



*Water Industry Competition Act 2006*

# Scheme Approval Application Guide

March 2024

Water >>

---

## Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

## Tribunal Members

The Tribunal members for this document are:

Carmel Donnelly PSM, Chair  
Sandra Gamble  
Jonathan Coppel

Enquiries regarding this document should be directed to:

Christine Allen (02) 9290 8412

Email: [wica@ipart.nsw.gov.au](mailto:wica@ipart.nsw.gov.au)

## The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

## Version Control

Issue number	Date issued	Notes
1	April 2023	Draft version released for stakeholder comment
2	October 2023	Early release version for trial
3	March 2024	Final version

---

# Contents

<b>1</b>	<b>Before you start</b>	<b>4</b>
1.1	General instructions to applicants	4
1.2	What happens once you have submitted your application form?	9
1.3	Variations	10
<b>2</b>	<b>About the application</b>	<b>12</b>
	Question 1: Who are your contacts for this application?	12
	Question 2: Who is applying for a scheme approval or variation to a scheme approval?	12
	Question 3: Who is the Proposed Registered Operator (PRO)?	12
	Question 4: Do any of the following apply to the PRO?	13
	Question 5: What type of application is this?	14
<b>3</b>	<b>About the scheme</b>	<b>16</b>
	Question 6: What is the name and owner of the proposed scheme?	16
	Question 7: What does the proposed scheme involve?	16
	Question 8: Infrastructure	17
	Question 9: What type and number of premises will be connected to the scheme?	20
	Question 10: Do you have the landowner's consent to construct and operate the scheme infrastructure?	20
	Question 11: What is the location of the proposed scheme?	21
	Question 12: What is the proposed area of operations?	22
	Question 13 - Insurance	23
	Question 14: Is the proposed staging of the scheme reasonable?	25
	Question 15: Will the scheme be financially viable over the life of the scheme?	26
	Question 16: What is the proposed pricing and cost of services to customers?	27
	Question 17: Does the proposed scheme have interconnections with another utility?	29
	Question 18: What are the end uses for recycled and/or non-potable water?	29
	Question 19: What preliminary risk assessment has been undertaken?	30
	Question 20: Safety, reliability, public health and environmental risks	31
	Question 21: What waste products will be generated and disposed of?	35
	Question 22: What approvals does the scheme have under the EP&A Act?	35
	Question 23: What other regulatory approvals have been granted for the scheme?	36
	Question 24: What environmental impact assessments have been undertaken?	37
	Question 25: How has the applicant accounted for climate change in developing the scheme?	38
	Question 26: How is the proposed scheme consistent with the objects of the WIC Act?	38
	Question 27: What other information supports your application?	39
	Question 28: Declaration and Acknowledgement	39

# 1 Before you start

The *Water Industry Competition Act 2006* (WIC Act) enables private sector water utilities to apply for the following approvals to operate in NSW:

- **scheme approvals** – which authorise the construction and commissioning of water industry infrastructure
- **operational approvals** – which authorise the operation of water industry infrastructure that has been constructed and commissioned under a scheme approval.

Under the WIC Act, the Independent Pricing and Regulatory Tribunal of NSW (IPART) is responsible for receiving and assessing approval applications and approval variation applications, granting approvals, and administering and enforcing approvals.

This guidance document provides information to assist you to complete your scheme approval application or scheme approval variation application.

An application can be made by any person. However, the application can only be made with the consent of the owner of the land on which the proposed infrastructure (excluding any pipelines within any reticulation network proposed to be connected to the infrastructure), is to be located.

## 1.1 General instructions to applicants

### Applicant's responsibilities

It is a criminal offence under section 73D of the WIC Act to provide false or misleading information or documents in an application.

The applicant must take all reasonable steps to ensure the information provided in the application form is complete, true, and correct.

The applicant (if a person), or an officer of the applicant corporation is required to make a declaration to this effect in the application form. Failure to disclose information, or any misrepresentation, may result in an approval not being granted or an approval later being revoked.

Substantial fines can apply for corporations and individuals providing false or misleading information to IPART or the Minister.

As part of the application process, we must assess a proposed scheme's financial viability and whether it will be fit for purpose and capable of operating safely, reliably and in accordance with public health, environmental and safety requirements.

The questions asked in the **Scheme Approval Application Form** allow us to evaluate the proposed scheme's financial viability and capacity to be constructed and operated in compliance with the WIC Act and the *Water Industry Competition (General) Regulation 2024* (WIC Reg).

The information provided in your application should reflect the type, size, complexity and level of risk associated with the scheme.<sup>1</sup>

For a **scheme approval** to be granted, IPART must be satisfied of the requirements set out in sections 7C(1) and 7E of the WIC Act. IPART must also have regard to the objects of section 2A and section 5A of the WIC Act when considering whether or not to grant an approval and what conditions to impose on an approval.

For **section 2A**, these are to:

1. protect public health and safety and the environment in connection with the water industry, including in the longer term
2. protect the interests of consumers, particularly small retail customers in the quality, reliability and price of water and sewerage services, including in the longer term
3. facilitate the efficient, reliable and sustainable provision of water and sewerage services, having regard to financial, environmental and social considerations
4. promote the sustainable use of resources in connection with the water industry
5. facilitate competition in the water industry with a view to encouraging innovation and improved efficiency in the industry.

For **section 5A**, these are to:

1. promote the adoption of written policies concerning the use of water resources as prescribed by the regulations, if any<sup>2</sup>
2. mitigate the potential for adverse financial implications for small retail customers generally arising from the activities proposed to be covered by the approval or licence
3. promote the equitable sharing among participants in the drinking water market of the costs of water industry infrastructure that significantly contributes to water security.

Where more extensive information is required in response to a question (e.g. water balance, management plans or risk assessment documents), the application form requests you include the information as an attachment to the application. This ensures we have enough information to make an assessment in accordance with the relevant legislation.

---

<sup>1</sup> For example, a recycled water scheme involving a single source basic treatment and single pipeline to one commercial customer will be less complex and therefore require less supporting information than a multi-source scheme, with complex treatment and a pipe network ultimately supplying a mix of commercial and residential customers.

<sup>2</sup> Section 9 of the WIC Reg prescribes the following policies: [NSW Water Strategy](#), [Greater Sydney Water Strategy](#) and the [Lower Hunter Water Security Plan](#).

### Box 1 Structuring application responses

The applicant is responsible for providing correct information and satisfying IPART that the scheme will meet the legislative criteria. To assist us with assessing your application we request you:

- label responses and attachments with the application question number being addressed in the document and/or the file name
- provide evidence and explain how this evidence supports your response
- for lengthy documents, tell us where the document addresses a question. For example, use highlighting, and/or indicate the relevant sections or page numbers
- mark attachments that you wish to remain confidential as 'confidential' (discussed in **section 1.1.1** below).

**Do not provide information that is unnecessary to the application.**

**Failure to follow these guidelines may delay or lead to rejection of your application.**

#### 1.1.1 How do we treat confidential information?

We use transparent and publicly available processes to consider applications and must invite submissions on applications, including from the public.<sup>i</sup> Unless they are confidential, we treat your application and attachments as public documents. We publish these documents on our website and distribute them to interested parties as appropriate.

Subject to our disclosure obligations (referred to below), we will treat financial information provided for the purposes of your application as confidential. We may share that information with our consultants but will do so on a confidential and 'need to know' basis.

You should let us know if you consider other aspects of your application to be confidential so that we can discuss your confidentiality concerns with you. In general, we do not consider consultant reports, risk assessments and other technical information to be confidential, however we acknowledge that every applicant has discrete circumstances, and we will seriously consider your confidentiality concerns if you raise them with us.

In particular, you should provide confidential documents separately (i.e. documents in a separate computer file or files), which are clearly marked "confidential" in the filename, use a watermark (if possible), and clearly identify the confidential information that should not be publicly released.

If we agree with your confidentiality claims, we will publish only your public application responses on our website. However, we may give a copy of your confidential application responses to the Departments and Authorities responsible to the Ministers specified in the WIC Act or WIC Reg, on a confidential basis, if necessary to assess your application. We seek your consent to this in the 'declaration and acknowledgement' section of the **Scheme Approval Application Form (Question 28)**.

If we do not agree with all your confidentiality claims, we will explain where we disagree and ask you if you would prefer to either:

- withdraw your claim of confidentiality, or
- maintain your claim, which will mean that the information over which claim confidentiality does not form part of your application, so we will not take it into account.

