

5-YEAR REVIEW OF WIC ACT LICENCES FOR THE **BARANGAROO SCHEME**



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The Independent Pricing and Regulatory Tribunal (IPART)

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1 Executive summary

The Independent Pricing and Regulatory Tribunal of NSW (IPART) has conducted a 5-year review of Lendlease Recycled Water (Barangaroo South) Pty Ltd (LLRW)'s network operator's licence and retail supplier's licence under section 85 of the *Water Industry Competition Act 2006* (WIC Act).

Our original assessment of LLRW's licence applications had regard to the licensing principles in section 7 of the WIC Act. We revisited these principles as part of this 5-year review.

We recommend that the Minister varies LLRW's network operator's licence (number 15_029) and retail supplier's licence (number 15_034R). The proposed variations bring LLRW's licences in line with our standard licence conditions. We also recommend amending the licences to update language and terminology to improve readability and provide clarity.

We consulted with LLRW on the proposed varied licence conditions and considered its response as part of the review process.

While the *Water Industry Competition (General) Regulation 2008* (WIC Regulation) does not require consultation with any persons other than the licensee, we consulted with the Department of Planning, Industry and Environment (DPIE) as part of the review process and considered its response.

2 Introduction

LLRW holds 2 licences under the WIC Act as described in Table 2.1.

Table 2.1 LLRW's licences for the Barangaroo scheme

Licence number	Licence type	Date granted	Date last varied
15_029	Network operator's licence	28 February 2015	13 July 2015
15_034R	Retail supplier's licence	13 July 2015	NA

Source: <https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/WICA-Licenses-Listing-pages/Current-licences>.

We commenced a 5-year review of the licences on 13 July 2020.¹ This report includes our proposal to vary the existing licence conditions and summarises our analysis and reasons for recommending the following changes:²

- ▼ **Network operator's licence:** vary the existing licence conditions and remove one condition, and
- ▼ **Retail supplier's licence:** vary the existing conditions and remove 2 conditions.

2.1 We sought to update licence conditions, having considered whether new risks had emerged

The 5-year review process allows us to consider licence conditions in light of emerging risks to the scheme and consider if the existing licence conditions are appropriate to efficiently and effectively regulate WIC Act licensees. The conditions should direct licensees to achieve desired outcomes without imposing unnecessary compliance and administrative costs. This is in line with good regulatory practice.

We considered LLRW's compliance history to inform our assessment of emerging risks as a result of the Barangaroo scheme. We did not identify any new risks to public health, safety, consumers and the environment.

We propose to update and amend licence conditions

The review provided an opportunity to update LLRW's network operator's and retail supplier's licence conditions, to align them with other more recent licence conditions. We also propose amending a special Ministerially imposed licence condition. We consider that the proposed amendment and updated standard licence conditions will:

- ▼ Address any gaps in the licence
- ▼ Clarify the intent of licence conditions for the licensee
- ▼ Apply an equitable regulatory framework

¹ We review licences granted under the WIC Act at intervals of not more than five years, with the first 5-year review commencing on the fifth anniversary of the granting of the licence, as per WIC Act, section 85(2).

² In accordance with section 85(3) of the WIC Act.

-
- ▼ Allow us to more efficiently regulate licensees through improved and more consistent audit processes
 - ▼ Improve the efficiency of administering licences until the new licensing regime, the amended WIC Act, comes into effect.

We propose to remove 3 licence conditions

Where licence conditions imposed requirements that are already imposed elsewhere (eg, in another part of a licence or the relevant Reporting Manual for WIC Act licensees), and the removal of these requirements do not result in added risk, we removed those conditions.³

2.2 We consulted relevant stakeholders to inform our review

We sought a submission from LLRW on its existing licences on 15 July 2020.⁴ LLRW's submission sought to amend/remove the following conditions:

- ▼ Network operator's licence:
 - Delete the special condition requiring LLRW to notify us of changes to agreements (clause A4.1(b)) and replace it with the standard condition requiring licensees to report in accordance with the Network Operator's Reporting Manual.
 - Delete special insurance conditions (clause A5.1 and A5.2) and replace them with the standard condition requiring licensees to maintain insurances appropriate for activities authorised under the licence.
 - Delete the special condition requiring LLRW to notify us of material changes to insurance arrangements before the change occurs (clause A5.4) and replace it with the standard condition requiring licensees to immediately notify us if LLRW's insurance arrangements cease to be adequate.
- ▼ Retail supplier's licence:
 - Delete the special condition requiring LLRW to notify us or changes to agreements (clause A4.1(b)) and replace it with the standard condition requiring licensees to report in accordance with the Retail Supplier's Reporting Manual.⁵

We do not propose to delete all of the conditions identified by LLRW but have recommended amendments to licence conditions to address the issue raised in LLRW's submission. We summarise our response to LLRW's requests in chapters 3 and 4 of this report.

We also sought submissions from LLRW on the draft proposed licences.⁶ LLRW did not propose material changes to the licences.⁷

³ One condition in LLRW's network operator's licence and 2 conditions its retail supplier's licence.

⁴ Letter to LLRW, Acting Chief Executive Officer, IPART, 22 July 2020.

⁵ Email to IPART, General Manager Asset Management Australia, LLRW, 14 August 2020.

⁶ Email to LLRW, Senior Analyst, IPART, 28 September 2020.

⁷ Email to IPART, General Manager Asset Management Australia, LLRW, 15 October 2020.

We sought submissions from DPIE on the existing licences.⁸ DPIE did not propose any changes to LLRW's existing licences.⁹

If the Minister chooses to make further changes to the proposed licences, she must notify the licensee of any proposed amendments to licence conditions and give the licensee a reasonable opportunity to make submissions with respect to the proposed amendments.¹⁰ The Minister must consider any such submissions on the proposed amendments.

2.3 We had regard to licensing principles

We had regard to the licensing principles in section 7 of the WIC Act (Box 2.1). Our recommendation to add, remove and amend LLRW's licence conditions to align them with more recent licence conditions, is in line with the licensing principles as it provides:

- ▼ Better consumer protection by clarifying requirements for the delineation of responsibilities where there are interconnections with other utilities.¹¹
- ▼ Less regulatory duplication by removing licence requirements that already exist in our reporting manual requirements for WIC Act licensees, or by consolidating requirements across conditions to a single condition within a licence (eg, insurance requirements).

Box 2.1 Licensing principles under section 7(1) of the WIC Act

"In considering whether or not a licence is to be granted under this Part and what conditions are to be imposed on such a licence, regard is to be had to the following principles:

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

Source: WIC Act, section 7.

2.4 We were mindful of changes to the WIC Act licensing framework

The amendments to the WIC Act presently being developed by the NSW Government will result in significant changes to the licensing framework and consent conditions. The Amending WIC Act includes a changed scope for schemes that will require a licence and provisions to transition currently licensed schemes to the new framework where appropriate. Therefore, we have recommended the minimum changes necessary to bring LLRW's network operator and retail supplier licences in line with the standard network

⁸ Email to DPIE, Director Regulation and Compliance, IPART, 24 July 2020.

⁹ Email to IPART, Director Metropolitan Water and Utilities, 11 August 2020.

¹⁰ WIC Act, section 17.

¹¹ WIC Act section 7(1)(a) and 7(1)(f).

operator and retail supplier licence conditions. We consider this is appropriate given the impending changes to the WIC Act and licensing regime.

2.5 Summary of changes

The following section outlines our analysis and our recommendations. In summary, we propose to update LLRW's network operator's and retail supplier's licences (the proposed licences are in Appendices A and C) as outlined below.

2.5.1 Network operator's licence

- ▼ Move the licence scope in Schedule A, to a separate section and separate into 3 parts, Section 1, Section 2 and Section 3. Add GIS coordinates and maps to clarify the area of operations (section 3.1 of this report).
- ▼ Revise the condition requiring LLRW to maintain Agreements and notify us of changes to them, in Schedule A (section 3.2.1 of this report).
- ▼ Replace Schedule A special licence conditions with standard Schedule B licence conditions that require LLRW to maintain capacity, and hold appropriate insurances (section 3.2.2 and 3.2.3 of this report).
- ▼ Remove one existing licence condition from Schedule B on the provision of licence plans (section 3.3 of this report).

2.5.2 Retail supplier's licence

- ▼ Move the licence scope in Schedule A, to a separate section and separate into 3 parts, Section 1, Section 2 and Section 3. Add GIS coordinates and maps to clarify the area of operations (section 4.1 of this report).
- ▼ Revise the condition requiring LLRW to maintain Agreements and notify us of changes to them, in Schedule A (section 4.2 of this report).
- ▼ Remove 2 existing licence conditions from Schedule B on maintaining capacity to operate and the provision of plans (section 4.3 of this report).

3 Review of LLRW’s network operator’s licence

3.1 We propose non-material changes to the licence scope

The licence scope is set out in Schedule A of the existing licence. We propose to restructure the licence scope into 3 sections, one for non-potable water, one for drinking water and one for sewerage services. This aligns the licence with our standard template. We consider that applying the standard licence template, while maintaining the language in LLRW’s existing licence, improves clarity with no material changes to the licence scope.

We also propose to define the area of operations using GIS coordinates and indicative maps.¹² GIS coordinates provide a more accurate description of the licensed area of operation over time (eg, when lots or deposited plans are changed or cease to exist) and maps are simpler to read and intuitive to understand. This is consistent with our standard licence template and does not change the area of operations defined in the network operator’s licence.

