a % of HWC's average annual operating expenditure <sup>a</sup>	1.03%	1.02%	0.98%
Average annual IQMS costs (years 1 to 5) as a % of HWC's average annual total expenditure <sup>b</sup>	0.83%	0.83%	0.79%

<sup>i</sup> <sup>a</sup> HWC's average annual allowed operating expenditure from 2006/07 to 2010/11.

<sup>j</sup> <sup>b</sup> HWC's average annual allowed total expenditure (operating + depreciated capital expenditure) from 2006/07 to 2010/11.

**k Sources:**

<sup>l</sup> IPART, *Sydney Water Corporation, Hunter Water Corporation, Sydney Catchment Authority, Prices of Water Supply, Wastewater and Stormwater Services*, Determination Nos 5, 6 and 7, June 2005.

<sup>m</sup> IPART, *Review of prices for water, sewerage, stormwater and other services for Hunter Water Corporation – From date of Gazettal, - Determinations and Final Report*, July 2009.

After year 5, costs are expected to decline. This is because by year 5 the IQMS will be operational and capital expenditure will be complete – although HWC forecasts an increase in costs of 'partial use of external auditors' beyond year 5.<sup>6</sup> Efficiency gains are also expected to manifest once the IQMS is up and running (eg, fewer FTEs may be required to complete the same work).

### Sensitivity analysis or margin for error

HWC has suggested that its cost estimates (Table 2.1) may be under- or over-estimated. It believes that its estimated costs of implementing an IQMS and being compliant with the new OL may be under-estimated by as much as 100%, and over-estimated by about 50%.

<sup>6</sup> According to HWC, this is because it will require some external assistance in order to keep its systems certified.

Under these assumptions, and based on figures in Table 2.1, total costs over the 5 year period could blow out to an annual average for Option 1 of approximately \$1.812 million (or \$9.059 million in total, over the 5 years), which would equate to about 2.06% of HWC's average annual operating expenditure<sup>7</sup> or approximately 1.66% of its average annual total expenditure.<sup>8</sup> If costs were halved, annual average costs would reduce to about \$452,953 (or \$2.265 million in total, over 5 years), which would equate to about 0.52% of HWC's average annual operating expenditure or approximately 0.42% of its average annual total expenditure.<sup>9</sup>

## 2.3 Benefits

The potential benefits of implementing certified quality management systems are wide-ranging and can include efficiency and productivity gains, better levels of service and reduced risk of system failure (see Appendix C for a detailed list of potential benefits). However, these benefits are difficult to quantify

HWC reports that an IQMS can improve consistency of process, outcomes and records relevant to their current practices.<sup>10</sup> This is achieved through staff working to standard procedures, which are then reviewed by management and re-enforced through audits. HWC notes the following:

- ▼ Under an IQMS, significant incidents are analysed and long-term corrective actions are formally locked into system documentation and practices. For example, an environmental incident resulting from a failed valve in a new facility could theoretically result in changes to commissioning procedures, changes to operational checks, changes to sampling and analysis regimes, changes to audit checklists, etc.<sup>11</sup>
- ▼ The processes of debriefs and management reviews under an IQMS reinforce the importance of controls, response, mitigations and reporting. This benefits the environment and community, in terms of responses to actual incidents and helping to avoid or mitigate future incidents.<sup>12</sup>
- ▼ Coupling an IQMS with full certification can enhance benefits, such as:
  - greater stakeholder confidence, as an IQMS results in third party auditing
  - ongoing maintenance of business and compliance records, as an IQMS requires the maintenance of formal and comprehensive records.<sup>13</sup>

<sup>7</sup> Average calculated over years 2007 to 2011.

<sup>8</sup> Average calculated over years 2007 to 2011.

<sup>9</sup> We have also conducted a sensitivity analysis with a 6% discount rate (as opposed to the 7% rate used to calculate the present values in Tables 2.1, 2.2 and Appendix A). A decline in the discount rate reduces the present value totals by approximately \$100,000 in each of the 3 options.

<sup>10</sup> HWC, *Cost benefit analysis of proposed changes to HWC's OL, Response to IPART's Request for Information, 2011*, Section 5, pp 20-21.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

Furthermore, audits of HWC's performance against its OL have identified areas of HWC's business that would benefit from a QMS. Significantly, a key recommendation of the 2009/10 operational audit was for HWC to *"implement an appropriate continuous improvement and quality assurance management strategy with supporting processes and practices."*<sup>14</sup> Both strategic and specific areas for improvement were identified in the auditor's report.

In an attempt to assess the benefit of certified quality management systems, we examined relevant academic literature. An article by Beattie and Sohal (1999) in the journal *Total Quality Management* provides a review of international studies and results of a survey of Australian organisations' benefits of implementing an ISO 9000 (a family of standards relating to quality management systems). Detailed results of these and other studies are provided in Appendix D. The generic potential benefits of certified management systems include:<sup>15</sup>

- ▼ better documentation
- ▼ greater quality awareness
- ▼ improved customer satisfaction
- ▼ improved employee skills
- ▼ increased competitive advantage
- ▼ increased efficiency
- ▼ enhanced internal communication
- ▼ positive cultural change
- ▼ better customer service.

#### The relative benefits of Options 1, 2 and 3

We consider that the benefits of Option 1 (full certification) would be greater than those of Options 2 and 3. This is primarily because certification would mean that HWC's implementation of its IQMS would be audited by management system experts, who specialise in reviewing and enforcing implementation of these systems. In turn, we consider that this is likely to increase the rigour of HWC's implementation of the IQMS.

## 2.4 Our assessment

We have not been able to quantify the benefits of Options 1 to 3. However, given the potential for an IQMS to enhance HWC's efficiency, improve its service levels,

---

<sup>14</sup> IPART, *Hunter Water Corporation Operational Audit 2009/2010 – Report to the Minister - Compliance Report*, November 2010, p 3.

<sup>15</sup> Benefits which receive a > 30% response from participating firms from Australia and overseas (from greatest response to least response). See Appendix D for details and references.



reduce the risk of system failure and minimise environmental impacts, we consider that the benefits of each of the 3 options are likely to exceed their costs.

The average annual cost of each of the 3 options equates to about 1% of HWC's average annual total expenditure over 2006/07-2010/11. Therefore, if cost savings (via efficiency gains) under Options 1, 2 or 3 exceed 1% of total expenditure, then the benefits of these options will exceed their costs. We consider that this is likely. We also note that there are likely to be other benefits in addition to cost savings. These include potential benefits to third parties (such as environmental gains or savings), enhanced levels of service and reduced risk of system failure.

Our preferred option is Option 1 (a fully certified IQMS). We consider that full certification would likely deliver greater benefits than partial (Option 2) or no certification (Option 3), for relatively little or no additional cost.

### **3 Replace clause 7.2 with a new clause changing payments**

We considered replacing clause 7.2 of the customer contract (rebate for low water pressure) with a new clause changing the frequency of payments and the minimum payment:

Where your drinking water is below 15 metres head of pressure at the point of connection for a continuous period of 15 minutes, unless as a result of a supply interruption, you will be eligible for a rebate of 10% of your quarterly water service charge, subject to a minimum payment of \$30. This rebate will be payable for one event each quarter. A rebate will be granted automatically when you are identified through our monitoring.<sup>16</sup>

The objective of this change was to have consistency across water corporation operating licences.<sup>17</sup>

#### **3.1 Costs**

The costs of this option include:

- ▼ capital expenditure to install water pressure monitors
- ▼ the cost of monitoring water pressure in accordance with the proposed condition
- ▼ administrative costs of changing the rebate, including changes to HWC's billing system.

---

<sup>16</sup> SWC's Operating Licence.

<sup>17</sup> This clause is currently a condition in SWC's Operating Licence.

High level analysis from HWC indicates that the total costs of this option would be approximately **\$10 million** over the 5-year period.<sup>18</sup>

### 3.2 Benefits

According to HWC, benefits of this option would include:<sup>19</sup>

- ▼ The potential to identify watermain breaks remotely, as a result of a drop in pressure, prior to HWC being advised by the community. This could potentially result in crews being dispatched to repair breaks more expediently, and therefore a reduction in water losses could occur. In some instances, breaks could be repaired prior to triggering discontinuity standards of the Operating Licence. This will of course depend on the significance of the break and the actual location.
- ▼ The installation of permanent gauges will result in additional data being available for more accurate calibration of water system models.
- ▼ Further information to facilitate more accurate modelling of water system performance and catchment growth.

Another potential benefit of this proposal would be better targeted rebates for consumers. However, HWC's customer survey indicates that low water pressure is not an important issue for customers.<sup>20</sup>

Therefore, the benefits can be summarised as a reduction in water losses.

### 3.3 Our assessment

While we have been unable to quantify the benefits of this option, we consider that they would not outweigh the costs (approximately \$10 million over 5 years). This view is supported by PIAC, who we consulted with to determine if there was any alternative option that may satisfy consumers. PIAC's response was generally in agreement with our assessment – ie, that the costs of this option are high relative to the demands of HWC's consumer base:

PIAC accepts that the installation of remote monitoring systems will increase costs for Hunter Water and therefore their customers. As such, PIAC supports IPART's recommendation<sup>21</sup> to preserve the status quo of clause 7.2 of the Customer Contract. However, PIAC believes that if Hunter Water continues its existing system for delivering the low water pressure rebate, by only giving the rebate to customers that have self-reported five instances of low water pressure, it is essential that Hunter Water customers

---

<sup>18</sup> Appendix B – HWC's Submission on Customer Contract Clause 7.2.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Please note that the use of the word 'recommendation' here does not imply a formal recommendation made by the Tribunal, but rather an informal suggestion by the Secretariat in discussion with PIAC based on preliminary analysis.

are fully informed about the rebate and are made aware how to report any instances of low water pressure.<sup>22</sup>

We therefore recommend that the status quo (ie, the current clause 7.2 of the customer contract) be maintained. Clause 7.2 requires:

Low water pressure: where your water pressure is below 15 metres head at the point of connection to our water main on more than five occasions in any 12 month Operating Licence period due to a failure of our water supply system, you will be eligible for a rebate of 10% of your annual water service charge, subject to a minimum rebate of \$50.<sup>23</sup>

PIAC's suggestion "it is essential that Hunter Water customers are fully informed about the rebate and are made aware how to report any instances of low water pressure"<sup>24</sup> is now proposed to be incorporated into the new OL. As outlined in sections 1.2, 4.4 and 4.5 of this report, the new OL will include a requirement (clause 5.2) for HWC to distribute a pamphlet to customers annually, which explains the customer contract and summarises customers' key rights under the contract. The new OL will also include a requirement (clause 5.2.4) for HWC to advertise annually in a local newspaper its customer relief measures and rebates.

## 4 Other proposed changes

Proposed changes 5 to 11 (listed in Section 1.2 of this report) would be expected to have minimal (if any) impact on HWC's practices or performance (hence, relatively minor costs and benefits). This is because they are primarily aimed at removing duplication between requirements in the OL and other regulatory instruments, enhancing the clarity of the OL, and ensuring that the OL is suitably flexible and not unnecessarily prescriptive.

Proposed changes 5 to 11 are considered below. Notably, HWC concurs with our assessment that these proposed changes would have only minor impacts.<sup>25</sup>

### 4.1 Changes to drinking water provisions (proposal 5)

Under this proposal, IPART would:

- ▼ remove clauses 3.1 (Drinking Water Quality - Planning), 3.3 (Water Quality - Monitoring), 3.4 (Water Quality - Reporting) and 3.5 (Water - Incident Management Plan)

---

<sup>22</sup> Letter from PIAC to IPART, 7 October 2011.

<sup>23</sup> *Customer Contract, Hunter Water Corporation Operating Licence 2007-2012*, p 15. Available at: <http://www.hunterwater.com.au/Resources/Documents/Legislation-and-Governance/customer-contract.pdf>.

<sup>24</sup> Letter from PIAC to IPART, 7 October 2011.

<sup>25</sup> HWC, *Cost benefit analysis of proposed changes to HWC's OL, Response to IPART's Request for Information*, 2011, p 22.

- ▼ maintain and amend clause 3.2 (Drinking Water Quality – Standards) or similar, which requires HWC to comply with Australian Drinking Water Guidelines (ADWG).

According to the authors of the ADWG (the National Health and Medical Research Council and the Natural Resource Management Ministerial Council):

*The Australian Drinking Water Guidelines* (the ADWG) are intended to provide a framework for good management of drinking water supplies that, if implemented, will assure safety at point of use. The ADWG have been developed after consideration of the best available scientific evidence. They are designed to provide an authoritative reference on what defines safe, good quality water, how it can be achieved and how it can be assured. They are concerned both with safety from a health point of view and with aesthetic quality. The ADWG are not mandatory standards, however, they provide a basis for determining the quality of water to be supplied to consumers in all parts of Australia.<sup>26</sup>

We are proposing to remove clauses 3.1 and 3.3 to 3.5 of the OL because they are overly prescriptive and duplicate the requirements of the ADWG. The reporting requirements currently contained in the above-mentioned clauses will be moved to the Reporting Manual (RM), per Section 4.9 below.

A summary of the clauses follows:

- ▼ Clause 3.1 requires HWC to prepare a Drinking Water Quality plan over a 5 year period based on the framework for management of Drinking Water quality in the ADWG.
- ▼ Clause 3.2 requires that HWC ensures drinking water meets the performance requirements of ADWG, and if it does not comply with the Health Guideline Values then HWC must provide NSW Health with an appraisal of inconsistencies and indicate action to achieve compliance.
- ▼ Clause 3.3 requires a comprehensive annual water quality monitoring plan, having regard to the concepts of good practice set out in the ADWG.
- ▼ Clause 3.4 requires HWC to produce a monthly report that includes the Drinking Water quality monitoring test results undertaken in accordance with clause 3.3. The monthly report must be placed on HWC's website or made available to any person free of charge. The report must include details of the audit of the implementation of the framework for management of Drinking Water quality in the ADWG.
- ▼ Clause 3.5 requires an Incident Management Plan, which must have regard to the ADWG.

---

<sup>26</sup> Australian Drinking Water Guidelines (6), 2004, p 1-1. Available at: [http://www.nhmrc.gov.au/\\_files\\_nhmrc/publications/attachments/eh34\\_adwg\\_11\\_06.pdf](http://www.nhmrc.gov.au/_files_nhmrc/publications/attachments/eh34_adwg_11_06.pdf).

The objective of the changes to the OL are to maintain the current safe drinking water standards in clause 3.2, but reduce duplication with the ADWG in clauses 3.1 and 3.3 to 3.5. Requiring compliance with the ADWG allows for requirements to be updated easily and in a timely fashion in light of changing circumstances. It also provides for national consistency, where warranted.

#### **4.1.1 Costs and benefits**

##### **Costs**

There are no foreseeable costs to making this change to the OL, as HWC's water quality practices would not change. Under both the base case and the proposed change, HWC would be compliant with the ADWG.

##### **Benefits**

The advantage of this proposal is that it would enhance the clarity of the OL. Currently, the above clauses refer to the ADWG, but also include other requirements (which are similar to those outlined in the ADWG). Enhanced clarity can act to improve accountability, the OL audit process, and HWC's performance.

##### **Our assessment**

We consider that this proposed change is justified, as it would likely provide some benefit at no cost.

#### **4.2 Changes to waste water and recycled water provisions**

Under this proposal, IPART would combine clauses 3.6 (Waste Water and Recycling Operations) and 3.7 (Other grades of water).

