

# Summary of submissions on draft 2024-2028 Sydney Water operating licence

Sydney Water operating licence review 2023-24

31 May 2024

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# 1 About this information paper

In this Information Paper, we have summarised the written submissions that we received from stakeholders on our draft recommendations for the 2024-2028 operating licence (new operating licence,) that we published for consultation in December 2023:

We received written feedback from the following stakeholders:

- Sydney Water
- the Department of Climate Change, Energy, the Environment, and Water (DCCEEW) on behalf of the NSW Government – including feedback from NSW Health and Fire and Rescue NSW (FRNSW)
- the Energy and Water Ombudsman NSW (EWON)
- the Public Interest Advocacy Centre (PIAC)
- Hunter Water
- 4 individual submissions
- 7 anonymous submissions.

We have also summarised verbal feedback that we received from the NSW Environment Protection Authority (EPA) and the Scotland Island Residents' Association at our public hearing in February 2024.

The feedback from these stakeholders have informed our final recommendations to the Minister for Water (Minister) for the Sydney Water operating licence.

The operating licence also includes a customer contract. We received feedback from Sydney Water on our draft recommendations for the 2024-2028 Customer Contract. We did not receive comments from any other stakeholders. We have not summarised Sydney Water's comments in this information paper. Instead, we have considered them in our recommendations for the Customer Contract explained in Appendix A of our Report to the Minister.

All information about our end-of-term review of the Sydney Water operating licence, including our draft and final recommendations, and the written submissions and a transcript of the verbal feedback we received at the public hearing on our draft recommendations are available on our [website](#).

The following symbols indicate the stakeholders' positions:



Support our draft recommendation or suggest minor amendments



Support our draft recommendation but propose alternative approach OR have a view on an issue where we did not make a draft recommendation



Disagree with our draft recommendation








Have not provided a view but did provide further information on an issue.

## 2 Licence context and authorisation

This chapter relates to draft recommendations 32-35 from our [Discussion Paper](#). Our final recommendations relate to parts 1 and 2 of the new operating licence and are discussed in chapter 8 of our Report to the Minister.

Table 1 Summary of submissions to our draft recommendations for licence context and authorisation

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>1 Include objectives in the operating licence that:</p> <ul style="list-style-type: none"> <li>are linked to Sydney Water's principal functions under the Act.</li> <li>provide clarity about Sydney Water's objective to supply or provide services in a way that does not prevent or hinder competition.</li> <li>reflect the social, economic and environmental objectives outlined in section 8 of the <i>State Owned Corporations Act 1989</i> (NSW).</li> <li>promote the sustainable supply of services with the long-term interests of the community in mind</li> <li>encourage Sydney Water to conduct its activities in a manner that considers the impacts of climate change and equity within</li> </ul>	<p> Sydney Water supports the recommendation but proposed retaining an existing clause on public health and the environment.</p>	<p>Nil</p>	<p> An anonymous submission considered that the recommended licence objective is focused on commercial viability and should be expanded to focus on sustainability.</p> <p>The submission considers that licence condition 1(1)(b) – which sets out the objectives of the licence – should be expanded to include the facilitation of open market competition consistent with the WIC Act. It also recommends that licence condition 1(1)(c)(ii) be amended so that "does not prevent or hinder competition" is replaced with "actively facilitates competition".</p>	<p><b>We recommend changes to the draft licence as follows.</b></p> <p>We recommend including the objectives proposed in the draft licence in the (final) recommended operating licence. We have also recommended additional licence objectives to expand the focus on protecting the environment, supporting the long-term interests of customers, consumers and the community and considering the impacts of climate change when Sydney Water undertakes activities authorised by the operating licence.</p> <p>We recommend retaining the current (2019-2024) licence objective to undertake activities in a manner that 'does not prevent or hinder competition' and do not propose raising the standard to expecting Sydney Water to actively facilitate competition. We consider that the objective to not hinder competition remains appropriate to prevent competition from being stifled and from one business controlling the market and using its control to exploit customers. We do not consider it appropriate for the licence to require Sydney Water to actively</p>







Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
and between generations in its activities.				encourage competition against its own business interests.
2 Prescribe a 4-year operating licence term.	 Sydney Water supports the recommendation. For future licences, it supports reverting to a standard term of 5 years.	Nil	Nil	<b>Our final recommendation remains unchanged from our draft recommendation.</b>
3 Retain the current licence condition requiring Sydney Water to set prices consistent with any relevant price determinations and include clarification that Sydney Water's prices can be below the set price.	 Sydney Water supports the recommendation, but notes it appears to be partly duplicative of section 4 of the <i>IPART Act 1992</i> (NSW) (IPART Act).	Nil	Nil	<b>Our final recommendation remains unchanged from our draft recommendation.</b>  We consider that there is benefit in including this requirement in the new operating licence so that it is auditable and enforceable. This benefit outweighs concerns about any partial duplication with the IPART Act.
4 Retain the current licence conditions imposing requirements or making clarifications about the following matters, with no material changes: <ul style="list-style-type: none"> <li>• requirements for Sydney Water to make copies of the operating licence publicly available</li> <li>• requirements for Sydney Water to provide services to customers, where there is a connection available</li> <li>• Sydney Water's responsibilities with regards to performance (compliance audits) and monitoring</li> </ul>	 Sydney Water supports the recommendations around operational audits, information provision and licence authorisation clauses around stormwater services.   Sydney Water does not support the recommendation to remove clause 1.4.2 regarding notice of licence amendments.	Nil	Nil	<b>Our final recommendation remains unchanged from our draft recommendation.</b>  The current licence states the Governor may amend the operating licence by publishing notice of the amendment in the NSW Government Gazette. We recommend retaining this licence condition in the new operating licence but clarifying that the Governor may publish such notices of amendments after following the procedural requirements in section 16(2) of the <i>Sydney Water Act 1994</i> (NSW) (the Act).  The current licence also states that the Minister must provide reasonable notice of a proposed amendment to allow Sydney Water time to comply with the amendment. As we proposed in the draft, we recommend removing this requirement as we consider that it is not necessary or appropriate in Sydney Water's operating licence. The provisions in section 16(2)


Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<ul style="list-style-type: none"> <li>• authorisations to Sydney Water under the operating licence</li> <li>• making amendments to the operating licence</li> <li>• non-exclusivity of the operating licence</li> <li>• end of term review of the operating licence</li> <li>• notices or communication to specified stakeholders required by the operating licence.</li> </ul>				<p>of the Act provide adequate notice of any amendments for Sydney Water, before the amendments will come into effect.</p> <p>The Act specifies that a proposed amendment will not take effect until the Minister has laid written notice of the proposed amendment and a copy of the proposed amendment before both Houses of Parliament. Further, 15 sitting days of each House of Parliament must have passed without a notice of motion to disallow the proposed amendment being given, or if a notice of motion to disallow the proposed amendment has been given, the motion has lapsed or been withdrawn or defeated. This usually takes around 3-4 months to complete. We consider that this process inherently provides the required notice to Sydney Water of the proposed changes.</p>

### 3 Water conservation and planning (including climate risk readiness)






This chapter relates to draft recommendations 7-14 from our Discussion Paper. Our final recommendations relate to Part 3 of the new operating licence and are discussed in chapters 2 and 3 of our Report to the Minister.




Table 2 Summary of submissions to our draft recommendations for water conservation and planning





Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>5 Include new operating licence conditions requiring Sydney Water to maintain and implement its 5-year water conservation plan.</p>	<p> Sydney Water supports IPART's draft recommendations for operating licence requirements to maintain, implement, review and publish the 5-year water conservation plan. However, Sydney Water states that the requirements for what must be included in the Water Conservation Plan should be retained in the Reporting Manual. Further, Sydney Water requests that its water conservation plan should be required to 'consider' the NSW Government Water Efficiency Framework and not be 'consistent' with it. Sydney Water states that the framework is a guideline and is not meant to be a prescriptive set of requirements.</p>	<p> The NSW Government supports including new operating licence requirements for the 5-year Water Conservation Plan.</p> <p>It seeks prescription about what should be included in the water conservation plan in the reporting manual, similar to what is in the 2022-2027 Hunter Water reporting manual.</p>	<p> PIAC supports the draft recommendations on the implementation of long-term planning.</p> <p> PIAC recommends that the operating licence should set efficiency and demand targets for water conservation. PIAC made a similar comment earlier in the review, in response to our Issues Paper. PIAC considers that efficiency and demand targets can track and encourage stronger water conservation efforts by Sydney Water.</p> <p> coNEXA considers that the operating licence should promote efficient levels of water conservation, including through the provision of these activities and services by parties other than Sydney Water.</p> <p> An anonymous submission</p>	<p><b>We recommend changes to the draft licence as follows.</b></p> <p>We recommend that the new operating licence should include some of the prescription in the current (2019-2024) reporting manual. This is to clarify the level of detail that Sydney Water should include in the plan about the water conservation programs and projects that it has considered, and those it has chosen to implement. We consider that it is appropriate for the minimum requirements for the water conservation plan to be contained in the operating licence and not in the subordinate reporting manual, consistent with other licence requirements. The operating licence requirements signal what the plan should contain at a minimum and allows us to monitor Sydney Water's compliance with the licence condition.</p> <p>We consider that it is appropriate that the licence requires Sydney Water's water conservation plan to be consistent with the NSW Government Water Efficiency Framework. It is a best practice framework that sets out the process for design, delivery, and review of water efficiency programs. The framework provides guiding principles and allows Sydney Water to tailor its considerations from emerging to best</p>






Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
	<p> Sydney Water requests that instead of requiring Sydney Water's Water Conservation Plan to be 'consistent' with the NSW Government Water Efficiency Framework, it should 'consider' the framework. Sydney Water considers that requiring consistency with the Framework will have unintended consequences and considers that the licence should be outcome focused. It states that the Framework is intended as a guide for NSW water utilities develop their water conservation plans and not a prescriptive set of requirements.</p>		<p>recommended requiring Sydney Water to minimise wastewater discharges under the water conservation plan.</p>	<p>practice. A mature water conservation plan should include definitive and measurable goals for optimising system performance and ensuring efficient water use, with timelines for implementation that are auditable. The Water Efficiency Framework does expect Sydney Water to consider partnership opportunities for delivering efficient water conservation options. Requiring consistency with the framework in the operating licence will require Sydney Water to consider options that could avoid or minimise the need for new water supplies, including those that minimise wastewater discharges. Therefore, we consider that it is not necessary to include additional prescription in the operating licence requiring Sydney Water to consider water conservation projects that can be delivered by third parties or prescriptive standards to minimise discharges.</p> <p>We do not recommend that the operating licence should specify water conservation targets. In the new operating licence, we recommend that Sydney Water should demonstrate how its chosen water conservation measures contributes to the water conservation goals in the Greater Sydney Water Strategy. We consider that this is adequate. The current economic method, based on economic level of water conservation, has a built-in cost-benefit analysis. Setting a conservation target that is either higher or lower than the economic level of water conservation-based target would result in a loss of net economic benefit compared to the economic level of water conservation target.</p> <p>Finally, we do not recommend that the operating licence should require Sydney Water to minimise wastewater discharges under the water conservation plan as this is already</p>








Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>6 Include new operating licence conditions requiring Sydney Water to:</p> <ul style="list-style-type: none"> <li>review and update the plan annually</li> <li>submit a copy of the updated plan to DPE and IPART and publish it on Sydney Water's website by 30 November every year</li> </ul>	<p> Sydney Water supports making the updated 5-year water conservation plan, following a review, publicly available. However, Sydney Water raised concerns that requiring it to also publish a report on the outcomes of the review could duplicate public reporting by DCCEEW on the monitoring, evaluation and reporting phase of the Greater Sydney Water Strategy. Sydney Water seeks to minimise duplication.</p>	<p> The NSW Government supports operating licence requirements to promote transparency and accountability.</p>	<p>Nil</p>	<p>regulated under Sydney Water's Environmental Protection Licences.</p> <p><b>Our final recommendation remains unchanged from our draft recommendation.</b> That is, we recommend that the new operating licence require Sydney Water to publish its report on the outcomes of the review of the water conservation plan. This comes at minimal extra cost, after the report has already been prepared, and provides benefits of transparency and accountability to the public.</p> <p>We understand from communication with DCCEEW us that the requirements to publish the report on the review of the water conservation plan will not duplicate the MER process or cause any conflicts.</p>
<p>7 Retain an economic approach to water conservation consistent with the NSW Government's Water Efficiency Framework which allows Sydney Water to also consider other social and environmental factors in identifying and deciding on water conservation programs and projects to implement.</p>	<p> Sydney Water Sydney Water supports retaining an economic approach to water conservation, with consideration of other factors that may not be captured by the calculation in the annual update of the water conservation plan. This will enable it to continue to deliver water savings through efficient and effective activities that its customers want.</p>	<p>Nil</p>	<p> PIAC supports requiring Sydney Water to use an economic approach to water conservation as a starting point, allowing it to also consider other social and environmental factors.</p> <p> An anonymous submission considered that the operating licence should require Sydney Water to take a full sustainability assessment approach to investment decisions, not only an economic approach. The submission considers the current economic approach</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p> <p>As discussed above, we recommend that Sydney Water should consider both economic and other factors when deciding which water conservation measures to implement, such as the strategic objectives of the Greater Sydney Water Strategy and which water conservation measures best help it meet the water conservation and efficiency goals of the Greater Sydney Water Strategy.</p>




Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
			allows conservation priorities to be determined solely on economic criteria and ignores Sydney Water's statutory objectives concerning ecologically sustainable development and social responsibility.	
<p>8 Retain operating licence conditions requiring Sydney Water to publish its current economic method as well as a plain English summary of the method.</p>	<p> Sydney Water supports requirements in the operating licence for it to publish its current economic method and plain English summary of the method.</p>	<p>Nil</p>	<p>Nil</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p>
<p>9 Include operating licence conditions requiring Sydney Water to update the economic level of water conservation using the current economic method but removing current requirements for Sydney Water to publish the economic level of water conservation on its website.</p>	<p> Sydney Water supports removing the requirement to publish this on its website to reduce administrative effort given the limited public interest in this information.</p>	<p>Nil</p>	<p> An anonymous submission disagreed with the recommendation to remove requirements for Sydney Water to publish the economic level of water conservation on its website. Removing the requirement does not appear to deliver benefits, makes it harder for the public to obtain important information, and has a negative impact on accountability and outcomes.</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We recommend that the new operating licence should require Sydney Water to update the economic level of water conservation using the current economic method, as we proposed in the draft operating licence. This will promote transparency and accountability to the community about the methodology and factors that Sydney Water considers in making investment decisions for promoting water conservation.</p> <p>Unlike in the draft licence, we now recommend retaining the current requirement to publish the economic level of water conservation. However, we recommend that Sydney Water should only be required to do this annually. We do not recommend retaining the current licence approach to requiring Sydney Water to re-calculate and update the published economic level of water conservation monthly. This is only for publishing purposes. In contrast,</p>







Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
				<p>Sydney Water is only required to re-calculate the economic level of water conservation annually when it is to inform its economic assessment of water conservation projects and programs.</p> <p>As the primary purpose of calculating the economic level of water conservation is to inform decision making about water conservation, we recommend that the operating licence should only require this calculation annually, to inform Sydney Water's annual review of its water conservation plan. We consider that there is limited value in requiring Sydney Water to re-calculate and report the economic level of conservation more often than annually. Sydney Water can re-calculate it more often if it considers necessary. The operating licence specifies the minimum frequency.</p>
<p>10 Retain operating licence conditions requiring Sydney Water to review and update its economic method and include a new condition requiring Sydney Water to seek the Minister's approval if it seeks to initiate changes to the current economic method.</p>	<p> Sydney Water supports the proposed changes and considers it will provide increased flexibility for Sydney Water to proactively propose changes to the Current Economic Method.</p>	<p>Nil</p>	<p>Nil</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p>
<p>11 Include a new operating licence condition requiring Sydney Water to engage in water strategy planning consistent with Greater Sydney Water Strategy.</p>	<p> Sydney Water supports our draft recommendations for requiring it, in the operating licence, to engage in water strategy planning consistent with the Greater</p>	<p> The NSW Government supports including these requirements to promote information sharing between Sydney Water and DCCEEW to assist reviewing and</p>	<p> PIAC supports the draft recommendations requiring Sydney Water to cooperate with other relevant stakeholders and engage in reviews of relevant plans.</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b> We do not recommend including operating licence conditions requiring Sydney Water to implement actions assigned to it in the Greater Sydney Water Strategy Implementation Plan as we consider that this would be inappropriate. This is a departure from the current licence</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
	<p>Sydney Water Strategy and to cooperate with DCCEEW in any reviews of the Greater Sydney Water Strategy. Sydney Water also supports our draft recommendations for Sydney Water to use its best endeavours to maintain and comply with data sharing arrangements with DCCEEW which assists both parties to deliver actions under the Greater Sydney Water Strategy, and to review the strategy.</p> <p> Sydney Water requests that the operating licence should also include a requirement for Sydney Water to implement actions assigned to it in the Greater Sydney Water Strategy Implementation Plan This would reflect the importance of Sydney Water's role in the Greater Sydney Water Strategy Implementation Plan, as well as community and customer expectations.</p>	<p>implementing the Greater Sydney Water Strategy and other relevant water sharing plans.</p>	<p> An anonymous submission disagreed with IPART's proposal to not include a requirement in the licence for Sydney Water to implement the Greater Sydney Water Strategy.</p>	<p>which requires Sydney Water to implement actions from the Metropolitan Plan. Our recommended change achieves a similar objective but is a more flexible approach than hardcoding requirements to implement actions into the operating licence.</p> <p>Hardcoding requirements for implementation into the operating licence could result in these actions not being able to be updated and re-evaluated easily. It could also mean that Sydney Water does not evaluate the prudence and efficiency of these actions. The operating licence has a term from 2024-2028. In contrast, the Greater Sydney Water Strategy Implementation Plan only sets out actions until 2025. The time horizon of the implementation plan has been aligned with Sydney Water's price determination, providing clarity about the forward workplan and funding availabilities to Sydney Water (and WaterNSW). It is appropriate that the actions in the implementation plan are updated and evaluated in accordance with funding availability and as circumstances change. Wholesale reviews of these actions should be done together with the next IPART price review.</p> <p>If there are specific actions that the Minister considers that Sydney Water should implement, the Minister can direct Sydney Water to do so under the <i>State Owned Corporations Act 1989</i> (NSW) (SOC Act). Not requiring implementation is consistent with the approach in the current licence.</p>
<p>12 Include a new operating licence condition requiring Sydney Water to cooperate with Water NSW to review the</p>	<p> Sydney Water supports including operating licence requirements for reviewing and updating the Greater</p>	<p> The NSW Government supports including operating licence requirements for reviewing and updating the</p>	<p> PIAC supports the draft recommendations requiring Sydney Water to cooperate with other relevant stakeholders and</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We recommend that the operating licence should require Sydney Water to cooperate with</p>






Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>Greater Sydney Drought Response Plan and implement actions assigned to it in the plan.</p>	<p>Sydney Drought Response Plan.</p> <p> Sydney Water seeks greater flexibility to adjust the Greater Sydney Drought Response Plan and actions assigned to Sydney Water in the plan based on conditions/ strategic direction without resulting in non-compliances between updates of the plan.</p> <p>Sydney Water also requests that allowances to provide a separate Greater Sydney Drought Response Plan to WaterNSW, in case of disagreements, is not included in the operating licence as this is not appropriate.</p> <p>Sydney Water seeks to remove prescriptive requirements in the draft operating licence to provide the draft updated plan to DCCEEW for review as it considers this to be unnecessary. This is happening organically as part of the annual review process, as DCCEEW is an integral part of the review team.</p> <p>Finally, Sydney Water requests to provide the updated plan to the Minister</p>	<p>Greater Sydney Drought Response Plan.</p> <p> The NSW Government seeks flexibility with requirements for Sydney Water to implement actions in the Greater Sydney Drought Response Plan, recognising that every drought may be different and Sydney Water needs to be able to easily respond and adapt to them. The NSW Government recommends that the operating licence should require Sydney Water to cooperate with both DCCEEW and WaterNSW to jointly review the Greater Sydney Drought Response Plan.</p> <p>DCCEEW seeks a copy of the final updated plan before it is provided to the Minister to allow it to brief the Minister accordingly. DCCEEW recommends a condensed version of the drought response plan be publicly available within 30 days of submitting it to DCCEEW.</p>	<p>engage in reviews of relevant plans.</p>	<p>WaterNSW to jointly review the Greater Sydney Drought Response Plan every year. We also recommend that the operating licence should require Sydney Water to consult with DCCEEW on the review of the plan, so that DCCEEW has an opportunity to input into the review.</p> <p>We no longer recommend that Sydney Water should be required to implement actions assigned to it by the dates specified in the plan. Requiring implementation through the operating licence can mean that any actions specified in the plan may not be able to be changed to respond quickly to changing conditions. If there are specific actions that the Minister considers that Sydney Water should implement, the Minister can direct Sydney Water to do so under the SOC Act. We consider that it is not necessary to explain the Minister's directions in the operating licence. Not requiring implementation is consistent with the approach in the current licence.</p> <p>We recommend minor changes to the operating licence to clarify that once the review of the Greater Sydney Drought Response Plan is completed, Sydney Water should be required to provide, jointly with WaterNSW, the updated plan, and a report explaining the outcomes of the review of the plan and any changes made through this review, to the Minister by 31 December each year. In the draft licence we had proposed a 30 November date. We consider that this change proposes no material difference but is aligned with how Sydney Water, WaterNSW and DCCEEW currently work together to review the plan.</p> <p>We also recommend that the operating licence should require Sydney Water to publish a summary of the updated plan on its website for</p>



Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
	<p>by the end of the year, as per current process which is working well, and publish a plain English summary of the updated plan by the end of January in the following year.</p>			<p>transparency and accountability by 31 January of the following year, instead of a requirement to publish the whole plan 10 days after providing it to the Minister, as we had proposed in the draft licence.</p> <p>In the draft licence, we proposed conditions allowing Sydney Water to provide a separate updated drought response plan if it cannot agree changes with WaterNSW and DCCEEW. However, we have not included such allowances in our final recommendations for the new operating licence. We consider that this would be an undesirable outcome, and in practice, DCCEEW would facilitate the parties coming to an agreement on a plan.</p> <p>Finally, in the draft licence, we proposed conditions for Sydney Water to provide a draft version of the plan to DCCEEW for comment before providing the final to the Minister. Our final recommendation is that the new operating licence should not include prescription about when the draft or final versions of the plan should be provided to DCCEEW. If DCCEEW requires a version before it is provided to the Minister, we consider that this can be achieved cooperatively between DCCEEW and Sydney Water and does not require a licence mandate.</p>
<p>13 Include new operating licence conditions requiring Sydney Water to engage in ongoing water supply augmentation planning for Greater Sydney, working cooperatively with WaterNSW.</p>	<p> Sydney Water supports including new operating licence conditions requiring Sydney Water to undertake water supply augmentation planning.</p>	<p> The NSW Government supports including requirements for an agreement between Sydney Water and WaterNSW so that real-time, relevant information is made available wherever possible, driving informed decision</p>	<p> PIAC supports draft recommendations requiring Sydney Water to engage in long-term planning.</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We have made minor amendments in our recommendation to allow Sydney Water flexibility to use either a Memorandum of Understanding (MoU) or another agreement to work with WaterNSW. The outcome we seek to achieve is a cooperative relationship for the 2 organisations to work together to undertake</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
	<p> Sydney Water seeks greater flexibility in the operating licence to another form of agreement to work cooperatively with WaterNSW to undertake the required water supply augmentation planning for Greater Sydney, and not be limited to a Memorandum of Understanding specifically.</p> <p> Sydney Water seeks to remove the requirement in the draft operating licence to get board approval for water supply augmentation options that may have implications for WaterNSW. Sydney Water considers that this level of prescription is unnecessary as any implications for WaterNSW can be considered when working together cooperatively under the MoU.</p>	<p>making and allowing effective monitoring of compliance with strategies and water sharing plans. It will drive transparency and compliance across interconnected systems and catchments.</p>		<p>water supply augmentation planning. This can be achieved through any form of agreement.</p> <p>In the draft operating licence, we considered a 'best endeavours' requirement to maintain and comply with the MoU. However, we no longer recommend this. We acknowledge that for Sydney Water to be able to comply with the MoU, it relies on cooperation from WaterNSW and it is not solely in Sydney Water's control. However, we consider that the 'best endeavours' clause is not required. Sydney Water and WaterNSW can and should draft their MoU/ other agreement to allow the flexibility that they need. MoUs can be drafted so that Sydney Water's roles and responsibilities are clearly set out.</p> <p>We do not recommend that Sydney Water must obtain board approval for water supply augmentation options that will impact on WaterNSW, as we had proposed in the draft operating licence. We consider that this level of prescription is unnecessary in the operating licence. Sydney Water and WaterNSW can manage the impacts on the other organisation through its cooperative relationship.</p>
<p>14 Include a new operating licence condition requiring Sydney Water to comply with the Decision Framework when submitting production requests to the Sydney Desalination Plant.</p>	<p> Sydney Water supports IPART's recommendation to make production requests consistent with the Sydney Desalination Plant (SDP) Decision Framework.</p>	<p>Nil</p>	<p>Nil</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>15 Include a new operating licence condition requiring Sydney Water to maintain a long-term capital and operational plan.</p>	<p> Sydney Water supports including new operating licence conditions requiring Sydney Water to maintain a long-term capital and operational plan and review it periodically.</p> <p> Sydney Water seeks changes to the drafting of the licence conditions to be more outcome focused, recognising that the long-term capital and operational plan sets the long-term servicing direction for Greater Sydney and it is an adaptive plan needed to identify investment options to deliver value for customers and the agreed levels of service.</p>	<p> DCCEEW supports including new operating licence conditions for the long-term capital and operational plan but also seeks changes to the specific requirements, similar to what Sydney Water has requested. DCCEEW also seeks that the LTCOP should recognise that the long-term investment options are not only for ensuring value to customers and supply augmentation planning, but to ensure climate risk resilience and compliance with regulatory standards.</p>	<p> PIAC supports recommendations requiring Sydney Water to engage in long-term water planning.</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We recommend that the new operating licence should require Sydney Water to maintain a long-term capital and operational plan, as we proposed in the draft licence. However, we recommend changes in the new operating licence requirements for what the long-term capital and operational plan must contain, to ensure that they are outcome focused and are the minimum requirements necessary to achieve the intended objectives of the long-term capital and operational plan .</p> <p>We recommend that the new operating licence should specify the following minimum requirements for what the Long-Term Capital and Operational Plan should contain:</p> <ul style="list-style-type: none"> <li>• Identification of the future drinking water supply, wastewater and stormwater needs</li> <li>• Identification and assessment of long-term investment options for meeting the identified future needs and delivering the long-term value for customers, considering the Greater Sydney Water Strategy, integrated water cycle management and management of Sydney Water's assets</li> <li>• Consideration of any guidance from the Minister.</li> </ul> <p>Our recommendations for the operating licence recognise that the long-term capital and operational plan is an adaptive plan that should be reviewed at least once every 5 years.</p>
<p>16 Remove the current licence conditions requiring Sydney Water to participate in a NSW Government review</p>	<p> Sydney Water supports IPART's recommendation to remove requirements from</p>	<p>Nil</p>	<p> The Scotland Island Residents' Association (SIRA) made verbal comments at the public hearing stating that they do</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p> <p>We acknowledge SIRA's concerns and appreciate that they made the effort to</p>







Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>of the Priority Sewerage Program (PSP) and to implement and comply with any outcomes arising from a review of the PSP.</p>	<p>the operating licence related to the PSP.</p>		<p>not support removing the current licence conditions regarding the PSP. Scotland Island is a part of the PSP. SIRA considers that requiring the PSP is an important step towards ensuring connection to water and sewerage services on Scotland Island.</p>	<p>participate in this licence review to bring this to our attention. However, we consider that it is appropriate for the Minister use their powers under the SOC Act to direct Sydney Water to provide sewerage services to any unsewered areas, after the Minister has considered the factors required for making such directions. Including requirements in the current licence have not been effective in delivering sewerage services to these areas to date, as there is no action required by Sydney Water until an action is directed by the Minister. There is no reason to expect that retaining these conditions would be beneficial in future.</p>
<p>17 Include a new operating licence condition requiring Sydney Water to:</p> <ul style="list-style-type: none"> <li>engage in an ongoing climate risk assessment and management process that is consistent with the NSW Government's Climate Risk Ready Guide</li> <li>achieve a climate-risk maturity level of 'embedded', as defined in the Guide, by 30 June 2027 or another date nominated by Sydney Water and approved by IPART in writing and make reasonable progress to achieving a climate-risk maturity</li> </ul>	<p> Sydney Water supports in-principle IPART's proposed changes, noting that:</p> <ul style="list-style-type: none"> <li>More work needs to be done to understand the cost and feasibility of reaching the advanced rating in this Licence period.</li> <li>Sydney Water seeks clarity on what IPART considers 'reasonable progress' to achieve an advanced maturity means.</li> <li>Sydney Water notes that the NSW Government risk maturity tool is largely framed as a self-assessment exercise. It seeks clarity on what level of external assurance may be required in order to achieve compliance with the licence requirement.</li> </ul>	<p> The NSW Government supports the recommendation.</p>	<p> PIAC supports the draft recommendations around climate risk readiness. It strongly supports Sydney Water achieving a climate-risk maturity level of 'embedded'.</p> <p> PIAC recommends IPART investigate and seek legislative change, if necessary, to clarify Sydney Water's role as a provider of climate resilience and adaptation programs.</p> <p> Hunter Water suggests IPART consider the need for a transition period when prescribing a compliance date for specific maturity levels.</p>	<p><b>Our final recommendation remains unchanged from our draft recommendations.</b></p> <p>Climate change is already having an impact on Sydney Water's operations. The timeframe we have recommended in the operating licence reflects the urgency for Sydney Water, based on its size and nature of its operations, to establish a mature and effective climate-related planning risk management process. However, we recommend flexibility in the operating licence condition to change the target dates if necessary.</p> <p>We have considered PIAC's comments. The level of engagement proposed by PIAC and the complex nature of this issue means that it is not feasible for it to be dealt with in this end-of-term operating licence review.</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>level of 'advanced' by 30 June 2028, or another date nominated by Sydney Water and approved by IPART in writing.</p>	<p>Sydney Water notes that climate risk program cost estimates, provided for the CBA, did not include capital delivery spend for new projects.</p>			
<p>18 Include a new operating licence condition for Sydney Water to publish annual climate-related disclosures consistent with the IFRS S2 climate-related disclosures standard, or an Australian equivalent, from FY2025-26 onwards, if not already required by other legislation.</p>	<p> Sydney Water does not support this new condition as it is addressed by other regulatory obligations.</p> <p>Sydney Water recognises IPART's proposed requirement for sustainability disclosures as a stopgap measure only if mandated sustainability reporting is not separately introduced. It will be voluntarily seeking to comply with the IFRS sustainable standards and intends to publish sustainability disclosures in its annual report.</p> <p>Sydney Water wants clarity on whether IPART will treat IFRS sustainability standards S1 and S2 as equivalent to their Australian counterparts (which it expects NSW Treasury will mandate) as well as which party would be responsible for auditing Sydney Water's disclosures.</p>		<p> PIAC supports the draft recommendation.</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p> <p>The disclosures are to be made publicly available. Our recommendation for the operating licence does not restrict Sydney Water from including the disclosures in their Annual Report which is a publicly available document.</p>

## 4 Performance standards for water quality

This chapter relates to draft recommendations 1 and 2 from our Discussion Paper. Our final recommendations relate to Part 4 of the new operating licence and are discussed in chapter 4 of our Report to the Minister.

Table 3 Summary of submissions to our draft recommendations for water quality standards





Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>19 Retain the current water quality standards in the operating licence, which require Sydney Water to maintain and implement water quality management systems consistent with:</p> <ul style="list-style-type: none"> <li>the Australian Drinking Water Guidelines and the Australian Guidelines for Water Recycling</li> <li>any reasonable health-based requirements specified by NSW Health in writing.</li> </ul>	<p> Sydney Water supports retaining the current water quality standards in the operating licence.</p> <p>Sydney Water supports clarifying NSW Health's role for specifying any reasonable health-based requirements in writing.</p> <p>Sydney Water seeks to confirm that IPART will audit the drinking water and recycled water requirements separately.</p>	<p> NSW Health agrees with retaining the current water quality standards in the operating licence.</p>	<p>Nil</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We still recommend retaining the current water quality standards in the operating licence. However, we no longer recommend specifying that NSW Health's requirements must be 'reasonable'. NSW Health has told us that it would not usually depart from the Australian Drinking Water Guidelines or Australian Guidelines for Water Recycling, except in exceptional circumstances. For example, NSW Health may seek departures in relation to emerging contaminants, but it is required to demonstrate why such departures are necessary.</p> <p>We confirm that we intend to assign separate audit grades for the drinking water and recycled water licence clauses.</p>
<p>20 Remove the current licence conditions requiring Sydney Water to comply with the NSW Code of Practice for Fluoridation of Public Water Supplies (Fluoridation Code).</p>	<p> Sydney Water supports removing the current requirements in the operating licence to comply with the Fluoridation Code.</p>	<p> NSW Health does not support removing the current licence condition requiring Sydney Water to comply with the Fluoridation Code. NSW Health states that the operating licence is the</p>	<p>Nil</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We now recommend reinstating the requirement in the current licence for Sydney Water to comply with the Fluoridation Code.</p>




Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
		<p>most appropriate mechanism to set out key Government requirements of public interest in a succinct and accessible form. Further, NSW Health does not have an auditing program but would consider setting one up to audit compliance with the Fluoridation Code, if removed from the operating licence. However, this would duplicate some of IPART's auditing function.</p>		<p>In the draft operating licence, we proposed deleting this requirement as we considered that it duplicates the existing fluoridation legislation. While we maintain this view, we acknowledge that the fluoridation legislation does not clearly require compliance with all parts of the Fluoridation Code. Therefore, retaining the requirement in the operating licence clearly sets out NSW Health's expectation to comply with the entire Fluoridation Code.</p>

## 5 Performance standards for service interruptions






This chapter relates to draft recommendations 3-6 from our [Discussion Paper](#). Our final recommendations relate to Part 5 of the new operating licence and are discussed in chapter 4 of our Report to the Minister.

Table 4 Summary of submissions to our draft recommendations for performance standards for service interruptions