Finally, we also propose to change to the language used in Sections 1, 2 and 3 to align the language with our standard template. We consider that applying the standard licence template language, while maintaining the wording in LLRW’s existing licence, improves clarity without changing the licence scope.

3.2 We propose material changes to 4 licence conditions

We propose to amend 4 licence conditions related to LLRW’s requirement to maintain certain agreements and its insurance arrangements. The reasons for our proposed changes are summarised in Table 3.1 and detailed in section 3.2.1-3.2.3.¹³

Table 3.1 Proposed material changes to licence conditions

Current licence clause(s)	New licence condition	Reasons for the change	We had particular regard to the following licensing principles in making our recommendation
A4.1(b)	A1.1 Notification of changes to Agreement	▼ To replace the requirement for LLRW to notify us 30 days before changing Agreements to notification 14 days after changing Agreements. The existing condition is overly burdensome for LLRW to comply with and could cause LLRW to breach confidentiality when negotiating agreements.	▼ The protection of consumers under s7(1)(a) of the WIC Act. ▼ The potential for adverse financial implications for small retail customers under s7(1)(f).

¹² Area of operations are currently defined using a combination of Lots and Deposited Plans, and Eastings and Northings.

¹³ The current and new licence clause wording is provided in Table B.1 of Appendix B.

Current licence clause(s)	New licence condition	Reasons for the change	We had particular regard to the following licensing principles in making our recommendation
		<ul style="list-style-type: none"> ▼ Clarify which agreements are included under this clause. 	
A5 Appropriate insurance arrangements (A5.1, A5.2)	B2 Maintaining appropriate insurance (B2.1)	<ul style="list-style-type: none"> ▼ Remove detailed insurance requirements from the licence and replace them with general requirements consistent with other licensees. ▼ The proposed new insurance clause adequately addresses risks (to small retail customers) associated with the scheme, and aligns LLRW's insurance requirements with other licensees. 	<ul style="list-style-type: none"> ▼ The potential for adverse financial implications for small retail customers under s7(1)(f).
A5.4	B2 Maintaining appropriate insurance (B2.5)	<ul style="list-style-type: none"> ▼ Define the types of insurance changes that LLRW must notify the Tribunal of, to reduce regulatory burden. ▼ The proposed insurance clause adequately addresses risks (to small retail customers) associated with the scheme, while aligning LLRW's insurance requirements with other licensees. 	<ul style="list-style-type: none"> ▼ The potential for adverse financial implications for small retail customers under s7(1)(f).

3.2.1 Clause A4.1(b) – changes to Agreements

In its submission, LLRW requested that we remove this condition as:

- ▼ The condition currently covers all agreements LLRW may enter into (including agreements that do not affect its technical, financial or organisational capacity)
- ▼ LLRW cannot always meet the 3 month requirement given the confidentiality of some transactions, or automatic/immediate termination of agreements eg, asset sales. We consider that this puts LLRW in non-compliance with this condition.

We consider this clause is still relevant as we need to know when relevant agreements relating to its technical, financial or organisational capacity change (and what these changes are). This allows us to assess if LLRW continues to maintain its technical, organisational and financial capacity. However, we propose to remove the requirement for LLRW to notify us of changes to relevant agreements 3 months **before** the change occurs. We propose revise the condition such that we require notification from LLRW 14 days **after** a change. This approach is in line with other timeframes in LLRW's licence.

We also propose to define which agreements LLRW must notify us of changes to. This will provide LLRW clarity around this obligation.

3.2.2 Clauses A5.1 and A5.2 – requirements for insurance arrangements

In its submission, LLRW highlighted that the existing, prescriptive insurance requirements (type, amount and period of time the insurance must be held) add significant additional financial burden on LLRW, which may affect the scheme’s financial viability.

We consider that these insurance conditions were appropriate during the Barangaroo scheme design and construction phases. However, these requirements are no longer appropriate for the level of risk associated with operating and maintaining the scheme. Additionally, our standard Schedule B insurance clauses have developed over time and now provide further assurance that an appropriate level of insurance is maintained by all WIC Act licensees.

Therefore we seek to remove prescriptive requirements around the types and levels of insurance LLRW must hold. We propose to replace these conditions with standard insurance requirements imposed on other network operators (clause B2.1). This adequately addresses risks posed by the Barangaroo scheme, while reducing financial burden on LLRW resulting from maintaining high levels of insurance that are disproportionate to the scheme risk.

3.2.3 Clause A5.4 – notification of changes to insurance arrangements

In its submission, LLRW informed us that the requirement to notify us of a change to insurance arrangements 3 months prior to making the change was “unachievable and cumbersome”¹⁴ as LLRW relies on its parent company to arrange its insurance policies.

We consider that replacing this requirement with the standard condition on network operators (clause B2.5) continues to adequately cover risks to consumers and small retail customers, while aligning LLRW’s licence to our standard template.

3.3 We propose to remove one existing licence condition from Schedule B

We propose to remove the requirement for LLRW to notify IPART of changes to plans as outlined in Table 3.2.¹⁵

Table 3.2 Proposed deleted licence condition

Current licence condition	Reason for deleting this condition	Considerations in making our recommendation
B9 Provision of copy of Plan	▼ This condition duplicates a requirement in section 3.10 of the <i>Reporting Manual</i> .	▼ Inefficient regulation caused by duplicative requirements on LLRW.

¹⁴ Email to IPART, General Manager Asset Management Australia, LLRW, 14 August 2020.

¹⁵ The deleted clause wording is provided in Table B.2 of Appendix B.

4 Review of LLRW’s retail supplier’s licence

4.1 We propose non-material changes to the licence scope

The licence scope is set out in Schedule A of the existing licence. We propose to restructure the licence scope into 3 sections, one for non-potable water, one for drinking water and one for sewerage services. This aligns the licence with our standard template. We consider that applying the standard licence template, while maintaining the language in LLRW’s existing licence, improves clarity with no material changes to the licence scope.

We propose to define the area of operations using GIS coordinates and indicative maps in line with the proposed network operator’s licence.¹⁶ As discussed in section 3.1, this provides a more accurate description of the licensed area over time and maps are more intuitive. This is consistent with our standard licence template and does not change the area of operations defined in the retail supplier’s licence.

We also propose to align the language used in Sections 1, 2 and 3. This will bring the language in LLRW’s licence in line with that of our standard template. We consider that applying the standard licence template language, while maintaining the wording in LLRW’s existing licence, improves clarity without changing the licence scope.

4.2 We propose material changes to one licence condition in Schedule A

We propose to amend one licence condition on LLRW’s requirement to maintain certain agreements. The reasons for our proposed changes are summarised in Table 4.1.¹⁷

Table 4.1 Proposed material changes to licence conditions

Current licence clause(s)	New licence condition	Reasons for the change	We had particular regard to the following licensing principles in making our recommendation
A4.1(b)	A2.1 Ongoing capacity to operate	<ul style="list-style-type: none">▼ To replace the requirement for LLRW to notify us 30 days before changing Agreements to notification 14 days after changing Agreements. The existing condition is overly burdensome for LLRW to comply with and could cause LLRW to breach confidentiality when negotiating agreements.▼ Clarify which agreements are included under this clause.	<ul style="list-style-type: none">▼ The protection of consumers under s7(1)(a) of the WIC Act.▼ The potential for adverse financial implications for small retail customers under s7(1)(f).

¹⁶ Area of operations are currently defined using a combination of Lots and Deposited Plans, and Eastings and Northings.

¹⁷ The current and new licence clause wording is provided in Table D.1 of Appendix D.

The change mirrors the proposed changes for the network operator’s licence. We discuss this in section 3.2.1 above.¹⁸

4.3 We propose to remove 2 existing licence conditions

We propose to delete the special condition (clause A4.1(a)) that requires LLRW to maintain its technical, financial and organisation capacity.

We also propose to remove the requirement for LLRW to notify IPART of changes to plans.¹⁹

The reasons for our recommendations are outlined in Table 4.2.

Table 4.2 Proposed deleted licence conditions

Current licence condition	Reasons for deleting this condition	Considerations in making our recommendation
A4.1(a) Ongoing Capacity to Operate	▼ This condition duplicates a requirement in Schedule B, clause 1 of the licence.	▼ Inefficient regulation caused by duplicative requirements on LLRW.
B8 Provision of Copy of Plan	▼ This condition duplicates a requirement in section 3.10 of the <i>Reporting Manual</i> .	▼ Inefficient regulation caused by duplicative requirements on LLRW.

¹⁸ Our reasons for proposing changes to this clause mirrors the reasons for updating the Agreements clause in LLRW’s network operator’s licence.

¹⁹ The deleted clause wording is provided in Table D.2 of Appendix D.

5 Recommendations

Recommendation

- 1 We recommend that the Minister vary the conditions of LLRW's network operator's licence 15_029) and retail supplier's licence (15_034R) in accordance with the proposed varied licences in Appendices A and C.

Upon making a decision to vary each licence or otherwise, the Minister may provide IPART with a notice of the decision and the reasons for the decision. Where the Minister provides us with a notice of the decision, we will make that notice available to the public on our website, in accordance with the requirements of the WIC Act. We will also notify the licensee of each varied licence.