Further, where we consider you have provided confidential information that may deny procedural fairness to other parties, we may invite you to withdraw your claim of confidentiality. If you do not, we may be unable to consider the information when determining your application.

### Disclosure obligations

Please note that third parties may apply under the *Government Information (Public Access) Act 2009* (NSW) for access to applications, including applications that contain confidential information. If we receive such an application, we must decide on disclosure in accordance with that Act. That Act would require us to consult with you if we received such an application.

Where an application includes personal information, IPART will deal with that information in accordance with the information protection principles set out in the *Privacy and Personal Information Protection Act 1998* (NSW).

#### 1.1.2 Is there an application fee?

Application fees apply to applications for scheme approvals or applications to vary a scheme approval. **Table 1** details the application fees under the WIC Act.

Table 1 Application fees under the WIC Act

Type of application	Fee (\$)
Scheme approval	8000
Part 5 assessment	5000
Variation of approval	2000

The scheme approval application fee or variation application fee and, if relevant, Part 5 assessment fee, should be made payable to the Independent Pricing and Regulatory Tribunal of NSW by electronic transfer to:

Westpac Banking Corporation

BSB: 032-001

Account No: 205717

Reference: WICA app

Provide a copy of the electronic transfer receipt with your licence application. You should contact us if you need to pay your scheme approval application/variation, or Part 5 assessment, fee in other ways.

Note that once you have submitted an application, we will not refund your application fee(s) if your application is refused or withdrawn.

### 1.1.3 How to submit the application?

To apply, you will need to submit the completed **Scheme Approval Application Form** and attachments containing all relevant supporting documents. Please note that where there is more than one attachment in a question, they should be labelled as separate files, and combined into a single electronic folder/zip file.

When you have completed your application, you should submit via email (email to [wica@ipart.nsw.gov.au](mailto:wica@ipart.nsw.gov.au)) for applications below 10 MB. For larger applications, contact the applications team on (02) 9290 8412 or [wica@ipart.nsw.gov.au](mailto:wica@ipart.nsw.gov.au) so that secure file transfer arrangements can be made.<sup>3</sup>

### Do you require further information?

If you have further questions about your application, you can contact our Water Regulation and Compliance team via:

- Email: [wica@ipart.nsw.gov.au](mailto:wica@ipart.nsw.gov.au), or
- Telephone: (02) 9290 8412

We encourage you to discuss your scheme approval application or variation application and obtain assistance from IPART's Water Regulation and Compliance team prior to submitting your application. Once we receive your application, we will assign you a contact officer, who will assess your application and remain in contact with you throughout the application and assessment process.

---

<sup>3</sup> We use a secure file transfer service (e.g., Sigbox) for larger files. Please note we do not accept USBs or other storage media for applications.



## 1.2 What happens once you have submitted your application form?

### 1.2.1 What will happen next?

We will check that your **Scheme Approval Application Form** is complete and that you have supplied all the necessary information and supporting documentation.

If your application is complete, we will seek submissions from the Departments and Authorities responsible to the Ministers specified in the WIC Act or WIC Reg, the relevant local council and public water utility, as well as the public,<sup>4</sup> on your application and proceed to assess your application in detail before deciding to either grant or refuse the approval(s).

If your application is incomplete, we will not process it. You must submit all information and supporting documents, including where required, environmental assessment documents, risk assessments, water balance reports, noise and odour reports or land capability assessments. These documents must be of a suitable standard.

We may reject an application that does not comply with the requirements of the **Scheme Approval Application Form** and this Guide.

We may also write to you to ask for additional information, if necessary. We may request additional information in response to submissions made during our public consultation or our detailed assessment of your application.

You can withdraw your application at any stage during the assessment process.

We try to process applications quickly. Section 93B(2) of the WIC Act and section 60 of the WIC Reg require us to assess a scheme approval application within 90 days and a variation application within 60 days from the lodgement date, excluding any period of time which stops the clock (as set out in **Box 2**). If possible, applications can be processed sooner depending on the complexity of the project, quality of the application and your responsiveness to requests for information.<sup>4</sup>

#### Box 2 Stop the clock

Section 93B(2) of the WIC Act and section 60 of the WIC Reg allows IPART 90 days to process a scheme approval application and 60 days for a variation application. Section 93B(3)&(4) of the WIC Act and section 60 of the WIC Reg excludes the following periods from the 90-day or 60-day fixed period (i.e., stop the clock):

- the period from 1 March 2024 until the end of 1 March 2025
- a public holiday

<sup>4</sup> Section 93B(2) of the WIC Act states: "If IPART has not advised an applicant... of its decision on the application within the period fixed by the regulations..., the applicant may, after giving 14 days written notice to IPART, apply to the Minister for a direction to IPART requiring the decision to be made within a time fixed by the Minister".

### Box 2 Stop the clock

- the period declared by the Premier as the Christmas closedown period
- a period provided to the applicant or other persons to make submissions about the application to IPART
- a period during which an application audit is undertaken
- a period during which IPART is exercising functions as a determining authority under the *Environmental Planning and Assessment Act 1979*, Division 5.1, Subdivision 2, in relation to the application, but not more than 30 days
- a period during which IPART is exercising functions as a determining authority under the *Environmental Planning and Assessment Act 1979*, Division 5.1, Subdivision 3, in relation to the application.

Source: Section 93B of the WIC Act; section 60 of the WIC Reg.

The WIC Act allows for administrative review of an application decision by the Civil and Administrative Tribunal.<sup>iii</sup>

## 1.2.2 What information is available to an applicant for an approval?

The WIC Act and WIC Reg place obligations on applicants. The WIC Act and Reg also set out some standard approval conditions which will apply should an approval be granted.

We have prepared fact sheets and FAQs (see below) that explain the information that may be required for a scheme approval application.

The granting of a scheme approval only allows for an applicant to construct and commission new water and/or sewerage infrastructure as applied for in the scheme approval. For the scheme to commence commercial operation, an applicant requires an operational approval and will need to submit a separate operational approval application to IPART.

For further information, please refer to the following fact sheets or contact our Water Regulation and Compliance team as per the contact details in section 1.1.3 above.

You can find our fact sheets and FAQs on our website at [ipart.nsw.gov.au](http://ipart.nsw.gov.au).

## 1.3 Variations

Use the **Scheme Approval Application Form** if you are applying for a variation to an existing scheme approval (a variation). Tell us if you are making a variation at **Question 5**.

**Only** the original applicant for the approval or the registered operator of the scheme can apply for a variation (see section 7K(2) of the WIC Act).

If you are applying for a variation, you only need to provide information to the extent that the existing scheme approval is changed (see the example in **Box 3**). Please contact us directly to discuss minor or administrative variations.

### Box 3 Level of information required for variation application

**Example:** An applicant is applying to expand operations of a scheme by increasing the area of operations and the scale (i.e. number of connections) allowed by the existing scheme approval.

Responses to questions only need to provide information that supports the claim of increased authorisation in the scheme approval to operate in the additional area and increase the scale of operations for the scheme.

In this example, if the details of existing end uses, level of expertise, water quality or risk assessments have not materially changed, there is no need to provide these details. The applicant can respond with "Unchanged since last application" in their answers.

In assessing the variation application, we will consider information provided in the original scheme approval application and the proposed registered operator's (PRO) compliance history.

## 2 About the application

**Questions 1 to 5** tell us the basic information of the application including a general description of the proposed scheme.

### Question 1: Who are your contacts for this application?

**Question 1** asks who the contact for the application are. If we need to contact you about the application we will use the contact details in your response.

We may also have questions regarding the financial information you provide to support your application. Examples of financial information contacts include your corporate accountant, Financial Controller, CFO or external Auditor.

### Question 2: Who is applying for a scheme approval or variation to a scheme approval?

**Question 2** asks for identification details of the applicant. The applicant can be a person, a council or a corporation. Complete the box that matches which of these types applies to the applicant.

An application for a variation to an approval can **only** be made by the original applicant for the approval or the registered operator of the scheme (see Section 7K(2) of the WIC Act).

### Question 3: Who is the Proposed Registered Operator (PRO)?

**Question 3** asks for a contact, details of the proposed registered operator (PRO), and their operator licence name and number. We use this information to assess if the PRO's licence is appropriate for the proposed scheme. In making an assessment, we will consider the capacity of the PRO to operate the proposed scheme in compliance with conditions of its operator licence. The PRO can be the same entity as the applicant, or a different entity.

Under section 7E(1)(a) of the WIC Act, the proposed registered operator of the scheme must have the capacity to comply with the conditions of its operator licence if it operates the scheme. We will also check that the PRO's operator licence authorises the construction and operation of a scheme of the class and scale being applied for and within the maximum number of schemes that can be constructed or operated under that licence.