IPART understands that clause 3.6 is essentially interpreted in the same way as clause 3.7. This means that there is some duplication across these clauses. We aim to eliminate this duplication by consolidating clauses 3.6 and 3.7.

The objectives of this change are to:

- ▼ ensure that the quality of wastewater and recycled water are maintained at a suitable, 'fit for purpose', standard
- ▼ reduce duplication in the OL and with other guidelines or regulatory instruments.

#### **4.2.1 Costs and benefits**

##### **Costs**

There are no foreseeable costs to making this change in the OL, as it will not change HWC's practices.

##### **Benefits**

The advantage of this proposal is that it would enhance the clarity of the OL. Enhanced clarity can act to improve accountability, HWC's performance and the OL audit process.

#### **4.2.2 Our assessment**

This change would likely provide some benefit at no cost.

### **4.3 Water leakage**

Under this proposal, HWC is required to complete a review to determine the economic level of leakage from its drinking water network and to submit a report to IPART (clause 3.2 in the new OL). The objective of this new clause is to ensure that HWC has sufficient information to enable it to efficiently control leakage.

##### **Costs**

HWC has informed IPART that no or negligible additional costs would be incurred due to the proposed change. This is because the information is already available to HWC as part of its normal business practices. The report would therefore only need to be updated, not re-written.<sup>27</sup>

##### **Benefits**

This change would help ensure that HWC is efficiently managing leakage from its water supply system – ie, not under or over spending on leakage management, given the cost of leakage control relative to the value of water lost or saved from leakage. It would therefore help to minimise costs of the water supply system, thus benefiting HWC and the broader community.

---

<sup>27</sup> Pers comm., Nicole Holmes (HWC), 16 March 2012.

#### **4.3.1 Our assessment**

This change is expected to impose no or negligible additional cost on HWC. However, it will ensure that HWC has sufficient information to efficiently manage leaks from its water supply system. Thus, benefits are expected to exceed costs.

### **4.4 Customer contract**

Under this proposed change, HWC is required to:

- ▼ notify IPART of any significant changes that it proposes to make to the customer contract (clause 5.1.2 in the new OL)
- ▼ provide a pamphlet to its customers at least annually, with their bills, summarising and explaining the customer contract (clause 5.2.3 in the new OL), rather than every 2nd year as is required under the current OL.

#### **Costs**

There are no costs expected with the requirement for HWC to inform IPART of significant changes to the customer contract. However, there will be relatively minor additional costs to HWC related to printing the customer contract pamphlet annually compared to every 2nd year, as is presently required.

#### **Benefits**

The proposed change provides reassurance that HWC will inform the regulator and its customers on a regular basis about changes to the customer contract.

It also helps to ensure that customers are aware of their rights and obligations under the customer contract. This can enhance customer welfare and help to ensure that HWC is held accountable for its performance and service levels.

#### **4.4.2 Our assessment**

There are minor to negligible costs with the proposed change. We expect these to be broadly offset by the benefits associated with enhanced information to customers on their rights and obligations, thus the proposed change is likely to be neutral.

### **4.5 Advertising customer relief measures and rebates**

Under this proposal, HWC is required to annually advertise its customer relief measures and rebates in a local newspaper (clause 5.2.4 in the new OL).

## Costs

The cost of an advertisement in the local newspaper is about \$308 for a 1/32 of a page, for a one day, Monday to Friday, run. HWC would also incur some very minor costs to produce and administer the advertisement.<sup>28</sup>

## Benefits

Customers may become more informed about accessing financial hardship arrangements and rebates, thus mitigating the effects of hardship and enhancing some customers' welfare. For example, some customers may receive rebates to compensate them for inadequate service, where they previously did not know about the rebate.

### 4.5.1 Our assessment

The proposed change would likely lead to a minor net benefit. Its cost is minor, and it would likely enhance information on relief measures and rebates to some customers, thus mitigating the effects of hardship.

We consider, however, that it is unlikely to lead to a significant increase in claims for relief measures or rebates, as HWC currently provides information on these processes in the bills it issues to customers.

## 4.6 Consultative forum

The proposed change requires HWC to use its best endeavours to include persons representing particular interest groups. The groups added to the consultative forum include older people, people with disabilities and Aboriginal people.

## Costs

The cost to HWC of including additional members on its consultative forum is unlikely to be significant, since the forum is well established. There may be some minor costs per additional member.

## Benefits

The proposed change is trying to ensure a broad cross-section of HWC customers are represented when important decisions are being discussed. By including a wide variety of opinions on the forum, HWC may receive feedback that improves its planning and enhances its ability to service its customers.

---

<sup>28</sup> The rate used is for a T11 sized advert in the Newcastle Herald, it excludes GST. This rate was chosen because it represents the highest cost, thus is the most conservative estimate of the cost to HWC. Source: Newcastle Newspapers, National rate card, effective from 1 July 2011.



#### 4.6.1 Our assessment

The benefits of the proposed change is likely to exceed the minor costs of additional forum members. HWC does not object to the broadening of its consultative forum. A broader forum may facilitate enhanced service for customers by having currently non-represented groups' opinions heard.

#### 4.7 Information and reporting requirements

We propose to insert new clauses requiring HWC to:

- ▼ use its best endeavours to develop, maintain and comply with a roles and responsibility protocol with the Metropolitan Water Directorate (MWD) for the development of the Lower Hunter Water Plan (clause 3.3 in the new OL)
- ▼ report monthly to NSW Health on fluoride monitoring, and quarterly to NSW Health on drinking and recycled water quality monitoring on an exception basis (clause 2.1.2 in the RM)
- ▼ report on the performance of critical control points in accordance with Chapter 10 of the ADWG or Element 11 of the AGWR (clause 2.2.1 in the RM)<sup>29</sup>
- ▼ report on the state of each group of assets it manages by 1 September 2014 and 2016 (clause 4.1.1 in the RM).

Currently, HWC:

- ▼ has an information exchange protocol in place with the MWD
- ▼ reports the results of its fluoride monitoring to NSW Health, monthly
- ▼ provides quarterly information to NSW Health on its monitoring results related the quality of drinking water and recycled water, on a an exception basis
- ▼ reports to IPART on the state of the assets it manages, once during the current OL term.

#### Costs

- ▼ There are no costs associated with the roles and responsibility protocol, since HWC currently has an information exchange protocol in place with the MWD. The clause was inserted to formalise this relationship.<sup>30</sup>

---

<sup>29</sup> Clause 2.2.1 of the RM has numerous reporting requirements. We have only assessed reporting on critical control points as it is the only new reporting requirement. All other reporting requirements are included in the current OL, clauses 3.4.2 (drinking water) and 3.6.3 (recycled water).

<sup>30</sup> IPART assumes that the proposed roles and responsibility protocol will contain similar information as the existing information exchange protocol.

- ▼ According to HWC, no additional costs would be incurred reporting monthly on fluoride monitoring, as this report is an existing obligation.<sup>31</sup> However, there may be a small additional cost associated with producing the quarterly drinking and recycled water quality monitoring report.<sup>32</sup>
- ▼ HWC would incur minor additional costs in reporting on the performance of critical control points in the compliance and performance report.
- ▼ Under the current OL, HWC is required to report to IPART at least once during the term of the licence on the state of its assets. Therefore, the cost of this proposed change would be the additional costs of producing an extra report during the term of the new OL. The cost of an additional report during the term of the OL is unknown but not expected to be substantial, given the reporting requirement in the current OL. HWC was unable to provide a cost estimate to be incorporated in this cost benefit analysis.

## Benefits

The additional reporting requirements provide better information to regulators and HWC's customers about water quality and asset management, which are 2 critical elements of HWC's operations. The new reporting requirements provide assurance to all stakeholders that HWC is meeting its asset management and water quality obligations.

Specifically, the additional reporting requirements provide enhanced information on:

- ▼ water quality – which may lead to improved water quality management over time (eg, as any issues are identified, investigated and tracked)
- ▼ HWC's assets – which may lead to more efficient investment and asset management practices over time.

### 4.7.1 Our assessment

The benefits of the proposed changes are likely to outweigh the costs of the additional reporting requirements, especially since it appears most of the information is available to HWC.

---

<sup>31</sup> This requirement is in accordance with the NSW Code of Practice for Fluoridation of Public Water Supplies, *Fluoridation of Public Water Supplies Act 1957*.

<sup>32</sup> The requirement on HWC in the current OL (clause 2.3), is to provide **information only** to NSW Health on a quarterly basis, consistent with its MoU with NSW Health. The new requirement is to provide a **written report** to NSW Health, rather than merely information only

## 4.8 Provision of information

This proposed change (clause 8.3 in the new OL) requires HWC to:

- ▼ provide IPART with information relating to the performance of its obligations set out in the RM in a reasonable time
- ▼ provide IPART with information that would enable IPART to conduct a review of HWC's obligations under the OL
- ▼ take all reasonable steps to ensure that any contracted third parties provide IPART or an auditor access to information
- ▼ provide confidential information to IPART or an auditor, subject to these parties entering into reasonable arrangements ensuring the information remains confidential
- ▼ provide NSW Health with information relating to water quality in the manner and form requested.

### Costs

HWC is unlikely to incur additional costs in providing information to IPART.

There may, however, be some additional costs in providing information to NSW Health, if information requests become more frequent.

### Benefits

The proposed change ensures that IPART has reasonable access to information required to oversee the OL conditions. Without this clause specifying the provision of information, a less efficient and thus more costly process may be used to obtain required information.

Further, the proposed change provides flexibility to NSW Health to investigate new issues, not included in its Memorandum of Understanding with HWC. Delays in obtaining information on water quality issues that lie outside an Memorandum of Understanding may impact on human health.

#### 4.8.1 Assessment

The proposed changes are primarily administrative and provide regulators with assurance that they will have access to information required to undertake their duties. Therefore, we consider the benefits of the proposed changes exceed their costs.

## 4.9 Move all reporting requirements from the OL to the Reporting Manual

Under this proposal, we would move all reporting requirements and performance indicators from the OL to a Reporting Manual (RM) (clause 8.2.1). The RM will be a stand-alone, consolidated document that covers HWC's performance indicators and reporting obligations. The RM can be changed by IPART at any time during the OL term, if necessary. Changes to terms and conditions in the RM do not need Ministerial approval, unlike changes to OL conditions.<sup>33</sup> We would also include a requirement in the OL for HWC to report and monitor in accordance with the RM (clauses 8.2.1 of the new OL).

The objective of this change is to allow HWC's reporting requirements to be updated easily and in a timely fashion, in light of changing circumstances.

Additionally, we propose to insert a requirement that HWC maintain sufficient record systems that enable it to report accurately in accordance with clause 8.2.1 (clause 8.2.2 in the new OL). This proposal is not evaluated since HWC should have record systems in place to comply with the *State Records Act 1998*. This clause provides IPART with an audit trigger to ensure HWC is accurately reporting information.

### Costs

There would be some minor administrative costs in updating the RM, if this occurs. However, these would be exceeded by the cost savings of not having to go through the process of formally amending the OL.

### Benefits

HWC's reporting requirements could be updated easily and in a timely fashion, in light of changing circumstances. Currently, if circumstances change and new or amended reporting requirements are warranted, there is a lengthy delay until the OL can be updated to accommodate the change. Amending the OL requires IPART to conduct a review and obtain Ministerial approval. This is a costly process in terms of time and resources, and can be avoided with introduction of a RM.

Therefore, the main benefits of this option relate to:

- ▼ ensuring that HWC's reporting requirements are up to date – which can help to enhance its performance
- ▼ cost savings associated with not having to formally amend the OL.

---

<sup>33</sup> See IPART, *Review of the Operating Licence for Hunter Water Corporation, Water – Issues Paper*, March 2011, Appendix A.

#### 4.9.1 Our assessment

The benefits of these minor changes are expected to outweigh the costs.

#### 4.10 Remove all duplication with other legislative requirements

Under this proposal, IPART would remove from the OL all duplication with other legislative requirements and all redundant provisions, where they are not required and do not provide any additional guidance or auditable benefit.

The objective of this change is to simplify the OL and minimise regulatory overlap and duplication, thus enhancing the audit process and the regulation of HWC. Presently, some OL conditions duplicate legislative or other requirements. This creates the potential for conflict if the OL obligations are not amended in line with legislative changes.

The clauses to be removed from the OL include:

- ▼ Contravention of Licence (clause 1.5) – this allows the Minister to take action against HWC under the *Hunter Water Act 1991* (the Act) if the Minister believes the OL has been contravened.
- ▼ Cancellation of Licence (clause 1.6) – this allows the Governor to cancel the OL in circumstances described in the Act.
- ▼ Responsibilities of Hunter Water under the Hunter Water Act (clause 2.2) – this describes HWC's responsibilities under the Act.
- ▼ Environmental water quality (clause 3.8) – this states that HWC must report on its performance against any environmental water quality requirements for any discharges or water releases required by DECC (now Office of Environment and Heritage) or DWE (now NSW Office of Water).
- ▼ Infrastructure performance (clause 4.6 – Review of system performance standards, and clause 4.7.1 – Service quality and system performance indicators) – these clauses place obligations on third parties, which is an inappropriate auditable requirement to be placed on HWC.
- ▼ Auditing the asset management plan (clause 4.10) – this clause allows IPART to undertake an audit of HWC's compliance managing its assets. This clause is redundant and is covered by clause 8.1 in the new OL.
- ▼ Customer contract (clauses 5.1.1 to 5.1.3 and 5.1.5 to 5.1.7) – these clauses duplicate requirements of the Act or place obligations on IPART in HWC's OL. Clauses 5.1.1 to 5.1.3 do not provide an auditable benefit and clauses 5.1.5 to 5.1.7 are inappropriate obligations to place on HWC, because they relate to actions to be taken by IPART.

- ▼ Catchment report (clause 7.3) – this clause requires HWC to report on its performance each year against its catchment management activities. This clause is redundant as this reporting obligation is now covered by other systems (water quality, asset, quality and environmental management systems) which HWC is required to have in place.
- ▼ Operational audits of the licence (clause 12.1 – 12.4) – the clauses in order:
  - place obligations on IPART to commission audits
  - specify what is to be included in the audit
  - require IPART to report the results of the annual audit to the Minister
  - require IPART to commission additional audits of HWC, if required by the Minister.

It is inappropriate to include in the OL obligations on parties other than HWC.

### Costs

There are no foreseeable costs to making these changes to the OL. Clauses would be removed because they duplicate the requirements of other regulatory instruments or regulators, or because they are redundant. That is, these proposed changes should not alter HWC's practices, relative to the base case.

### Benefits

These proposed changes would have the benefit of simplifying and enhancing the clarity of the OL and HWC's regulatory regime. This could ensure that audits of the OL are more targeted and, in turn, enhance HWC's performance.

It may also reduce auditing costs, as IPART would not be required to review HWC's compliance with other regulatory instruments or redundant clauses.

#### 4.10.1 Our assessment

These proposed changes are expected to produce a net benefit. They should incur no costs, while resulting in benefits of reduced auditing costs, more targeted auditing and an enhanced regulatory regime.

