



**NEW SOUTH WALES
GOVERNMENT**

WATER INDUSTRY COMPETITION ACT 2006
(NSW)

NETWORK OPERATOR'S LICENCE
Licence no. 10_012

Veolia Water Solutions and Technologies
(Australia) Pty Ltd
(ACN 055 254 003)



**New South Wales
Water Industry Competition Act 2006 (NSW)**

**Notice of Decision
Variation of Licence and Variation of Licence Conditions
Network Operator's Licence no. 10_012**

I, The Hon. Don Harwin, MLC, Minister for Energy and Utilities and Minister administering the *Water Industry Competition Act 2006* (NSW) (**Act**), have considered the advice and recommendations made by the Independent Pricing and Regulatory Tribunal of New South Wales (**IPART**) in its report to me (**IPART's Report**), being a single report which is both:

- (a) a report under section 9(2) of the Act on the application of Veolia Water Solutions and Technologies (Australia) Pty Ltd (ACN 055 254 003) (**Applicant**) to vary its network operator's licence (no. 10_012) (**Licence**); and
- (b) a report under section 85 of the Act on the five yearly review of the Licence.

I attach a copy of IPART's Report (**Attachment A**).

I have also considered further information provided by the Applicant and the advice of my Department. The Licensee has provided me with a Parent Company Guarantee to guarantee performance of its obligations under the Licence. Based on my consideration of IPART's Report, the further information and advice provided to me and execution of the parent company guarantee:

- (a) I am satisfied that the Applicant is not a disqualified corporation for the purposes of section 10(3)(a) of the Act;
- (b) I am satisfied that the Applicant is not a corporation that is a related entity (within the meaning of the *Corporations Act 2001* (Cth)) of a disqualified corporation that would have a direct or indirect interest in, or influence on, the carrying out of the activities that the Licence would authorise (if granted), for the purposes of section 10(3)(b) of the Act, and
- (c) I am satisfied as to each of the criteria set out in section 10(4) of the Act.

I have also had regard to the licensing principles set out in section 7 of the Act in considering whether or not to vary the Licence and in considering the conditions to which the Licence should be subject. For the reasons set out above, I therefore under section 15 of the Act, vary the existing conditions of the Licence and impose new conditions.

I hereby attach the Licence, as varied (**Attachment B**).

The Hon. Don Harwin, MLC
Minister for Energy and Utilities

Dated this

11th day of July 20 17

LICENCE SCOPE

ACTIVITIES AUTHORISED UNDER THE LICENCE AND AREA OF OPERATIONS

S1 Activities authorised - non-potable water

S1.1 This Licence authorises the Licensee and any authorised persons specified in Table 1.1 to construct, maintain and operate the water industry infrastructure:

- a) specified in Table 1.2A:
 - i) for one or more of the authorised purposes specified in Table 1.3A; and
 - ii) within the area of operations specified in Table 1.4A,
- b) specified in Table 1.2B:
 - i) for one or more of the authorised purposes specified in Table 1.3B; and
 - ii) within the area of operations specified in Table 1.4B,

subject to the conditions imposed by or under the Act, the Regulation and Schedules A and B of this Licence.

S1.2 The non-potable water referred to in this section S1 may only be used for one or more of the following authorised purposes:

- a) toilet flushing;
- b) garden irrigation;
- c) laundry washing (cold tap only); and
- d) golf course irrigation.

Table 1.1 Authorised persons

Lendlease Communities (Wilton) Pty Ltd (ACN 110 022 976)

Table 1.2A Water industry infrastructure

A treatment plant for non-potable water and other water infrastructure used, or to be used, in connection with the treatment plant, where components of the treatment plant or other water infrastructure may also be used for one or more of the following:

- a) production of non-potable water;
 - b) treatment of non-potable water;
 - c) filtration of non-potable water;
 - d) storage of non-potable water; and
 - e) conveyance of non-potable water.
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Table 1.2B Water industry infrastructure

A reticulation network for non-potable water and other water infrastructure used, or to be used, in connection with the reticulation network, where components of the reticulation network or other water infrastructure may also be used for one or more of the following:

- a) storage of non-potable water;
 - b) conveyance of non-potable water; and
 - c) treatment of non-potable water.
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Table 1.3A Authorised purposes

1. Production of non-potable water
 2. Treatment of non-potable water
 3. Filtration of non-potable water
 4. Storage of non-potable water
 5. Conveyance of non-potable water
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Table 1.3B Authorised purposes

1. Storage of non-potable water
 2. Treatment of non-potable water
 3. Conveyance of non-potable water
-

Table 1.4A Area of operations

Land situated under the folio identifier DP 1108927 known as the Recycled Water Treatment Plant.