Appendix

A Proposed network operator's licence (15_029)



NEW SOUTH WALES GOVERNMENT

Water Industry Competition Act 2006 (NSW)

Network operator's licence

Licence no. 15_029

Lendlease Recycled Water (Barangaroo South) Pty Ltd

(ACN 158 168 686)

PRELIMINARY

1. Summary

- 1.1. This Licence is granted under section 10(1) of the Act.
- 1.2. The Act prohibits a person from constructing, maintaining or operating any water industry infrastructure otherwise than under the authority of a licence. This Licence authorises the Licensee and other Authorised Persons to carry out such activities that would otherwise be prohibited under the Act.

2. Outline

- 2.1. This Licence is divided into the following sections and schedules:

Section 1 authorises the construction, maintenance and operation of water infrastructure for non-potable water (if applicable).

Section 2 authorises the construction, maintenance and operation of water infrastructure for drinking water (if applicable).

Section 3 authorises the construction, maintenance and operation of sewerage infrastructure (if applicable).

Schedule A sets out special Ministerially-imposed licence conditions that are specific to this Licence.

Schedule B sets out Ministerially-imposed licence conditions that generally apply to network operator's licences granted under the Act.

Schedule C sets out definitions and interpretation provisions.

Schedule D sets out the area of operations for the activities authorised under Section 1.

Schedule E sets out the area of operations for the activities authorised under Section 2.

Schedule F sets out the area of operations for the activities authorised under Section 3.

Schedule G provides indicative maps for reference only.

- 2.2. In addition to the conditions in Schedules A and B to this Licence, the Act and Regulation also contain conditions that apply to this Licence. Nothing in Schedules A or B modifies or affects the conditions imposed on this Licence by the Act or Regulation.
- 2.3. Where there is an inconsistency between Schedule G on the one hand and any of Schedules D, E and F on the other hand, Schedules D, E and F are to prevail over Schedule G to the extent of the inconsistency.

SECTION 1 – ACTIVITIES AUTHORISED: NON-POTABLE WATER

Subject to the conditions imposed by the Act, the Regulation and Schedules A and B of this Licence, this Licence authorises the Licensee and any Authorised Persons specified in:

- a) Table 1.1A to construct, maintain and operate the water industry infrastructure specified in Table 1.2A:
 - i) for one or more of the purposes for water industry infrastructure specified in Table 1.2A; and
 - ii) within the area of operations specified in Table 1.3.

The non-potable water supplied by means of the water industry infrastructure specified in Table 1.2A may only be used for the authorised purposes for non-potable water specified in Table 1.4.

- b) Table 1.1B to construct, maintain and operate the water industry infrastructure specified in Table 1.2B:
 - i) for one or more of the purposes for water industry infrastructure specified in Table 1.2B; and
 - ii) within the area of operations specified in Table 1.3.

The non-potable water supplied by means of the water industry infrastructure specified in Table 1.2B may only be used for the authorised purposes for non-potable water specified in Table 1.4.

Table 1.1A Authorised Persons

Lendlease Building Pty Ltd (ACN 000 098 162)
Veolia Energy Solutions Pty Ltd (ACN 129 471 558)
Veolia Water Operations Pty Ltd (ACN 061 161 297)

Table 1.1B Authorised Persons

WJP Solutions Pty Ltd (ACN 131 915 369)

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

Infrastructure used for the production, filtration, treatment, storage and conveyance or reticulation of non-potable water.

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

Infrastructure used for the production, filtration, treatment or storage of non-potable water.

Table 1.3 Area of operations

Refer to Schedule D.

Table 1.4 Authorised purposes for non-potable water

- 1) Dual reticulation
- 2) Toilet flushing
- 3) Irrigation (uncontrolled access)
- 4) Washing machines (cold tap only)
- 5) Car washing
- 6) Process water at the recycled water plant
- 7) Fire test
- 8) Cooling towers.

SECTION 2 – ACTIVITIES AUTHORISED: DRINKING WATER

[Not applicable]

SECTION 3 – ACTIVITIES AUTHORISED: SEWERAGE SERVICES

Subject to the conditions imposed by the Act, the Regulation and Schedules A and B of this Licence, this Licence authorises the Licensee and any Authorised Persons specified in:

- a) Table 3.1A to construct, maintain and operate the water industry infrastructure specified in Table 3.2A:
 - i) for the authorised purposes specified in Table 3.2A; and
 - ii) within the area of operations specified in Table 3.3.
- b) Table 3.1B to construct, maintain and operate the water industry infrastructure specified in Table 3.2B:
 - i) for the authorised purposes specified in Table 3.2B; and
 - ii) within the area of operations specified in Table 3.3.

Table 3.1A Authorised Persons

Lend Lease Building Pty Ltd (ACN 000 098 162)
Veolia Energy Solutions Pty Ltd (ACN 129 471 558)
Veolia Water Operations Pty Ltd (ACN 061 161 297)

Table 3.1B Authorised Persons

WJP Solutions Pty Ltd (ACN 131 915 369)

Table 3.2A Water industry infrastructure and purposes for water industry infrastructure

- 1) Water industry infrastructure:
Infrastructure for the treatment, storage, conveyance or reticulation of sewage.
- 2) Authorised purposes:
Sewage collection, transport and treatment
Effluent disposal to sewer and effluent transfer to non-potable water system

Table 3.2B Water industry infrastructure and purposes for water industry infrastructure

<p>1) Water industry infrastructure: Infrastructure for the treatment and storage of sewage.</p> <p>2) Authorised purposes: Sewage collection, transport and treatment Effluent disposal to sewer and effluent transfer to non-potable water system</p>

Table 3.3 Area of operations

<p>Refer to Schedule F.</p>

SCHEDULE A – SPECIAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS

1. Notification of changes to Agreement

1.1. If a party to an Agreement proposes to:

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

the Licensee must provide IPART with written notice of that fact as soon as practicable, but no later than 14 days after the change is made. The written notice must include details of how the Licensee will continue to provide services previously provided under the Agreement subsequent to the proposed termination, novation, assignment, transfer or alteration.

1.2. The Licensee will also provide IPART with written notice as soon as practicable but no later than 3 months prior to reaching the Sunset Date, as defined in the Deed of Undertaking between Lend Lease Development Pty Ltd and Lend Lease Recycled Water (Barangaroo South) Pty Limited.

1.3. Before commencing to operate the Specified Water Industry Infrastructure under this Licence, the Licensee must demonstrate to the satisfaction of the Minister that it has made and will continue to maintain appropriate arrangements with respect to insurance. (Note that this requirement relates to physical rather than commercial operation of the Specified Water Industry Infrastructure.)

SCHEDULE B – GENERAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS

1. Ongoing capacity to operate

- 1.1. The Licensee must have the technical, financial and organisational capacity to carry out the activities authorised by this Licence. If the Licensee ceases to have this capacity, it must report this to IPART in accordance with the Reporting Manual.

2. Maintaining appropriate insurance

- 2.1. The Licensee must hold insurance that is appropriate for the size and nature of the activities that the Licensee is carrying out under this Licence.
- 2.2. The Licensee must provide a copy of each certificate of currency of the insurance maintained by the Licensee to IPART in accordance with the Reporting Manual.
- 2.3. Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must demonstrate that the insurance held is appropriate for the size and nature of those commercial operation activities, by providing a report to IPART from an Insurance Expert that:
- a) certifies that in the Insurance Expert's opinion, the type, scope and limit of the insurance held by the Licensee is appropriate for the size and nature of those commercial operation activities; and
 - b) is in the form prescribed by the Reporting Manual.
- 2.4. *[Not applicable]*
- 2.5. If, in relation to the activities authorised by this Licence, there is, or is to be, a change in either of the following, the Licensee must provide a report to IPART in accordance with the Reporting Manual:
- a) the insurer or underwriting panel in respect of an insurance policy held by the Licensee; or
 - b) the type, scope or limit on the amount of insurance held by the Licensee.
- 2.6. From time to time when requested in writing by IPART, the Licensee must provide a report to IPART, in the manner and form and within the timeframes specified by IPART, from an Insurance Expert certifying that in the Insurance Expert's opinion the type, scope and limit on the amount of insurance held by the Licensee is appropriate for the size and nature of the activities that the Licensee is carrying out under this Licence.

[Note: The circumstances in which IPART may request a report under clause 2.6 include (but are not limited to) the following:

- *where IPART considers that there may be a change in the type, scope or limit on the amount of insurance held by the Licensee in relation to activities that the Licensee is carrying out under this Licence;*
- *where there is a change in the type or extent of activities authorised by this Licence; or*
- *where IPART or an approved auditor considers that the type, scope or limit on the amount of insurance held by the Licensee may not be appropriate for the size and nature of the activities that the Licensee is carrying out under this Licence.]*

2.7. *[Not applicable]*

3. Complying with NSW Health requirements

3.1. The Licensee must carry out the activities authorised by this Licence in compliance with any requirements of NSW Health that:

- a) IPART has agreed to; and
- b) are notified from time to time to the Licensee by IPART in writing.

4. Complying with Audit Guidelines

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

5. Reporting in accordance with the Reporting Manual

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

6. Reporting information in relation to the register of licences

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

- a) any source from which the water handled by the Specified Water Industry Infrastructure is derived;

- b) the identity of each licensed retail supplier or public water utility that has access to the infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of supplying water to its customers;
- c) any other water infrastructure to which the Specified Water Industry Infrastructure is connected;
- d) in the case of non-potable water, the authorised purposes for that water;
- e) the identity of each licensed retail supplier or public water utility that has access to infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of providing sewerage services to its customers;
- f) any other sewerage infrastructure to which the Specified Water Industry Infrastructure is connected; and
- g) the arrangements for the disposal of waste from the water industry infrastructure specified in section 3, Table 3.2A and Table 3.2B.