### List of Appendices

- Appendix A HWC's estimated costs of implementing an IQMS
- Appendix B HWC's submission regarding Customer Contract Clause 7.2
- Appendix C List of benefits of certified quality management systems
- Appendix D Literature review - benefits of management system certification in Australia and overseas



## Appendices





## **A HWC's estimated costs of implementing an IQMS**

**Table A.1 HWC estimated cost of an IQMS Option 1 Certified across all areas**

	<b>\$2010/2011</b>	<b>Capitalised Project Costs</b>					<b>Operational</b>
	<b>Present Value (over 5 years)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6+</b>
Approx Costs based on 1 mgr, coordinators & writer		\$714,000	\$826,000	\$826,000	\$714,000	\$714,000	\$602,000
External training Costs (over 5 years)		\$31,800	\$31,800	\$31,800	\$31,800	\$31,800	
Quality Management Consultants		\$75,000	\$50,000	\$50,000	\$50,000	\$50,000	
Partial use of external auditors for internal audits			\$7,500	\$46,500	\$46,500	\$54,000	\$61,500
External auditors for initial compliance				\$28,700		\$21,000	
External auditors used for annual compliance					\$13,400	\$13,400	\$29,701
Technology Costs – Licence, Implementation & Maintenance estimates		\$600,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
<b>Totals</b>		\$1,420,800	\$1,015,300	\$1,083,000	\$955,700	\$984,200	\$793,201
<b>Total (present Value)</b>	<b>\$4,529,523</b>	<b>\$1,327,850</b>	<b>\$886,802</b>	<b>\$884,051</b>	<b>\$729,099</b>	<b>\$701,721</b>	<b>\$528,543</b>
<b>Average annual costs (PV)</b>	<b>\$905,905</b>						

**Table A.2 HWC estimated cost of an IQMS – Option 2 Part Certified**

	<b>\$2010/2011</b>	<b>Capitalised Project Costs</b>					<b>Operational</b>
	<b>Present Value (over 5 years)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6+</b>
Approx Costs based on 1 mgr, coordinators & writer		\$714,000	\$826,000	\$826,000	\$714,000	\$714,000	\$602,000
External training Costs (over 5 years)		\$31,800	\$31,800	\$31,800	\$31,800	\$31,800	
Quality Management Consultants		\$75,000	\$50,000	\$50,000	\$50,000	\$50,000	
Partial use of external auditors for internal audits			\$7,500	\$46,500	\$46,500	\$54,000	\$61,500
External auditors for initial compliance				\$28,700			
External auditors used for annual compliance					\$13,400	\$13,400	\$17,867
Technology Costs – Licence, Implementation & Maintenance estimates		\$600,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
<b>Totals</b>		\$1,420,800	\$1,015,300	\$1,083,000	\$955,700	\$963,200	\$781,367
<b>Total (present Value)</b>	<b>\$4,514,551</b>	<b>\$1,327,850</b>	<b>\$886,802</b>	<b>\$884,051</b>	<b>\$729,099</b>	<b>\$686,748</b>	<b>\$520,658</b>
<b>Average annual costs (PV)</b>	<b>\$902,910</b>						

**Table A.3 HWC estimated cost of an IQMS – Option 3 Not Certified**

	<b>\$2010/2011</b>	<b>Capitalised Project Costs</b>					<b>Operational</b>
	<b>Present Value (over 5 years)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6+</b>
Approx Costs based on 1 mgr, coordinators & writer		\$714,000	\$826,000	\$826,000	\$714,000	\$714,000	\$602,000
External training Costs (over 5 years)		\$0	\$0	\$0	\$0	\$0	
Quality Management Consultants		\$75,000	\$50,000	\$50,000	\$50,000	\$50,000	
Partial use of external auditors for internal audits			\$7,500	\$46,500	\$46,500	\$54,000	\$61,500
External auditors for initial compliance							
External auditors used for annual compliance							
Technology Costs – Licence, Implementation & Maintenance estimates		\$600,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
<b>Totals</b>		\$1,389,000	\$983,500	\$1,022,500	\$910,500	\$918,000	\$763,500
<b>Total (present Value)</b>	<b>\$4,340,960</b>	<b>\$1,298,131</b>	<b>\$859,027</b>	<b>\$834,665</b>	<b>\$694,616</b>	<b>\$654,521</b>	<b>\$508,752</b>
<b>Average annual costs (PV)</b>	<b>\$868,192</b>						

## **B HWC's submission regarding Customer Contract Clause 7.2**

### **B.1 Introduction**

IPART in their "Cost Benefit Analysis of proposed changes to Hunter Water Corporation's Operating Licence – Request for Information – July 2011" have proposed a new customer contract clause changing the frequency of payments and the minimum payment. The proposed clause is outlined below:

Where your drinking water is below 15 metres head of pressure at the point of connection for a continuous period of 15 minutes, unless as a result of a supply interruption, you will be eligible for a rebate of 10% of your quarterly water service charge, subject to a minimum payment of \$30. This rebate will be payable for one event each quarter. A rebate will be granted automatically when you are identified through our monitoring.

IPART have sought feedback from Hunter Water on the extra costs and benefits of this proposal, relative to the base case of the requirements of the existing Operating Licence.

It is understood that IPART are seeking this change to have consistency across water corporation operating licences, and this clause is currently a condition in Sydney Water's Operating Licence.

### **B.2 IPART Proposal**

Hunter Water has undertaken an assessment in order to determine the costs of implementing the identified IPART pressure rebate. The 2 key contributing cost areas associated with the implementation of such an approach are:

- ▼ Costs of system monitoring.
- ▼ Administrative costs of changing the rebate.

#### **Costs of system monitoring**

Currently low pressure areas within Hunter Water's area of operation are predominantly identified through water system modeling, as well as through low pressure notifications from our customers.

In order to meet IPART's preferred rebate clause significant work is required through Hunter Water's area of operation. The work proposed would be similar in nature to that utilised by Sydney Water in complying with their Operating Licence clause. The following work has been identified as being required.

- ▼ Installation at 80-100 sites of permanent powered and telemetred pressure monitors. This will facilitate physical monitoring of all low pressure areas. This number is based on a preliminary assessment of the water supply system and the number of sites required to provide representative information.

Preliminary calculations indicate that capital costs will be in the vicinity of \$40k per site (assuming ease of installation and proximity of power supply). Annexure A provides information on the breakdown of these installation costs.

Based on the mid-range number of sites required for monitoring (90) and the cost per site of \$40k, Hunter Water estimates that the capital cost of system monitoring is in the order of \$3.6m.

An initial allowance of \$562,500 has been allowed for operational costs over the 5-year Operating Licence period. These costs include \$1,000 per site per year for system maintenance and \$250 per site per year for electricity charges. At this point in time it is not possible to determine whether there will be additional resourcing requirements resulting from automation of the system. At this stage an assumption has been made that resourcing requirements remain unchanged.

## **Administrative costs of changing the rebate**

### **Quarterly billing**

Hunter Water currently bills its residential customers three times per year. Service level rebates have always been paid on this frequency. There would be significant administrative costs to Hunter Water in order to substantially modify the current billing system, CIS, in order to pay pressure rebates at a frequency inconsistent to that of other service level rebates and customer bills.

Hunter Water has considered three options with regard to billing frequency:

- ▼ Issue pressure rebate quarterly only and other rebates every four months in line with bills.
- ▼ Amend entire billing system to quarterly billing.
- ▼ Retain the status quo and issue rebate every 4 months.
- ▼ Issue pressure rebate quarterly (not aligned to billing cycle).

Hunter Water has previously given consideration to a one off rebate payment not aligned to the billing cycle – this was in the form of a rebate cheque. It is envisaged that a similar payment approach would be required to pay the pressure rebate out of sequence to billing (where it is shown as a credit on the bill). Such difficulties include the matching of cheque details to bills (as Hunter Water doesn't retain cheque names), how payments would be tracked against bills, and general customer communication difficulties.

#### Amend customer billing system to quarterly

Consideration has been given to increasing the frequency of billing from four monthly to quarterly – this would then align the payment of the pressure rebate to that of the other service rebates and the issue of customer bills. Preliminary analysis undertaken by Hunter Water indicates that operational costs alone would be in the order of \$1.45m per year (or \$7.25m over the term of the 5-year Operating Licence). These costs allow for metering, billing and agency changes.

It is difficult at this stage to assess the capital cost associated with the required CIS upgrades, but an estimate of \$500,000 has been provided. This allows for labour, CIS modifications and customer communications.

#### Issue rebates every four months

If it was determined that the Sydney Water pressure rebate approach was to be applied in the Hunter Water area of operations (and this is not Hunter Water's preferred approach as outlined further below), it would be preferable that the timing of the rebate payment was 4-monthly and not quarterly. This would facilitate payment of the pressure rebate, consistent with other service level rebates, which are linked to the bill cycle and credited against the customer bill.

There are no additional costs associated with this approach.

#### Rebate amounts

It is not possible at this stage to determine the impact of the pressure rebate proposal on the total dollar amount that Hunter Water would be required to pay in rebates. Whilst some very preliminary comparisons of modelled pressure data against actual monitored sites has been undertaken for one event in February of this year it is not possible at this stage to accurately conclude the impact of the proposed pressure rebate.

It should be noted that Hunter Water's current water service charge is \$18.84 per year (2011/12) therefore in this instance the minimum rebate payment under the Sydney Water approach would always be \$30 per quarter.

## Benefits of the IPART Proposed Approach

As has been discussed with IPART staff it has been very difficult for Hunter Water to quantify the benefits associated with proposed changes to the Operating Licence. With regard to the proposed change to the pressure rebate standard the following benefits have been identified:

- ▼ The potential to identify watermain breaks remotely, as a result of a drop in pressure, prior to Hunter Water being advised by the community. This could potentially result in crews being dispatched to repair breaks more expediently, and therefore a reduction in water losses could occur. In some instances breaks could be repaired prior to triggering discontinuity standards of the Operating Licence. This will of course depend on the significance of the break and the actual location.
- ▼ The installation of permanent gauges will result in additional data being available for more accurate calibration of water system models.
- ▼ Further information to facilitate more accurate modelling of water system performance and catchment growth.

## B.3 Hunter Water Proposal

Hunter Water proposes that the low water pressure rebate remains unchanged. That is:

Where your water pressure is below 15m head at the point of connection to our water system for more than 30 minutes on more than five occasions in a financial year due to a failure of our water supply system, you have reported the problem by calling 1300 657 000, and we have confirmed each event, all properties known to be affected are entitled to a rebate of 15 kilolitres to be applied to the water usage component of your next bill.

As previously identified by Hunter Water as part of the recent customer contract review, Hunter Water conducted a survey on rebates with Hunter Water's customer panel, which found that customers did not perceive short term low water pressure to cause significant inconvenience. When asked about the level of inconvenience experienced by 5 or more occasions of low water pressure lasting 30 minutes each, over 65% of respondents believed that they would either be not inconvenienced, or somewhat inconvenienced.

Hunter Water believes that it is not appropriate to directly compare our rebates against Sydney Water's. We feel that comparing the values of the two agencies' rebates is not appropriate as tariff structures vary. In particular, Sydney Water's annual water service charge is around seven times higher than Hunter Water's - \$145 in Sydney compared to \$19 in the Hunter. It is therefore logical that Sydney Water customers receive a higher rebate for service interruptions.

There are no additional incremental costs to Hunter Water as a result of this approach.



**Table B.1 Flow meter install estimate per site**

Section	Description	Qty	Unit	U/Cost (\$)	Cost (\$)
<b>A</b>	600*800*300 s/s cubicle	1	ea	\$2,000.00	\$2000.00
	Rainhood to suit s/s cable	1	ea	\$250.00	\$250.00
	PDS500 Compact	1	ea	\$2,510.00	\$2,510.00
	Motorola GM328 radio	1	ea	\$652.00	\$652.00
	240VAC to 24VDC transformer/ power supply	1	ea	\$150.00	\$150.00
	Yagi – 9 element antenna	1	ea	\$95.00	\$95.00
	Novaris co-ax surge diverter	1	ea	\$185.00	\$185.00
	Pressure monitoring on a diameter 150mm main	1	ea	\$1,500.00	\$1,500.00
	Sundries/labels	1	lot	\$600.00	\$600.00
	<b>Sub Total</b>	-	-	-	<b>\$7942.00</b>
<b>B</b>	Cubicle build and installation of PLC/RTU, Radio & Antenna, Instrumentation and associated electrical	60	hr	\$91.00	\$5,460.00
	SCADA page design and testing	16	hr	\$91.00	\$1,456.00
	Energy Australia connection	1	lot	\$500.00	\$500.00
	Civil design engineering	10	hr	\$150.00	\$1,500.00
	Civil drafting	15	hr	\$120.00	\$1,800.00
	Electrical design engineering	10	hr	\$150.00	\$1,500.00
	Electrical drafting	15	hr	\$100.00	\$1,500.00
	Contract supervision & commissioning	8	hr	\$100.00	\$800.00
	Technician – RTU config	9	hr	\$100.00	\$900.00
	<b>Sub Total</b>	-	-	-	<b>\$15,416.00</b>

Section	Description	Qty	Unit	U/Cost (\$)	Cost (\$)
C    CIVIL WORKS	Installation of Cubicle frame and associated civil works	1	lot	\$2,500.00	\$2,500.00
	Galvanised steel frame to support control cubicle (stainless steel may prove to be a practical requirement)	1	ea	\$1,000.00	\$1,000.00
	Labour (2 persons for 5 days)	80	hr	\$70.00	\$5,600.00
	Concrete re-enforcing 1 m <sup>3</sup>	1	lot	\$600.00	\$600.00
	Lid	1	lot	\$601.00	\$601.00
	<b>Sub total</b>				\$10,301.00
	<b>Project management</b>	0	Lot		\$0.00
TOTALS	<b>Sub Total A</b>				\$7,942.00
	<b>Sub Total B</b>				\$15,416.00
	<b>Sub Total C</b>				\$10,301.00
	Contingencies	20.00%		\$33,659.00	\$6,731.80
	<b>Total Budget Estimate</b>				<b>\$40,390.80</b>

## **C List of benefits of certified quality management systems**

- ▼ Efficiency
- ▼ Cost Savings
- ▼ Improved employee morale
- ▼ Better corporate knowledge
- ▼ National recognition
- ▼ Improved decision making
- ▼ Improved record keeping/ documentation
- ▼ Better internal consistency
- ▼ Improved processes
- ▼ Enhanced management awareness
- ▼ Enhanced marketing potential
- ▼ Reduce waste
- ▼ Increase productivity
- ▼ Potential competitive advantage
- ▼ Better safety system compatibility
- ▼ Reduction in liabilities
- ▼ Reduction in auditing costs
- ▼ Improved customer satisfaction
- ▼ Increased customer retention
- ▼ Increased customer demand

**Source:** variety of websites.

## D Literature review – benefits of management system certification in Australia and overseas

There is a significant and positive relationship between management's motives for adopting ISO 9000 certification and business performance. Organisations that pursue certification willingly and positively across a broad spread of objectives are more likely to report improved organisational performance. The individual element found to contribute most to business performance is 'customer focus'.<sup>34</sup>

Major benefits of implementing ISO 9000 (in Australia from a survey of 326 firms) include:

- ▼ relations with customers
- ▼ management of business processes
- ▼ management of business knowledge and information
- ▼ improved organisational strategy and culture.<sup>35</sup>

Tables D.1 and D.2 below list the operational benefits associated with ISO 9000 quality management systems and the proportion of firms acknowledging these benefits.

**Table D.1 Operational Benefits of ISO 9000 – An Australian example (1999)**

Benefit	Proportion of firms <sup>a</sup> claiming benefit
Employee skills	38%
Customer service	30%
Employee morale	28%
Improved process	24%
Supplier communication	20%
Internal communication	10%
Cultural change	4%

<sup>a</sup> Survey of 50 Australian companies who had implemented the ISO 9000; 48 had full certification; and 46 were concurrently implementing a Total Quality Management programme.

