



Office
of Water



File ref: CW11/317

Mr James Cox PSM
Chief Executive Officer
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230

Dear Mr Cox

Jim

Thank you for your letter of 4 July 2011 concerning the review of Sydney Catchment Authority's price and operating licence.

The NSW Office of Water's submission is enclosed for your consideration. A draft submission was emailed to Mr Gary Drysdale on 21 October 2011. There are no changes between the draft and the final submission.

Should you have any further enquiries about this matter, I have arranged for Mr Salim Vhora, Manager Corporate Licensing, to assist you. Mr Vhora may be contacted at the NSW Office of Water's Penrith Office on telephone number (02) 4729 8128.

Yours sincerely


7.11.2011

David Harriss
Commissioner, NSW Office of Water

Review of Sydney Catchment Authority's Operating Licence

Submission from NSW Office of Water

Appendix 1 – NSW Office of Water Response to Questions raised by IPART in the Issues Paper (Operating Licence)

QUESTION	COMMENT
1. What is the level of support for the proposed adoption of a systems or framework standard approach to the operational areas in the licence? If low, is there support for the existing provisions or an alternative approach or amendment?	The NSW Office of Water supports adoption of a system or framework standard approach to the operational areas in the Operating Licence (OL).
2. What are the quantifiable and qualitative costs and/or benefits of the existing licence provisions?	N/A
3. What are the quantifiable and qualitative costs and/or benefits of the proposed adoption of systems or framework standard approach to operational areas in the licence?	N/A
4. Whether it is reasonable to reduce the scope of IPART's operating licence audits where suppliers are certified under third party arrangements such as ISO.	IPART being a regulator of the OL has the ultimate responsibility to assess SCA's performance and compliance with the requirements of the OL. Blanket exclusion of parts of the OL from auditing must be done carefully, rather the scope of the auditing should be such that services performed by ISO certified suppliers or NATA registered laboratories are generally excluded from detailed scrutiny but some oversight should be maintained.

QUESTION

5. Are there alternative approaches or amendment(s) to the operating licence? If so, are there examples and quantifiable and qualitative costs and/or benefits of these alternatives?

6. If there is support for the proposed adoption of a systems or framework standard approach to operational areas in the licence, which infrastructure management approach (PAS 55 or Aquamark) would be supported? Are there other approaches we should be considering?

7. Are there any other considerations we have failed to take into account in proposing to adopt a systems or framework standard approach to operational areas in the licence?

8. What other issues and changes should we consider in identifying improvements to the structure of SCA's operating licence to better meet the licensing objectives and principles?

9. Are the proposed reporting manual arrangements adequate to consolidate and coordinate reporting requirements under the operating licence?

COMMENT

No

The SCA has performed well in meeting its OL requirements. It seems to have its processes and procedures under control, of course there is always room for improvement but any decision to adopt a system or framework standard approach should be made after a proper cost benefit analysis.

No

Remove requirements that are effectively a requirement on IPART or a third party. These could be placed in information/background as a preamble to the OL.

Remove requirements that are not measurable, auditable and are impractical.

If the OL is an overarching instrument to assess SCA's overall performance and a basis for SCA's operational costs, IPART may want to consider extending/recognising SCA's responsibility downstream of the dams to the extent the dams affect the river flows and the environment.

In practical terms this will mean that the SCA water quality (WQ) report will include not only SCA's activities upstream but downstream of its dams and include river health monitoring. SCA currently does this

QUESTION

COMMENT

monitoring under the requirement of its Water Licence, and thus this is not an additional requirement. The requirement for monitoring will continue in the Water Licence, but a common report containing WQ/River health from upstream to down stream will provide a comprehensive picture of SCA's activities and provide all river health issues in one report.

10. What are the quantifiable and qualitative costs and/or benefits of the proposed amendments addressing the structure of the licence?

N/A

11. What alternative approach(es) or amendment(s) should be considered to address issues related to the structure of the licence? Please include a summary of the quantifiable and qualitative cost and/or benefits of any alternative approach or amendment.