If the applicant is not also the PRO for the scheme, **Question 3** asks for a copy of the agreement between the applicant and the proposed registered operator for the operation of the scheme.

Under section 7C(1)(d)(ii) of the WIC Act, if an applicant is **not** the PRO, they must have entered into an agreement with the PRO for the operation of the scheme. If the applicant is not the PRO and an agreement for the operation of the scheme is not in place, contact us to discuss your circumstances before proceeding with the application.

## Question 4: Do any of the following apply to the PRO?

**Question 4** asks about the compliance history of the proposed registered operator and any related corporations. We must consider the answer to this question to assess a scheme approval application.

We understand that the applicant may not be the PRO, and if so, you are providing this information to the best of your knowledge. In this situation we will seek to verify this information with the PRO during our assessment.

Section 7C(2) of the WIC Act is set out as follows:

### Section 7C Grant of scheme approval

(2) In determining an application for a scheme approval, IPART must have regard to the following—

- (a) whether disciplinary action against the proposed registered operator is pending or, as a result of disciplinary action against the proposed registered operator, the proposed registered operator is prohibited from being registered as the registered operator under a further scheme approval,
- (b) whether, in the reasonable suspicion of IPART, a statutory default within the meaning of Division 6 has occurred within 2 years before the determination is made, and the proposed registered operator, or a related corporation of the proposed registered operator, is the alleged defaulter,
- (c) the proposed registered operator, or a related corporation of the proposed registered operator, has failed to provide a service, or a connection to infrastructure, after granting a certificate of compliance relating to the service or infrastructure.

### Disciplinary action

Section 10(1) of the WIC Act provides that a statutory default occurs if:

- (a) a person contravenes a requirement of this Act to hold a licence or obtain an approval, or
- (b) a licensee contravenes this Act or the regulations, including a condition of a licence or approval, or
- (c) a licence is improperly obtained, or
- (d) an event occurs or circumstances come to light that mean the licensee would not be granted the licence if an application for the licence were now to be made.

Under section 10D(1) of the WIC Act, IPART may give written notice to the alleged defaulter specifying the default and requiring the alleged defaulter to show cause as to why disciplinary action should not be taken, if a statutory default has occurred.

Under section 10E(1) of the WIC Act, the Minister may give IPART a written notice requiring IPART to take disciplinary action, if IPART has not taken disciplinary action under section 10D, not including giving a written notice under section 10D(1).

For the purposes of section 7C(2)(a) of the WIC Act, disciplinary action is pending from the time when notice is given to the licensee requiring the licensee to show cause why disciplinary action should not be taken against them until a decision is made.<sup>iv</sup>

## Question 5: What type of application is this?

**Question 5** asks what the application is for. An application can be made for either:

- an approval for a new scheme, or
- a variation of an existing scheme approval.

**Only** the original applicant for the approval or the registered operator of the scheme can apply for a variation(see Section 7K(2) of the WIC Act).

An application for a variation to an existing scheme approval uses the **Scheme Approval Application Form**. However, you need only answer questions and tell us about changes to the existing scheme. **Box 4** provides an example of the level of information a variation application may contain.

### Box 4 Example of a variation to an existing scheme

**Example:** An existing scheme approval is in place for a sewerage treatment scheme, the Lonely Valley scheme. The owner of the scheme, Lonely Valley Water, is proposing to add another 100 homes, or 40kL per day, within the current area of operations. The proposed increase in operating activities of the scheme is within the scale allowed by the PRO's existing operator licence and the capacity of the existing sewerage treatment plant.

In applying for a variation to the existing scheme approval, Lonely Valley Water would use the **Scheme Approval Application Form** but need only answer questions, and tell us about changes, to the extent the Lonely Valley scheme's operations are impacted by the proposed changes. For example, changes to:

- number of connections
- water balance estimates
- staging of development
- risk assessments
- asset management
- sewage and waste management
- financial projections.
- changes over time since the last scheme approval application was made
- any other aspects of operations that are materially impacted by the proposed increase in connections.

#### Box 4 Example of a variation to an existing scheme

Questions relating to unchanged factors, for example, landholder's consent, area of operations, access to expertise, agreements with the retailer, etc., can be answered with "Unchanged since last application".

We would consider the application for a variation in the context of the existing scheme approval and take the information from the last scheme approval application into consideration when assessing the application.

## 3 About the scheme

### Question 6: What is the name and owner of the proposed scheme?

**Question 6** asks for the name of the proposed scheme, if the applicant will be the owner of the scheme infrastructure when construction is complete, and, if the applicant will not be the owner of the scheme infrastructure, who the owner will be. This is to assist with identification and will be the name on the scheme approval, if granted.

### Question 7: What does the proposed scheme involve?

**Question 7** asks for an overview of the proposed scheme, including the intention and purpose of the scheme. We use this information to give us a general idea of what the scheme is, what the long-term plan for the scheme is and to provide context for the information in the remainder of the application.

You should provide a summary of the infrastructure proposed to be constructed and operated, the water or sewerage services to be provided, and the customers to be serviced by the scheme. Your description may include, among other things:

- where the scheme is located
- what is the type of infrastructure being proposed (e.g. sewage treatment and recycled water plant) or the services to be provided
- the type of development the scheme will service
- the customers the scheme will provide services to
- what the long-term goals of the scheme are.

#### Box 5 Example of a scheme description

**Example:** The Lonely Valley scheme is in Lonely Valley Estate, a new housing development near Flatland, NSW. The development will begin to sell house and land packages in 3 years from now, with a total final number of 2500 housing lots, developed and sold over 3 stages. The development is to provide a mixture of single lot residential premises and low-rise strata apartments. The development also includes a shopping precinct and community facilities which will be serviced by the scheme.



### Box 5 Example of a scheme description

The recycled water and sewerage services for Lonely Valley Estate will be provided by the scheme operator, Lonely Valley Water Pty Ltd. The purpose of the scheme is to build and operate the sewage treatment and recycled water plant and reticulation network to service the housing estate during the development phase and once it is fully built. Lonely Valley Water will provide recycled water and sewerage services directly to households. Customers will consist of the owners of residential premises and strata apartments in the housing development.

## Question 8: Infrastructure

**Question 8** asks for the type, purpose, and capacity of the water industry infrastructure you propose to construct and operate.

We use this information (along with information provided in response to **Questions 18 to 21**) to assess whether the scheme's infrastructure will, if constructed as authorised by the approval, be fit for purpose and capable of operating safely and reliably (section 7C(1)(a)(i) of the WIC Act).

We also use this information to determine the wording of the scheme approval, when specifying the class or classes, design capacity and purposes of the scheme's water industry infrastructure.

Sections 7F(1)(c), (d) and (e) of the WIC Act require a scheme approval to specify:

- the class or classes of water industry infrastructure authorised by the approval
- the design capacity of the water industry infrastructure, as expressed in kilolitres per day, authorised by the approval
- the purposes for which the water industry infrastructure is intended to be operated after its construction.

To support our assessment of the application, provide the following scheme-specific information:

- the classes of infrastructure as defined in our **Scale Guide**
- design capacity of the infrastructure for each class as defined in our **Design Capacity Guide**
- the average volume generated for each class
- a description of the infrastructure that is being proposed, its purpose, and how the design and technology will ensure the scheme is fit for purpose and capable of being operated safely and reliably
- type and allowed extraction rate from water or sewage sources
- evidence that the volume of water to be extracted from a water or sewage source to supply drinking, recycled and/or non-potable water is allowed (i.e., agreement with the water or sewage source owner)

- the average and maximum capacities of the infrastructure
- the volume of water that is to be generated or volume of sewage that is to be treated
- the proposed treatment processes
- for drinking, recycled and non-potable water infrastructure, details on the water and/or sewage sources used.

We are also required to have regard to the sustainable use of the water or other resources used in assessing your application (section 2A of the WIC Act). Note that water includes drinking water or recycled water (processed from sewage and/or stormwater).

Additionally, we will also require evidence to support the information that you have provided, including:

- a detailed description of infrastructure supported by:
  - process flow diagrams
  - general arrangement drawings
  - any relevant site plans
- evidence to support that the relevant water or sewage source has the available quantity (i.e. flow analysis)
- evidence to support that the relevant water or sewage source has the available quality (i.e. characteristic studies)
- evidence that the volume extracted from the water or sewage source/s is allowed (i.e. agreement with the water or sewage source owner)
- evidence to support the proposed volumes of water expected to be generated and used and/or sewage expected to be treated and disposed of (i.e. a water balance assessment). You can refer to information provided in response to **question 21** if the information is provided there.
- evidence of assessment of critical control point parameters, monitoring locations and limits.