7. Monitoring

- 7.1. The Licensee must undertake any monitoring that is required for the purposes of this Licence, any Plan, the Act or the Regulation in accordance with this clause 7.
- 7.2. The Licensee must keep the following records of any samples taken for monitoring purposes specified in the Water Quality Plan:
 - a) the date on which the sample was taken;
 - b) the time at which the sample was collected;
 - c) the point or location at which the sample was taken; and
 - d) the chain of custody of the sample (if applicable).
- 7.3. The Licensee must ensure that analyses of all samples taken for the purposes of Verification Monitoring are carried out by a laboratory accredited for the specified tests by an independent body that is acceptable to NSW Health, such as the National Association of Testing Authorities or an equivalent body.

8. Delineating responsibilities

- 8.1. If a code of conduct has not been established under clause 25 of the Regulation, the Licensee must, by a date specified by IPART, establish a code of conduct (**Licensee's Code of Conduct**) in accordance with this clause 8.
- 8.2. Before the Licensee brings the Specified Water Industry Infrastructure into commercial operation or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between:
 - a) the Licensee; and

- b) each licensed network operator, licensed retail supplier and/or public water utility that:
 - i) supplies water or provides sewerage services by means of any water industry infrastructure that is connected to the Specified Water Industry Infrastructure; or
 - ii) constructs, maintains or operates any water industry infrastructure that is connected to the Specified Water Industry Infrastructure.

8.3. *[Not applicable]*

8.4. The Licensee's Code of Conduct must set out the respective responsibilities of the entities specified in clause 8.3 by, at a minimum, providing for:

- a) who is responsible for repairing, replacing or maintaining any pipes, pumps, valves, storages or other infrastructure connecting the Specified Water Industry Infrastructure to the other water industry infrastructure;
- b) who is responsible for water quality;
- c) who is liable in the event of the unavailability of water;
- d) who is liable in the event of failure of any water industry infrastructure;
- e) the fees and charges payable in respect of the use of the water industry infrastructure; and
- f) who is responsible for handling customer complaints.

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

9. Notification of changes to end-use

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

10. Notification of commercial operation

10.1. Each time the Licensee has brought any new Specified Water Industry Infrastructure into commercial operation, the Licensee must:

- a) notify IPART in accordance with the Reporting Manual that it has brought the relevant Specified Water Industry Infrastructure into commercial operation; and
- b) provide such notification within 10 days after it has brought the relevant Specified Water Industry Infrastructure into commercial operation.

11. Notification of non-compliant Plumbing

11.1. *[Not applicable]*

SCHEDULE C – INTERPRETATION AND DEFINITIONS

1. Interpretation

1.1. In this Licence, unless the context requires otherwise:

- a) the singular includes the plural and vice versa;
- b) headings are used for convenience only and do not affect the interpretation of this Licence;
- c) a reference to a document includes the document as modified from time to time and any document replacing it;
- d) a reference to a “person” includes a natural person and any body or entity whether incorporated or not;
- e) a reference to a clause is to a clause in this Licence;
- f) a reference to a section is to a section in this Licence;
- g) a reference to a schedule is to a schedule to this Licence;
- h) a reference to a law or statute includes regulations, rules, codes and other instruments under it, and consolidations, amendments, re-enactments or replacements of them; and
- i) explanatory notes do not form part of this Licence, but in the case of uncertainty may be relied on for interpretation purposes.

2. Definitions

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

2.2. In this Licence:

Act means the *Water Industry Competition Act 2006* (NSW).

Agreement	<p>means the Deed of Undertaking and the documents titled:</p> <ul style="list-style-type: none"> a) “<i>Deed of Services Barangaroo South Recycled Water</i>” between the parties Lend Lease Recycled Water (Barangaroo South) Pty Limited and Lend Lease Development Pty Limited executed on 18 June 2015; b) “<i>Project Agreement Recycled Water Plant – Barangaroo South</i>” between the parties Lend Lease Recycled Water (Barangaroo South) Pty Limited and Lend Lease (Millers Point) Pty Limited as trustee for Lend Lease (Millers Point) Trust executed on 9 July 2014; c) “<i>Operation and Maintenance Agreement (NSW) Recycled Water Plant (Comprehensive Operations & Maintenance) Contract Particulars</i>” between the parties Lend Lease Recycled Water (Barangaroo South) Pty Limited and Dalkia Solutions Pty Limited executed on 25 July 2014; and d) “<i>Utility Services Agreement</i>” between the parties Sydney Water Corporation” and Lend Lease Recycled Water (Barangaroo South) Pty Ltd executed on 26 June 2015.
Audit Guidelines	<p>means the document titled “<i>Audit Guideline – Water Industry Competition Act 2006</i>”, which is prepared by IPART and is available on IPART’s website at www.ipart.nsw.gov.au, and any other guidelines issued by IPART in relation to audits under the Act.</p>
Authorised Person	<p>means each person specified in, as applicable:</p> <ul style="list-style-type: none"> a) section 1, Table 1.1; b) section 2, Table 2.1; and c) section 3, Table 3.1.
Code Compliant	<p>has the meaning given to that term under section 7 of the <i>Plumbing and Drainage Act 2011</i> (NSW).</p>
Deed of Undertaking	<p>means the document titled “<i>Undertaking</i>” between the parties Lend Lease Development Pty Ltd and Lend Lease Recycled Water (Barangaroo South) Pty Ltd executed on 17 February 2015.</p>

Insurance Expert	means an insurance broker which holds an Australian financial services licence under Part 7.6 of the <i>Corporations Act 2001</i> (Cth) that authorises the broker to provide financial product advice for, and deal in, contracts of insurance within the meaning of Chapter 7 of that Act.
IPART	means the Independent Pricing and Regulatory Tribunal of New South Wales established under the <i>Independent Pricing and Regulatory Tribunal Act 1992</i> (NSW).
Licence	means this network operator's licence granted under section 10 of the Act.
Licensee	means Lendlease Recycled Water (Barangaroo South) Pty Ltd (ACN 158 168 686).
Licensee's Code of Conduct	has the meaning given in Schedule B, clause 8.1.
Minister	means the Minister responsible for Part 2 of the Act.
NSW Health	means the Water Unit of NSW Ministry of Health and any of the local health districts as defined by the NSW Ministry of Health.
Plan	means any infrastructure operating plan, water quality plan or sewage management plan that the Licensee is required to prepare under the Regulation.
Plumbing	means any pipe, fitting or apparatus that is situated: <ul style="list-style-type: none"> a) downstream of the customer's connection point to a water main, where the water main is Specified Water Industry Infrastructure; b) upstream of a customer's connection point to a sewer main, where the sewer main is Specified Water Industry Infrastructure; or c) upstream of a customer's connection point to a stormwater drain, where the stormwater drain is Specified Water Industry Infrastructure.

Plumbing Regulator	has the meaning given to that term under section 3 of the <i>Plumbing and Drainage Act 2011</i> (NSW).
Regulation	means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).
Reporting Manual	means the document titled “Network Operator's Reporting Manual”, which is prepared by IPART and is available on IPART’s website at www.ipart.nsw.gov.au .
Specified Water Industry Infrastructure	means the water industry infrastructure specified in, as applicable: <ul style="list-style-type: none"> a) section 1, Table 1.2; b) section 2, Table 2.2; and c) section 3, Table 3.2.
Sunset Date	has the meaning given to that term in the Deed of Undertaking.
Verification Monitoring	means verification monitoring as described in the document titled “ <i>Australian Drinking Water Guidelines</i> ” or the document titled “ <i>Australian Guidelines for Water Recycling</i> ” as the case may be.
Water Quality Plan	means the water quality plan that the Licensee is required to prepare under the Regulation.

SCHEDULE D – AREA OF OPERATIONS – NON-POTABLE WATER

Table D.1 Vertices for area of operations for non-potable water

Vertex	Easting	Northing	Vertex	Easting	Northing
0	333755.6575	6251325.363	28	333702.8329	6252309.857
1	333753.9073	6251325.17	29	333693.3419	6252308.074
2	333754.5298	6251323.063	30	333689.3039	6252309.368
3	333676.7671	6251270.688	31	333686.6128	6252312.685
4	333608.0688	6251263.177	32	333679.9354	6252296.836
5	333571.5347	6251596.373	33	333663.8598	6252302.881
6	333556.8069	6251597.42	34	333657.8957	6252302.979
7	333487.0367	6252225.247	35	333648.0893	6252300.305
8	333498.7944	6252226.58	36	333641.6737	6252296.765
9	333499.6612	6252218.82	37	333633.4848	6252286.894
10	333505.8893	6252223.161	38	333630.7717	6252279.606
11	333510.9129	6252229.155	39	333627.3802	6252232.14
12	333514.9551	6252239.558	40	333629.11	6252232.084
13	333517.0893	6252264.174	41	333632.584	6252198.67
14	333509.6352	6252346.077	42	333648.4833	6252198.335
15	333502.0877	6252403.308	43	333645.9341	6252113.528
16	333499.9219	6252403.104	44	333675.769	6252102.541
17	333498.8582	6252420.831	45	333695.4381	6252041.794
18	333728.2589	6252440.626	46	333712.182	6252043.049
19	333729.5363	6252428.865	47	333733.661	6251765.608
20	333717.4383	6252427.854	48	333753.9116	6251578.789
21	333717.7439	6252424.041	49	333757.062	6251552.676
22	333692.8166	6252421.949	50	333782.445	6251555.963
23	333693.2467	6252373.247	51	333795.867	6251442.48
24	333691.7608	6252363.621	52	333769.7873	6251439.682
25	333692.9181	6252348.631	53	333781.6343	6251330.37
26	333731.0347	6252325.124	54	333772.6521	6251327.244
27	333713.2473	6252319.037	55	333755.6575	6251325.363

Note: Coordinate reference system is MGA 56.

