

Review of Sydney Water's Operating Licence

Response to Draft Licence package

15 February 2019



Sydney
WATER

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Executive summary

Sydney Water welcomes the opportunity to respond to the Draft Operating Licence package released by the Independent Pricing and Regulatory Tribunal (IPART) on 11 December 2018, including IPART's Draft Report, the Draft Operating Licence 2019-2023 (Draft Licence), Draft Customer Contract 2019-2023 (Draft Customer Contract) and Draft Reporting Manual.

As a monopoly service provider, regulation plays an important role in protecting guaranteed levels of service for customers, and ensuring our activities provide a positive benefit for the community. We are proud of our strong performance against the Operating Licence, which has seen us deliver excellent value to customers and the community.

IPART has made significant shifts over the last few reviews towards a more outcomes-focused Operating Licence. IPART's licence review process also plays an essential role in maintaining the integrity of the state-owned corporation (SOC) model. Under this model, the provision of key public services are delegated to SOCs to be run on a commercial basis, with regulation used to mimic a competitive market and ensure the company's activities deliver value to customers.

For this model to work well, IPART's role in filtering and testing the costs and benefits of the various requirements that stakeholders may want to place on Sydney Water is critical. If amendments to the Operating became too unpredictable, this would undermine our ability to focus on our core task of delivering essential public services on a commercial and efficient basis. IPART's commitment to good process and rigorous assessment of proposed Operating Licence options mean that this is not the case.

This review has also seen a number of changes proposed that are consistent with the ongoing modernisation and adaptation of the Operating Licence to meet changing customer and stakeholder requirements. This is taking place based on a clear understanding of the respective roles and responsibilities of the different parties within the urban water market.

IPART has proposed that Sydney Water be increasingly required to run processes and make information available to give customers and stakeholders opportunities to shape the outcomes that we deliver and, in the case of other market participants, assist them to identify potential service provision opportunities. This is reflected in the proposed new requirements on us to:

- review our Economic Level of Water Conservation methodology
- review the role of the Customer Council
- provide integrated plans to Government, in conjunction with WaterNSW, to assist in Government's urban water planning framework
- provide more information to market participants to support competition.

We see this as a normal evolution to ensure the Operating Licence can respond to new challenges and the changing context in which we operate.



Overview of submission

IPART made 77 draft recommendations to change or retain licence conditions. Sydney Water:

- **supports or supports in principle** the majority of IPART's recommendations
Where we support in principle, we agree with IPART's intent, but our support is conditional on our proposed changes to the scope or drafting of licence requirements
- **accepts** a number of draft recommendations
While not our first preference, the draft recommendations we accept are reasonable and able to be implemented without undue burden. In some cases, this is also contingent on our proposed scope or wording changes
- **opposes one draft recommendation**
We do not agree that a target level and tolerance band approach is appropriate for the current water continuity standard. We propose retaining a maximum upper limit only and measuring performance using a five-year rolling average.

We have structured our submission to generally follow the order of issues in IPART's draft report. IPART's draft recommendations and Sydney Water's position are noted in *italics* throughout our submission. Further detail is provided where relevant, to explain our position or proposed changes, or respond to comments at the public workshop on the Draft Licence held on 5 February 2019.

Specific wording changes for the Draft Licence, Draft Customer Contract and Draft Reporting Manual are included in Appendices A – C.

An overview of our positions and key areas of change is provided below.

Seeking input from our customers

The most significant innovation led by Sydney Water in this review is our step-change towards developing customer-informed regulatory proposals.

In 2018 we conducted a year-long customer engagement program to inform the Operating Licence review and our upcoming price review. In relation to the Operating Licence, we sought specific customer feedback on the following topics:

- service levels for water interruptions, wastewater overflows and water pressure
- rebates in the Customer Contract
- customer representation, including the Customer Council.

Our engagement program covered our whole service area. We particularly focused on licence areas with the most impact on customers and service outcomes. Beyond these specific topics, the program also improved our understanding of customer views more generally, including on issues such as customer priorities, water quality, responding to service faults and water conservation. These insights were helpful in developing our positions for our response to the Issues Paper.

We are currently developing a longer-term Customer Engagement Strategy to continue to build our customer engagement capability and implement an ongoing engagement program.



Water conservation

We are happy to continue having water conservation requirements in the Operating Licence. We learnt from our customer engagement program last year that customers expect Sydney Water to play a leading role in this area. Sydney Water prefers retaining an economic approach over a return to fixed targets, as this is more flexible, allowing water conservation activities to be increased or scaled back according to context and dam storage levels.

Our Economic Level of Water Conservation (ELWC) methodology promotes economically efficient decisions in water conservation which can consider social and environmental costs and benefits balanced against the cost of the program. We are happy to review the methodology, which will help ensure it is meeting its intended objectives. A review of the methodology, and preparation of a Plain English summary as recommended, could also help to clarify misunderstandings held by some stakeholders, such as the incorrect assumption that the value of water is capped at the Long Run Marginal Cost (LRMC) for all projects.