Table 1.4B Area of operations

Land situated under the following folio identifiers DP 270536, DP 1104390, DP 280010, DP 280014 and DP 1108927 known as the Wilton Parklands – Bingara Gorge. DP 1108927 and DP 1104390 known as the Recycled Water Treatment Plant and the Bingara Gorge Golf Course in addition to the corridor of property associated with the reticulation, conveyance and storage infrastructure between the two sites.

S2 Activities authorised – drinking water

[Not applicable]

Table 2.1 Authorised persons

[Not applicable]

Table 2.2 Water industry infrastructure

[Not applicable]

Table 2.3 Authorised purposes

[Not applicable]

Table 2.4 Area of operations

[Not applicable]

S3 Activities authorised – sewerage services

S3.1 This Licence authorises the Licensee and any authorised persons specified in Table 3.1 to construct, maintain and operate the water industry infrastructure:

- a) specified in Table 3.2A:
 - i) for one or more of the authorised purposes specified in Table 3.3A; and
 - ii) within the area of operations specified in Table 3.4A,
- b) specified in Table 3.2B:
 - i) for one or more of the authorised purposes specified in Table 3.3B; and
 - ii) within the area of operations specified in Table 3.4B,

subject to the conditions imposed by or under the Act, the Regulation and Schedules A and B of this Licence.

Table 3.1 Authorised persons

Lendlease Communities (Wilton) Pty Ltd (ACN 110 022 976)

Table 3.2A Water industry infrastructure

A treatment plant for sewage and other sewerage infrastructure used, or to be used, in connection with the treatment plant, where components of the treatment plant or other sewerage infrastructure may also be used for one or more of the following:

- a) production of non-potable water from sewage;
 - b) treatment of sewage;
 - c) filtration of sewage;
 - d) storage of sewage; and
 - e) conveyance of sewage.
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Table 3.2B Water industry infrastructure

A reticulation network for sewage and other sewerage infrastructure used, or to be used, in connection with the reticulation network, where components of the reticulation network or other water infrastructure may also be used for one or more of the following:

- a) storage of sewage; and
 - b) conveyance of sewage.
-

Table 3.3A Authorised purposes

1. production of non-potable water from sewage;
 2. treatment of sewage;
 3. filtration of sewage;
 4. storage of sewage; and
 5. conveyance of sewage.
-

Table 3.3B Authorised purposes

1. Storage of sewage
 2. Conveyance of sewage
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Table 3.4A Area of operations

Land situated under the folio identifier DP 1108927 known as the Recycled Water Treatment Plant.

Table 3.4B Area of operations

Land situated under the following folio identifiers:

DP 270536, DP 1104390, DP 280010, DP 280014 and DP 1108927 known as the Wilton Parklands – Bingara Gorge.

The corner of Hornby and Broughton Street, running through Hornby Street, Hornby Street West and Condell Park Road to Lot 103, DP 1108927.

**SCHEDULE A – SPECIAL MINISTERIALLY-IMPOSED LICENCE CONDITIONS FOR
VEOLIA WATER SOLUTIONS AND TECHNOLOGIES (AUSTRALIA) PTY LTD'S
NETWORK OPERATOR'S LICENCE**

This schedule sets out the conditions which the Minister imposes pursuant to section 13(1)(b) of the Act. In addition to these special Ministerially-imposed conditions, the Licensee is subject to obligations imposed by the Act, the Regulation and the standard Ministerially-imposed licence conditions set out in Schedule B. The Minister may vary the conditions in this schedule or impose new conditions, provided there is no inconsistency with the conditions imposed by the Act or the Regulation.

A1 Requirement to notify

A1.1 The Licensee must notify the Minister if the Licensee does not receive any part of the Fee by the Payment Date. Such notice must be in writing, provided to the Minister within 7 days of the Payment Date and specify:

- a) the total Fee that the Licensee was entitled to receive from Lendlease for the relevant period;
- b) the amount of the Fee (if any) that the Licensee received from Lendlease for the relevant period; and
- c) the amount (if any) that the Licensee received from its customers for the supply of water supply and/or sewerage services authorised under the Retail Supplier's Licence for the relevant period.