**Note:** 18% of firms reported no operational benefits.

**Source:** Beattie, K.R and Sohal, A.S., 1999, *Implementing ISO 9000: A study of its benefits among Australian organisations*, *Total Quality Management*, Vol 10, Issue 1, pp 95-106.

<sup>34</sup> Teziowski, Power and Sohal, 2003, The longitudinal effects of ISO 9000 certification process on business performance, Melbourne & Monash Universities (Note findings from the manufacturing sector only). From: [http://www.mapwright.com.au/benefits\\_9001.html](http://www.mapwright.com.au/benefits_9001.html)

<sup>35</sup> Monash University, *The implementation of ISO 9000 in Australian Organisations*, Australian Supply Chain Management Unit, 2007.  
From: [http://www.mapwright.com.au/benefits\\_9001.html](http://www.mapwright.com.au/benefits_9001.html)

**Table D.2 Benefits of certification – US example (2006)**

<b>Benefit</b>	<b>Proportion of firms<sup>a</sup> claiming an internal benefit</b>
Better documentation	75%
Greater quality awareness	74%
Improved customer satisfaction	55%
Increased efficiency	37%
Competitive advantage	37%
Enhanced communication	35%
Positive cultural change	33%

<sup>a</sup> Survey of 2500 US companies.

**Source:** The Independent Association of Accredited Registrars (IAAR) - an association of accredited management system registrars operating in North America. [http://www.mapwright.com.au/benefits\\_9001.html](http://www.mapwright.com.au/benefits_9001.html)



## D | Hunter Water Customer Contract







## **Hunter Water Customer Contract**

## **Foreword**

Hunter Water provides drinking water, wastewater services and some stormwater services to over half a million people in the lower Hunter region.

For Hunter Water, providing excellent service is as important as our other key objectives of protecting the environment, protecting public health and operating as a successful business.

This Customer Contract outlines your rights and obligations as a user of Hunter Water services and sets out the minimum standards of customer service that you can expect.

For more information about Hunter Water and the services we provide visit [www.hunterwater.com.au](http://www.hunterwater.com.au) or call us on 1300 657 657.

# TABLE OF CONTENTS

<b>1</b>	<b>Introduction</b>	<b>1</b>
1.1	Words used in this contract	1
1.2	Understanding the contract	1
<b>2</b>	<b>What is a Customer Contract and who is covered by it?</b>	<b>2</b>
2.1	What is a Customer Contract?	2
2.2	Who is covered by this contract?	2
2.3	Other agreements with us	2
2.4	When does this Customer Contract commence?	2
<b>3</b>	<b>What services does Hunter Water provide?</b>	<b>4</b>
3.1	Water supply services	4
3.2	Wastewater services	5
3.3	Stormwater drainage services	6
3.4	Factors affecting service	7
<b>4</b>	<b>What you pay</b>	<b>9</b>
4.1	Responsibility to pay the account	9
4.2	Publication of charges	9
4.3	Concessions	9
4.4	Your account	9
4.5	Undercharging	10
4.6	Overcharging	11
4.7	Account disputes	11
4.8	How prices are determined	11
4.9	Other costs and charges	12
<b>5</b>	<b>What can I do if I am unable to pay my account?</b>	<b>13</b>
5.1	Payment difficulties and account relief	13
<b>6</b>	<b>Restriction or disconnection of water and wastewater services</b>	<b>14</b>
6.1	Restriction or disconnection of supply for non-payment	14
6.2	Notice of disconnection or restriction of supply of water	14
6.3	Disconnection or restriction for other reasons	15
6.4	Restriction and legal action	15
6.5	Minimum flow rate during restriction	16
6.6	Disconnection by a customer	16
6.7	Restoration of services after restriction or disconnection	16
<b>7</b>	<b>Redress</b>	<b>18</b>
7.1	Notification	18
7.2	Rebates	18
7.3	Forms of redress	19
7.4	Claim for damages	19
7.5	Limitation of liability	20
<b>8</b>	<b>Responsibilities for maintenance and repair</b>	<b>21</b>
8.1	Your water system	21
8.2	Your wastewater system	22
8.3	Pressure wastewater system connections	22
8.4	Non-standard wastewater system connections	22
8.5	Private joint water systems or private joint wastewater systems	23
8.6	Stormwater connections, coverings and bridges	23

8.7	Conserving water	23
8.8	Defective or unauthorised work	24
8.9	Giving notice of system failures	24
8.10	Building landscaping and other construction work	24
8.11	Connections to services	24
8.12	Altering and unauthorised connection or use	25
8.13	Removal of trees	25
<b>9</b>	<b>Entry onto a customer's property for maintenance</b>	<b>26</b>
9.1	Access to Hunter Water's system	26
9.2	Identification	26
9.3	Notice of access	26
9.4	Impact on customer's property	26
<b>10</b>	<b>Water meter reading, installation, testing and maintenance</b>	<b>27</b>
10.1	Measuring water supplied	27
10.2	Water meter installation and maintenance	27
10.3	Meter testing	27
10.4	Access to the water meter	28
10.5	Meter replacement	28
<b>11</b>	<b>Who can I speak to if I have any questions or want to make enquiries?</b>	<b>30</b>
11.1	General enquiries	30
11.2	Emergency assistance	30
11.3	Interpreter and TTY services	30
<b>12</b>	<b>What can I do if I am unhappy with the service provided by Hunter Water?</b>	<b>31</b>
12.1	Customer complaints	31
12.2	Complaints review	31
12.3	When a dispute is considered resolved	31
12.4	External dispute resolution	32
<b>13</b>	<b>Consultation, information and privacy</b>	<b>33</b>
13.1	Involving customers in service planning	33
13.2	Providing information	33
13.3	Privacy	33
<b>14</b>	<b>When does my Customer Contract with Hunter Water terminate?</b>	<b>34</b>
14.1	Termination of this contract	34
14.2	Variation of this contract	34
<b>15</b>	<b>Definitions and interpretation</b>	<b>35</b>
15.1	Definitions	35
15.2	Interpretation	43

# **1 Introduction**

## **1.1 Words used in this contract**

Some of the words used in this contract have a special meaning. The meanings are set out in the Definitions in clause 15 at the end of this contract.

## **1.2 Understanding the contract**

There are a number of provisions in clause 15 at the end of this contract that may assist you in interpreting the contract.

## **2 What is a Customer Contract and who is covered by it?**

### **2.1 What is a Customer Contract?**

This contract is between us, Hunter Water and you, the customer.

This contract provides the terms under which we provide, where available, water supply, recycled water supply, wastewater, trade wastewater and stormwater drainage services to you. The contract also sets out rights and obligations including your rights in any dispute with us.

This contract is a legally enforceable document and is a requirement of the Act. It forms Schedule 2 of Hunter Water's Operating Licence.

This contract is summarised in a separate document called the Customer Contract Summary. Copies of this pamphlet are available on our website or by contacting us on 1300 657 657.

### **2.2 Who is covered by this contract?**

You are our customer and you are covered by relevant clauses of this contract if:

- a) You are the owner of property within our area of operations that is connected to a water main or wastewater system owned by us, and that connection has been authorised or approved by us, or where it is subject to a separate agreement; and/or
- b) You receive water and/or wastewater services from us; and/or
- c) You are the owner of property within a Hunter Water recycled water area and receive recycled water from us; and/or
- d) You are the owner of property that is within a declared stormwater drainage area; and/or
- e) you are liable to pay us an environmental improvement charge and we have not exempted you from that charge.

### **2.3 Other agreements with us**

If you have a separate agreement with us (for example a non-standard water or wastewater agreement, a trade waste agreement or permit, recycled water agreement or stormwater harvesting agreement), the terms of this contract will apply unless they directly contradict the terms outlined in the separate agreement.

We may enter a separate agreement with you for the provision of different levels of service where possible. Before entering a separate agreement with you, we will provide you with an estimate of the costs to supply you with the service requested and advise you if the service that we have agreed to provide is below the standards set out in this contract.

### **2.4 When does this Customer Contract commence?**

This contract commences on the later of 1 July 2011, or on the date when water supply and/or wastewater services are connected to your premises, or the account is transferred to you, or you are transferred to Hunter Water from a supplier licensed under the *Water Industry Competition Act 2006*, whichever is sooner. You do not need to sign this contract for it to be valid.

On its commencement this contract replaces any previous Customer Contract between you and us unless the other separate agreements listed in clause 2.3 are in place.

Any rights and liabilities that have accrued under any previous contract with us are not affected by the commencement of this contract.

### **3 What services does Hunter Water provide?**

#### **3.1 Water supply services**

##### **3.1.1 Supply of drinking water**

We will supply you with drinking water to meet your reasonable needs except:

- x in the case of planned or unplanned interruptions, under clauses 3.4.1 and 3.4.2;
- x in the case of drought or major operational difficulty under clause 3.4.3;
- x where we are entitled to restrict or discontinue supply under clause 6; or
- x in the case of events beyond our reasonable control.

If you experience unplanned interruptions at your property due to the failure of our water supply system, we will ensure that any rebates due under clause 7.2 are paid.

If you are heavily dependent on a continuous supply of water it may be in your interests to consider contingency arrangements in the event of an interruption to the water supply. Any such arrangements would be at your cost.

##### **3.1.2 Drinking water quality**

The drinking water we supply will comply with the health, taste and odour related guidelines provided in the *Australian Drinking Water Guidelines 2004* as specified by NSW Health and any other taste and odour related guidelines, as required by the Operating Licence.

##### **3.1.3 Drinking water pressure**

We will use our best endeavours to ensure that the drinking water we supply to your property is at a minimum pressure of 20 metres of head at the point of connection to our main, as required by our Operating Licence.

If you report a water pressure problem due to the failure of our water supply system and we confirm the event, we will ensure that any rebates due under clause 7.2 are paid.

##### **3.1.4 Supply of recycled water**

We may supply you with recycled water if your property is within a Hunter Water recycled water area or you have entered a separate agreement with us.

We will supply these customers with recycled water to meet their reasonable needs except:

- x in the case of planned or unplanned interruptions, under clauses 3.4.1 and 3.4.2;
- x in the case of major operational difficulty under clause 3.4.3.2;
- x where we are entitled to restrict or discontinue supply under clause 6; or
- x in the case of events beyond our reasonable control.



If you are supplied with recycled water, we will give you information on the standard requirements for its safe use at the time we commence supply to you. We are not responsible for your use of recycled water contrary to the information we provide.

Within Hunter Water recycled water areas, the recycled water system and the recycled water we supply to you as customer will comply with the *Australian Guidelines for Water Recycling 2006 (Phase 1 Managing Health & Environmental Risks)* *National Water Quality Management Strategy* or as approved by NSW Health.

Outside recycled water areas, the quality of recycled water that we supply to you will be specified in an agreement with you.

### **3.1.5 Health or special needs**

If you require a water supply to operate a life support machine or for other special health needs you must notify us. We will include you on our list of critical customers and ensure all practical steps are taken to provide a water supply to meet your reasonable health needs. However, disruptions to your water supply may not always be preventable, so you should be ready to make alternative arrangements if necessary.

Listed people will receive advance notification of any planned interruption to the water supply service under clause 3.4.2. In addition, we will contact you as soon as possible in the event of any unplanned interruption.

If you require a water supply to operate a life support machine or for other special health needs, you may also be eligible for a free water allowance of up to 250kL per annum.

## **3.2 Wastewater services**

### **3.2.1 Supply of wastewater service**

If your property is connected to our wastewater system, we will supply you with wastewater services to meet your reasonable needs for the discharge of residential sewage except:

- x where we are entitled to discontinue supply under clause 6; or
- x in the case of planned interruptions and unplanned interruptions, under clauses 3.4.1 and 3.4.2;
- x in the case of events beyond our reasonable control.

### **3.2.2 Wastewater overflow**

We will make every reasonable effort to minimise the incidence of wastewater overflows on your property due to a failure of our wastewater system.

If there is a wastewater overflow on your property due to the failure of our wastewater system, we will:

- x Respond promptly;
- x Minimise inconvenience and damage to you by ensuring the overflow is contained as soon as possible;

- x Clean up the affected area as quickly as possible at our cost and in such a manner to minimise the risk to human health; and
- x Issue any rebates due to you under clause 7.2 and/or forms of redress under clause 7.3.

### **3.2.3 Blockage of your wastewater system**

If a blockage occurs and you suspect that it is a blockage in our system, you should notify us.

If the blockage occurs in our wastewater system we will clear the blockage at our cost. However, you may be liable to pay to the extent you have contributed to the blockage.

If the blockage occurs in your wastewater system, you are responsible for arranging the blockage to be cleared by a licensed plumber at your cost.

### **3.2.4 Trade wastewater**

You may discharge trade wastewater into our wastewater system only if you have obtained our prior written permission and entered into an agreement with us.

We will give you our prior written permission and enter into an agreement with you only if we are able to accept, transport and process trade wastewater that you discharge in full compliance with applicable safety and environmental laws, the Operating Licence and the Act.

You can contact us to obtain further information on the guidelines and standards for obtaining a trade wastewater agreement.

### **3.2.5 Wastewater mining and stormwater harvesting**

You may extract wastewater from our wastewater system or stormwater from our stormwater system only if you have obtained our prior written permission and entered into an agreement with us. You may also require approval from other authorities.

You may contact us on 1300 657 657 for further information.

## **3.3 Stormwater drainage services**

We provide a service to all properties within declared Hunter Water stormwater drainage areas for the transport of stormwater through the trunk stormwater drainage systems under our control.

If your property is within a declared stormwater drainage area we will charge you the charges for this service set by the Independent Pricing and Regulatory Tribunal of NSW (IPART).

Maps are available from us for inspection to assist in determining whether your land is within a declared stormwater drainage area.

## **3.4 Factors affecting service**

### **3.4.1 Unplanned interruptions**

If there is an unplanned interruption to your water supply service or wastewater service, we will use our reasonable endeavours to minimise the inconvenience to you by:

- x restoring the service as quickly as possible;
- x providing as much information as practicable on a 24 hour emergency telephone service on 1300 657 000. This telephone service will advise you how long the interruption is likely to last, based on the best information available at the time;
- x providing access to emergency supplies of water and/or toilet facilities where reasonably practicable and necessary having regard to the particular circumstances. Where emergency supplies of water and/or toilet facilities are available, you can obtain information on how to obtain them from the 24 hour emergency telephone service.

### **3.4.2 Planned interruptions**

We may need to arrange planned interruptions to your water supply services and wastewater services to allow for planned or regular maintenance of our wastewater system or water system.

We will inform you in writing, of the expected time and duration of any planned interruption, at least two days in advance if you are a residential customer, and seven days in advance if you are a non-residential customer unless you agree to another period.

We will use our best endeavours to reinstate your water or wastewater service within five hours in one continuous period.

### **3.4.3 Water restrictions**

#### **3.4.3.1 Drought**

In accordance with the Operating Licence, with the Minister's approval, we may place restrictions on the use of water we supply to you during or on the approach of a drought. You must comply with our supply conditions during this time.

We will publish, in major newspapers throughout our area of operation and on our website, our drought supply conditions. These may include:

- x restrictions on the use of water, including the purpose for which water may be used; and
- x a variation of charges consistent with the Act and Operating Licence; and
- x other conditions that we consider appropriate, including the purposes for which water can be used, the times when water can be used, the quantities of water that can be used, and the means or methods of use of water.

We will also make every reasonable effort to notify you in your next account of drought supply conditions, where applicable.