SCHEDULE E – AREA OF OPERATIONS – DRINKING WATER

[Not applicable]

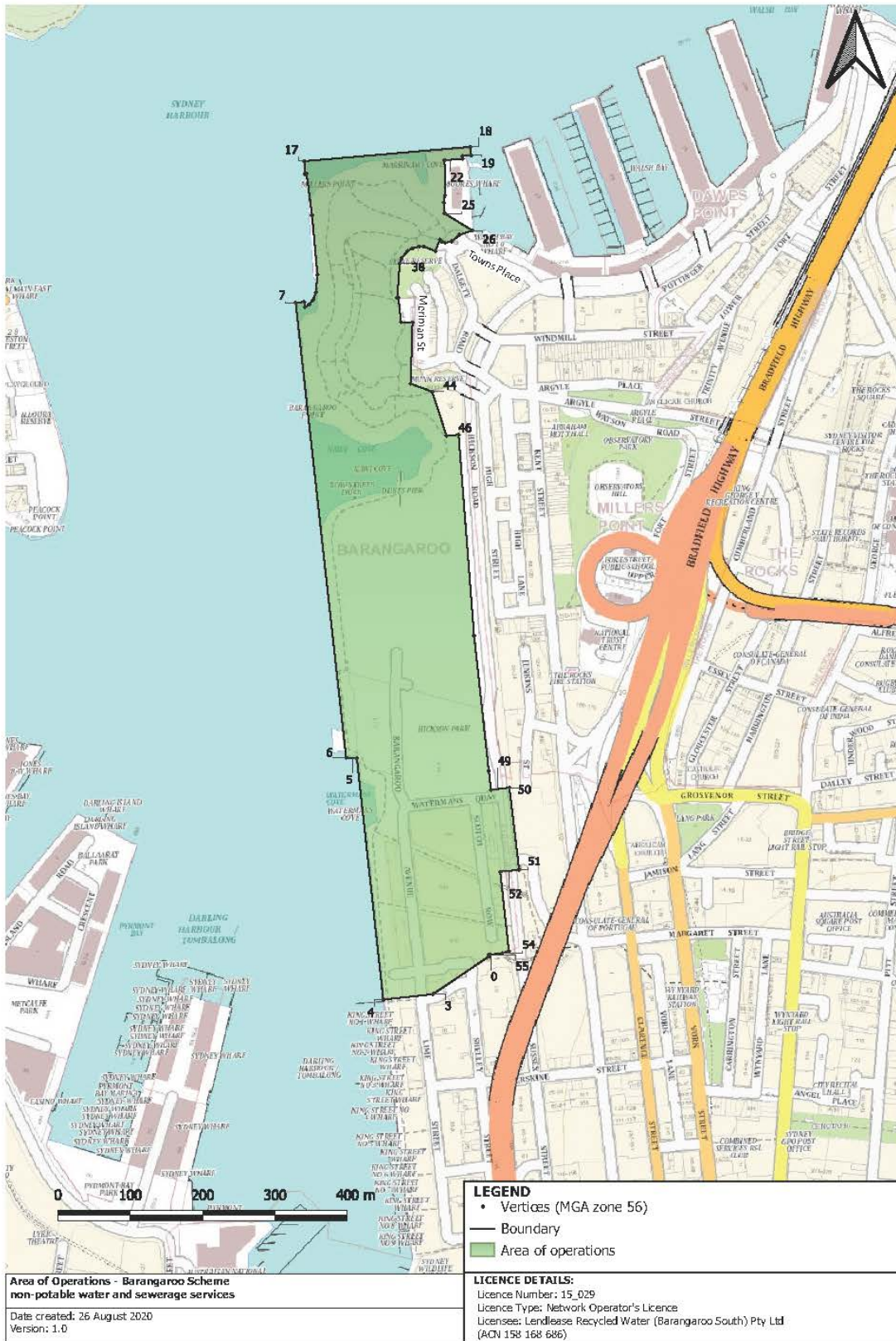
SCHEDULE F – AREA OF OPERATIONS – SEWERAGE SERVICES

Table F.1 Vertices for area of operations for sewerage services

Vertex	Easting	Northing	Vertex	Easting	Northing
0	333755.6575	6251325.363	28	333702.8329	6252309.857
1	333753.9073	6251325.17	29	333693.3419	6252308.074
2	333754.5298	6251323.063	30	333689.3039	6252309.368
3	333676.7671	6251270.688	31	333686.6128	6252312.685
4	333608.0688	6251263.177	32	333679.9354	6252296.836
5	333571.5347	6251596.373	33	333663.8598	6252302.881
6	333556.8069	6251597.42	34	333657.8957	6252302.979
7	333487.0367	6252225.247	35	333648.0893	6252300.305
8	333498.7944	6252226.58	36	333641.6737	6252296.765
9	333499.6612	6252218.82	37	333633.4848	6252286.894
10	333505.8893	6252223.161	38	333630.7717	6252279.606
11	333510.9129	6252229.155	39	333627.3802	6252232.14
12	333514.9551	6252239.558	40	333629.11	6252232.084
13	333517.0893	6252264.174	41	333632.584	6252198.67
14	333509.6352	6252346.077	42	333648.4833	6252198.335
15	333502.0877	6252403.308	43	333645.9341	6252113.528
16	333499.9219	6252403.104	44	333675.769	6252102.541
17	333498.8582	6252420.831	45	333695.4381	6252041.794
18	333728.2589	6252440.626	46	333712.182	6252043.049
19	333729.5363	6252428.865	47	333733.661	6251765.608
20	333717.4383	6252427.854	48	333753.9116	6251578.789
21	333717.7439	6252424.041	49	333757.062	6251552.676
22	333692.8166	6252421.949	50	333782.445	6251555.963
23	333693.2467	6252373.247	51	333795.867	6251442.48
24	333691.7608	6252363.621	52	333769.7873	6251439.682
25	333692.9181	6252348.631	53	333781.6343	6251330.37
26	333731.0347	6252325.124	54	333772.6521	6251327.244
27	333713.2473	6252319.037	55	333755.6575	6251325.363

Note: Coordinate reference system is MGA 56.

SCHEDULE G – AREA OF OPERATIONS – MAPS



B Proposed network operator's licence (15_029) amendments

Table B.1 Proposed licence condition amendments which have resulted in material changes to LLRW’s network operator’s licence

Current licence clause	New licence clause
<p>Schedule A4, clause 4 <i>Ongoing capacity to operate</i> A4.1(b) If a party to an Agreement proposes to</p> <ul style="list-style-type: none"> i) terminate the Agreement, ii) novate the Agreement, iii) assign or transfer any of its rights or obligations under such an Agreement to any other person, or iv) alter the Agreement in any way that materially reduces the Licensee’s technical, financial or organisational capacity to carry out the activities authorised by the Licence <p>the Licensee must provide IPART with written notice as soon as practicable but no later than 3 months before the time when the proposed action is to occur. The written notice must include details of how the service provided under the Agreement will be provided subsequent to the proposed termination, novation, assignment, transfer or alteration.</p>	<p>Schedule A, clause 1 <i>Notification of changes to Agreement</i> A1.1. If a party to an Agreement proposes to:</p> <ul style="list-style-type: none"> a) terminate the Agreement; b) novate the Agreement; c) assign or transfer any of its rights or obligations under the Agreement to any other person; or d) alter the Agreement in any way that materially reduces the Licensee’s technical, financial or organisational capacity to carry out the activities authorised by this Licence, <p>the Licensee must provide IPART with written notice of that fact as soon as practicable, but no later than 14 days after the change is made. The written notice must include details of how the Licensee will continue to provide services previously provided under the Agreement subsequent to the proposed termination, novation, assignment, transfer or alteration.</p> <hr/> <p>Relevant (new) definitions in Schedule C, section 2.2 <i>Definitions</i> Agreement means the Deed of Undertaking and the documents titled:</p> <ul style="list-style-type: none"> a) “<i>Deed of Services Barangaroo South Recycled Water</i>” between the parties Lend Lease Recycled Water (Barangaroo South) Pty Limited and Lend Lease Development Pty Limited executed on 18 June 2015; b) “<i>Project Agreement Recycled Water Plant – Barangaroo South</i>” between the parties Lend Lease Recycled Water (Barangaroo South) Pty Limited and Lend Lease (Millers Point) Pty Limited as trustee for Lend Lease (Millers Point) Trust executed on 9 July 2014; c) “<i>Operation and Maintenance Agreement (NSW) Recycled Water Plant (Comprehensive Operations & Maintenance) Contract Particulars</i>” between the parties Lend Lease Recycled Water (Barangaroo South) Pty Limited and Dalkia Solutions Pty Limited executed on 25 July 2014; and d) “<i>Utility Services Agreement</i>” between the parties Sydney Water Corporation” and Lend Lease Recycled Water (Barangaroo South) Pty Ltd executed on 25 June 2015.