We also support continuing transparent, annual reporting to IPART and the public about what we have done to conserve water, and our forward five-year program. This is important for accountability to our customers, the community and stakeholders, especially in periods of drought.

Urban water planning

We are actively planning to ensure Sydney's long-term water needs are adequately catered for, in light of the NSW Government's *Greater Sydney Region Plan: A Metropolis of Three Cities* vision, to support population growth, collaborative infrastructure and city planning, and build liveable and resilient communities.

Sydney Water is committed to continuing to work with the Department of Planning and Environment (DPE), WaterNSW and other relevant stakeholders to ensure Sydney Water's responsibilities under the new Greater Sydney Urban Water Framework are implemented. We are happy to accept licence obligations relating to our responsibilities under this framework, so long as they are aligned with our role as a State Owned Corporation.

System performance standards

We strongly support IPART's attempts to consider customer preferences and set standards with reference to customer value. IPART's proposed standards for service interruptions are largely in line with our customers' views, and the cost-benefit analysis we did on potentially moving away from the level of service delivered under our current standards.

After further consideration, we do not consider a target approach is appropriate for the current water continuity standard, as performance is significantly impacted by external factors. Instead, we propose to retain a maximum threshold limit to guarantee a minimum level of service for customers and use a five-year rolling average to account for variations in weather and other external factors.

We would be happy to do further work in this area in the future, to better understand customer views and consider the best type of measures to use as minimum standards. This could also look at potential measures that could be better suited to a target approach.



Customer Council

We appreciate IPART's efforts to encourage Sydney Water to do more direct engagement with customers and we support a requirement to review the Customer Council. However, IPART's proposed outcome to use the Council to **achieve** customer engagement may not be helpful in practice. Even after a review, the Customer Council may not be the best or only way to achieve customer engagement with our broader customer base. We have proposed some alternative licence options to address our concerns.

Provision of information to the market

In principle, we support publishing information that could assist current or potential market participants to identify potential market opportunities. Requirements in this area should balance the need for:

- transparency
- the cost of generating and collating this information
- addressing commercially or security sensitive and confidential information.

We consider information should focus on our major systems and potential capacity constraints and should not seek to exactly replicate the detailed information that may be needed as part of a scheme-specific wholesale pricing review.

Customer Contract

We appreciate IPART adopting our proposed revised rebates developed in consultation with our customers. This has been a great example of how Sydney Water is better engaging with our customers to seek their views and using these to shape our regulatory submissions.

Some of IPART's other detailed changes to our proposed Customer Contract may lead to unintentional outcomes. We have proposed some amendments where changes are impractical or appear to diminish current obligations.



1 Licence structure and context

1.1 Licence context

Draft recommendation 1 – Amend the licence structure as shown in Table 3.1

Sydney Water position – Accept

Sydney Water has no objections to the proposed change in the structure of our Operating Licence.

Minor correction needed

There is a minor correction required in Table 3.1 of the draft report. Asset Management System is missing from ‘Performance Standards for Service Interruptions’

1.2 Licence objective

Draft recommendation 2 – Amend the licence objective so that it is outcomes-based and aligns with Sydney Water’s objectives under the Act

Sydney Water position – Support, subject to requested minor wording changes

As outlined in our submission to IPART’s Issues Paper, we consider that any statement of objectives in the Operating Licence must be consistent with our legislative objectives. The revised wording proposed by IPART provides a closer alignment to our legislative objectives.

We request some further minor amendments to:

- re-order the dot points under draft clause 1.1.1b), so that the objectives of the *Sydney Water Act 1994* (Sydney Water Act) are referenced before the reference to competition
- clarify that that Sydney Water objectives referred to are defined in the Sydney Water Act
- use consistent wording when referencing Sydney Water’s legislative objectives, namely, to replace the words “meets its requirements to protect public health and the environment” with “supports its objectives to protect public health and the environment”.

Sydney Water’s legislative objectives to protect public health and the environment are both qualified in the Sydney Water Act; the public health objective relates to the provision of drinking water and the protection of the environment objective is about conducting operations in compliance with the principles of ecologically sustainable development. To avoid confusion, an explanatory note referencing Sydney Water’s legislative objectives could be added to clause 1.1.1.

Several stakeholders discussed the licence objective at IPART’s public workshop on 5 February 2019. One suggestion raised was that the licence objective should require Sydney Water to **promote** competition. We consider that the wording “does not prevent or hinder competition” more appropriately reflects Sydney Water’s role as a market participant.

Our proposed drafting changes are included in Appendix A.