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>21 Retain the current system performance standards for water continuity, water pressure and dry weather wastewater overflows in the operating licence with no changes to the service levels specified by these system performance standards.</p>	<p> Sydney Water supports retaining the current system performance standards for water continuity, water pressure and dry weather wastewater overflows in the operating licence, with no change in the specified performance levels.</p>	<p> The NSW Government agrees with retaining the current system performance standards for service interruptions in the operating licence.</p>	<p> An anonymous submission considers that the standard should not be restricted to overflows during dry weather only (particularly for new infrastructure). It considers that this is inconsistent with requirements expected from WIC Act utilities. Further, the submission considers that the standard should not be limited to overflows onto private properties only. It proposed that, given higher potential risks, standards should be more stringent for public properties.</p> <p> The anonymous submission suggested that, in addition to IPART's recommendation to increase rebates for wastewater overflows, Sydney Water should be required to reinstate affected properties without delay.</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p> <p>We do not recommend including performance standards in the operating licence for wet weather overflows or extending the current overflow standards to cover public properties.</p> <p>The EPA is Sydney Water's relevant NSW regulator for discharge of wastewater to the environment. Sydney Water's environmental protection licences include requirements for wet-weather and dry-weather wastewater overflows to the environment. We do not recommend duplicating that in the operating licence.</p> <p>The standards expected from WIC Act utilities do not exceed those required by Sydney Water. The WIC Act network operator licences do not include system performance standards like in Sydney Water's operating licence. The standards in Sydney Water's licence are additional to the other legislative requirements relevant for both Sydney Water and WIC Act utilities. The standards in Sydney Water's operating licences focus on managing the service interruptions to Sydney Water's customers. This is why we recommend that they be limited to overflows onto private properties</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>22 Update the definition of an unplanned interruption in the operating licence to be interruptions where Sydney Water has not provided at least one week's prior notice.</p>	<p> Sydney Water does not support changing the definition of an unplanned water interruption from the current 2 days' notice, as set out in its current Customer Contract, to 7 days' prior notice in writing.</p> <p> Sydney Water does not support including in the definition of an unplanned service interruption that the interruption ends when there is a return to at least 5m head of water pressure. Sydney Water states that it does not have the technology to check the water pressure at individual properties to ensure the return to 5m head of pressure, and to monitor/report on compliance. It uses calibrated computer models</p>		<p> Hunter Water agrees with Sydney Water to retain the current requirements for 2 days' notification to residential customers and 7 days for commercial customers, consistent with its own Customer Contract, to avoid unintended consequences.</p>	<p>only. Any requirements to manage wastewater overflows onto public properties should be regulated through Sydney Water's environmental protection licences.</p> <p>In the customer contract, we recommend retaining the provisions that state that Sydney Water will promptly clean up the customer's property affected by the wastewater overflows and minimise damage caused to the customer. We consider that no additional requirements are necessary in the operating licence.</p> <p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We recommend that the operating licence should specify that an interruption to water continuity would only be triggered if notice of the proposed interruption to the water supply is not given to residential properties at least 2 days prior, and to non-residential properties at least 7 days prior. This is consistent with what is required in the current licence and customer contract. We proposed to make this a 7-day requirement for all customers in the draft operating licence, but we no longer consider that increasing the notification period is necessary as the benefits do not outweigh the potential costs.</p> <p>Sydney Water has told us that its customers are satisfied with the current notification periods. Sydney Water suggests that requirements for longer notification periods could result in unintended consequences such as delays in resolving service interruptions and greater leakage while service outages due to pipe breaks are being resolved. We consider that any benefits of a longer notification period to</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
	<p>of its water networks to assess how water pressure varies under different conditions. Sydney Water states that it does not have the resources to run model simulations for each service interruption to estimate the water pressure returned to properites after the service interruption, and the models may not accurately reflect changes in water pressure.</p>			<p>customers will not outweigh the potential risks and unintended consequences.</p> <p>The current licence states that a water continuity service interruption ends when a 'normal' supply of water resumes. In the draft operating licence, we proposed to clarify that the interruption ends when the customer receives at least 5m head of pressure so that there is less subjectivity about what a 'normal' supply of water is. However, we now recommend retaining the approach in the current licence.</p> <p>Sydney Water is currently unable to monitor pressure in its water supply network, and any fluctuations in pressure in real-time. The costs of Sydney Water upgrading its networks and systems to be able to monitor pressure fluctuations accurately in real time would be substantial and would outweigh the benefits. Customers also do not typically have pressure gauges to measure their water pressure. Customers would mostly notify Sydney Water about low water pressure when the drop in water pressure is visibly evident. If a customer notifies Sydney Water that their water pressure has not returned to normal after a water supply failure, Sydney Water would then capture this as an ongoing water supply failure and investigate the failure accordingly.</p> <p>In this way, we consider that customers are adequately protected under the current licence from receiving inadequate water supply/water pressure, following a service interruption, and additional prescription is not necessary. Sydney Water's customer engagement feedback suggests that customers have no issues with how this is currently managed.</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>23 Retain the current requirement to detect unplanned interruptions using available information but restructure it as a requirement to have a system to detect interruptions and expand it to include water pressure failures and dry weather wastewater overflows.</p>	<p> Sydney Water supports our draft recommendation to require it to maintain and implement a monitoring system to proactively identify properties that may have experienced a water continuity service interruption, water pressure failure or wastewater overflow onto their property. Sydney Water intends to use its existing systems to meet this requirement. However, it is concerned that this will set up an unrealistic expectation to customers about how accurately and promptly Sydney Water can identify and resolve service interruptions. Sydney Water will need to continue to rely on customers to report their service interruptions.</p>	<p>Nil</p>	<p> Hunter Water suggests that we recommend transitional arrangements for the monitoring system in Sydney Water's operating licence, or a licence condition that reflects current business practices.</p> <p>Hunter Water notes that it does not currently have an equivalent system and instead relies on a combination of system data, water network modelling and customer notifications. Hunter Water would require transitional arrangements if a similar condition were to be included in its operating licence.</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We now recommend that the operating licence should recognise that Sydney Water largely relies on customers and the community to notify it of service interruptions.</p> <p>We also recommend clarifying that Sydney Water must use a systematic approach to proactively identify and manage interruptions, but this does not mean that Sydney Water must use one consolidated system to do this. It can use any number of business procedures and systems, as it currently does to appropriately record and attend to service interruptions.</p>
<p>24 Remove the optimal level and tolerance band in the current licence for the water continuity standard.</p>	<p> Sydney Water supports removing the optimal level and tolerance band.</p>	<p>Nil</p>	<p>Nil</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p>
<p>25 Increase the rebates that Sydney Water provides to customers for service interruptions in line with inflation.</p>	<p> Sydney Water supports increasing current rebates to its customers for service interruptions, in line with inflation.</p>	<p>Nil</p>	<p> PIAC supports our recommendation to increase rebates in line with inflation. It suggests that the operating licence should also include a mechanism to increase rebates proportionately with price increases.</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b> The details of the recommended rebates are included in the 2024-2028 Customer Contract</p> <p>We understand from Sydney Water's engagement feedback that customers are generally satisfied with current rebates and are not seeking increases. We consider that</p>



Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>26 Retain the current licence conditions requiring Sydney Water to maintain and implement an asset management system consistent with <i>Australian Standard AS ISO 55001:2014</i> (or another standard approved by IPART in writing).</p>	<p> Sydney Water supports retaining the requirement to maintain and implement an asset management system consistent with <i>Australian Standard AS ISO 55001:2014</i>, or another standard approved by IPART in writing.</p>	<p> The NSW Government agrees with retaining the current licence requirements for asset management.</p>	<p> An anonymous submission disagreed with IPART's statement in the Discussion Paper that it is "unlikely that the costs and benefits [of retaining the operating licence condition requiring the asset management system] have significantly changed"<sup>a</sup> since IPART's 2019 cost-benefit analysis. It noted substantive and sustained inflation in Australia over the past 2 years.</p>	<p>Sydney Water is better placed to use the money to monitor and minimise service interruptions.</p> <p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p> <p>We acknowledge the anonymous submission's comments about relying on the 2019 cost-benefit analysis and we agree that costs have risen since 2019 substantially. However, we consider that the benefits of requiring the asset management system also remain high. The 2019 cost-benefit analysis established a substantial net benefit, establishing the case for retaining this operating licence condition which requires Sydney Water to appropriately manage its assets. Asset management has a direct impact on Sydney Water's ability to meet the water quality and system performance standards in the licence and expectations of the community.</p>



<sup>a</sup> IPART, [Sydney Water Operating Licence Review 2023-24 – Discussion Paper](#), December 2023, p 49.







## 6 Customers and consumers




This chapter relates to draft recommendations 15-26 from our [Discussion Paper](#). Our final recommendations relate to Part 6 of the new operating licence and are discussed in chapter 5 of our Report to the Minister.






Table 5 Summary of submissions to our draft recommendations for customers and consumers





Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
27 Retain the current licence conditions for Sydney Water to make its customer contract publicly available on its website and on request through its contact centre.	 Sydney Water supports the recommendation.	 The NSW Government supports the recommendation.	Nil	<b>Our final recommendation remains unchanged from our draft recommendation.</b>
28 Include new operating licence conditions for Sydney Water to make the customer contract available to customers immediately after it has been varied.	 Sydney Water supports the recommendation. It noted that notifying customers in writing that a variation has been made is likely to occur weeks or months after the varied Contract has been made publicly available.	 The NSW Government supports the recommendation.	Nil	<b>Our final recommendation remains unchanged from our draft recommendation.</b>
29 Retain the current licence conditions that extend protections under the customer contract to consumers, but include a new condition requiring Sydney Water to produce a separate explanatory document specifically for consumers which sets out their rights	 Sydney Water supports retaining requirements that extend certain protections to consumers.   However, Sydney Water does not	 The NSW Government supports the recommendation.	 PIAC supports efforts to facilitate a direct billing relationship between tenants and Sydney Water. PIAC recommends that IPART actively supports this legislative change be initiated as soon as practicably possible, and no later than the next	<b>We recommend some changes to the draft licence as follows.</b>  We consider that the Customer Contract should be limited to the rights and responsibilities of customers, as envisaged by Act, and that Sydney Water should publish separate information on its website that is focused on tenants. We consider that this should not be a substantial burden because Sydney Water's current Customer Contract sets out the rights






Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
	<p>support including a new requirement for it to publish a separate document explaining the protections for consumers. It has a designated page on its <a href="#">website</a> for tenants.</p>		<p>Sydney Water operating licence review.</p> <p> PIAC supports including a condition requiring Sydney Water to produce a separate explanatory document for consumers.</p> <p> EWON supports extending protections under the customer contract to tenants and requiring Sydney Water to produce a separate explanatory document for tenants.</p>	<p>and responsibilities for tenants. Our recommendation is to set these out in separate information easily located by tenants.</p> <p>We no longer recommend that Sydney Water should be required to publish this information for all consumers as we consider that most of Sydney Water's consumers are made up of tenants. The benefits of publishing information additional to that may not justify the costs.</p> <p>In the draft licence, we proposed a new licence condition requiring Sydney Water to publish a document on its website explaining the rights and protections it provides to consumers. We recommend a minor change in the recommended operating licence to clarify that Sydney Water does not have to prepare a new 'document' to meet this requirement. It can be met through information published on its website, if the information is easily located and meets the requirements of the licence.</p> <p>We have not made a specific recommendation to the Minister about making changes to legislation to allow Sydney Water to bill tenants for water usage. Currently, Sydney Water sends bills to landowners as they are Sydney Water's customers. If the NSW Government decides to make the necessary legislative changes required to allow Sydney Water to directly bill tenants, IPART would be well placed to advise on the costs and benefits, as well as the practical implications, of any contemplated change. We can also undertake a review of any changes needed for the operating licence to support any contemplated change.</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>30 Retain the current licence conditions for Sydney Water to publish up-to-date information about the protections under the customer contract available to both customers and consumers on its website.</p>	<p> Sydney Water supports retaining the current licence requirements but propose a minor amendment to allow for the communication in the next billing cycle after the 10-day business period.</p> <p> Sydney Water does not support providing information about consumer protections directly to consumers as it does not always have access to accurate contact information for customers.</p>	<p> The NSW Government supports the recommendation.</p>	<p>Nil</p>	<p><b>Our final recommendation remains unchanged from our draft recommendations.</b></p> <p>The recommended operating licence does not require Sydney Water to provide this information directly to either customers or consumers.</p> <p>Rather, Sydney Water is required to let its residential customers know that information about the Customer Contract is available on its website and through the contact centre. We do not recommend including an equivalent requirement for notifying tenants. Sydney Water may not have comprehensive contact information for all its tenants. Tenants can find the information on Sydney Water's website if they need it.</p>
<p>31 Retain the current licence conditions requiring Sydney Water to maintain and fully implement payment assistance options for its customers and consumers.</p>	<p> Sydney Water supports retaining the current licence conditions for maintaining and implementing payment assistance options for its customers and consumers.</p>	<p> The NSW Government supports the recommendation.</p>	<p> PIAC supports the recommendation.</p> <p> EWON supports the recommendation.</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p>
<p>32 Retain the current licence conditions requiring Sydney Water to publish information about the payment assistance options available to its customers and consumers.</p>	<p> Sydney Water supports the recommendation but requests a minor amendment to allow it to provide the communication to</p>	<p> The NSW Government supports the recommendation.</p>	<p> PIAC supports the recommendation.</p> <p> EWON supports the recommendation.</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p> <p>Our recommendation is for Sydney Water to publish the payment assistance policy on its website and make a copy available to customers who request it through Sydney Water's contact centre. We recommend that once a year,</p>







Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
	<p>customers with their bills in the next billing cycle after the 10-day business period.</p>			<p>Sydney Water should provide information with its customer bills directing customers to its website or contact centre for the payment assistance policy, to notify the customers that these options are available. Sydney Water is not required to provide a copy of the policy, or any updates, with customer bills, but it can choose to do so.</p> <p>We recommend this as the minimum requirement for ensuring that Sydney Water's customers are provided with the information, they need to understand the protections available to them under the payment assistance policy. We consider that providing information with customer bills is good practice. We do not consider that the operating licence needs to mandate this, but we do encourage Sydney Water to consider this and any other options for ensuring that customers and consumers who may be vulnerable to family violence have easy access to information about the family violence policy.</p>
<p>33 Define 'family violence' in the operating licence to align with the definition in the <i>Family Law Act 1975</i> (Cth).</p>	<p> Sydney Water supports the recommendation.</p>	<p> The NSW Government supports the recommendation.</p>	<p> PIAC supports defining 'family violence' in the operating licence but does not support aligning the definition with the <i>Family Law Act 1975</i> (Cth). PIAC recommends that we consider aligning the definition with that of 'domestic abuse' used in the <i>Intervention Orders (Prevention of Abuse) Act 2009</i> (SA). This is consistent with the approach that the Australian Energy Market Commission (AEMC). The AEMC chose this definition because it is 'practicable to ensure that the wide range of energy customers who may experience family violence receive protections.</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We recommend defining 'family violence' in the operating licence consistent with the definition of 'domestic abuse' in the <i>Intervention Orders (Prevention Abuse) Act 2009</i> (SA). This definition covers the various types of domestic abuse that we recommend Sydney Water's policy should cover.</p> <p>This is a change from our draft recommendation which was to align the recommendation with that in the <i>Family Law Act 1975</i> (Cth). We consider that the South Australian Act's definition is more complete.</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
			<p>AEMC also stated that 'the final rule is broadly drafted to give customers certainty that they are entitled to protections.</p> <p> EWON supports defining 'family violence' in the operating licence. EWON suggests that Sydney Water's family violence policy should be required to clarify who the policy covers or include a non-exhaustive list of the types of abuse it could cover.</p>	
<p>34 Retain the current licence conditions requiring Sydney Water to have a family violence policy and to implement it and include new operating licence conditions to publish information about the family violence policy.</p>	<p> Sydney Water supports operating licence conditions requiring it to maintain and implement its family violence policy.</p> <p> Sydney Water seeks a minor amendment to allow Sydney Water to provide the communication to customers with their bills in the next billing cycle after the 10-day business period.</p>	<p> The NSW Government supports the recommendation.</p>	<p> PIAC supports retaining the operating licence requirement for a family violence policy. However, PIAC recommends imposing stronger requirements in the operating licence as follows:</p> <ul style="list-style-type: none"> <li>• The family violence policy should explain it is relevant for all 'people' because it is a public facing document.</li> <li>• Sydney Water should minimise the need for customers to repeatedly disclose their family violence.</li> <li>• The family violence policy should include provisions for protection from service restriction due to non-payment. If family violence has been disclosed or is determined, this is a legitimate consideration for a lack of communications and payments. Victim survivors in this position are 'busy surviving'.</li> <li>• Sydney Water should provide flexibility to victims/survivors of</li> </ul>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We recommend that the operating licence should require Sydney Water's family violence policy to:</p> <ul style="list-style-type: none"> <li>• Cover all individuals experiencing family violence (including both customers and consumers) and make provision to identify these individuals appropriately. Sydney Water should consider PIAC's feedback to improve clarity in its policy that the policy applies to both customers and consumers.</li> <li>• Include provisions for protecting private and confidential personal information.</li> <li>• Include processes for minimising the need for individuals to disclose their family violence or provide evidence of it.</li> <li>• Provide individuals experiencing family violence who own or occupy residential premises with access to payment assistance options and protection from recourse if they fail to make payments.</li> </ul>


Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
			<p>family violence to miss some payments without voiding their payment plans, being charged late/dishonour fees, having their services restricted or having their debts sold to external debt collectors.</p> <p>PIAC also requests that the operating licence include requirements around employee training to ensure that Sydney Water's customer care staff are adequately equipped to identify and deal with individuals facing family violence.</p> <p> PIAC supports including requirements in the operating licence for Sydney Water to publish information about the family violence policy.</p>	<ul style="list-style-type: none"> <li>• Include processes for enabling individuals experiencing family violence to nominate when and how they can be contacted.</li> <li>• Include processes for referring individuals experiencing family violence to specialist support services. This might be for counselling services, emergency financial relief and medical advice and support.</li> </ul> <p>We have not recommended operating licence conditions requiring Sydney Water to provide employee training in dealing with family violence. As a principle, we seek to recommend outcome-focused operating licence conditions. We have recommended conditions to ensure appropriate family violence protections. We would expect Sydney Water to adequately train its staff to be able to meet the requirements of the operating licence for protecting customers and consumers facing family violence, without needing a licence mandate.</p> <p>Finally, as with payment assistance policy, we recommend that Sydney Water should publish its family violence policy on its website and through the contact centre and notify customers that this information is available through these avenues on customer bills.</p>
<p>35 Retain the current licence conditions requiring Sydney Water to maintain, implement and publish information about its internal complaints handling procedure but update the current condition to require this procedure to be consistent with AS 10002:2022 – Guidelines for complaint management in</p>	<p> Sydney Water supports operating licence requirements to maintain and implement its internal complaints handling procedure and publish information about it.</p>	<p> The NSW Government supports the recommendation.</p>	<p> PIAC supports retaining current requirements for internal complaints handling.</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We recommend retaining the current licence conditions requiring Sydney Water to maintain, implement and publish information about its internal complaints handling procedure. We recommend requiring Sydney Water's procedure to be consistent with the 2014 version of AS/NZS 10002 from the licence commencement date, as in the draft licence. However, we recommend a change in the</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p><i>organizations</i> (and not the 2014 version in the current licence).</p>	<p> Sydney Water requests a one-year transition period to update its internal complaints handling procedure consistent with the 2022 version of the Australian standard. Sydney Water notes that it previously erroneously notified IPART that it was ready to be consistent with the 2022 version from the licence commencement date. Its internal complaints handling procedure is currently consistent with the 2014 version and Sydney Water will be ready to be aligned with the 2022 version from 1 July 2025.</p> <p> Sydney Water seeks a minor amendment to allow for the communication in the next billing cycle after the 10-day business period.</p>			<p>operating licence so that Sydney Water's procedure is consistent with the 2022 version of AS 10002 from 1 July 2025.</p> <p>Finally, as with payment assistance and family violence policies we recommend that Sydney Water should publish information to customers about the complaints handling procedure on its website and through the contact centre and notify customers that this information is available through these avenues on customer bills.</p>
<p>36 Retain the current licence conditions requiring Sydney Water to be a member of the Energy and Water Ombudsman NSW (EWON) and publish information about EWON's</p>	<p> Sydney Water supports being required to be a member of an external dispute resolution scheme and</p>	<p> The NSW Government supports the recommendation.</p>	<p> PIAC supports retaining the requirement for Sydney Water to be a member of EWON. PIAC supports not including flexibility in the operating licence for Sydney Water</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We recommend retaining the current licence requirement for Sydney Water to be a member of EWON. This recommendation remains unchanged from the draft. However, we also</p>



Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>services and how to contact EWON.</p>	<p>providing information about it.</p> <p> Sydney Water does not support prescribing Sydney Water to be a member of EWON, without the flexibility to choose an alternative external dispute resolution scheme.</p> <p> Sydney Water seeks a minor amendment to the draft operating licence conditions to allow for the communication in the next billing cycle after the 10-day business period.</p>		<p>to be a member of an alternative external dispute resolution.</p> <p> EWON supports retaining the requirement for Sydney Water to be a member of EWON and to not include flexibility in the operating licence to be a member of an alternative water ombudsman scheme. EWON notes that it has been found, through independent reviews throughout its history to adhere with the Commonwealth Benchmarks for Industry-based Customer Dispute Resolution. EWON is due to commission its next independent review in accordance with its constitution later in 2024. This review will again be undertaken in consultation with key stakeholders including Sydney Water, IPART and the NSW government.</p>	<p>recommend including flexibility in the new operating licence to allow Sydney Water to seek membership of an alternative scheme with IPART's approval, if a suitable scheme were to become available during the licence term and the scheme meets the requirements specified in the operating licence.</p>
<p>37 Retain the current licence conditions requiring Sydney Water to maintain and consult with its customer council (known as the Customer and Community Reference Group) and removing prescription in the current licence about how Sydney Water is to use this Customer and Community Reference Group.</p>	<p> Sydney Water supports the recommendation.</p>	<p> The NSW Government supports the recommendation.</p>	<p> PIAC supports the recommendation.</p> <p>However, PIAC notes that Sydney Water uses its Customer and Community Reference Group to undertake both ongoing community consultation to inform its business processes, and consultation to inform its input into IPART's reviews of its operating licence and prices.</p> <p>PIAC recommends that the operating licence should include 4 additional prescription to ensure that</p>	<p><b>Our final recommendation remains unchanged from our draft recommendations.</b></p> <p>In the draft licence, we recommended that Sydney Water should be required to use its Customer and Community Reference Group (CCRG) to consult with customers. The CCRG is Sydney Water's customer council. Typically, we do not recommend requiring water utilities to use a customer council to engage with customers as there may be ways for Sydney Water to engage with its customers that provide a better or equivalent outcome. However, the Act requires the operating licence to require a customer council, so</p>






Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
			<p>Sydney Water uses an external advisory group (separate to the Customer and Community Reference Group) to oversee and inform its customer engagement for input into IPART's reviews and ensure that the feedback is input back into Sydney Water's business processes.</p>	<p>Sydney Water's licence should require the CCRG.</p> <p>We have not adopted PIAC's suggestion to prescribe in the licence how Sydney Water uses its CCRG or another independent group to undertake customer consultation. We consider that this goes beyond the minimum requirements necessary to ensure Sydney Water engages its customers and is trying to drive best practice. As a principle, we recommend that the operating licence sets the minimum requirements for customer engagement. Sydney Water can go above and beyond these requirements, and we encourage Sydney Water to consider PIAC's feedback in doing so. We consider that any other improvements to Sydney Water's engagement practices would be better managed under the pricing framework.</p> <p>Under the operating licence and pricing framework, Sydney Water is required to consult with its customers to understand their preferences about the services that they receive from Sydney Water and inform their licence and price reviews. Under the pricing framework, Sydney Water should work collaboratively with IPART to undertake and continually improve its customer engagement. In the 1 or 2 years ahead of a price review, we expect that customer engagement, long-term planning and early engagement with IPART are interwoven: informing and updating one another.</p> <p>Customer engagement should be an ongoing process, not just prior to a price review, so that the business continues to deliver value for money. We would expect water businesses to continue to regularly engage with customers to understand their changing needs and</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>38 Retain the current licence conditions requiring Sydney Water to engage its customers to understand customer preferences about service levels provided by Sydney Water and to better inform Sydney Water's systems and processes and IPART reviews of the operating licence and price determination.</p>	<p> Sydney Water supports the recommendation.</p>	<p> The NSW Government supports the recommendation.</p>	<p> As above</p>	<p>preferences and then adapt their plans and expenditures to reflect them. We do not prescribe the method by which Sydney Water engages with its customers. We do, however, expect that Sydney Water demonstrates how it would engage with its customers in a meaningful way to understand its customers' needs and preferences, and that these insights are used to inform its proposal. We provide examples in our <a href="#">Water Regulation Handbook</a> of good practice engagement.</p> <p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p>

## 7 Stakeholder cooperation

This chapter relates to draft recommendations 28 and 29 from our [Discussion Paper](#). Our final recommendations relate to Part 7 of the new operating licence and are discussed in chapter 6 of our Report to the Minister.

Table 6 Summary of submissions to our draft recommendations for stakeholder cooperation





Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>39 Include operating licence conditions requiring Sydney Water to:</p> <ul style="list-style-type: none"> <li>maintain memoranda of understanding (MoU) with the Water Administration Ministerial Corporation (WAMC), NSW Health and the Environment Protection Authority (EPA)</li> <li>use its best endeavours to comply with its MoUs with WAMC, NSW Health, and the EPA.</li> </ul>	<p> Sydney Water considers that a requirement to comply is generally inconsistent with the purposes of an MoU. However, it does not oppose the draft recommendations.</p>	<p>Nil</p>	<p> One individual submission suggested that the operating licence could provide a better system for the EPA to manage environmental compliance issues. The submission stated that a better system is needed than the Land and Environment Court and enforceable undertakings.</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>In the draft operating licence, we recommended that Sydney Water should use its best endeavours to comply with these MoUs. However, we now recommend a licence condition requiring Sydney Water to maintain and comply with the MoUs (that is, removing the best endeavours requirement). A 'best endeavours' clause is not required. Sydney Water and the other entities (NSW Health, the EPA and WAMC) can and should draft their MoUs to allow the flexibility that Sydney Water seeks.</p> <p>We note the individual submission's concerns about the EPA's powers and the Land and Environment Court. However, these are matters that should be addressed by the EPA who has regulatory powers including mechanisms for enforcement.</p>
<p>40 Include operating licence conditions regulating Sydney Water's relationship with Fire and Rescue NSW (FRNSW), requiring Sydney Water to:</p>	<p> Sydney Water supports the recommendation.</p> <p>Sydney Water has requested that the operating licence includes deadlines for</p>	<p> FRNSW supports the recommendation.</p>	<p> One individual submission suggested that the operating licence should require Sydney Water to provide firefighting water minimum flow rate and pressure to street</p>	<p><b>Our final recommendation remains unchanged from our draft recommendation.</b></p> <p>We have considered Sydney Water's feedback in the drafting of the operating licence condition and have recommended some minor changes. These changes have no material impact on the</p>





Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<ul style="list-style-type: none"> <li>• use its best endeavours to maintain a MoU with FRNSW</li> <li>• comply with its MoU with FRNSW</li> <li>• provide water pressure, flow rate and other information about all fire hydrants in its water supply network to FRNSW within specified timeframes.</li> </ul>	<p>providing the hydrological models containing the fire hydrants and required water pressure/flow rate information. Rather than requirements for providing information at each individual hydrant as proposed in the draft operating licence. Sydney Water's requested changes better reflects the initial planning, funding and training involved in updating its hydraulic models to include the required information at the fire hydrants, to be able to provide to FRNSW.</p>		<p>hydrants, in line with the <i>Australian Standard AS 2419.1 (2021)</i>.</p>	<p>intended outcome of this licence requirement which is to ensure that FRNSW receives the information it requires at all the hydrants in Sydney Water's network by the end of the 2024-2028 operating licence period.</p> <p>We do not recommend that Sydney Water should be required to provide firefighting water at all its hydrants consistent with the Australian Standard for firefighting. To be able to meet this requirement, Sydney Water would have to substantially upgrade its asset network and the costs of this would outweigh the benefits. These costs would ultimately be borne by Sydney Water's customers. We understand from communications with FRNSW that information about the water pressure/flow rates at the hydrants is adequate.</p>



## 8 Information for competitors

This chapter relates to draft recommendations 30 and 31 from our Discussion Paper. Our final recommendations relate to Part 8 of the new operating licence and are discussed in chapter 6 of our Report to the Minister.

Table 7 Summary of submissions to our draft recommendations for information for competitors