Deed of Undertaking means the document titled “*Undertaking*” between the parties Lend Lease Development Pty Ltd and Lend Lease Recycled Water (Barangaroo South) Pty Ltd executed on 17 February 2015.

Schedule A5, clause 5

Appropriate insurance arrangements

A5.1 The Licensee must maintain insurance that is appropriate for the size and nature of the activities authorised under this Licence. Consistent with this requirement, the Licensee must ensure that the following limits of indemnity are available, and continue to be available, in relation to the activities authorised by the licence:

Insurance type	Policy Number	Limit of Indemnity
Public & Products Liability	99-0002027LGR	\$50m
Professional Indemnity	PL-SY-SPC-14-502183	\$50m
Professional Indemnity	0300014434	\$15m
Pollution Liability	AU00004086LI14A	USD \$25m
Pollution Liability	AU0001923L14A	USD \$50m

It is noted that the above list of insurance policies is not exhaustive and that the suite of insurance policies provided by the applicant in connection with the licence application informed the decision that insurance arrangements are appropriate, as required by section 10(4)(c) of the WIC Act.

A5.2 The Licensee is required to maintain the following insurance policies, or policies in equivalent terms, for the periods shown in the table below.

Insurance type	Policy Number	Period of time
Professional Indemnity	PL-SY-SPC-14-502183	7 years after the conclusion of construction of the Specified Water Industry Infrastructure
Professional Indemnity	0300014434	7 years after the Specified Water Industry Infrastructure ceases to operate or is sold by the Licensee, whichever occurs earlier

Schedule B, clause 2

Maintaining appropriate insurance

B2.1. The Licensee must hold insurance that is appropriate for the size and nature of the activities that the Licensee is carrying out under this Licence.

Pollution Liability	AU0001923L14A	7 years after the Specified Water Industry Infrastructure ceases to operate or is sold by the Licensee, whichever occurs earlier
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A5.4 If the Licensee proposes to make any material changes to its insurance arrangements (including in relation to the type or level of insurance held), it must notify IPART in writing at least three months prior to making the proposed change.

Schedule B, clause 2

Maintaining appropriate insurance

- B2.5. If, in relation to the activities authorised by this Licence, there is, or is to be, a change in either of the following, the Licensee must provide a report to IPART in accordance with the Reporting Manual:
- a) the insurer or underwriting panel in respect of an insurance policy held by the Licensee; or
 - b) the type, scope or limit on the amount of insurance held by the Licensee.
-

Table B.2 Proposed deleted licence conditions

Current licence clause (proposed for deletion)
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Schedule B, clause 6

<i>Provision of copy of Plan</i>

B6.1 Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor engaged to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.
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C Proposed retail supplier's licence (15_034R)



NEW SOUTH WALES GOVERNMENT

Water Industry Competition Act 2006 (NSW)

Retail supplier's licence

Licence no. 15_034R

Lendlease Recycled Water (Barangaroo South) Pty Ltd

(ACN 158 168 686)

PRELIMINARY

1. Summary

- 1.1. This Licence is granted under section 10(1) of the Act.
- 1.2. The Act prohibits a person from supplying water, or providing a sewerage service, by means of any water industry infrastructure, otherwise than under the authority of a licence. This Licence authorises the Licensee and other Authorised Persons to carry out such activities that would otherwise be prohibited under the Act.

2. Outline

- 2.1. This Licence is divided into the following sections and schedules:

Section 1 authorises the supply of non-potable water (if applicable).
Section 2 authorises the supply of drinking water (if applicable).
Section 3 authorises the supply of sewerage services (if applicable).
Schedule A sets out special Ministerially-imposed licence conditions that are specific to this Licence.
Schedule B sets out Ministerially-imposed licence conditions that generally apply to retail suppliers' licences granted under the Act.
Schedule C sets out definitions and interpretation provisions.
Schedule D sets out the area of operations for the activities authorised under Section 1.
Schedule E sets out the area of operations for the activities authorised under Section 2.
Schedule F sets out the area of operations for the activities authorised under Section 3.

Schedule G provides indicative maps for reference only.

- 2.2. In addition to the conditions in Schedules A and B to this Licence, the Act and Regulation also contain conditions that apply to this Licence. Nothing in Schedules A or B modifies or affects the conditions imposed on this Licence by the Act or Regulation.
- 2.3. Where there is an inconsistency between Schedule G on the one hand and any of Schedules D, E and F on the other hand, Schedules D, E and F are to prevail over Schedule G to the extent of the inconsistency.

SECTION 1 – AUTHORISATION TO SUPPLY NON-POTABLE WATER

Subject to the conditions imposed by the Act, the Regulation and Schedules A and B of this Licence, this Licence authorises the Licensee and any Authorised Persons specified in Table 1.1 to supply non-potable water:

- a) to the persons or classes of persons specified in Table 1.2; and
- b) within the area of operations specified in Table 1.3.

The non-potable water supplied by means of the water industry infrastructure may only be used for the authorised purposes for non-potable water specified in Table 1.4.

Table 1.1 Authorised Persons

Lendlease Development Pty Ltd (ACN 000 311 277)

Table 1.2 Person or classes of persons

Persons within the areas of operations specified in Table 1.3 of this Section 1.

Table 1.3 Area of operations

Refer to Schedule D.

Table 1.4 Authorised purposes for non-potable water

The authorised purposes specified in Section 1, Table 1.4 of the Licensee's Network Operator's Licence.

SECTION 2 – AUTHORISATION TO SUPPLY DRINKING WATER

[Not applicable]

Table 2.1 Authorised Persons

[Not applicable]

Table 2.2 Person or classes of persons

[Not applicable]

Table 2.3 Area of operations

[Not applicable]

SECTION 3 – AUTHORISATION TO PROVIDE SEWERAGE SERVICES

Subject to the conditions imposed by the Act, the Regulation and Schedules A and B of this Licence, this Licence authorises the Licensee and any Authorised Persons specified in Table 3.1 to provide sewerage services:

- a) to the persons or classes of persons specified in Table 3.2;
- b) within the area of operations specified in Table 3.3; and
- c) using the infrastructure, and for the authorised purposes, specified in Table 3.2A of the Licensee's Network Operator's Licence.

Table 3.1 Authorised Persons

Lendlease Development Pty Ltd (ACN 000 311 277)

Table 3.2 Person or classes of persons

Persons within the areas of operations specified in Table 3.3 of this Section 3.
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Table 3.3 Area of operations

Refer to Schedule F.

SCHEDULE A – SPECIAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS

1. Notification of changes to Authorised Person

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

2. Ongoing capacity to operate

- 2.1. If a party to an Agreement proposes to:

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

the Licensee must provide IPART with written notice of that fact as soon as practicable, but no later than 14 days after the change is made. A written notice provided under clause A2.1 a) – c) or e) must provide details of how the services provided under the Agreement will be provided subsequent to the proposed termination, novation, assignment, transfer or alteration.

- 2.2. The Licensee will also provide IPART with written notice as soon as practicable but no later than 3 months prior to reaching the Sunset Date, as defined in the Deed of Undertaking between Lend Lease Development Pty Ltd and Lend Lease Recycled Water (Barangaroo South) Pty Limited.

SCHEDULE B – GENERAL MINISTERIALLY IMPOSED LICENCE CONDITIONS

1. Ongoing capacity to operate

- 1.1. The Licensee must have the technical, financial and organisational capacity to carry out the activities authorised by this Licence. If the Licensee ceases to have this capacity, it must report this to IPART in accordance with the Reporting Manual.

2. Maintaining appropriate insurance

- 2.1. The Licensee must hold insurance that is appropriate for the size and nature of the activities that the Licensee is carrying out under this Licence.
- 2.2. The Licensee must provide a copy of each certificate of currency of the insurance maintained by the Licensee to IPART in accordance with the Reporting Manual.
- 2.3. Before commencing any of the activities authorised by this Licence, the Licensee must demonstrate that the insurance held is appropriate for the size and nature of the activities, by providing a report to IPART from an Insurance Expert that:
- a) certifies that in the Insurance Expert's opinion, the type, scope and limit of the insurance held by the Licensee is appropriate for the size and nature of the activities; and
 - b) is in the form prescribed by the Reporting Manual.
- 2.4. *[Not applicable]*
- 2.5. If, in relation to the activities authorised by this Licence, there is, or is to be a change in either of the following, the Licensee must provide a report to IPART in accordance with the Reporting Manual:
- a) the insurer or underwriting panel in respect of an insurance policy held by the Licensee; or
 - b) the type, scope or limit on the amount of insurance held by the Licensee.
- 2.6. From time to time when requested in writing by IPART, the Licensee must provide a report to IPART, in the manner and form and within the timeframes specified by IPART, from an Insurance Expert certifying that in the Insurance Expert's opinion the type, scope and limit on the amount of insurance held by the Licensee is appropriate for the size and nature of the activities that the Licensee is carrying out under this Licence.

[Note: The circumstances in which IPART may request a report under clause 2.6 include (but are not limited to) the following:

- *where IPART considers that there may be a change in the type, scope or limit on the amount of insurance held by the Licensee in relation to activities that the Licensee is carrying out under this Licence;*
- *where there is a change in the type or extent of activities authorised by this Licence; or*
- *where IPART or an approved auditor considers that the type, scope or limit on the amount of insurance held by the Licensee may not be appropriate for the size and nature of the activities that the Licensee is carrying out under this Licence.]*

3. Complying with NSW Health requirements

- 3.1. The Licensee must carry out the activities authorised by this Licence in compliance with any requirements of NSW Health that:
- a) IPART has agreed to; and
 - b) are notified from time to time to the Licensee by IPART in writing.