### **3.4.3.2 Major operational difficulty**

In accordance with the Operating Licence, with the Minister's approval, we may need to shut down a water supply source in the event that a major operational difficulty occurs. If customer demands for water are high at the time of such an event, we may interrupt the supply, or place restrictions on the use of our water supply services to you until such time as the operational difficulty is over.

Where practicable, we will publish, in major newspapers throughout our area of operations and on our website, our supply/use conditions under these circumstances. These may include:

- x restrictions on the use of water, including the purpose for which water may be used, and
- x other conditions that we consider appropriate, including the purposes for which water can be used, the times when water can be used, the quantities of water that can be used, and the means or methods of use of water

## **4 What you pay**

### **4.1 Responsibility to pay the account**

If you are the account holder, you are responsible for the account and must pay us the amount of your account by the date specified, unless you have made other payment arrangements with us.

### **4.2 Publication of charges**

We will publish, and provide you up to date information on our charging policies, current charges and concessions. This information will be provided to you on request free of charge and, if requested, in languages other than English.

### **4.3 Concessions**

If you hold one of the recognised pensioner concession cards and are the account holder, you may be eligible for a government funded pension concession.

You must apply to us for the concession. To obtain information about your eligibility for a concession on your water account, please contact us on 1300 657 657 to lodge an application.

If you are eligible for a concession, we will ensure that it is applied to the full billing cycle in which it was requested.

Please advise us on 1300 657 657 if your eligibility for a recognised concession card changes.

From time to time, we may confirm your eligibility for concessions with relevant Australian and New South Wales government agencies administering concession eligibility. At all times your privacy will be protected and any confirmation of eligibility will be carried out in accordance with the requirements of the *Privacy and Personal Information Act 1998*.

### **4.4 Your account**

#### **4.4.1 When will your account be sent**

We will issue you an account for the services that we provide. Residential account holders will be sent an account every four months. If we intend to change the billing frequency, we will give you at least four months notice.

Non-residential customers with high water usage and/or wastewater disposal may be sent an account on a monthly basis.

We will provide you the owner with a printed statement of all outstanding amounts for the previous 12 months at any time on request, free of charge.

#### **4.4.2 What information is on your account**

We will ensure that your account contains details of:

- x the account period to which it applies;

- x the most recent meter reading;
- x the total amount due;
- x the usage and service fees;
- x other fees and charges payable;
- x the date payment is due;
- x your postal address and account number;
- x the address of the property at which the charges in the account have been incurred;
- x options for the method of payment;
- x a comparison of your water usage, where available;
- x contact telephone numbers for account enquiries and emergency services;
- x how to get information on payment assistance options;
- x information in community languages about the availability of interpreter services and the phone number for these services.

#### **4.4.3 How accounts are sent**

We will send your account to the postal address you nominate.

If you do not nominate a postal address, the account will be sent to:

- x the property to which the services are available or provided; or
- x your last known postal address.

Your account will be considered delivered to you if it is sent to one of these addresses. Please advise us if you move or your postal address changes.

We may offer other methods of providing you with your account (such as e-billing) during the term of this contract and your account will be considered delivered to you if it sent by one of these methods.

#### **4.4.4 How payment can be made**

We will provide a range of payment options including by internet, direct debit, phone, mail or in person at an agency representing Hunter Water.

We may offer additional payment methods during the term of this contract. Current payment methods are shown on your latest account and can be found on our website at [www.hunterwater.com.au](http://www.hunterwater.com.au) or obtained by contacting us on 1300 657 657.

#### **4.4.5 Overdue account balances**

We may charge you interest on overdue account balances at the rate applicable on the first business day of the preceding July under the *Civil Procedure Act 2005 (NSW)*, or other applicable fees. The interest will accrue on a daily basis commencing on the due date until you have paid the amount that is overdue.

We will also charge account holders costs and fees that we incur in recovering (or attempting to recover) an overdue amount.

### **4.5 Undercharging**

If your account is less than what you are required to pay us (that is, we have undercharged you) as a result of our error, we may adjust your next account to include and charge to you the amount (or amounts) by which you were previously undercharged.

If the undercharging is due to you providing false information or there has been an unauthorised connection or you have breached this contract or Act, you must pay the correct amount on request.

## **4.6 Overcharging**

If your account is greater than what you are required to pay us (that is, we have overcharged you) due to our error, we will apply a credit to your next account after we become aware of the error.

## **4.7 Account disputes**

If you do not consider that the charges on your account are correct, you must contact us on 1300 657 657. In some cases, we may require you to provide evidence to support your claim.

If there is an unresolved dispute concerning an amount of money to be paid by you, we will not seek from you the amount that is in dispute until the dispute has been resolved in our favour. (Refer to section 12.3 for when a dispute is considered resolved.)

You are obliged to pay the undisputed amount by the due date shown on your account.

## **4.8 How prices are determined**

### **4.8.1 Notification of price variations**

We will set and vary charges from time to time, but only in accordance with our Operating Licence, the Act and the maximum prices and methodologies determined by IPART.

We will publish any variations to our charges and provide details with your account. The variation will commence on:

- x the first day of the next billing cycle; or
- x any other date we nominate after we have published the change; or
- x a commencement date determined by IPART.

When the date for commencement of a variation occurs part way through your billing period we will apply the variation of charges on a daily “pro-rata” basis.

### **4.8.2 Wastewater usage charge**

The wastewater usage charge applies to non-residential customers only. We will determine a wastewater discharge factor that is used to calculate wastewater service and usage charges.

At your request, we may adjust the determined wastewater discharge factor for your property if you provide verifiable evidence that the wastewater discharge from your property differs from the wastewater discharge factor we have determined.

Where significant wastewater discharge volumes from your property originate from sources other than metered water supply or metered recycled water supply (for example, from rainwater or other on-site sources, tankered water or effluent etc), we may apply an additional discharge factor or require the wastewater discharge to be metered by a meter approved by us. The supply and installation of the approved wastewater meter will be at your cost

Where a discharge factor is varied, the revised charge will apply from the beginning of the next billing period. We will notify you of any change to your discharge factor.

## **4.9 Other costs and charges**

### **4.9.1 Dishonoured or declined payments**

If payment of your account is dishonoured or declined, we will charge you the relevant administrative fee set by IPART.

### **4.9.2 Costs for installing and connecting services**

You must pay the installation costs of a connection and the construction of any necessary works from your property to our water system, wastewater system, and/or stormwater system.

Connection to our water system, wastewater system and/or stormwater system must be approved by us and comply with the conditions we set to ensure the safe and reliable supply of services. The connection must be undertaken by a licensed plumber and in accordance with relevant plumbing codes, regulations and standards and our published connection requirements.

### **4.9.3 Charges for other matters**

We may charge you a fee for any other services you request from us. You should contact us for further details of any ancillary service charges.

We may also charge you other fees, charges and amounts where we are entitled to do so under the Act.



## **5 What can I do if I am unable to pay my account?**

### **5.1 Payment difficulties and account relief**

If you are experiencing financial hardship you should contact us and we will provide you with information about schemes available to assist you. All reasonable effort will be taken by us to provide assistance to you.

If you are experiencing financial hardship, you have a right to:

- x Be treated sensitively on a case by case basis, by us
- x Receive information from us on alternative payment arrangements
- x A deferral of payment for a short period of time
- x Negotiate an amount you can afford to pay us on an agreed instalment plan. If you are a non-residential customer these arrangements will be based on reasonable commercial considerations and market conditions
- x Access to a language interpreter, if required, at no cost to you

Additionally, if you are a residential customer experiencing financial hardship, you will be offered programs that may assist you including:

- x Information from us about an accredited welfare agency for payment assistance, such as payment assistance scheme vouchers
- x Information on appropriate government concessions
- x Access to a 'flexipay' card that allows payment of smaller, regular amounts, which may fit better with your income cycle. This payment option will be available from 1 July 2012
- x Other programs which may assist you, such as no interest loan schemes and water conservation programs.

If you enter into a payment plan arrangement with us, we will:

- x Enable you to make payments by instalments
- x Inform you of the period of the payment plan and the amount and frequency of each instalment
- x Provide for instalments to be calculated having regard for your consumption needs, your capacity to pay and the amount of any arrears you are required to pay
- x Provide you with procedures that are fair and reasonable for dealing with financial difficulty.

If you are experiencing financial hardship and have entered into, or are in the process of negotiating a payment arrangement with us and honour that arrangement, we will:

- x Not take any action to recover the debt and/or enforce the disconnection or restriction of the supply of water to your property
- x Waive interest on the overdue amount for the period of the arrangement

## **6 Restriction or disconnection of water and wastewater services**

### **6.1 Restriction or disconnection of supply for non-payment**

Please refer to clause 5.1 if you are unable to pay your account. We will make all reasonable efforts to help you pay your water account. However if you have not paid the account by the due date and have not made alternative payment arrangement with us, we may engage a debt recovery agency, take legal action, or restrict or disconnect your water supply in order to recover the debt.

You will face additional costs if we proceed to engage a debt recovery agency, take legal action, or disconnect or restrict your water supply.

Our Code of Practice and Procedure on Debt and Disconnection is available on our website at [www.hunterwater.com.au](http://www.hunterwater.com.au), by contacting us on 1300 657 657.

### **6.2 Notice of restriction or disconnection of supply of water**

If you fail to pay your account by the due date and your recent payment history is good (payment commitments have been consistently honoured and no additional debt recovery action had commenced on your account in the previous 12 months), we will send you a reminder notice.

The reminder notice will:

- x state that payment is due within seven days of issue;
- x advise you to contact us if you are having difficulty making payment;
- x provide you with alternative payment options available; and
- x advise you of your right to raise your concerns with the Energy and Water Ombudsman NSW if you are not satisfied with a decision made by us.

If you fail to comply with the reminder notice, or your recent payment history is poor, we will issue a final notice advising you that:

- x your account is significantly overdue
- x you must pay the account immediately otherwise we may engage a debt recovery agency, take legal action, or restrict or disconnect the supply of water to your property in order to recover the amount outstanding
- x you may incur additional costs relating to us engaging a debt recovery agency, taking legal action and/or disconnecting or restricting the supply in order to recover the amount outstanding
- x the supply of water to your property may be restricted or disconnected without further notice
- x you have the right to raise your concerns with the Energy and Water Ombudsman NSW if you are not satisfied with a decision made by us
- x you should contact us if you are having difficulty making payment and we will provide you with an explanation of alternative payment options including payment arrangements.

We may restrict or disconnect the supply of water to you if:

- x at least seven days have elapsed since we issued the final notice
- x attempts have been made by us or our debt recovery agency to make further contact with you about the non-payment by means of either a telephone call, mail or visit

- x you have agreed to alternate payment arrangements, but have failed to make the agreed payments.

We will advise you of when the restriction or disconnection will take place.

The notices referred to in this clause will be sent to you in the same manner in which accounts are sent to you under clause 4.4.3. If we intend to restrict or disconnect a known tenanted property notice will be sent to the property address as well as the postal address for the account before we restrict or disconnect supply.

If you receive an account for a new billing period that contains an overdue amount from a previous billing period, we may disconnect or restrict supply on the arrears after issuing you with the appropriate notices relating to the overdue amount as described in this section.

Information on our practices and procedures relating to customer hardship, debt, water flow restriction and disconnection are outlined in our Code of Practice and Procedure on Debt and Disconnection, which will be sent to you annually and is also available on our website.

### **6.3 Restriction or disconnection for other reasons**

We may also restrict or disconnect the supply of services to your property in the following circumstances:

- x if your water system or your wastewater system has not been authorised or does not comply with applicable codes, regulations and standards or our connection requirements;
- x you fail to rectify a defective water or wastewater system as if requested by us in accordance with clause 8.5 of this contract;
- x you breach this contract, the Act or other agreement with us, concerning the use or taking of water or the discharge of wastewater or stormwater, or access onto your property;
- x you discharge trade wastewater into our wastewater system without a trade waste agreement with us or do not comply with the conditions of the trade waste agreement;
- x if a serious health, environmental or operational risk is posed by the discharge of chemicals or other substances into our wastewater system;
- x if a serious health or environmental risk is posed by backflow of any substance from your water supply system into our water supply system;
- x if you have not correctly installed and maintained a backflow prevention device prior to being connected to our water system or have failed to provide a test report by the due date;
- x you use your recycled water in a manner inconsistent with its intended purpose or in a manner contrary to the information we provide about the safe use of recycled water;
- x where we are entitled or required to restrict or to discontinue supply by direction of the Minister or under an applicable law.

### **6.4 Restriction and debt recovery or legal action**

We will not restrict your water supply or commence debt recovery or legal action:

- x without explaining alternative payment options

- x if there is an unresolved dispute as to the amount owing (for when a dispute is deemed to be resolved for this purpose please see clause 12.3)
- x if you are in proven financial hardship
- x if you have entered into a payment arrangement with us and are complying with the agreed terms
- x you have notified us that you have sought assistance from a welfare agency and that assistance is imminent.

We will not restrict your water supply:

- x if you need water for a life support machine or other special needs
- x on a Friday, weekend or on a public holiday or the day before, or after 2 pm on a weekday
- x without giving appropriate notice in accordance with clause 6.2 and 6.3 of our intention to restrict your water supply
- x Without advising the occupier that in some circumstances the Act permits a tenant to pay outstanding charges and deduct them from rents otherwise payable
- x Without providing the occupier reasonable opportunity to pay the account
- x If a related complaint is being considered for resolution by Hunter Water or EWON, or by legal proceedings.

## **6.5 Minimum flow rate during restriction**

If we restrict the supply of water to you, we will provide a reasonable flow for health and hygiene purposes. If you believe that the restriction will cause a health hazard you should contact us.

## **6.6 Disconnection by a customer**

You may disconnect your property from our water system or wastewater system provided that:

- x you have complied with all applicable health, environmental and local council regulatory requirements;
- x you have given us all information we may reasonably require;
- x you or your contractor have given us two business days notice of the disconnection from either system, paid the relevant fees, booked an inspection of the work and returned any of our property to us (i.e. the water meter); and
- x the disconnection is undertaken by a licensed plumber or drainer and conducted in accordance with plumbing, drainage or other regulations or standards that apply.

We will continue to charge you a water and/or wastewater service availability charge, even if you are not using the service, until the disconnection(s) from supply have been confirmed and/or any of our property is returned to us.

## **6.7 Restoration of services after restriction or disconnection**

When the reason for the disconnection or restriction of water and/or wastewater services no longer exists or if there is mutual agreement to restore supply, we will restore:

- x your water supply on the same day, if you pay or we agree to other arrangements before 2pm on any business day;
- x your water supply on the next business day if you pay or we agree to other arrangements after 2pm;
- x your wastewater service within 24 hours if you pay or we agree to other arrangements.

You will be required to pay a reconnection fee for the water supply and/or wastewater services to be restored to your property. When the conditions for restoration are met after 2 pm, we may restore water supply on the same day but you will be required to pay an after-hours reconnection fee. The standard and the after-hours reconnection fees will be in accordance with those set by IPART.

## **7 Redress**

### **7.1 Notification**

If you notify us of a failure by us to comply with this contract or our activities result in inconvenience, damage or loss to you or your property we will investigate the matter and promptly advise you of:

- x your right to a rebate under clause 7.2;
- x redress options available under clause 7.3;
- x how we may rectify your problem; and
- x how to seek compensation from us under clause 7.4.

### **7.2 Rebates**

We will provide a rebate to you, for an occurrence of the following:

#### **Unplanned service interruptions**

When you experience an unplanned water service interruption for over five hours between 5:00am and 11:00pm due to a failure of our water system, you are entitled to an automatic rebate of 15 kilolitres to be applied to the water usage component of your next bill. You will receive this rebate for the first and second event that you experience in a financial year.