A1.2 If the Licensee or Lendlease proposes to:

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

the Licensee must provide the Minister with written notice as soon as practicable, but no later than 3 months before the date that the proposed action is to occur.

A2 Parent Company Guarantee

A2.1 The Licensee has provided a Parent Company Guarantee to the Minister to guarantee performance of the Licensee's obligations under the Licence.

A2.2 The Minister may rely on the Parent Company Guarantee to ensure that the Licensee's obligations under this Licence are complied with under the terms of this Licence.

A2.3 The Licensee must comply with any written direction issued by the Minister.

SCHEDULE B - STANDARD MINISTERIALLY-IMPOSED LICENCE CONDITIONS FOR LICENSED NETWORK OPERATORS UNDER THE ACT

This schedule sets out the standard conditions which the Minister imposes on the Licensee and other licensed network operators pursuant to section 13(1)(b) of the Act. In addition to these standard Ministerially-imposed conditions, the Licensee is subject to obligations imposed by the Act, the Regulation and the special Ministerially-imposed licence conditions set out in Schedule A. The Minister may vary the conditions in this schedule or impose new conditions, provided there is no inconsistency with the conditions imposed on the Licensee by the Act or the Regulation.

B1 Ongoing capacity to operate

B1.1 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 immediately in accordance with the Reporting Manual.

B2 Obtaining appropriate insurance

B2.1 Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must:

- a) obtain insurance that is appropriate for the size and nature of the activities authorised under this Licence;
- b) provide a copy of each certificate of currency of the insurance obtained to IPART; and
- c) demonstrate that the insurance obtained is appropriate for the size and nature of the activities authorised under this Licence by providing a report to IPART from an Insurance Expert that:
 - i) certifies that in the Insurance Expert's opinion, the type and level of the insurance obtained by the Licensee is appropriate for the size and nature of the activities authorised under the Licence; and
 - ii) is in the form prescribed by the Reporting Manual.

B2.2 *[Not applicable]*

B3 Maintaining appropriate insurance

B3.1 The Licensee must maintain insurance that is appropriate for the size and nature of the activities authorised under this Licence.

B3.2 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.

B3.3 If there is, or is to be, a change in:

- 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,

in relation to the activities authorised under this Licence, the Licensee must provide a report to IPART in accordance with the Reporting Manual.

B3.4 From time to time when requested in writing by IPART, the Licensee must provide a report to IPART, in the manner, form and time specified by IPART, from an Insurance Expert certifying that in the Insurance Expert's opinion the type, scope or limit on the

amount of the insurance held by the Licensee is appropriate for the size and nature of the activities authorised under this Licence.

[Note: The circumstances in which IPART may request a report under clause B3.4 include (but are not limited to) the following:

- *where IPART has reason to believe 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 authorised under this Licence;*
- *where there is a change in the type or extent of activities authorised under this Licence; or*
- *where IPART or an approved auditor has reason to believe 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 authorised under this Licence.]*

B3.5 The Licensee must maintain professional indemnity insurance during the Design Phase and for a minimum period of 6 years from the date of the completion of the Design Phase.

B4 Complying with NSW Health requirements

B4.1 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.

B5 Complying with Audit Guidelines from IPART

B5.1 The Licensee must comply with any Audit Guidelines issued by IPART.

B6 Reporting in accordance with the Reporting Manual

B6.1 The Licensee must prepare and submit reports in accordance with the Reporting Manual.

B7 Reporting information in relation to the register of licences

B7.1 Within 14 days of any change in relation to the following, the Licensee must notify IPART, and provide IPART with details, of the change in accordance with the Reporting Manual:

- a) any source from which the water handled by the Specified Water Industry Infrastructure is derived;
- b) the authorised purposes of the water (as specified in clause S1.2 of this Licence) handled by the Specified Water Industry Infrastructure;
- c) 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;
- d) any other water infrastructure to which the Specified Water Industry Infrastructure is connected;
- 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;
- g) the arrangements for the disposal of waste from the Specified Water Industry Infrastructure.

B8 Monitoring

- B8.1 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 B8.
- B8.2 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).
- B8.3 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.

B9 Provision of copy of Plan

- B9.1 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.