4. Complying with Audit Guidelines

- 4.1. The Licensee must comply with any Audit Guidelines issued by IPART.

5. Reporting in accordance with the Reporting Manual

- 5.1. The Licensee must prepare and submit reports in accordance with the Reporting Manual.

6. Reporting information in relation to the register of licences

- 6.1. The Licensee must notify IPART, and provide IPART with details, of any change in relation to the following, in accordance with the Reporting Manual within 14 days of the change:
- a) any licensed network operator or public water utility from whose water industry infrastructure the Licensee supplies water to its customers;
 - b) any source from which the water handled by the water industry infrastructure referred to in clause 6.1a) is derived;
 - c) whether or not any of the Licensee's customers are Small Retail Customers;
 - d) any order under section 54 of the Act by which the Licensee is declared to be a retailer of last resort; and

- e) any licensed network operator or public water utility by means of whose sewerage infrastructure the Licensee provides sewerage services to its customers.

7. Delineating responsibilities

- 7.1. If a code of conduct has not been established under clause 25 of the Regulation, the Licensee must, by a date specified by IPART, establish a code of conduct (Licensee's Code of Conduct) in accordance with this clause 7.
- 7.2. Before commencing to supply water or provide sewerage services by means of the Licensed Water Industry Infrastructure under this Licence or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between:
 - a) the Licensee; and
 - b) each licensed network operator, licensed retail supplier and/or public water utility that:
 - i) supplies water or provides sewerage services by means of any water industry infrastructure that is connected to the Licensed Water Industry Infrastructure; or
 - ii) constructs, maintains or operates any water industry infrastructure that is connected to the Licensed Water Industry Infrastructure.
- 7.3. *[Not applicable]*
- 7.4. The Licensee's Code of Conduct must set out the respective responsibilities of the entities specified in clause 7.2 by, at a minimum, providing for:
 - a) who is responsible for repairing, replacing or maintaining any pipes, pumps, valves or storages or other infrastructure connecting the Licensed Water Industry Infrastructure to the other water industry infrastructure;
 - b) who is responsible for water quality;
 - c) who is liable in the event of the unavailability of water;
 - d) who is liable in the event of failure of any water industry infrastructure;
 - e) the fees and charges payable in respect of the use of the water industry infrastructure; and
 - f) who is responsible for handling customer complaints.
- 7.5. The Licensee must not contravene the Licensee's Code of Conduct to the extent that it makes the Licensee responsible or liable for the matters set out in it.

8. Infrastructure to be used

- 8.1. The Licensee must only source and supply water by means of water industry infrastructure, if that water industry infrastructure is maintained and operated by a licensed network operator or public water utility.
- 8.2. The Licensee must only provide sewerage services by means of water industry infrastructure, if that water industry infrastructure is maintained and operated by a licensed network operator or public water utility.

9. Notification of supply of water or provision of sewerage services

- 9.1. Each time the Licensee commences to supply water under this Licence, the Licensee must:
 - a) notify IPART in accordance with the Reporting Manual that it has commenced to supply water to customers by means of the relevant Licensed Water Industry Infrastructure; and
 - b) provide such notification within 10 days after such commencement.
- 9.2. Each time the Licensee commences to provide sewerage services under this Licence, the Licensee must:
 - a) notify IPART in accordance with the Reporting Manual that it has commenced to provide sewerage services to customers by means of the relevant Licensed Water Industry Infrastructure; and
 - b) provide such notification within 10 days after such commencement.

SCHEDULE C – INTERPRETATION AND DEFINITIONS

1. Interpretation

1.1. In this Licence, unless the context requires otherwise:

- a) the singular includes the plural and vice versa;
- b) headings are used for convenience only and do not affect the interpretation of this Licence;
- c) a reference to a document includes the document as modified from time to time and any document replacing it;
- d) a reference to a “person” includes a natural person and any body or entity whether incorporated or not;
- e) a reference to a clause is to a clause in this Licence;
- f) a reference to a section is to a section in this Licence;
- g) a reference to a schedule is to a schedule to this Licence;
- h) a reference to a law or statute includes regulations, rules, codes and other instruments under it, and consolidations, amendments, re-enactments or replacements of them; and
- i) explanatory notes do not form part of this Licence, but in the case of uncertainty may be relied on for interpretation purposes.

2. Definitions

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

2.2. In this Licence:

Act means the *Water Industry Competition Act 2006* (NSW).

Agreement	<p>means the Deed of Undertaking and the documents titled:</p> <ul style="list-style-type: none"> a) “<i>Deed of Services Barangaroo South Recycled Water</i>” between the parties Lend Lease Recycled Water (Barangaroo South) Pty Limited and Lend Lease Development Pty Limited executed on 18 June 2015; and b) “<i>Project Agreement Recycled Water Plant – Barangaroo South</i>” between the parties Lend Lease Recycled Water (Barangaroo South) Pty Limited and Lend Lease (Millers Point) Pty Limited as trustee for Lend Lease (Millers Point) Trust executed on 9 July 2014;
Audit Guidelines	<p>means the document titled “<i>Audit Guideline – Water Industry Competition Act 2006</i>”, which is prepared by IPART and is available on IPART’s website at www.ipart.nsw.gov.au, and any other guidelines issued by IPART in relation to audits under the Act.</p>
Authorised Person	<p>means each person specified in, as applicable:</p> <ul style="list-style-type: none"> a) section 1, Table 1.1; b) section 2, Table 2.1; and c) section 3, Table 3.1.
Deed of Undertaking	<p>means the document titled “Undertaking” between the parties Lend Lease Development Pty Ltd and Lend Lease Recycled Water (Barangaroo South) Pty Ltd executed on 17 February 2015.</p>
Insurance Expert	<p>means an insurance broker which holds an Australian financial services licence under Part 7.6 of the <i>Corporations Act 2001</i> (Cth) that authorises the broker to provide financial product advice for, and deal in, contracts of insurance within the meaning of Chapter 7 of that Act.</p>
IPART	<p>means the Independent Pricing and Regulatory Tribunal of New South Wales established under the <i>Independent Pricing and Regulatory Tribunal Act 1992</i> (NSW).</p>
Licence	<p>means this retail supplier’s licence granted under section 10 of the Act.</p>

Licensed Water Industry Infrastructure	means the water industry infrastructure by means of which the non-potable water, drinking water and/or sewerage services (as applicable) under this Licence are supplied.
Licensee	means Lendlease Recycled Water (Barangaroo South) Pty Ltd Licence no. 15_034R.
Licensee's Code of Conduct	has the meaning given in Schedule B, clause 7.1.
Minister	means the Minister responsible for Part 2 of the Act.
Network Operator's Licence	means the Network Operator's Licence no. 15_029 granted under section 10 of the Act.
NSW Health	means the Water Unit of NSW Ministry of Health and any of the local health districts as defined by the NSW Ministry of Health.
Regulation	means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).
Reporting Manual	means the document titled "Retail Supplier's Reporting Manual", which is prepared by IPART and is available on IPART's website at www.ipart.nsw.gov.au .
Small Retail Customer	has the meaning given to that term in the Regulation.
Sunset Date	has the meaning given to that term in the Deed of Undertaking.

SCHEDULE D – AREA OF OPERATIONS – NON-POTABLE WATER

Table D.1 Vertices for area of operations for non-potable water

Vertex	Easting	Northing	Vertex	Easting	Northing
0	333755.6575	6251325.363	28	333702.8329	6252309.857
1	333753.9073	6251325.17	29	333693.3419	6252308.074
2	333754.5298	6251323.063	30	333689.3039	6252309.368
3	333676.7671	6251270.688	31	333686.6128	6252312.685
4	333608.0688	6251263.177	32	333679.9354	6252296.836
5	333571.5347	6251596.373	33	333663.8598	6252302.881
6	333556.8069	6251597.42	34	333657.8957	6252302.979
7	333487.0367	6252225.247	35	333648.0893	6252300.305
8	333498.7944	6252226.58	36	333641.6737	6252296.765
9	333499.6612	6252218.82	37	333633.4848	6252286.894
10	333505.8893	6252223.161	38	333630.7717	6252279.606
11	333510.9129	6252229.155	39	333627.3802	6252232.14
12	333514.9551	6252239.558	40	333629.11	6252232.084
13	333517.0893	6252264.174	41	333632.584	6252198.67
14	333509.6352	6252346.077	42	333648.4833	6252198.335
15	333502.0877	6252403.308	43	333645.9341	6252113.528
16	333499.9219	6252403.104	44	333675.769	6252102.541
17	333498.8582	6252420.831	45	333695.4381	6252041.794
18	333728.2589	6252440.626	46	333712.182	6252043.049
19	333729.5363	6252428.865	47	333733.661	6251765.608
20	333717.4383	6252427.854	48	333753.9116	6251578.789
21	333717.7439	6252424.041	49	333757.062	6251552.676
22	333692.8166	6252421.949	50	333782.445	6251555.963
23	333693.2467	6252373.247	51	333795.867	6251442.48
24	333691.7608	6252363.621	52	333769.7873	6251439.682
25	333692.9181	6252348.631	53	333781.6343	6251330.37
26	333731.0347	6252325.124	54	333772.6521	6251327.244
27	333713.2473	6252319.037	55	333755.6575	6251325.363

Note: Coordinate reference system is MGA 56.