Where you experience three or more unplanned water interruptions between 5:00am and 11:00pm in a financial year, each exceeding one hour in duration, due to a failure of our water system, you are entitled to an automatic rebate of 15 kilolitres to be applied to the water usage component of your next bill.

If you experience one or more unplanned interruptions according to the above conditions between 11:00pm and 5:00am and provide details of the inconvenience this caused, you will be eligible for the above rebate. We encourage you to contact us on 1300 657 000 to claim this rebate.

#### **Planned service interruptions**

Where you experience three or more planned water interruptions in a financial year, each exceeding five hours in duration, you are entitled to an automatic rebate of 15 kilolitres to be applied to the water usage component of your next bill.

#### **Low water pressure**

Where your water pressure is below 15 metres head at the point of connection to our water system for more than 30 minutes on more than five occasions in a financial year due to a failure of our water supply system, you have reported the problem by calling 1300 657 000, and we have confirmed each event, all properties known to be affected are entitled to a rebate of 15 kilolitres to be applied to the water usage component of your next bill.

#### **Wastewater overflows**

If you report and we confirm a one-off dry-weather wastewater overflow on your property due to a failure of our wastewater system (not including shaft breaks), you are entitled to an automatic rebate of 30 kilolitres to be applied to the water usage component of your next bill.

If you experience three or more dry weather wastewater overflows on your property in a financial year due to a failure of our wastewater system (not including shaft breaks), you

are entitled to an automatic rebate of 120 kilolitres to be applied to the water usage component of your next bill.

### **Dirty Water**

If you are not provided with clean water suitable for normal domestic purposes, you should contact us on 1300 657 000.

We may provide compensation for damage caused by dirty water (see clause 7.4) and we may refund you the cost of water used to flush your water system.

We will undertake an investigation of recurrent dirty water problems to derive a long term solution.

### **Boil Water Alert**

If NSW Health issues a 'boil water alert' due to contamination of drinking water caused by us, you are entitled to a rebate of 15 kilolitres to be applied to the water usage component of your next bill, if your property is within the declared alert area.

We will pay the rebate in your next account where possible.

## **7.3 Forms of redress**

In addition to our obligation to pay a rebate under clause 7.2, we may provide one or more of the following forms of redress:

- x reinstatement;
- x repair;
- x rectification;
- x construction of works;
- x providing alternative supplies of water;
- x emergency accommodation;
- x payment for damages as set out in clause 7.4.

If you are unsatisfied with the form of redress we provide you, you may request additional redress from us. We will consider your request in accordance with the timeframes in clause 12.1 as if your request were a complaint.

## **7.4 Claim for damages**

In the event of physical loss or damage to you or your property as a result of our activities or our failure to comply with this contract, the Operating Licence or Act, we may compensate you for any loss suffered, following our investigation of the matter.

You should make your initial claim to your insurance company. If your loss is not covered by an insurance policy you may notify us for consideration.

If you make a claim for damages you must specify the nature of the problem and the type of compensation sought. We may also request for you relevant documentation and evidence in support of your claim for damages.

We will attempt to advise you within five working days of receiving your claim of:

- x how we or our insurers will investigate the claim;
- x a proposed response time for a representative of us or our insurers to visit your property (if required) and to make a decision;

- x the name and contact details of the representative of our insurers or us who is able to advise you of the progress of your claim.

You will be provided with a written assessment of your claim, within the time indicated. This will outline the reasons for the decision and the type of compensation to be provided, if any.

If you are not satisfied with our decision, you have the right to seek review of your claim under clause 12.2 or you may seek an external review under clause 12.4.

## **7.5 Limitation of liability**

The only promises we make about the goods and services we provide under this contract, and the only conditions and warranties included in this contract are:

- x those set out in this document; and
- x those that the law (for example, the *Trade Practices Act 1974*) say are included.

However, where we are liable to you because of a breach of a condition or warranty that the law says is included in this contract, our liability is to the extent permitted by law, limited to:

- x replacing the goods and services to which the breach relates; or
- x at our option, paying you the cost of replacing those goods, or having the services supplied again.

The limitation of our liability does not affect rights you have under a law that applies to us that says we cannot exclude or limit our liability.



## **8 Responsibilities for maintenance and repair**

### **8.1 Your water system**

If you are a property owner, you own and are responsible for maintaining and repairing all of the pipes and fittings between our water system and the buildings and/or taps on your property. This is referred to as your water system. (See *diagram in Section 15 – Definitions and interpretation*)

As a property owner, you are responsible for any damage caused by a failure of your water system.

We will maintain and repair the water system up to and including the water meter unless the water meter is more than one metre along the pipe inside your property, in which case we will provide this service up to one metre along the pipe inside the property boundary.

If there is no water meter, we will maintain and repair the water system up to one metre along the pipe within your property boundary closest to our water main. Your property includes any easement within which your meter or private service may be situated.

We do not maintain or repair:

- x main to meter services greater than 40 millimetres diameter and/or that are designed and installed to meet a customer's supply requirements
- x illegal services and water services installed contrary to appropriate codes, regulations and standards or our connection requirements
- x dedicated fire services or combined fire and domestic water services connected to our water mains
- x backflow prevention devices
- x water services connecting to privately-owned water mains such as in some Community Title subdivisions or shared private services
- x private water services connecting to our water mains under the terms of a 'Non-standard Agreement'
- x faults resulting from wilful or negligent damage.

You are also responsible for rectification and repairing any illegal services installed contrary to appropriate codes, regulations and standards or our connection requirements.

We will also not meet the costs of installing new private services or modifying, upsizing or relocating existing private systems.

We are not responsible for:

- x installing, modification, disconnection or disposal of water connections between our water main and the meter, and
- x installing, maintaining, repairing or annual testing of backflow prevention containment devices on properties, except where the device is integrated into the water meter supplied and owned by Hunter Water.

Please contract Hunter Water on 1300 657 657 if you have any questions about the repair and maintenance responsibilities for your water system.

## **8.2 Your wastewater system**

You are responsible for maintaining and repairing all wastewater pipes and fittings within your property up to and including the point of connection with our wastewater system. This is referred to as your wastewater system. (*See diagrams in clause 15 – Definitions and interpretation*)

It is possible that the point of connection with our wastewater system is outside your property. If you do not know where the point of connection is, you should contact us on 1300 657 657.

We do not maintain or repair:

- x wastewater services connecting to privately owned wastewater mains such as in some Community Title subdivisions or shared private services;
- x Private wastewater services connecting to our wastewater system under the terms of a 'Non-standard Agreement'.
- x faults caused by wilful or negligent damage.

You are also responsible for rectification and repairing any illegal services installed contrary to appropriate codes, regulations and standards or our connection requirements.

We will also not meet the costs of installing new private services or modifying, upsizing or relocating existing private services.

Please contact Hunter Water on 1300 657 657 if you have any questions about the repair and maintenance responsibilities for your wastewater system.

## **8.3 Pressure wastewater system connections**

If your property requires a pressure wastewater system, you may be connected to either a common effluent pumping (CEP) system or a low pressure sewer system (LPSS), also known as a grinder system.

If you are connected to a pressure wastewater system, we will repair and maintain up to and including the connection valve, however repair and maintenance responsibilities may vary between the different systems listed above and whether the pump and tank were installed by the property owner or Hunter Water. We encourage you to contact Hunter Water on 1300 657 657 to confirm your system maintenance responsibilities.

Please also refer to Figure 2 in the Definitions and Interpretations section at the back of this Contract for clarification.

You are also responsible for any local government authority on-site permit or inspection fees relating to the tank and system.

## **8.4 Non-standard wastewater system connections**

If your property has a non-standard wastewater system connection we will repair and maintain the system up to the point of connection with our sewer main, which may be outside the property boundary.

If you are connected to a non-standard wastewater system you will hold a non-standard agreement with us, which will detail yours and our maintenance responsibilities.

If you have questions about your non-standard wastewater system connection, you are encouraged to contact Hunter Water on 1300 657 657.

## **8.5 Private joint water systems or private joint wastewater systems**

If you share a private joint water system or a private joint wastewater system you are responsible for the cost of its maintenance. The apportionment of costs incurred in its maintenance is a matter between you and others who share it.

## **8.6 Stormwater connections, coverings and bridges**

You are responsible for the maintenance of any connections between your property and our stormwater channel, pipe or culvert, regardless of land ownership.

We are not responsible for the maintenance of any coverings, bridges or similar structures within your property that cover or cross our stormwater channels, pipes or culverts unless they are owned by us.

## **8.7 Conserving water**

You may install water efficient plumbing fixtures, appliances and equipment as recommended under the Water Efficiency and Labelling and Standards Scheme.

You may install water saving devices, for example:

- x that collects and uses rainwater for your own use. Provided that the water tanks are not directly connected to our water system in any way, you do not need to meet any of our requirements. However, if the water tank is to be directly connected to our water system, you will be required to install the appropriate backflow prevention device as specified in Australian Standard 3500. This is to avoid the risk of backflow contamination of our drinking water supply.
- x a composting toilet that does not require connection to our water system or our wastewater system.

For non-residential properties, where rainwater tanks with a volume exceeding 20,000 litres are installed to supply plumbing facilities connected to our wastewater system (for example, where rainwater is used for toilet flushing, laundry supply, floor wash down etc), we may require wastewater discharge to be metered or may impose an additional discharge factor as set out in clause 4.8.2.

Health, environmental and local council requirements must be complied with when installing water saving devices and approval may be required from your local council. If you need to obtain details of our requirements, you should contact us on 1300 657 657.

On request, we will provide you information on how to conserve water. You can also refer to our website at [www.hunterwater.com.au](http://www.hunterwater.com.au) for information and resources on conserving water.

## **8.8 Defective or unauthorised work**

If we become aware that any part of your water, wastewater, recycled water or stormwater system is defective or unauthorised and impacts or poses a risk to the operation of our water, wastewater or stormwater system, we will request the defect to be fixed within a reasonable time.

If you do not comply with the notice, we may restrict your water or recycled water supply or disconnect your wastewater connection until it is fixed. We may also remedy the defective or unauthorised work and you will be charged the reasonable costs incurred by us in undertaking this work.

If you are experiencing financial hardship and are unable to pay for such work, you should contact us and we will provide you with information about schemes available to assist you. All reasonable effort will be taken by us to provide assistance to you.

## **8.9 Giving notice of system failures**

You should inform us if you become aware of any failure of our water system, wastewater system or stormwater system. If you notify us of an interruption to your supply or a burst or leak in our system, a disruption to the wastewater drainage from your property or an overflow or leakage from our system, we will ensure that the problem is attended to as soon as practicable.

## **8.10 Building landscaping and other construction work**

You must not undertake building, landscaping or other construction work that is over, or adjacent to, our water, wastewater or stormwater system and which may damage, interfere with or obstruct access to our systems without first obtaining our consent.

Approvals for building, landscaping or other construction work that involves building over, or adjacent to, our systems are to be requested from us in advance of any activity being undertaken on the property.

Conditions may apply to any approval for building, landscaping or other construction work that is over, or adjacent to, our water, wastewater or stormwater systems.

Failure to obtain approval or comply with the conditions of an approval will limit our obligation to reinstate building, landscaping or other construction or liability for compensation (see clause 9.4) as a result of our need to access our systems.

Properties with an existing water service must be metered during the building period. The meter must be accessible (as described in clause 10.4) at all times.

## **8.11 Connections to services**

Connections to our water, wastewater or stormwater systems are to be made using the services of a Hunter Water accredited installer or licensed plumber and in accordance with Hunter Water's published 'Connection Requirements' and any other plumbing and drainage regulations, codes and standards that may apply.

## **8.12 Altering and unauthorised connection or use**

You must not:

- x wrongfully take, use or divert any water supplied by us; or
- x wrongfully interfere with the operation of a meter or prevent a meter from registering the quantity of water supplied by us; or
- x wrongfully discharge any substance into a system owned by us.

You must obtain our consent before carrying out any activity that may alter, cause destruction of, damage to, or interference with, our water, wastewater, or stormwater systems.

## **8.13 Removal of trees**

If a tree on your property is obstructing or damaging our water system, wastewater system, or our stormwater system, or is reasonably likely to do so, we may require the removal of the tree at your cost.

We will give you 14 days notice in writing requiring you to remove the tree. You may with our consent and at your cost, take steps to eliminate the cause of damage or interference to our water system, wastewater system, or stormwater system, without removing the tree.

We may reimburse you for reasonable expenses incurred in removing the tree if:

- x you could not have reasonably known that the planting of the tree would result in the damage or interference; or
- x an easement did not exist in favour of our system when the tree was planted.

If you fail to comply with the notice to remove the tree, by the specified date, then we may remove the tree and recover the costs of removal from you.

We cannot require a tree to be removed that is the subject of a protection or conservation order under the *Heritage Act 1977*, or the *National Parks and Wildlife Act 1974*, local council regulation or any applicable law.

## **9 Entry onto a customer's property for maintenance**

### **9.1 Access to Hunter Water's system**

You must ensure that we have safe access to your property, to:

- x maintain our water, wastewater, or stormwater systems
- x to ensure that this Customer Contract, the Operating Licence or the Act is being complied with
- x for other purposes set out in the Act or other applicable laws
- x to read a meter.

### **9.2 Identification**

When we enter your property, our employees or contractors will carry identification that will be shown to you (or to any person present at the time of access).

### **9.3 Notice of access**

We will give you, or the occupier of your property, two days written notice specifying the date, and approximate time of our entry onto your property, unless you agree to a shorter notice period.

We will not give you written notice in cases where:

- x In our opinion entry is required urgently
- x the purpose is to read, fit exchange or maintain a meter
- x giving notice would defeat the purposes of entry
- x we intend to conduct a water restriction investigation on your property
- x we conduct a general property inspection such as meter, plumbing or a backflow device or trade wastewater inspection
- x to assess the operation or condition of our systems where that inspection is not intrusive.

### **9.4 Impact on customer's property**

If we enter your property we will ensure that we:

- x cause as little disruption or inconvenience as possible;
- x remove all rubbish and equipment we have brought on to the property;
- x if our activities result in inconvenience, damage or loss to you or your property, we may provide redress as outlined in Section 7.)

You may be entitled to compensation under the Act for damage incurred by our entry to your property. Any entitlement to compensation will be subject to the conditions set out in clause 8.10.

## **10 Water meter reading, installation, testing and maintenance**

### **10.1 Measuring water supplied**

Unless we otherwise agree, a meter will measure the quantity of water that we supply you. You will be charged for the quantity of water measured by the water meter, unless the meter is faulty and we are required to adjust what we charge you under clause 10.3.

If a meter is stopped or damaged, an estimated consumption will be calculated on a basis which is representative of your consumption pattern.

Where in our opinion no satisfactory basis exists to adjust a usage charge, we will negotiate with you a mutually agreeable adjustment of charges based on an estimated reading.

When the price for water or wastewater usage is varied on a date that falls within your meter reading period, we will apply the new price on a pro rata basis.

We will use our best endeavours to provide an actual meter reading at least once every 12 months, inclusive of meter readings taken by you on our behalf.

### **10.2 Water meter installation and maintenance**

We will supply you with a meter that complies with the relevant Australian Standard. You must not remove a water meter from your property without our consent.

We may require you to meter each individual property served by a single connection to our water system. Your plumber or designer should check our published requirements during the planning stage.

A backflow prevention device of a type approved by us may be required to be fitted to the outlet of the meter.