B10 Delineating responsibilities – interconnections

- B10.1 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 B10.
- B10.2
 - a) The Licensee's Code of Conduct must set out the respective responsibilities of:
 - i) the Licensee; and
 - ii) each licensed network operator, licensed retail supplier and/or public water utility that:
 - A) supplies water or provides sewerage services by means of; or
 - B) constructs, maintains or operates,
any water industry infrastructure that is connected to the Specified Water Industry Infrastructure.
 - b) The Licensee's Code of Conduct must set out the respective responsibilities of the entities specified in clause B10.2(a) by, at a minimum, providing for:
 - i) 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;
 - ii) who is responsible for water quality;

- iii) who is liable in the event of the unavailability of water;
- iv) who is liable in the event of failure of the Specified Water Industry Infrastructure;
- v) the fees and charges payable in respect of the use of the Specified Water Industry Infrastructure; and
- vi) who is responsible for handling customer complaints.

B10.3 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 the Licensee and the other licensed network operators, licensed retail suppliers and/or public water utilities referred to in clause B10.2.

B10.4 *[Not applicable]*

B10.5 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.

B11 Notification of changes to end-use

B11.1 If the Licensee proposes to operate the Specified Water Industry Infrastructure to supply 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.

B12 Notification of changes to Authorised Person

B12.1 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. The written notice must include details of how the services previously undertaken by the Authorised Person will continue to be undertaken.

B13 Notification of commercial operation

B13.1 This clause B13 applies each time the Licensee has brought any of the Specified Water Industry Infrastructure into commercial operation.

B13.2 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.

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 schedule is to a schedule to this Licence;
- g) 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
- h) 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 <i>Water Industry Competition Act 2006</i> (NSW).
Audit Guidelines	means the document entitled "Audit Guideline – Water Industry Competition Act 2006" 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.
Authorised Person	means the authorised persons specified in, as applicable: <ul style="list-style-type: none"> a) clause S1, Table 1.1; b) clause S2, Table 2.1; and c) clause S3, Table 3.1.
Business Day	means any day other than: <ul style="list-style-type: none"> a) a Saturday, Sunday or public holiday in Sydney, NSW; or b) 27, 28, 29, 30 or 31 December.
Contract Amount	means the amount referred to in clause A1.1a) in Schedule A.
Customer Amount	means the amount referred to in clause A1.1c) in Schedule A.
Design Phase	means the period during which any design works are carried out in relation to the water industry infrastructure that the Licensee is authorised to construct, maintain and operate under this Licence.
Fee	means the maximum fee that Lendlease would be required to pay the Licensee under clause 13.4 and Schedule 2 of the O&M Agreement if the Licensee properly and promptly fulfils all requirements in respect of submitting a claim or request for payment under the O&M Agreement.

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).
Lendlease	means Lendlease Communities (Wilton) Pty Limited (ACN 110 022 976).
Licence	means this network operator's licence granted under section 10 of the Act.
Licensee	means Veolia Water Solutions and Technologies (Australia) Pty Ltd (ACN 055 254 003).
Licensee's Code of Conduct	has the meaning given in Schedule B, clause B10.1.
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.
O&M Agreement	means the agreement between the Licensee and Lendlease (formerly Lend Lease) dated 18 December 2014 entitled "Operation and Maintenance Agreement (NSW): Bingara Gorge and Wilton Village", as amended from time to time.
Parent Company Guarantee	means the Parent Company Guarantee executed by Veolia Water Technologies S.A. RCS Creteil 414 986 216 in favour of the Minister (the Principal) dated 11 July 2017.
Payment Amount	means the amount referred to in clause A1.1b) of Schedule A.
Payment Date	means the date which is 15 Business Days from the 25th day of any month.
Plan	means any infrastructure operating plan, water quality plan or sewage management plan that the Licensee is required to prepare under the Regulation.
Regulation	means the <i>Water Industry Competition (General) Regulation 2008</i> (NSW).
Reporting Manual	means the document entitled "Network Operator's Reporting Manual" which is prepared by IPART and is available on IPART's website at www.ipart.nsw.gov.au .
Retail Supplier's Licence	means the retail supplier's licence (Licence No. 10_013R) granted to the Licensee under the Act.

Shortfall Amount	means the amount determined as follows: Contract Amount – (Payment Amount + Customer Amount).
Specified Water Industry Infrastructure	means the water industry infrastructure specified in, as applicable: a) clause S1, Table 1.2A and 1.2B; b) clause S2, Table 2.2A and 2.2B; and c) clause S3, Table 3.2A and 3.2B.
Verification Monitoring	means verification monitoring as described in the document entitled “Australian Drinking Water Guidelines” or the document entitled “Australian Guidelines for Water Recycling”, as the case may be.
Water Quality Plan	means the water quality plan that the Licensee is required to prepare under the Regulation.