NOW supports proposed licence structure improvements.

12. Is the licence the appropriate instrument to contain detailed arrangements for governing the water supply market? Is the operating licence the appropriate regulatory instrument to clarify, monitor and enforce SCA's role in the water supply market?

Yes

13. Is the scope of the review of the Cryptosporidium and Giardia monitoring program appropriate? Are there issues which should be added to the review for consideration?

N/A

14. Is the proposed timing of the review of the Cryptosporidium and Giardia monitoring program appropriate?

N/A

QUESTION

15. Are there other sources of publicly available reporting that provide information on catchment health for the Sydney drinking water catchment, other than the 3-year catchment audit?

16. Is this amount of information on catchment health sufficient? Are there components of catchment health which are not reported on publicly and should be? Please include a summary of the quantifiable and qualitative cost and/or benefits of any additional reporting requirements.

17. What customer-related obligations would be appropriate, given the balance required between regulatory burden on a small customer base compared with those receiving adequate customer protection? Please include a summary of the quantifiable and qualitative cost and/or benefits of the customer obligations.

18. Is there any value in retaining the specific water conservation obligations, rather than incorporating them into the environmental management system? Please include a summary of the quantifiable and qualitative cost and/or benefits of any recommended water conservation obligations.

COMMENT

State of Environment reporting provides information on catchment health as does the annual reporting by the Catchment Management Authorities.

Yes. The SCA is investing huge amounts of money each year on catchment activities, evaluation and monitoring and science and research. This investment is considered to be sufficient to build knowledge and implement catchment management actions to protect catchment health.

N/A

N/A

SCA Operating Licence Review – NOW Commentary on Conditions (Clause by Clause)

Clause	Title of Clause	Proposed Change
1	General Comment	IPART is proposing that reporting requirements and performance indicators be moved from the licence to a Reporting Manual to remove duplication and allow greater flexibility in reporting requirement. NOW supports this proposal.
3.5	Catchment and system management	This clause duplicates 3.7 requirements. Review and merge of 3.5 with 3.7 will streamline the audit and reporting of compliance with the drinking water guidelines. NOW supports this proposal.
3.6	Water quality monitoring and reporting	<p>IPART is recommending a review of the water monitoring program to explore whether there could be a greater emphasis on non-routine monitoring. NOW proposes to perform trend analysis using historical data and consultation with stakeholders before reducing monitoring frequency from routine to non routine in the sites that regularly show low risks to water quality from pollutants.</p> <p>Clauses 3.6.7 – 3.6.11 are reporting requirements. These provisions should be included in the reporting manual.</p>
3.7	Water quality planning	<p>IPART is considering modifying SCA's licence obligations related to managing drinking water quality to comply with the Australian Drinking Water Guidelines (ADWG) more similar to Sydney Water but acknowledging SCA's role as a water supplier. NOW supports the proposed changes.</p> <p>IPART is proposing to remove conditions relating to water quality standards, monitoring and reporting that duplicate the requirements set out in the ADWG. NOW supports the proposed change.</p>
3.8	Environmental water quality	Remove this requirement once NOW has included this requirement under SCA's work approvals under the Water Management Act.
4.1	SCA to manage and protect catchments	No change required.

5.1	Environmental Plan/Management	IPART proposes to replace requirements with EMS standard and transfer reporting conditions to the proposed reporting manual. NOW supports this following a detailed cost benefit analysis.
5.2	Catchment and Environmental Performance Indicators	5.2.2 and 5.2.3 should be moved to the reporting manual. NOW supports this amendment.
6.1	Management of Catchment Infrastructure Works	The Design Criteria from Schedule 2 of the 2000 Operating licence is still applicable and should remain in the Operating Licence as these determine the total available water over the longer term (including desalinated water). Effective supply/demand balance cannot be known without a clear understanding of the water supply system design criteria and the models that underpin the calculation of yield.
6.4	Water Conservation	No comments
7.2	Reporting on the management system of the Assets	No comments
8.3	Complaints	No comments
8.4	Consultation	No comments