You are required to pay for the meter's installation and ensure that it is installed either by us or a licensed plumber. The installed meter remains our property and we will maintain it. We may charge you for the cost of replacement of the meter if it is wilfully or negligently damaged.

We may charge you an un-metered service charge, if there is no meter or other instrument measuring the supply of water to your property.

We may require that you fit a meter to your fire service. This will be a requirement under your building approval with us.

### **10.3 Meter testing**

If you consider that the meter is not accurately recording water passing through it, you may request that we test it. We will advise you of the meter test results and make available a written report on your request.

You will be required to pay the costs of the meter test prior to the test proceeding. This cost will be refunded if the meter is shown to be inaccurate.

If the test shows that the meter is over recording by over four per cent of the actual volume of water passing through it, we will:

- x Replace the meter;
- x refund any charge paid by you for the test; and
- x recalculate your account on a basis that is representative of your consumption pattern.

## **10.4 Access to the water meter**

We may enter your property without notice for the purposes of reading, testing, inspecting, maintaining, and replacing the meter.

You must ensure that the meter is reasonably accessible to Hunter Water or its representatives for meter reading and meter maintenance purposes. The meter and the visible pipe connected should be clear of concrete, plants, trees bushes and other obstructions.

If you have not provided reasonable and safe access to your meter, we will bill you on an estimate of your usage and will also recover the cost of the attempted meter reading.

If you have not provided reasonable and safe access to the meter for a reading on two or more occasions, we will:

- x relocate the meter; or
- x seek access at a time suitable to you, which will incur an additional fee; or
- x ask you to read the meter on our behalf; or
- x make other arrangements with you.

If you cannot provide reasonable access for reading the meter on an ongoing basis and we cannot come to a mutually acceptable solution, we may treat your property as un-metered and may impose an imputed service and usage charge. The imposition of imputed charges does not affect our right to address meter access issues at any subsequent time.

If you intend to relocate your meter, you should engage a licensed plumber at your cost. Your plumber should check our published connection requirements before relocating the meter.

## **10.5 Meter replacement**

We will replace the meter at no cost to you if the meter:

- x is found to be defective; or
- x if it can no longer be reasonably maintained; or
- x is replaced as part of a meter replacement program.

If we incur additional costs to replace the meter because of actions by you (e.g. restricted access to the meter, structural work at or near the meter), we will recover those additional costs from you.

We will use our best endeavours to notify you at the time of replacement and advise you that a new meter has been installed. A mutually acceptable time will be



negotiated with non-residential customers for the replacement of meters, where practicable.

## **11 Who can I speak to if I have any questions or want to make enquiries?**

### **11.1 General enquiries**

If you have an enquiry relating to an account, payment options concession entitlements or other information about our services, we would encourage you to contact us as follows:

- x by telephone between 8.00am and 5.00pm Monday to Friday on 1300 657 657
- x by writing to us at PO Box 5171, Hunter Region Mail Centre NSW 2310
- x by using the enquiries email link on our website at [www.hunterwater.com.au](http://www.hunterwater.com.au)

If we cannot resolve your enquiry immediately, we will respond to your request within three working days.

Our response will provide an explanation and the name of the contact person for follow up enquiries if you are not satisfied.

If your complaint cannot be resolved within these timeframes, our response will advise you of the name and contact number of the person who will investigate your enquiry further.

### **11.2 Emergency assistance**

In the event of a leak, burst water main near your property a wastewater overflow, an unplanned interruption to supply, or a water quality or water pressure problem, we provide a 24 hour emergency telephone service on 1300 657 000. The emergency phone number is also listed on your account and in the telephone directory.

### **11.3 Interpreter and TTY services**

We provide an interpreter service for people from non-English speaking backgrounds. Please call 131 450 to access these services.

Customers who are deaf or have a hearing or speech impairment can contact us through the National Relay Service (NRS):

- x TTY users phone 133 677 then ask for 1300 657 657
- x Speak and Listen (speech-to-speech relay) users phone 1300 555 727 then ask for 1300 657 657
- x Internet relay users connect to the NRS (see [www.relayservice.com.au](http://www.relayservice.com.au) for details) and then ask for 1300 657 657

## **12 What can I do if I am unhappy with the service provided by Hunter Water?**

### **12.1 Customer complaints**

If you have a complaint about our service or our compliance with this contract, the Act or Operating Licence you should contact us on 1300 657 657. You can also email us at [enquiries@hunterwater.com.au](mailto:enquiries@hunterwater.com.au), or write to us at Hunter Water, PO Box 5171 HRMC NSW 2310. If we cannot resolve your complaint immediately, we will use our best endeavours to respond and resolved your complaint within three working days.

Our response will provide reasons for our decision and the name of the contact person for follow up enquiries if you are not satisfied.

If your complaint cannot be resolved within these timeframes, our response will advise you of the name and contact number of the person who will investigate your matter further.

We will provide you with information on our internal and external complaints handling processes in a pamphlet with your bill at least once a year.

### **12.2 Complaints review**

If you are not satisfied with the solution offered or action taken by us, you may have the complaint reviewed by a manager.

The manager will:

- x clarify your complaint and the outcome sought;
- x ensure that the matter has been properly investigated;
- x advise you of the estimated timeframe for our proposed action;
- x communicate to you our final decision;
- x outline the relevant facts and regulatory requirements where appropriate;
- x indicate what we will do to address the issue;
- x notify you of your rights to external review, if you are still not satisfied with our decision.

### **12.3 When a dispute is considered resolved**

Hunter Water is committed to resolving any concerns you may have with the service we provide you to a level you deem satisfactory and in a timely manner.

A dispute will be considered finalised when:

- x we provide you with a substantive response that:
  - a. resolves the dispute to your satisfaction or indicates how the dispute will be resolved to your satisfaction; or

- b. provides an explanation of the relevant policy and/or regulatory requirements and why no further action is proposed in relation to the dispute; or
  - c. provides a date when the issue will be resolved if the complaint relates to future planned operational or capital work;
- x The dispute is resolved through an external dispute process in accordance with clause 12.4; or
- x 28 working days have passed since receiving our response pursuant to clause 12.1 or 12.2 and you have not sought a further review by us or lodged a claim in an external dispute resolution forum.

We will extend the 28 working days by a reasonable period if:

- x within those 28 days you have requested an extension; or
- x after the 28 days you demonstrate that, because of special circumstances, you were unable to seek an extension within the 28 days.

## **12.4 External dispute resolution**

You have the right to seek external resolution of a dispute that has not been resolved by us to your satisfaction.

### **12.4.1 The Energy and Water Ombudsman New South Wales**

You have the right to refer a complaint or dispute arising under this contract to the Energy and Water Ombudsman NSW (EWON).

EWON is an independent dispute resolution body that can investigate and resolve many disputes you have with us under this contract.

Full details on EWON's services are available on the EWON website ([www.ewon.com.au](http://www.ewon.com.au)) or by calling EWON on 1800 246 545.

EWON's services are available to you at no cost.

You may choose whether or not to accept EWON's decision. If you decide to accept it, then it will be final and binding on us.

### **12.4.2 The Consumer, Trader and Tenancy Tribunal**

The Consumer, Trader and Tenancy Tribunal may hear and determine consumer claims relating to services supplied by us under this contract.

### **12.4.3 Other legal avenues**

You may also seek legal advice.

## **13 Consultation, information and privacy**

### **13.1 Involving customers in service planning**

We have an established Consultative Forum to enable community involvement on issues relevant to our programs, services and decision-making processes.

The Consultative Forum Charter explains the role and functions of the Consultative Forum. The Charter is available on our website at [www.hunterwater.com.au](http://www.hunterwater.com.au), or you may contact us on 1300 657 657 to obtain a copy.

### **13.2 Providing information**

We will respond in a timely and open manner to requests for information consistent with normal commercial practices and the *Government Information (Public Access) Act 2009*.

### **13.3 Privacy**

We will treat your personal information according to the provisions of the *NSW Privacy and Personal Information Act 1998*.

To the extent permitted by law, we may exchange information about your creditworthiness, credit standing, credit history or credit capacity with credit reporting agencies, other credit providers, other suppliers, or our agents, contractors and franchisees.

We may also confirm your eligibility for bill concessions and exemptions (for example, pensioner rebates) with relevant government agencies administering concession eligibility.

## **14 When does my Customer Contract with Hunter Water terminate?**

### **14.1 Termination of this contract**

This contract will terminate between us and you if you cease to be covered by this contract as described in clause 2.2.

The termination of this contract does not affect any rights or obligations of you or us that accrue prior to termination.

If this contract, or part of the contract, terminates because you, the account holder have requested that some or all of the services that we provide to your premises be transferred to a supplier licensed under the *Water Industry Competition Act 2006*, we will comply with the Transfer Code of Conduct established under that Act to affect the transfer.

### **14.2 Variation of this contract**

We may also vary this contract as permitted by the Act.

Variations to this contract will be available on our website, and from our offices for access or collection free of charge.

Section 38 of the Act provides that a variation of the Customer Contract must be published in a daily newspaper circulating in the Area of Operation at least six months before the variation becomes effective, or a shorter period of notice approved by the Minister. A copy of the notice must also be given to the customer. This requirement to give notice of variations to the terms of the contract, does not apply to variations in charges and fees made in accordance with a determination of IPART.

## 15 Definitions and interpretation

### 15.1 Definitions

<b>Account holder</b>	is taken to have the same meaning as “owner” as defined by the <i>Hunter Water Act 1991</i> .
<b>Act</b>	means the <i>Hunter Water Act 1991</i> and any regulations in force under it.
<b>Alternative water supply</b>	Is drinking quality water that may be available during a supply interruption. Supplies may be in the form of bottled drinking water or a road tanker from which water can be collected.
<b>Area of operation</b>	is the areas of operations specified in section 16 of the Act, and described in Schedule 1 of the Operating Licence.
<b>Availability charge</b>	is a charge for service availability, rather than use of our wastewater or water service, where the land concerned is connected to the wastewater or water service.
<b>Backflow prevention Containment device</b>	means a device to prevent the reverse flow of water from potentially polluted source, into the drinking water supply system.
<b>Billing cycle</b>	means billing periods each of four months commencing on 1 July, 1 November, and 1 March each year.
<b>Charges</b>	includes any charge or fee payable under this Customer Contract or other contract made between Hunter Water and a customer for the provision of water supply, wastewater or drainage services.
<b>Charging period</b>	is any period for which your account was calculated.
<b>Complaint/dispute</b>	means an expression of dissatisfaction made to an organisation, related to its products, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected. A complaint can be a written or verbal expression of dissatisfaction about an action, proposed action or failure to act by the water utility, its employees or contractors.
<b>Connection Requirements</b>	means Hunter Water Corporation’s published requirements for connection to its water, wastewater and stormwater systems. These requirements are intended to ensure that there is adequate capacity in the systems for customer connection and that Hunter Water’s systems are protected against potential problems that could arise from defective connections and defective customer systems.
<b>Connection valve</b>	is a valve installed by Hunter Water Corporation on the pressure sewer main or branch line. This valve is the point at which a property is connected to Hunter Water’s pressure system.
<b>Consultative Forum</b>	means a panel of community representatives that meets regularly with Hunter Water to enable community involvement in matters relevant to the performance of Hunter Water Corporation. Requirements in relation to the Consultative Forum are set out in clause 5.4 of the Operating Licence.
<b>Customer</b>	is defined in clause 2.2 of this contract.

<b>Defective and unauthorised work</b>	<p>means any water, recycled water, wastewater or stormwater service on your property that includes:</p> <ul style="list-style-type: none"> <li>- construction or use of a service that does not comply with current codes of practice, standards, legislation or regulations; and/or</li> <li>- a blockage or leakage from, or into, the service.</li> </ul>
<b>Disconnection</b>	means the stopping (either temporarily or permanently) of our supply of services to your property.
<b>Drainage area</b>	means a declared stormwater drainage area in accordance with section 46 of the Hunter Water Act 1991.
<b>Drinking water</b>	means water that is intended for human use and consumption and free of harmful chemicals and disease-causing organisms.
<b>Drought</b>	includes a prolonged period of low rainfall resulting in an actual or potential water shortage.
<b>Dry weather wastewater overflow</b>	means an overflow resulting from a blockage in the wastewater pipe network (e.g. caused by tree root invasion or pipe collapse), a pumping station electrical or mechanical failure or other system problem not related to transporting excess wastewater flows during wet weather.
<b>Enquiry</b>	means a written or verbal question by or on behalf of a customer which can be satisfied by providing information, advice, assistance, clarification, explanation or referral to an external body.
<b>Financial hardship</b>	means situations where a customer desires to pay an account, but is unable to pay all or some of the account or is unable to pay by the due date.
<b>Low water pressure</b>	is water pressure of less than 20 metres head for a continuous period of 30 minutes or more measured at the point of connection of the property to the water supply. A property is not considered to have experienced low water pressure if it is caused by a planned or unplanned water interruption; water usage by fire authorities in the case of a fire; or temporary and short term operational problems (including breaks in a main or failure in a pump).
<b>Maintenance</b>	includes repairs and replacement, and where relevant testing and inspection.
<b>Meter</b>	is the device used to measure the water use on the property. This includes any remote reading equipment and associated wiring, power, plumbing and servicing equipment.
<b>Non-residential customer</b>	is a customer who is not a residential customer as defined in this section and includes customers who own or occupy properties providing commercial residential services (for example, boarding houses, caravan parks, hotels, hostels, mobile home villages and motels).



<b>Non-standard agreement</b>	are agreements for non-standard water and wastewater connections are required when a property does not have direct frontage to a water or sewer main. Non-standard water connections may also apply where customers connect directly to a trunk water main. Non-standard connections require the property owner to enter into a separate written agreement with Hunter Water.
<b>Operating Licence</b>	is the licence granted to us under section 12 of the Act.
<b>Our water service</b>	means the services we are permitted to provide by the Operating Licence and any applicable law in respect to storing and supplying water.
<b>Our water system</b>	includes the dams, tanks, pumping stations, water mains, pipes, treatment plants and other equipment which we must provide, manage, operate and maintain under the Act to store and supply water.
<b>Our wastewater service</b>	means the services we are permitted to provide by the Operating Licence and any applicable law in respect to <ul style="list-style-type: none"> <li>x providing wastewater services; and</li> <li>x disposing of wastewater.</li> </ul>
<b>Our wastewater system</b>	includes the pumping stations, wastewater mains, pipes, treatment plants and outfalls and other equipment which we must provide, manage, operate and maintain under the Act to provide wastewater services and disposal or reuse of wastewater.
<b>Owner</b>	a person who holds ownership title to the property, as defined by the <i>Hunter Water Act 1991</i> .
<b>Payment assistance arrangement</b>	means any of the types of assistance described in clause 5.2 of this contract.
<b>Personal information</b>	includes any information held by us that relates to the supply of services by us, where your individual identity is apparent or can be reasonably ascertained from the information.
<b>Point of connection (wastewater)</b>	<p>For gravity wastewater systems this is the end of the sewer pipe laid by Hunter Water to service the property when the sewer system was installed. Where the main is in the property to be connected, this is usually the junction on the wastewater main. Where the main is not in the property to be connected, this may be the end of a branch line (usually about 1.2 metres inside the boundary of the property to be connected).</p> <p>For pressure and vacuum wastewater systems this is the connection valve or inlet point to the main that feeds into the vacuum pot.</p>
<b>Planned interruption</b>	means an interruption to a water or wastewater service initiated by us to allow maintenance to be undertaken and for which notice has been given to you.
<b>Plumbing standards</b>	Include current codes of practice and standards, legislation and regulations applying to plumbing work and plumbing fittings and materials.