We will use design capacities to determine annual licence fees.

Use the following definitions in your response:

**Volume generated** is the volume expected to be supplied to customers after treatment for drinking, recycled or non-potable water services. For an applicant that provides sewerage services only, volume generated is the volume expected to be disposed of to the environment or to other licensed facilities after treatment. Please specify the unit (e.g. kL/day).

**Maximum design capacities** refer to the treatment process capacities. Please specify the unit (e.g. kL/day). See our [Design Capacity Guide](#) for guidance on calculating design capacities.

## Water balance assessment

We also ask for the water balance assessment for the proposed scheme, including all stages of the scheme that the approval is being applied for. We use the water balance assessment to assess, under section 7C(1)(a)(i) and (iii) of the WIC Act, if the scheme's infrastructure will, if constructed as authorised by the approval, be fit for purpose and capable of operating both:

- safely and reliably
- in a way that does not present a significant risk of harm to the environment (e.g. irrigation modelling).

Under sections 2A(a), (b) and (c) of the WIC Act we also have regard to:

- protecting public health and safety and the environment in connection with the water industry, including in the longer term
- protecting the interests of consumers, particularly small retail customers, in the quality, reliability and price of water and sewerage services, including in the longer term
- facilitating the efficient, reliable and sustainable provision of water and sewerage services, having regard to financial, environmental and social considerations.

The water balance assessment must account for all products (e.g. drinking water, recycled water, non-potable water, and/or sewage). To ensure that the proposed scheme does not present a significant risk of harm to the environment, can reliably provide services in the longer term and is technically viable, the water balance assessment must include, at a minimum:

- all assumptions used for modelling, and if assumptions do not meet industry standards, you must provide a statement of evidence to support the deviation
- a sensitivity analysis around end use assumptions, including future disposal pathways (e.g. optional take up of recycled use in washing machines)
- any storage requirements
- all input and output volumes, including peaking factors
- all waste streams and fate of wastes.

The water balance assessment must also include a sensitivity analysis that considers:

- impacts of seasonal variability and climate change on demands and waste handling requirements
- household production and use assumptions including future disposal pathways e.g., optional take up of recycled water for use in washing machines
- climate change (frequency and impact of altered rainfall on influent and disposal volumes and required irrigation).

Irrigation models should be run on the median and 95th percentile rainfall scenarios. Irrigation of treated effluent/recycled water should have zero runoff and be no more than 15mm deep for percolation (inland) or zero (coastal) – as per the [EPA Guideline – Use of Effluent by Irrigation \(2004\)](#).

Also attach a summary of the evidence supporting your assumptions made for the water balance assessment, including catchment studies, wastewater characteristic studies and climate change modelling.

## Question 9: What type and number of premises will be connected to the scheme?

**Question 9** asks about the services and number of connections to the scheme. We use this information to understand the type of services the scheme will provide and the scale of the scheme's operations. This assists us in understanding and assessing the scheme approval application.

Answer the question by providing answers in the table provided. We ask about the types of services (i.e. recycled water, non-potable water, drinking water and sewerage services) for different types of customers (i.e. residential, commercial, and industrial).

There is a row at the end of the table where you can describe any services or customers that do not fit into the descriptions already provided in the table.

We also ask about the number of premises (i.e. connections). **For this question only**, premises means each separate residential dwelling or business to be connected to the scheme. In answering this question, where there is to be a bulk connection, this includes each separate residential dwelling or business that is to be connected to the bulk connection. For example:

- residential customer includes each single residential dwelling and each residential dwelling or apartment in a community land, company title or strata scheme to be connected with a bulk connection
- commercial customer premises includes each business or shop within a shopping centre or other building to be connected with a bulk connection.
- industrial customer premises includes each industrial customer within an industrial area to be connected to a bulk connection.

It may be difficult to accurately forecast the number of connections in a large shopping centre or bulk connection. If you do not know the exact number of connections, provide your best estimate. For example, you may refer to estimates of connections in a relevant development application and/or consent.

## Question 10: Do you have the landowner's consent to construct and operate the scheme infrastructure?

**Question 10** asks if you have the consent of any landowner where the scheme infrastructure is to be located. You do not need the consent of any landowner for land where the pipelines within the reticulation network (that are connected to the infrastructure) are to be located.

Under section 7(2)(b) of the WIC Act a scheme approval application can only be made with the consent of the owner of the land on which the infrastructure, other than pipelines within the reticulation network connected to the infrastructure, is, or is to be, located.

You will need to attach evidence of who the landholder is. If the landholder is not also the applicant, you will need to attach evidence of consent from the owner of the land. You will need to attach multiple consents if there is more than one landowner.

## Question 11: What is the location of the proposed scheme?

**Question 11** asks about the location of the scheme's Area of Operations. Under sections 7A(2)(b) and (e) of the WIC Act, we must invite submissions from relevant local government and public water utility stakeholders.

We will require as a standard condition of a scheme approval that arrangements are in place between the PRO and other utilities to delineate responsibilities where there are interconnections or proximity to another utility.

We use the information provided in response to this question and **Question 17** to determine whether to impose such a condition.

We ask:

- which local government area(s) the scheme's area of operations will be located in
- if the scheme will be located in the area of operations of a public water utility or WIC Act licensee, and if so, which public water utility or WIC Act licensee.

### Box 6 What is a **public water utility**?

For this question the words **public water utility** have the same meaning as the definition in the WIC Act, that is:

**public water utility**—each of the bodies listed below is a public water utility and the utility's Act and area of operations are as set out in the entry for the body—

Public water utility	Utility's Act	Utility's area of operations
Hunter Water Corporation	<i>Hunter Water Act 1991</i>	its area of operations under section 16 of its Act
Sydney Water Corporation	<i>Sydney Water Act 1994</i>	its area of operations under section 10 of its Act
Water NSW	<i>Water NSW Act 2014</i>	its area of operations under section 15 of its Act
a county council providing water or sewerage services	<i>Local Government Act 1993</i>	its area of operations established under section 393 of its Act
a council providing water or sewerage services in an area that is not within the area of operations of Sydney Water Corporation or Hunter Water Corporation	<i>Local Government Act 1993</i>	its local government area under its Act

### Box 6 What is a **public water utility**?

Hawkesbury City Council	<i>Local Government Act 1993</i>	its local government area under its Act
water supply authority within the meaning of the <i>Water Management Act 2000</i> , other than an authority listed above	the Act under which the authority was established	its area of operations under the <i>Water Management Act 2000</i> , section 289

## Question 12: What is the proposed area of operations?

**Question 12** asks for a description of the proposed scheme's plant location and area of operations. We need to know this as sections 7F(1)(a) and (b) of the WIC Act require a scheme approval to specify:

- the location that the water industry infrastructure, other than pipelines within the reticulation network connected to the infrastructure, is authorised to be constructed
- the area (the area of operations) within which the water industry infrastructure, including a reticulation network connected to the infrastructure, is authorised to be constructed. If the scheme is to be constructed in stages, describe the area of operation for each stage
- include a description of how the scheme is capable of supplying water or sewerage services to all premises within the proposed area of operations within a reasonable period
- a description of any excluded premises within the outermost boundary of, or near, the area of operations, including by excluded enclaves or unusual boundaries, and whether the exclusion of premises as described above, is reasonable, having regard to the characteristics of the proposed scheme, the characteristics of the premises or the services already available to the premises.

We use this information to:

- assess whether the proposed area of operations for the scheme is appropriate under section 7C(1)(e) of the WIC Act
- specify the area within which the water industry infrastructure, including its reticulation network, can be constructed (i.e., the area of operations) per section 7F(1)(a) of the WIC Act.

The scheme approval, if granted, will specify the area of operations within which the water industry infrastructure, including a reticulation network connected to the infrastructure, is authorised to be constructed.

The area of operations should cover the location of all your proposed infrastructure from source to the customer connection points. Provide separate descriptions for each proposed type of infrastructure (drinking water, recycled water, non-potable water, or sewerage infrastructure) if these will have different areas of operations. If the scheme will be constructed in stages, provide a description of the area of operations for each stage.