SCHEDULE E – AREA OF OPERATIONS – DRINKING WATER

[Not applicable]

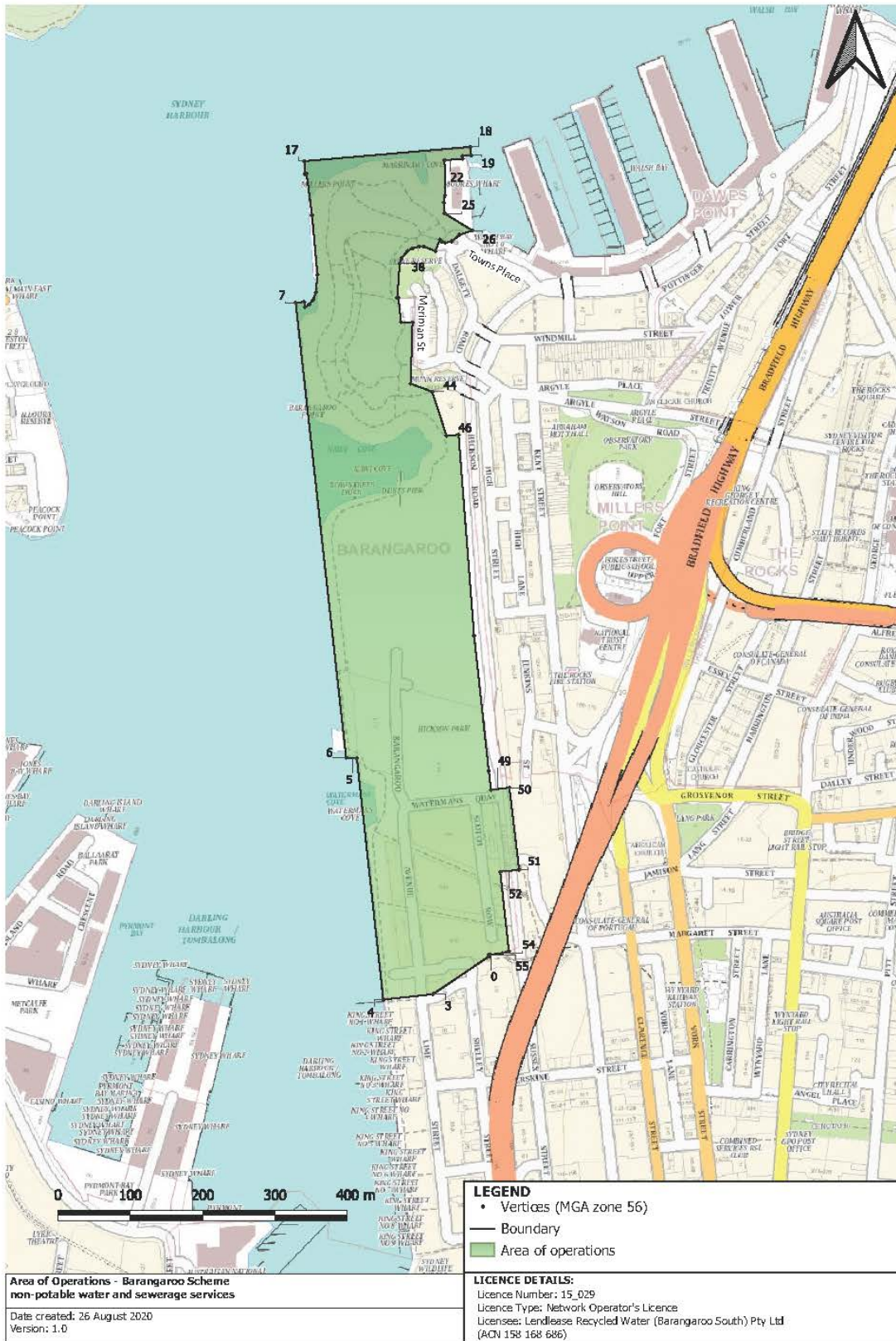
SCHEDULE F – AREA OF OPERATIONS – SEWERAGE SERVICES

Table F.1 Vertices for area of operations for sewerage services

Vertex	Easting	Northing	Vertex	Easting	Northing
0	333755.6575	6251325.363	28	333702.8329	6252309.857
1	333753.9073	6251325.17	29	333693.3419	6252308.074
2	333754.5298	6251323.063	30	333689.3039	6252309.368
3	333676.7671	6251270.688	31	333686.6128	6252312.685
4	333608.0688	6251263.177	32	333679.9354	6252296.836
5	333571.5347	6251596.373	33	333663.8598	6252302.881
6	333556.8069	6251597.42	34	333657.8957	6252302.979
7	333487.0367	6252225.247	35	333648.0893	6252300.305
8	333498.7944	6252226.58	36	333641.6737	6252296.765
9	333499.6612	6252218.82	37	333633.4848	6252286.894
10	333505.8893	6252223.161	38	333630.7717	6252279.606
11	333510.9129	6252229.155	39	333627.3802	6252232.14
12	333514.9551	6252239.558	40	333629.11	6252232.084
13	333517.0893	6252264.174	41	333632.584	6252198.67
14	333509.6352	6252346.077	42	333648.4833	6252198.335
15	333502.0877	6252403.308	43	333645.9341	6252113.528
16	333499.9219	6252403.104	44	333675.769	6252102.541
17	333498.8582	6252420.831	45	333695.4381	6252041.794
18	333728.2589	6252440.626	46	333712.182	6252043.049
19	333729.5363	6252428.865	47	333733.661	6251765.608
20	333717.4383	6252427.854	48	333753.9116	6251578.789
21	333717.7439	6252424.041	49	333757.062	6251552.676
22	333692.8166	6252421.949	50	333782.445	6251555.963
23	333693.2467	6252373.247	51	333795.867	6251442.48
24	333691.7608	6252363.621	52	333769.7873	6251439.682
25	333692.9181	6252348.631	53	333781.6343	6251330.37
26	333731.0347	6252325.124	54	333772.6521	6251327.244
27	333713.2473	6252319.037	55	333755.6575	6251325.363

Note: Coordinate reference system is MGA 56.

SCHEDULE G – AREA OF OPERATIONS – MAPS



D Proposed retail supplier's licence (15_034R)
amendments

Table D.1 Proposed licence condition amendments which have resulted in material changes to LLRW’s retail supplier’s licence

Current licence clause	New licence clause
<p>Schedule A, clause A4.1 <i>Ongoing capacity to operate</i> A4.1(b) If a party to an Agreement proposes to:</p> <ul style="list-style-type: none"> i) terminate the Agreement; ii) novate the Agreement; iii) assign or transfer any of its rights or obligations under such an Agreement to any other person; iv) discontinue a service provided under the Agreement; or v) alter the Agreement in any way that materially reduces the Licensee’s technical, financial or organisational capacity to carry out the activities authorised by the Licence, <p>the Licensee must provide IPART with written notice of that fact as soon as practicable, but no later than 3 months prior to the date that the proposed action is to occur. A written notice provided under clause A4.1b) i) – iii) or v) must provide details of how the services provided under the Agreement will be provided subsequent to the proposed termination, novation, assignment, transfer or alteration.</p> <p>Relevant definitions in Schedule A <i>Definitions</i> Agreement means any agreement or deed provided to IPART in connection with the Licensee’s application for this Licence.</p>	<p>Schedule A, clause 2.1 <i>Ongoing capacity to operate</i> A2.1. If a party to an Agreement proposes to:</p> <ul style="list-style-type: none"> a) terminate the Agreement; b) novate the Agreement; c) assign or transfer any of its rights or obligations under such an Agreement to any other person; d) discontinue a service provided under the Agreement; or e) alter the Agreement in any way that materially reduces the Licensee’s technical, financial or organisational capacity to carry out the activities authorised by the Licence, <p>the Licensee must provide IPART with written notice of that fact as soon as practicable, but no later than 14 days after the change is made. A written notice provided under clause A2.1 a) – c) or e) must provide details of how the services provided under the Agreement will be provided subsequent to the proposed termination, novation, assignment, transfer or alteration.</p> <hr/> <p>Relevant (new) definitions in Schedule C, section 2.2 <i>Definitions</i> Agreement means the Deed of Undertaking and the documents titled:</p> <ul style="list-style-type: none"> a) “<i>Deed of Services Barangaroo South Recycled Water</i>” between the parties Lend Lease Recycled Water (Barangaroo South) Pty Limited and Lend Lease Development Pty Limited executed on 18 June 2015; and b) “<i>Project Agreement Recycled Water Plant – Barangaroo South</i>” between the parties Lend Lease Recycled Water (Barangaroo South) Pty Limited and Lend Lease (Millers Point) Pty Limited as trustee for Lend Lease (Millers Point) Trust executed on 9 July 2014. <p>Deed of Undertaking means the document titled “<i>Undertaking</i>” between the parties Lend Lease Development Pty Ltd and Lend Lease Recycled Water (Barangaroo South) Pty Ltd executed on 17 February 2015.</p>

Table D.2 Proposed deleted licence conditions

Current licence clause (proposed for deletion)

Schedule A, clause A4

Ongoing capacity to operate

A4.1(a) The Licensee must have the technical, financial and organisational capacity to carry out the activities authorised by this Licence.

Schedule B, clause 8

Provision of copy of Plan

B8.1 Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor engaged to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.