<b>Pressure sewer system</b>	means a system where wastewater is pumped to our wastewater system from collection tanks installed on your property and where these tanks and pumps are owned and maintained by you. Figure 2 illustrates a typical residential installation.
<b>Private joint wastewater service</b>	is where two or more properties share the same private wastewater pipes. Private joint wastewater services have one connection to the wastewater main. Customers with a private joint wastewater service share and own the service in common with each property owner sharing the service, and are jointly responsible for its condition.
<b>Private joint water service</b>	is where two or more properties share the same private water pipes. Private joint water services have one connection to the water main. Customers with a private joint water service share and own the service in common with each property owner sharing the service, and are jointly responsible for its condition.
<b>Property</b>	<p>means</p> <ul style="list-style-type: none"> <li>x an individual dwelling or premises used for any purpose; or</li> <li>x land, whether built or not (excluding public land); or</li> <li>x a lot in a strata plan that is registered under <i>the Strata Schemes (Freehold Development) Act 1973</i> or <i>the Strata Schemes (Leaseholder Development) Act 1986</i></li> </ul> <p>that is connected, or for which a connection is available, to Hunter Water's water supply system or wastewater system or within a declared drainage area.</p>
<b>Reasonable time</b>	<p>for the purposes of clause 8.8, means</p> <ul style="list-style-type: none"> <li>x a period of not less than 24 hours from notification by us where, in our opinion, the defect is reasonably likely to significantly impact on any of our systems or other customers, and</li> <li>x a period that, in our opinion, allows sufficient time for you to arrange and carry out the necessary rectification.</li> </ul>
<b>Recycled water</b>	is water that is derived from treated wastewater and is not suitable for drinking at the time of supply by us.
<b>Recycled water area</b>	is the geographical area occupied by a community or communities supplied with recycled water through a pipe network separate from the drinking water system.
<b>Residential customer</b>	<p>means a customer who owns or occupies residential property, being property:</p> <ul style="list-style-type: none"> <li>x that is the customer's principal place of residence; and/or</li> <li>x on land categorised as residential under <i>the Local Government Act 1993</i>.</li> </ul>

<b>Residential wastewater</b>	includes all liquids and any substances in them, which may be discharged into our wastewater system from a residential property, including discharges from toilets, hand basins, urinals, sinks, baths, showers, washing machines and similar items.
<b>Restriction</b>	means a direct intervention in the water supply system by Hunter Water in order to reduce flow to a customer's property.  <i>See separate and unrelated definition for "Water restrictions".</i>
<b>Service charge</b>	is a charge for being connected to the water and/or wastewater and/or stormwater drainage system.
<b>Stormwater harvesting</b>	means extraction and storage of stormwater from stormwater channels and pipes for non-potable water use. Stormwater harvesting systems and operations may require licences and approvals from regulatory agencies.
<b>Stormwater services</b>	means the services we are permitted to provide by the Operating Licence and any applicable law in respect to providing stormwater drainage systems.
<b>Stormwater systems</b>	means the stormwater drainage channels, pipes, detention structures, and stormwater quality improvement devices and other equipment that we must provide, manage, operate and maintain under the Act to provide stormwater services.  Hunter Water's stormwater systems are mostly the major open channels and pipe systems into which council pipe networks and street drainage systems discharge. Hunter Water's systems do not include street drainage or minor pipe networks provided by local councils.  Hunter Water does not operate any stormwater systems in the Dungog, Maitland and Port Stephens local government areas.
<b>Third party access</b>	means formal arrangements where a third party uses the services provided by monopoly water industry infrastructure (generally pipes, pumps and reservoirs) to transport water or wastewater between their customers and their treatment facilities (or another point at which water is inserted or wastewater extracted).
<b>Trade wastewater</b>	includes any liquid, and any substances contained in it, which may be discharged into our wastewater system from a non-residential property, and any vehicle transporting wastewater, including septic effluent and wastewater from ships and boats. Trade wastewater does not include sewage from residential premises connected to Hunter Water's wastewater. The term trade wastewater as used in this document includes run off from contaminated open areas.
<b>Unplanned interruption</b>	is an interruption that is caused by a fault in our water system or a fault that is our maintenance responsibility and no notice has been given to you.
<b>Wastewater</b>	means untreated or partially treated material contained within our wastewater system, consisting of discharges from residential or non-residential properties, or trade wastewater.
<b>Wastewater mining</b> (also known as sewer mining)	is the process of tapping into a wastewater pipe (either before or after the wastewater treatment plant) and extracting wastewater that is then treated and used as recycled water.

<b>Wastewater overflow</b>	a discharge of wastewater from our wastewater system. These overflows may occur in wet or dry weather.
<b>Wastewater usage discharge factor</b>	is a measure of the volume of wastewater discharged to the wastewater system expressed as a percentage of water delivered to the property via all Hunter Water drinking water meters.
<b>Water restriction(s)</b>	means a restriction by Hunter Water on the use of water in accordance with relevant conditions in the Operating Licence and the Hunter Water Regulation 2010.
<b>We, our or us</b>	means Hunter Water Corporation, established under the Act, including its officers, employees, agents and contractors.
<b>Your wastewater system</b>	is defined for the purposes of maintenance and repair only in clause 8.2 and your maintenance responsibilities as they apply to most typical household installations are illustrated in Figures 1 and 2 below.
<b>Your water system</b>	is defined for the purposes of maintenance and repair only in clause 8.1 and your maintenance responsibilities as they apply to most typical household installations are illustrated in Figure 3 below.
<b>You or your</b>	means our customer for the purpose of this contract.

Figure 1 - Standard wastewater system maintenance responsibilities

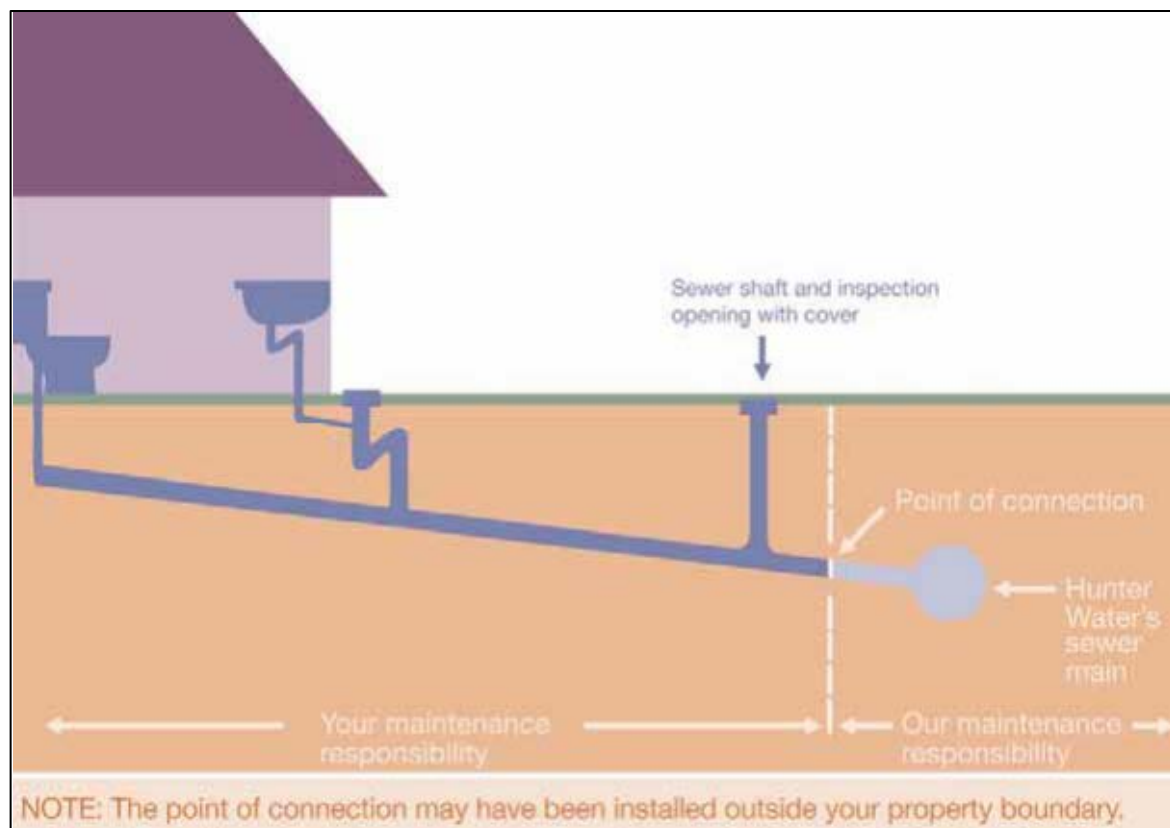


Figure 2 - Pressure wastewater system (CEP and LPSS) maintenance responsibilities

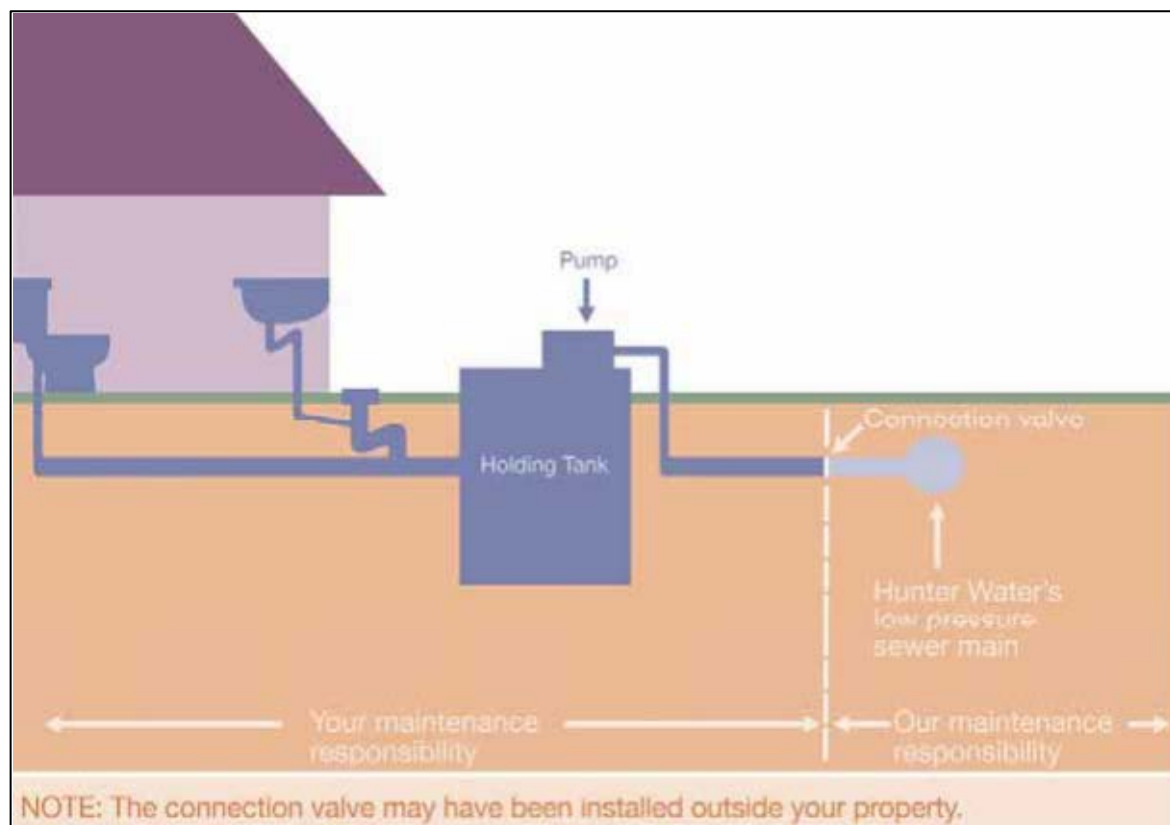
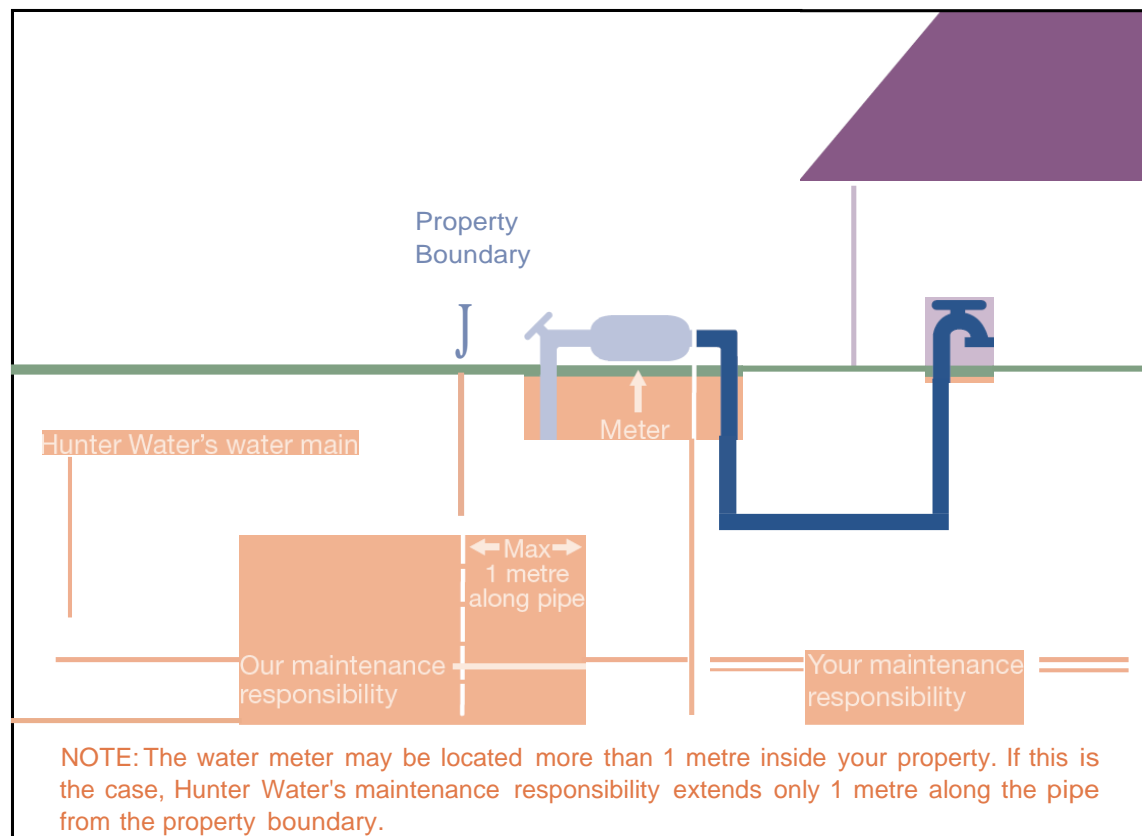


Figure 3- Water system maintenance responsibilities



## **15.2 Interpretation**

In this contract, the following interpretations apply:

- x A person includes an individual, a body corporate, an unincorporated body or other entity.
- x The law includes legislation, regulations, licences, orders, mandatory codes, permits and directions.
- x A working day is Monday to Friday, excluding New South Wales gazetted public holidays.
- x The singular includes the plural and vice versa.
- x If there is any inconsistency between this contract and any law, the law will prevail to the extent of the inconsistency.
- x The reference to document, instrument or law includes any amendments, revisions, renewals or reprints from time to time.
- x Where a word is defined, any other grammatical form of that word has a corresponding meaning.