IPART will consider if a proposed area of operations is appropriate under section 7C(1)(e). We consider it may not be appropriate if:

- the scheme is unlikely to be capable of supplying water supply or sewerage services to all premises within the proposed area of operations within a reasonable period
- The proposed area of operations excludes premises within the outermost boundary of, or near, the area of operations, including, for example, by excluded enclaves or unusual boundaries, unless the exclusion is reasonable, having regard to the characteristics of the proposed scheme, the characteristics of the premises or the services already available to the premises.<sup>v</sup>

Scheme approvals specify the area of operations for the scheme. Therefore, attachments should include:

- a map, or maps, of the area of operations for each stage of the scheme in PDF that show the proposed scheme boundary, location of infrastructure, lot descriptors (i.e. Lot/DP numbers), street name, local government area or an alternative description as appropriate to the size of the scheme. We may use this information for public consultation
- an ESRI shapefile (or other ArcGIS/QGIS compatible file) of the map for the proposed scheme's area of operations using MGA zone 56 as the coordinate reference system (possible file formats include GEOJSON files, .KMZ files, .SHP files)
- the coordinates for the boundary of the scheme's area of operations as part of the shapefile, as a separate shapefile or as a CSV file. We use this information to define the area of operations in the scheme approval
- separate maps, shapefiles, and coordinates files for each proposed type of infrastructure or services (drinking water, recycled water, non-potable water or sewerage infrastructure) if these will have different areas of operations. We use this information to produce maps for the area of operations in the scheme approval
- to the extent possible, maps should identify any existing consents or approvals given under the *Environmental Planning and Assessment Act 1979* (NSW) (EP&A Act) that apply to each infrastructure component. Applicants should also provide copies of the maps that have been approved by the relevant planning authority, if available.

To support our assessment of whether the area of operations is appropriate, we also ask for any evidence of any discussions or agreements with parties impacted by the proposed boundaries, that is, lots that are excluded, in enclaves or on the boundaries created by the proposed area of operations. We will also consider whether services are available to the area from other utilities.

## Question 13 - Insurance

**Question 13** asks if the scheme will be covered by appropriate insurance arrangements. The Minister generally imposes a standard insurance requirement on all licensed operators and retailers under sections 8H(2)(b) and 8I(2)(b) of the WIC Act to hold insurance appropriate to the size and nature of the activities being carried out under their licences. To determine if an applicant or PRO can meet insurance related licence conditions, we need to know what insurance the applicant or PRO has and/or intends to have to cover the scheme.

We also use the insurance information provided in the application to determine whether customer interests and reliability of services will be protected if a scheme approval is granted. We may also decide that additional insurance requirements need to be imposed on the scheme approval under section 7H(1)(c) of the WIC Act.

The PRO is required to provide evidence of appropriate insurance in response to the insurance question in the **Licence Application Form**. This may include evidence of relevant insurances currently held by the PRO and evidence of the additional insurances identified to operate this scheme. If this is the case, you may refer to evidence previously provided by the PRO and we will also assess this evidence in relation to this scheme approval application.

You may benefit from seeking the advice of a licensed insurance expert in preparing your response. If the applicant or PRO is a subsidiary of another corporation and is covered by the parent corporation's insurance policy or policies, you should explain this in your response.

Given the confidential nature of some insurance information, you should consider providing a response marked confidential.

### Tell us why the existing and/or proposed level of insurance is appropriate

We ask you to explain why the existing or proposed level of cover is appropriate for the size and nature of the proposed scheme, if the approval is granted. For example, you need to consider how the insurance procured (or proposed) will cover your scheme activities and associated risks, including climate risks. In your application you should:

- describe the types of insurance the applicant or PRO has or intends to obtain for the scheme, including the level of cover (amount) for both the construction phase and operations phase
- list itemised inclusions and exclusions for each type of insurance held
- include a risk assessment for the activities to be undertaken at the scheme
- explain why the type and level of cover provided or proposed by the applicant, PRO or parent corporation is sufficient and appropriate for the size and nature of the proposed scheme (including all phases of the scheme) and covers the risks identified in any risk assessment.

Examples of other evidence that would support a claim of appropriate insurance arrangements include:

- letter or report from insurance broker or expert (strongly recommended), including details and opinions on existing or planned insurance
- certificates of currency for all existing insurance policies (if applicable)
- policy schedules and wording for all existing or proposed policies (if applicable)
- parent company's insurance (include certificates of currency, relevant policy schedules, policy wording) demonstrating that the subsidiary will be covered by the parent company's policies (if applicable).

For further information, see our **Insurance Guide** on our website.



## Question 14: Is the proposed staging of the scheme reasonable?

**Question 14** asks for information on the staging of the scheme and infrastructure. We use this information to assess whether the proposed staging of the scheme is reasonable having regard to the orderly and economic use and development of land in the area.

Section 7F(1)(f) of the WIC Act requires a scheme approval to specify, for a scheme to be constructed in stages:

- the water industry infrastructure authorised to be constructed in each stage, and
- the part of the area of operations within which the infrastructure is authorised to be constructed in each stage.

We use your response to this question to assess the staging of the scheme and determine how staging will be described in the scheme approval.

For our assessment, you must provide the following details of the staging of the scheme, including:

- the staging schedule of the scheme, including major milestone dates
- **for each stage:**
  - the water industry infrastructure, including its reticulation network, to be constructed
  - the area where the infrastructure and reticulation system will be constructed, maintained, and operated
  - the scale, including the number of connections and customers serviced
  - the infrastructure, including the volumetric capacity of the treatment plant
- an attachment of the works program describing the staging of the scheme and the infrastructure that is to be constructed.

We also ask for information to assess whether the proposed staging of the scheme is appropriate under section 7C(1)(f) of the WIC Act, which states:

"A scheme approval must not be granted unless IPART is satisfied...

"...for a scheme proposed to be constructed in stages—the applicant has established that the group of premises proposed to be serviced by each stage is reasonable having regard to the orderly and economic use and development of land in the area."

Examples of evidence that may assist to establish "orderly and economic use and development of land in the area" include:

- whether the scheme and staging is consistent with regional or local planning policies or development consents for the area
- the cost to service each connection at each stage of construction relative to neighbouring land in the area
- the availability of other services and the timing of that availability to the area.

We note that comparisons with neighbouring land may be inappropriate if the land is serviced under a different business, funding and regulatory model (e.g. a public water utility). Providing this information is at the discretion of the applicant.

The scheme approval, if granted, will specify:

- the water industry infrastructure authorised to be constructed in each stage, and
- the part of the area of operations within which the infrastructure is authorised to be constructed in each stage.<sup>vi</sup>

## Question 15: Will the scheme be financially viable over the life of the scheme?

**Question 15** asks if the scheme will be financially viable. We use this information to assess:

- whether the proposed scheme will become financially viable to operate within a reasonable time and will remain financially viable for the life of the scheme
- interests of consumers are protected, particularly residential and small business customers, in the quality, reliability and price of water and sewerage services, including in the longer term
- if efficient, reliable and sustainable provision of water and sewerage services will be facilitated, having regard to financial, environmental and social considerations.

Under section 7C(1)(b) of the WIC Act, we need this information to assess if it is highly likely the proposed scheme will become financially viable to operate within a reasonable period of time and will then remain financially viable for the life of the scheme.

Under sections 2A(b) and 2A(c) of the WIC Act, we also have regard to:

- protecting the interests of consumers, particularly residential and small business customers, in the quality, reliability and price of water and sewerage services, including in the longer term, and
- facilitating the efficient, reliable and sustainable provision of water and sewerage services, having regard to financial, environmental and social considerations.

We consider financial viability to be when revenues generated by the scheme are, over time, equal or greater than the cost of maintaining operations and infrastructure.

Applicants will need to identify how financial viability of the proposed scheme can be established and maintained and provide sufficient evidence to satisfy this criteria.

A forecast of the scheme's cashflows, over the life of the scheme, can be an effective way to illustrate financial viability. Forecast cashflows should include and identify any infrastructure depreciation and renewals costs, operating costs, income streams and other special funding, such as developer contributions.

You should provide an explanation of any assumptions made to support forecasts. We will consider if assumptions that support any forecasts are reasonable.

We recommend that you label financial information in the application as confidential.

## Question 16: What is the proposed pricing and cost of services to customers?

**Question 16** asks about the cost of services to **residential and small business customers**. We use this information to assess, under section 7C(1)(c) of the WIC Act, if it is not reasonably foreseeable that the operation of the scheme will have significant adverse financial implications for residential and small business customers.



If the scheme will not provide services to **residential and small business customers** then tick the box indicating this and move on to **Question 17**.



### Confidentiality

This question specifically asks for proposed price levels and structure.