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>41 Retain the current licence conditions for Sydney Water to engage with its competitors, including requirements for Sydney Water to:</p> <ul style="list-style-type: none"> <li>engage with licensees under the <i>Water Industry Competition Act 2006</i> (NSW) (WIC Act) and potential competitors in good faith</li> <li>use its best endeavours to establish a code of conduct with WIC Act licensees if sought by the WIC Act licensee in writing.</li> </ul>	<p> Sydney Water supports the recommendation.</p>	<p> The NSW Government considers that these clauses should be more fit for purpose and aligned to user needs, and breaches of good faith investigated.</p>	<p> coNEXA suggests that the operating licence should require Sydney Water to provide access to its network to enable WIC Act licensees to undertake sewer mining and that such access is provided on fair and reasonable terms.</p> <p> coNEXA considers that the requirement for Sydney Water to negotiate the provision of services to WIC Act licensees in 'good faith' should include sewer mining arrangements, so that Sydney Water has a duty to negotiate network access to WIC Act licensees consistent with the objectives of the Operating Licence, including the objective of providing services in a way that does not prevent or hinder competition. Separately, coNEXA has requested that IPART reviews Sydney Water's standard sewer mining agreement as it considers that the current agreement is not appropriately balanced and is in Sydney Water's favour.</p>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We recommend changes in the new operating licence authorising Sydney Water to allow third parties to access wastewater from its network for treatment and reuse (i.e. sewer mining). This does not pose additional burden on Sydney Water. Sydney Water already allows third parties to access its wastewater for sewer mining purposes, under a sewer mining agreement, and this is acknowledged in the Customer Contract.</p> <p>Including sewer mining in the authorisation clause will mean that it is included in the definition of the 'services' provided by Sydney Water under the operating licence. The licence requires Sydney Water to negotiate with competitors the provision of any services authorised under the operating licence in good faith. The recommended change to include sewer mining under 'services' will mean that it is captured in the good faith clause. Negotiating in good faith is defined in the licence as providing the service on fair and reasonable terms. In the draft licence we proposed that when acting fairly and reasonably, Sydney Water must have regard to the interests of the other party, but not to the extent of subordinating its own interests.</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
			<p> coNEXA also suggest that the definition of negotiating in "Good Faith" with WIC Act licensees in the Operating Licence should be changed so that Sydney Water cannot use its "own interests" as the basis for not accepting arrangements that may ultimately be in the long-term interests of end-use customers regardless of who supplies them.</p> <p> An anonymous submission supports retaining the current licence condition requiring Sydney Water to act in 'good faith' when negotiating with competitors who are seeking connections to Sydney Water's services. However, it suggests that the condition should be expanded to ensure the delivery of sustainable outcomes that reflect consumer best interests.</p>	<p>We recommend changing that to clarify that Sydney Water should not subordinate the interests of its customers, consumers or the community. We also recommend specifying that Sydney Water should act consistently with the objectives of this licence, including the objective of providing services in a way that does not prevent or hinder competition. We consider that these changes together promote the provision of services in a manner that is in the interests of consumers (and the general community).</p> <p>We have not reviewed Sydney Water's sewer mining agreement as it is outside the scope of the operating licence review. However, by including sewer mining in the services covered by the licence, if we are alerted to concerns that Sydney Water is not negotiating in good faith, we can audit Sydney Water's compliance with its licence obligations during the 2024-2028 operating licence term as part of our compliance monitoring function.</p>
<p>42 Retain the current licence conditions for Sydney Water to publish the servicing information about its water and wastewater systems specified in the current licence, unless already provided in Developer Service Plans (DSP).</p>	<p> Sydney Water supports the recommendation.</p>	<p>Nil</p>	<p> coNEXA recommends that the licence should ensure the information that Sydney Water provides to the market on 'servicing information' is sufficiently robust and consistent, to promote investment certainty, and includes:</p> <ul style="list-style-type: none"> <li>a) Current load on the existing infrastructure at a catchment and sub-catchment level;</li> <li>b) Current capacity of the existing infrastructure in Equivalent Tenement (ET)s;</li> <li>c) Expected additional load in the catchment over the</li> </ul>	<p><b>We recommend some changes to the draft licence as follows.</b></p> <p>We recommend extending the current licence requirements to require Sydney Water to publish current and projected demand in Equivalent Tenements and to publish its planned expenditure for alleviating or deferring capacity constraints.</p> <p>We do not recommend any further prescription of the minimum requirements for servicing information. Instead, we recommend that Sydney Water should be required to consult with WIC Act utilities and licensees to understand if there is any additional information</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
			<p>period of the DSP or Servicing Plan;</p> <p>d) Proposed future expenditure on growth, including expected year of spend, how much additional capacity this will add (expressed in ETs) and sufficiently detailed to enable identification of the value of relieving constraints in locations across the DSP.</p> <p> An anonymous submission supports the re-introduction of Developer Service Plans (DSPs) as an important component in levelling the utility playing field but has noted that there are inconsistencies and omissions in Sydney Water's DSPs that need addressing.</p> <p>The submissions suggests that IPART should play a stronger role in reviewing and approving Sydney Water's Growth Servicing Plans, and the licence should require Sydney Water to engage with industry to ensure that it publishes relevant and useful information.</p>	<p>that they are seeking, and Sydney Water should publish this information if Sydney Water has this information or can reasonably obtain this information.</p> <p>We explain our recommendations in detail in our Report to the Minister, including why do not recommend including the additional prescription in the operating licence that coNEXA has sought.</p>
<p>43 Remove the current licence condition which assumes Sydney Water has entered into a code of conduct with a WIC Act licensee where it applies to an industry code established by the Minister, under the WIC Regulation.</p>	<p> Sydney Water supports the recommendation.</p>			<p><b>Our final recommendation remains unchanged from our draft recommendations.</b></p>



## 9 Critical infrastructure security

This chapter relates to draft recommendation 27 from our [Discussion Paper](#). Our final recommendations relate to Part 9 of the new operating licence and are discussed in chapter 7 of our Report to the Minister.

Table 8 Summary of submissions to our draft recommendations for critical infrastructure security

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
44 Retain the following operating licence conditions, until 18 August 2024, requiring Sydney Water to maintain: <ul style="list-style-type: none"> <li>• and implement a cyber security management system</li> <li>• a critical infrastructure compliance manager responsible for implementing the cyber security management system</li> <li>• security clearances for select employees participating in classified discussions with government agencies.</li> </ul>	 Sydney Water supports the recommendation.	Nil	Nil	<b>Our final recommendation remains unchanged from our draft recommendation.</b>

## 10 Performance monitoring and reporting





This chapter relates to draft recommendation 35 from our [Discussion Paper](#). Our final recommendations relate to Part 10 of the new operating licence and are discussed in chapter 8 of our Report to the Minister.

Table 9 Summary of submissions to our draft recommendations for performance monitoring and reporting

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
<p>45 Retain the current licence conditions requiring Sydney Water to:</p> <ul style="list-style-type: none"> <li>• compile indicators on the direct impact of Sydney Water's activities on the environment (environmental performance indicators)</li> <li>• monitor and compile data on its environmental performance indicators, including data that allows a year-to-year comparison of these indicators</li> <li>• report on its environmental performance indicators in accordance with the Reporting Manual, with minor amendments to enable Sydney Water to compile and report on environmental indicators beyond those prescribed in the Reporting Manual.</li> </ul>	<p> Sydney Water supports the operating licence condition to report on environmental indicators, in-principle, but considers that the environmental indicators in the reporting manual can be improved.</p>	<p>Nil</p>	<p> An anonymous submission recommended that the licence condition for Sydney Water to compile environmental performance indicators be expanded to require the disclosure of this information, and that it should specifically address wastewater discharges. .</p>	<p><b>Our final recommendation remains unchanged from our draft recommendations.</b></p> <p>Sydney Water must report against the environmental indicators in the reporting manual and provide this report to IPART which we then publish on our website. We note that current environmental indicators E3 and E4 already cover wastewater discharges.</p> <p>Sydney Water can also include in the report, its performance against other environmental indicators not included in the reporting manual, as it considers appropriate. We note Sydney Water's concerns about the validity and relevance of the environmental indicators in the reporting manual. We have not reviewed this extensively as part of this licence review. However, we can consider undertaking a separate review of all the performance indicators that the public water utilities (including Hunter Water and WaterNSW) must report against. At that time, we can consider Sydney Water's comments about the current environmental indicators. This will allow opportunity for other stakeholders to provide input through our public consultation process, ensuring procedural fairness. We last undertook a review of the water utility performance indicators in <a href="#">2018</a>.</p>

## 11 Additional comments made by stakeholders

Table 10 Summary of submissions on additional comments made by stakeholders

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
Matters related to Sydney Water's prices	Nil	Nil	<p> Individual submissions raised issues with Sydney Water's prices and fixed fees in particular. Some anonymous submissions raised concerns with how Sydney Water spends its money on the following activities and their impacts on costs to customers:</p> <ul style="list-style-type: none"> <li>environmental projects and activities</li> <li>advertising and brand ambassadors</li> </ul> <p> Kingspan Water Tanks raised concerns with decisions affecting Sydney Water's regulatory asset base.</p> <p> coNEXA made suggestions relating to IPART's pricing review.</p>	We will consider the comments in these submissions in the next review of Sydney Water's prices in 2024-2025. It is outside the scope of this operating licence review. We encourage all our stakeholders to participate in the next review of Sydney Water's prices.
Cost-benefit analysis	Nil	Nil	<p> An anonymous submission disagreed with IPART's approach to making recommendations that provide a net benefit to customers that outweigh costs this places an undue emphasis on the economic benefits. The submission considers that a full sustainability assessment which balances social, environmental</p>	<p>In recommending operating licence conditions, we compared the costs and benefits of each proposed conditions to establish that there was a net benefit to customers and the community.</p> <p>We consider that it is necessary to demonstrate that our recommendations for regulation provide a net benefit to the community, or at least does not result in a net cost. We have considered considers non-economic factors including social,</p>

Topic area and our draft recommendations	Sydney Water's Response	NSW Government Response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments
			<p>and economic factors is required to ensure balanced decision-making occurs, especially for the system performance standards for service interruptions.</p>	<p>environmental and economic factors in undertaking the cost-benefit analysis. If benefits or costs could not be reasonably quantified, we compared the benefits and costs qualitatively.</p>
<p>Promoting market competition and enhancing innovation</p>	<p>Nil</p>	<p>Nil</p>	<p> coNexa suggested that IPART work with relevant government agencies and stakeholders to identify other ways to promote competition in the supply of water and wastewater services to new development, to enhance efficiency and innovation in the supply of such services and to ultimately lower costs to serve new development areas.</p>	<p>We have considered coNEXA's comments. The level of engagement proposed by coNEXA and the complex nature of this issue means that it is not feasible for it to be dealt with in this review.</p>