**We will publish proposed price levels and tariff structure information as part of our consultation process. That is, proposed pricing of services to residential and small business customers, will not be treated as confidential.**

**Details of proposed pricing of services to customers provided in your response to Question 15 will not be treated as confidential.**

We will not publish information relating to the cost to provide services.

If the scheme will supply water or sewerage services to **residential and small business customers** we ask:

- how much will residential and small business customers be charged, for water and/or sewerage services
- the cost to provide the services and how these costs will be recovered (e.g. who will pay fees for services)
- how the services will be charged (e.g directly or bulk connection) and the basis on which customers are charged (e.g. fixed, volume or both)
- price parity.

Under sections 2A(b) and 5A(b) of the WIC Act we also have regard to:

- protecting the interests of consumers, particularly residential and small business customers, in the quality, reliability and price of water and sewerage services, including in the longer term
- mitigating the potential for adverse financial implications for residential and small business customers generally arising from the activities proposed to be covered by the approval or licence.

Adverse financial implications might include fees and charges significantly above what other customers in nearby areas would pay for similar services, or rapid, substantial or unexpected increases in fees and charges.

In assessing a scheme's financial implications for customers, we consider whether the proposed pricing structure of the scheme's services is reasonable and sustainable.

To assist us in making an assessment, applicants must provide details of proposed pricing, and the costs to provide services to customers.

We ask for a proposed tariff structure. This should include all relevant fees and charges, such as connection fees, service and usage charges, and other standard contract charges.

**We will publish this proposed tariff structure** as part of our stakeholder engagement process for the application.

We also ask for:

- Forecasts of the cost to provide services to customers. Provide as much detail as possible, for example, cost per connection, and cost per service. We ask this to assess if the proposed fees for service are sustainable compared to the related costs. To support our assessment, you can provide the cost per service, per premises, per year.
- Details of how the costs for services cost will be recovered. For example:
  - who is expected to pay fees and charges (e.g. customers, developers and/or grants and subsidies)
  - if services will be charged directly to the residential or small business customers, or if services will be supplied through a bulk connection to an owners' corporation or community association, or other method.
  - how residents and businesses serviced through a bulk connection will be made aware of charges for the services, and on what basis will they be charged (i.e. fixed, volume based or both/other basis).
- If the services of the scheme will be offered to customers on a regulated price parity basis (that is under a **regulated price parity arrangement** as defined under section 46AC(7) of the WIC Act), that is, in line with the pricing of a comparable service of a public water utility whose services are regulated by IPART that is closest in location to the land to be serviced by the scheme.
- How the proposed pricing for the scheme compares to a service of a public or private water utility that is operating in the area or a nearby area to the scheme.

For this question:

**Residential and small business customers** has the same meaning as **small retail customers** in the WIC Act, that is: a person who owns or occupies **small retail customer premises** and receives or is proposed to receive, directly or indirectly, water or sewerage services. A **small retail customer premises** means:

- i premises, including each separate premises within community land scheme, company title scheme or strata scheme, that are used or proposed to be used for residential purposes or small business purposes, or

- ii premises of a class declared by the regulations to be small retail customer premises, but does not include premises of a class declared by the regulations not to be small retail customer premises.<sup>vii</sup>

**Regulated price parity arrangement** is defined in section 46AC(7) of the WIC Act and means: an arrangement under which the licensee has a policy of maintaining price parity with the pricing of a comparable service of a public water utility whose services are the subject of a determination of pricing by IPART (e.g. Sydney Water, Hunter Water or Central Coast Council). There are other conditions, for example, notifying customers when IPART reviews the prices of the comparable public water utility.

## Question 17: Does the proposed scheme have interconnections with another utility?

**Question 17** asks about the scheme's interconnections with another public water utility or WIC Act licensee.

The scheme approval may include a condition requiring an agreement (e.g. a code of conduct or user's supply agreement) between the PRO and other utilities the scheme has interconnections with, or operates in the same area as, to delineate responsibilities. The response to this question (along with **Question 11**) assists us in determining whether to impose this condition on the approval.

You must describe any other water or sewerage infrastructure to which the scheme's infrastructure is to be connected.

To complete this section, you must provide the following information:

- a detailed description of the interconnections and the infrastructure that your scheme is connected to (e.g. interconnections with public water utilities or other licensed operators).
- a description or diagram of the connection point of the scheme's infrastructure to the other utilities' infrastructure.

You must also attach a process flow diagram that shows the interconnections with other utilities' infrastructure to the scheme's infrastructure and details what services are available from the other utilities' infrastructure. Your diagram should show details of the services available from the other water or sewerage utilities to the scheme.

## Question 18: What are the end uses for recycled and/or non-potable water?

**Question 18** asks for the proposed end uses for recycled and/or non-potable water. This information is used to define the permissible end uses for recycled or non-potable water to be authorised by the conditions of the approval. We place conditions on end uses to manage the risk attached to a scheme and protect human health.

**This question only applies to schemes supplying recycled or non-potable water.**

You should include all end uses for recycled or non-potable water proposed for your scheme. End uses should be included in risk assessments supporting your application. Your risk assessment should clearly identify any risks and mitigation measures associated with each end-use.

As examples, end uses for recycled or non-potable water that have been commonly used in WIC Act schemes include; toilet flushing, car washing, garden watering, washing machine use, ornamental water features, dust suppression, general washdown, street cleaning, irrigation of open spaces, cooling towers and/or industrial process use.

We consider general washdown to include the process of cleaning or washing hard surfaces for appearance, sanitation, or removal of contamination. It does not exclude the use of recycled or non-potable water for the purposes of cleaning footpaths or roads.

Ornamental water features must be provided primarily for aesthetic or beautification purposes and do not, by their design of accessibility, encourage interaction with the water.

## Question 19: What preliminary risk assessment has been undertaken?

**Question 19** asks for a preliminary risk assessment in relation to the activities of the scheme. We use this information to determine if the scheme's infrastructure will be fit for purpose and capable of operating safely and reliably.

Your preliminary risk assessment should be consistent with the *national safety guidelines*, that is the ADWG or AGWR, as relevant, and ISO 30001:2018. The risk assessment should consider human health, environment, business and operational risks, including climate change risks.

Under section 7C(1)(a) of the WIC Act, if the scheme's infrastructure will, if constructed as authorised by the approval, be fit for purpose and capable of operating:

- safely and reliably, and
- in a way consistent with the ***national safety guidelines*** for the control of public health risks. and
- in a way that does not present a significant risk of harm to the environment.

***national safety guidelines*** means the following documents as in force from time to time:

- a. the *Australian Drinking Water Guidelines*, published by the Australian Government, the National Health and Medical Research Council and the Natural Resource Management Ministerial Council,
- b. the *Australian Guidelines for Water Recycling (Phases 1 and 2)*, published by the Environment Protection and Heritage Council, the Natural Resource Management Ministerial Council and the Australian Health Ministers' Conference.<sup>viii</sup>

The risk assessment must:

- identify events and circumstances that could adversely affect the proposed registered operator's ability to construct and operate the scheme to be authorised if an approval is granted

- identify the probability of an occurrence of any such event or circumstance and the measures to be taken to prevent or minimise the likelihood of any such event or circumstance.
- include known or projected climate change risks.

We consider a sound risk assessment should:

- accurately identify any hazards present in the source water or sewage or likely to result from the proposed treatment process
- address intended, inadvertent and unauthorised end uses (and therefore routes of exposure) to the water
- identify any reasonably foreseeable risk event with the potential to expose people or the environment to hazards
- outline the broad mitigation measures where the risk of exposure to a hazard is unacceptable to human health or the environment in order to reduce the risk of exposure
- identify critical control points and water quality targets.

A consistent methodology should be applied for identifying hazards and assessing potential impacts and risks to health and the environment. We strongly recommend that the applicant utilises an established risk management system, such as outlined in AS/NZS ISO 31000 (*Risk management – Principles and Guidelines*), which is consistent with the approach outlined in the *Australian Drinking Water Guidelines* (ADWG) (element 2) for drinking water, and the *Australian Guidelines for Water Recycling* (AGWR) (element 2) for recycled and non-potable water.

The risk assessment should consider risks specific to the area of operations for which an application is sought. It should also address business, financial and environmental risks, including climate change risks, and demonstrate, or contain a statement, that the applicant has consulted with NSW Health and the NSW Environment Protection Authority regarding health and environmental matters. In relation to climate change risks, applicants may wish to utilise relevant standards or guidelines, for example, *ISO 14091:2021 Adaptation to climate change – Guidelines on vulnerability, impacts and risk assessment* or industry guidelines on climate change adaptation or risk assessment such as [Water Services Association of Australia - Climate Change Adaptation Guidelines](#).

A statement noting that the proposed treatment system meets the water quality targets for the intended end uses should also be included with the risk assessment.

## Question 20: Safety, reliability, public health and environmental risks

Question 20 asks for further evidence that scheme infrastructure will meet the requirements of section 7C(1)(a) of the WIC Act. The section is as follows:

## Section 7C Grant of scheme approval

(1) A scheme approval must not be granted unless IPART is satisfied as to each of the following—

- (a) the infrastructure will, if constructed as authorised by the approval, be fit for purpose and capable of operating—
  - (i) safely and reliably, and
  - (ii) in a way consistent with the *national safety guidelines* for the control of public health risks, and
  - (iii) in a way that does not present a significant risk of harm to the environment.

We ask you to provide evidence that the PRO and the scheme can meet the requirements above.

Together with your answers to **Questions 8 & 19**, the requirements of Section 7C(1)(a) can be satisfied by providing evidence of systems, processes or planning around asset management, water quality and sewerage management.

Evidence could be in the form of proposed, preliminary, or existing systems, processes or plans. We consider that each applicant will have unique circumstances and that applicants are best placed to know what evidence to provide of these capabilities.

We provide guidance in the following sections on the types of evidence you can provide to support your claim the infrastructure will meet the requirements of section 7C(1)(a) of the WIC Act.

### Asset management

Under section 7C(1)(a)(i) of the WIC Act, we must be satisfied the infrastructure will, if constructed as authorised by the approval, be fit for purpose and capable of operating safely and reliably.

The requirements placed on licensees in Schedule 2, section 7 of the WIC Reg can be used as guidance on the objectives of constructing and operating a scheme. Schedule 2, section 7 requires registered operators to operate infrastructure in accordance with an asset management system consistent with *AS ISO 55001:2014, Asset management—Management systems—Requirements*. An asset management plan is required to include policies and procedures relating to the operation of the water industry infrastructure covering:

- the safe and reliable operation and maintenance of the infrastructure
- the redundancy built into the infrastructure and the arrangements for the renewal of the infrastructure
- the continuity of water supply or sewerage services and alternative water supply or sewerage service arrangements
- the maintenance, monitoring and reporting of standards of service.

The applicant can provide details of the proposed, preliminary or existing asset management system or plan that is to be used during the scheme's operation as evidence that the infrastructure will meet the requirements of section 7C(1)(a)(i) of the WIC Act.



Information to be provided could include:

- the scopes and objectives of the scheme
- the role and responsibilities of staff involved in the scheme
- design criteria that ensures safe and reliable operation and maintenance of infrastructure, including relevant design codes and standards, asset lifespan, system redundancy and arrangements for asset renewal.
- maintenance, monitoring and reporting of standards of service.

Your evidence could also provide information of contingency planning in response to potential situations where the scheme would not be able to fulfil general operations, including ensuring continuity of supply to end-users.

## Water quality management

**This section only applies to proposed schemes providing water services.**

Under section 7C(1)(a)(ii) of the WIC Act we must be satisfied the infrastructure will, if constructed as authorised by the approval, be fit for purpose and capable of operating in a way consistent with the ***national safety guidelines*** for the control of public health risks.

The WIC Act defines ***national safety guidelines*** as the guidelines or another document concerning the safe provision of water services or sewerage services prescribed by the regulations, whether as in force at a particular time or from time to time.

The WIC Reg prescribes the ***national safety guidelines*** to mean the following documents as in force, from time to time:

- a. the *Australian Drinking Water Guidelines*, published by the Australian Government, the National Health and Medical Research Council and the Natural Resource Management Ministerial Council,
- b. the *Australian Guidelines for Water Recycling (Phases 1 and 2)*, published by the Environment Protection and Heritage Council, the Natural Resource Management Ministerial Council and the Australian Health Ministers' Conference.<sup>x</sup>

The requirements placed on licensees in Schedule 2, clause 8 of the WIC Reg can be used as guidance on the objectives of constructing and operating a scheme. Schedule 2, clause 8 requires registered operators to maintain a water quality management system that is consistent with:

- for drinking water, the *Australian Drinking Water Guidelines (ADWG)*
- for recycled water, the *Australian Guidelines for Water Recycling (Phases 1 and 2) (AGWR)*.

A water quality management system may be combined with a sewage management system.<sup>x</sup>

For further guidance, under section 7D(1)(c) of the WIC Act, an operational approval cannot be granted by IPART unless there is an adequate water quality management system in place.

The applicant can provide details of the proposed, preliminary or existing water quality management system that will be used during the scheme's operation as evidence that the infrastructure will meet the requirements of section 7C(1)(a)(ii) of the WIC Act.

Information to be provided could include:

- how the proposed, preliminary or existing water quality management system is consistent with the relevant *national safety guidelines*, including addressing the 12 elements of the ADWG or AGWR
- an existing or proposed validation monitoring plan, operational monitoring plan (including locations where monitoring is to take place), commissioning verification plan
- standard procedures for monitoring water quality of the scheme including:
  - parameters used for measurement (e.g. log reduction values)
  - equipment that is to be employed including calibration and limits
  - where instrument, calibration and maintenance will be managed (e.g. onsite documentation or via asset management system)
  - critical control point parameters and limits, monitoring locations and limits
  - how water quality management will be recorded (i.e. through on-site documentation or through an asset management system)
- list of key water quality stakeholders
- list of proposed standardised operating procedures for routine tasks
- a supporting risk assessment, which could include an assessment of climate change risks, and mitigation or adaptation strategies to manage those risks. (e.g. redundancies for pumps inundated in flooding, alternative power sources, new technologies, etc). For risk assessment you could, if relevant, refer to your response to **Question 19**.

## Sewage management

**This section only applies to proposed schemes providing sewerage services.**

Under section 7C(1)(a)(iii) of the WIC Act, we must be satisfied the infrastructure will, if constructed as authorised by the approval, be fit for purpose and capable of operating in a way that does not present a significant risk of harm to the environment.



If the water industry infrastructure is the subject of a licence under the *Protection of the Environment Operations Act 1997* (POEO Act) then under section 6 of the WIC Reg, the requirements will not apply. If the scheme infrastructure has a licence under the POEO Act, you do not need to address sewerage management in this question.

The requirements placed on licensees in Schedule 2, section 9 of the WIC Reg as can be used as guidance on the objectives of constructing and operating a scheme. Schedule 2, section 9 requires a registered operator to have a sewage management plan or sewage management system that deals with the conveyance, treatment and disposal of sewage by the water industry infrastructure and includes:

- how health and ecological assessments will be undertaken
- how a concern arising from an assessment will be addressed
- the arrangements for the disposal of waste from the infrastructure.

A sewage management system may be combined with a water quality management system.

A sewage management system may be combined with a water quality management system.<sup>xi</sup>

The applicant can provide details of the proposed, preliminary or existing sewage management system or plan that may be used during the scheme's operation as evidence that the infrastructure will meet the requirements of section 7C(1)(a)(iii) of the WIC Act.

## Question 21: What waste products will be generated and disposed of?

**Questions 21** asks what waste products will be generated by the scheme and how they will be disposed of. We require this information to determine if the scheme's infrastructure will be fit for purpose and capable of operating in a way that does not present a significant risk of harm to the environment.

**Only answer this question if the scheme will generate waste products.**

Under section 7C(1)(a)(iii) of the WIC Act, we must be satisfied the infrastructure will, if constructed as authorised by the approval, be fit for purpose and capable of operating in a way that does not present a significant risk of harm to the environment.

Waste products can include screenings, waste sludge, brine, etc. Please provide details about the disposal of effluent in **Question 8** in this application form.

Under section 2A(a) and (c) of the WIC Act, we must have regard to:

- protecting public health and safety and the environment in connection with the water industry, including in the longer term, and
- to facilitate the efficient, reliable and sustainable provision of water and sewerage services, having regard to financial, environmental and social considerations.

We require this information to assess if the scheme's infrastructure will be fit for purpose and capable of operating in a way that does not present a significant risk of harm to the environment.

You are required to provide the following information:

- describe the waste products, effluent and/or treated wastewater being generated from the infrastructure. This includes the types, volumes and disposal methods for each waste stream
- describe your proposed disposal options for each waste stream.

You should attach evidence to support the proposed volumes generated, including calculations and modelling, as well as evidence demonstrating that the options are viable, such as agreements with third-parties or regulatory approvals and licences held by the third-party or the applicant.

## Question 22: What approvals does the scheme have under the EP&A Act?

**Question 22** asks whether your scheme should be or has been approved under Part 4, or assessed under Part 5, of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

We use this information to assess the applicant's capacity to carry out the activities that the approval (if granted) would authorise in a manner that does not present a significant risk of harm to the environment.

We also need to establish whether we are the determining authority under Part 5 for any aspect of the proposed scheme, as this will require additional information and assessment and have implications for the time it will take to process your scheme approval application.

Under sections 2A(a) and (c) of the WIC Act, we must have regard to:

- protecting public health and safety and the environment in connection with the water industry, including in the longer term, and
- to facilitate the efficient, reliable and sustainable provision of water and sewerage services, having regard to financial, environmental and social considerations.

The EP&A Act governs the system of environmental planning and assessment in NSW. In making an assessment, we have regard to approvals granted or to be granted under Part 4 or Part 5 of the EP&A Act.

Part 4 generally encompasses developments that would require development consent from a local council.

Part 5 encompasses developments not captured under Part 4 and would require consent from a determining authority.

For all relevant infrastructure applicable to the scheme, you must indicate whether your proposed infrastructure requires approval under Part 4 and/or Part 5 of the EP&A Act. For each response, provide a brief reason for your response and, if applicable, provide the approval dates and approval reference numbers.

We need this information to assess the applicant's capacity to carry out the scheme's activities in a manner that does not present a risk of harm to the environment.

We also need to establish if IPART is a determining authority under Part 5 of the EP&A Act for any aspect of the proposed scheme. If IPART is a determining authority, we will then require additional information from you in order to undertake an assessment under Part 5. This will also have implications for the time it will take to process your scheme approval application. Under section 57(2)(e) and (f) of the WIC Reg, where IPART is exercising functions as a determining authority under Part 5, Division 5.1, Subdivision 2 of the EP&A Act, we have an additional 30 days to complete this assessment. If we are exercising functions as a determining authority under Part 5, Division 5.1, Subdivision 3 of the EP&A Act, we have whatever additional time is necessary to complete this assessment.

## Question 23: What other regulatory approvals have been granted for the scheme?

**Question 23** asks what regulatory approvals, other than those described in **Question 22**, have been granted for the scheme.

Regulatory approvals may include:

- development consents for a housing development (that includes water and sewerage infrastructure) under the EP&A Act
- section 68 approvals under the *Local Government Act 1993*
- Environment Protection Licences under the *Protection of the Environment Operations Act 1997*
- other planning, environmental and other legislative approvals required under the *Water Management Act 2000*, or
- any other relevant legislation.

Attach maps and plans (i.e. lots and DPs) showing the areas where the regulatory approvals apply in relation to the proposed area of operations identified in answer to **Question 12** is also required.

## Question 24: What environmental impact assessments have been undertaken?

**Question 24** asks what environmental impact assessments have been undertaken for the scheme.

Under sections 2A(a) and (c) of the WIC Act, we must have regard to:

- protecting public health and safety and the environment in connection with the water industry, including in the longer term, and
- to facilitate the efficient, reliable and sustainable provision of water and sewerage services, having regard to financial, environmental and social considerations.

As a minimum, your application must be accompanied by a Review of Environmental Factors (REF) unless the activities that would be authorised by the approval you are applying are part of a designated development, an activity under section 5.7, or a major project under the EP&A Act, in which case either an environmental impact statement (EIS) or comprehensive environmental assessment (e.g. an Environmental Impact Assessment) is required. The REF must identify the environmental impacts of the proposed scheme, and the steps which will be taken to protect the environment or reduce harm to the environment.

You should describe any studies that have been completed that investigated the environmental impacts of the proposed scheme's operations (i.e. where applicable, water quality and quantity, air odour, noise, biodiversity and Aboriginal cultural heritage) as well as relevant land capability and site suitability assessments. You may refer to your water balance assessment in response to **Question 8**. Additionally, list any significant environmental impacts identified by the study as well as the measures undertaken to manage them.

Also attach all studies described in the application.

## Question 25: How has the applicant accounted for climate change in developing the scheme?

**Question 25** asks how the applicant considered climate change risks in developing the scheme. We are required to have regard to the protection of public health and safety and the environment in connection with the water industry, including in the longer term, in assessing your application.

Under sections 2A(a) and (c) of the WIC Act, we must have regard to:

- protecting public health and safety and the environment in connection with the water industry, including in the longer term, and
- to facilitate the efficient, reliable and sustainable provision of water and sewerage services, having regard to financial, environmental and social considerations.

Describe the measures, objectives, plans or strategies proposed to mitigate or adapt to climate change or refer to information provided in response to other questions.

You can refer to any other information in this application or risk assessments that have informed your climate change strategies.

In assessing a scheme's climate change preparedness, we also consider the relative size, complexity and capacity of the scheme.

## Question 26: How is the proposed scheme consistent with the objects of the WIC Act?

**Question 26** asks how the proposed scheme is consistent with the objects of the WIC Act. The objects are in sections 2A and 5A of the WIC Act. In deciding whether or not to grant an approval, and what conditions to impose on an approval, we must have regard to the objects of the WIC Act to the extent that they are relevant in any particular case.

This question is an opportunity to add any information, additional to what you have already provided, you consider relevant to how the proposed scheme is relevant to the objects of the WIC Act.

The objects are:

### Section 2A:

- a) to protect public health and safety and the environment in connection with the water industry, including in the longer term, and
- b) to protect the interests of consumers, particularly small retail customers, in the quality, reliability and price of water and sewerage services, including in the longer term, and
- c) to facilitate the efficient, reliable and sustainable provision of water and sewerage services, having regard to financial, environmental and social considerations, and
- d) to promote the sustainable use of resources in connection with the water industry, and
- e) to facilitate competition in the water industry with a view to encouraging innovation and improved efficiency in the industry.

**Section 5A:**

- a) to promote the adoption of written policies concerning the use of water resources as prescribed by the regulations, if any, The regulations prescribe the following documents:
  - NSW Water Strategy
  - Greater Sydney Water Strategy
  - Lower Hunter Water Security Plan.
- b) to mitigate the potential for adverse financial implications for small retail customers generally arising from the activities proposed to be covered by the approval or licence
- c) to promote the equitable sharing among participants in the drinking water market of the costs of water industry infrastructure that significantly contributes to water security.

## Question 27: What other information supports your application?

**Question 27** asks for any other information that supports your application. This question is an opportunity to add any information, additional to what you have already provided, you consider relevant to your application.

To determine if you would like to provide any further information you may wish to consider sections 7C, 7E and 7F of the WIC Act.

## Question 28: Declaration and Acknowledgement

**Question 28** asks for a completed Declaration and Acknowledgement for the application. This must be completed for the application to be accepted.

- 
- i Sections 7A(1) and 7A(2) set out to whom IPART must provide copies of your application and invite submissions from.
  - ii See sections 7A(1) and (2) of the WIC Act for details.
  - iii Section 11 of the WIC Act.
  - iv Section 7C(4) of the WIC Act.
  - v See Note to section 7C(1)(e) of the WIC Act.
  - vi Sections 7F(1)(f) of the WIC Act.
  - vii Dictionary of the WIC Act.
  - viii WIC Reg, section 5.
  - ix WIC Reg, section 5.
  - x WIC Reg, Schedule 2, section 8(5).
  - xi WIC Reg, Schedule 2, section 9(5).



© Independent Pricing and Regulatory Tribunal (2024).

With the exception of any:

- a. coat of arms, logo, trade mark or other branding;
- b. photographs, icons or other images;
- c. third party intellectual property; and
- d. personal information such as photos of people.

this publication is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia Licence.



The licence terms are available at the [Creative Commons website](#)

IPART requires that it be attributed as creator of the licensed material in the following manner: © Independent Pricing and Regulatory Tribunal (2024).

The use of any material from this publication in a way not permitted by the above licence or otherwise allowed under the Copyright Act 1968 (Cth) may be an infringement of copyright. Where you wish to use the material in a way that is not permitted, you must lodge a request for further authorisation with IPART.

**Disclaimer**

Nothing in this document should be taken to indicate IPART's or the NSW Government's commitment to a particular course of action.

This document is published for the purpose of IPART fulfilling its statutory or delegated functions as set out in this document. Use of the information in this document for any other purpose is at the user's own risk, and is not endorsed by IPART.

ISBN 978-1-76049-724-8