1.3 Security of critical infrastructure

Draft recommendation 3 – Not include requirements to manage critical infrastructure in the amended licence

Sydney Water position – Support

Draft recommendation 4 – Clarify in the licence that Sydney Water is regulated under the Security of Critical Infrastructure Act 2018 (Cth) and its obligations under that Act take precedence over the obligations in the licence where there is any inconsistency between them

Sydney Water position – Accept

Sydney Water agrees with the recommendation to not include any requirements to manage critical infrastructure, as this is covered by the *Security of Critical Infrastructure Act 2018* (Cth).

IPART has recommended including a licence clause to the effect that the requirements of the Commonwealth legislation override the Operating Licence, to the extent of any inconsistency. While Sydney Water considers this is simply a statement of fact, and is not strictly necessary, we are not opposed to its inclusion.

1.4 Area of operations

Draft recommendation 5 – Amend the area of operations schedule to refer to the Act and require Sydney Water to publish a map of its area of operations within 30 days of licence commencement, and make any required updates to the area of operations within 30 days of any change

Sydney Water position – Support in principle, with proposed amendments

Sydney Water agrees that the Area of Operations described by the Act lacks clarity for most stakeholders. It appears that legislators over time have adopted the convention of referencing the immediately preceding statute, without formally restating the geographical boundaries used to define the Area of Operations. This creates a need to trace through nearly a century of the NSW Government Gazette in search of variations approved by the Governor, which then have to be applied to the local government boundaries and catchment areas that existed in the mid-1920's.

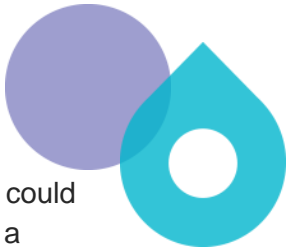

Sydney Water supports in principle the intent of IPART's recommendation, which is to represent the Area of Operations in a way that is both accurate and accessible to customers and other stakeholders. However, the clause presents some challenges in terms of implementation.

Our Statutory Area of Operations covers an area of approximately 12,700 km². We understand that a map produced to meet the proposed Operating Licence requirement would need to be legally accurate to ensure full compliance during an Operational Audit. Advice from Sydney Water mappers is that it would be impractical to publish and maintain a map on Sydney Water's website with enough detail to exactly duplicate the Statutory Area of Operations.

Practically, we could only publish a map for illustrative purposes. We already include an illustrative map on both our website and in our Annual Report.¹

¹ The map can be accessed at:

http://www.sydneywater.com.au/web/groups/publicwebcontent/documents/document/zgrf/mdq1/~edisp/dd_045280.pdf



We also consider that the wording of draft clause 1.3.2 and the proposed Schedule A could be made more consistent with the requirements of the Act. For example, approval for a variation to the area of operations under section 10(2) of the Act is also subject to the requirements of section 10(3), such as consultation with other affected authorities. A general reference to section 10 may therefore be more appropriate.

In addition, section 10(1) of the Act requires that the Operating Licence contains a schedule that details the Area of Operations to which the Operating Licence applies. This requirement is currently met by the list of Local Government Areas, and a description of certain other areas that are also included. However, the proposed Schedule A has removed this detail and simply refers to sections 10(1) and 10(2) of the Sydney Water Act, which is circular and may not satisfy the requirements of the Act.

Proposed drafting changes to address these issues are included in Appendix A.

1.5 Term of this licence

Draft recommendation 6 – Adopt a 4-year licence term from the Commencement Date

Sydney Water position – Support

1.6 Licence amendment

Draft recommendation 7 – Retain the existing licence amendment provisions in the amended licence

Sydney Water position – Support

1.7 Non-exclusive licence and availability of licence

Draft recommendation 8 – Retain the existing non-exclusive licence and availability of licence clauses

Sydney Water position – Support

1.8 Pricing

Draft recommendation 9 – Retain existing pricing obligations in the amended licence

Sydney Water position – Support

1.9 End of term review

Draft recommendation 10 – Amend the existing clauses on the end of term review of the licence to specify IPART as the person who will undertake the review

Sydney Water position – Support



1.10 Notices

Draft recommendation 11 – Amend the notices obligation of the licence to provide that notices under the amended licence must be approved by the Managing Director of Sydney Water or the CEO of IPART and may be sent electronically, unless otherwise specified in the licence or reporting manual

Sydney Water position – Support in principle, pending clarification of scope

This is a new issue that was not considered in the Issues Paper. We understand that draft clause 1.10.1 is intended to replace section 11 of the current Operating Licence. An important part of the new clause is to formally allow for electronic communication, which we support.

As currently worded, draft clause 1.10.1 appears to require any notice or communication made under the licence to be approved by the Managing Director of Sydney Water or the Chief Executive Officer (CEO) of IPART. We are uncertain about what would be considered “any notice or communication under the licence”. We would not support this clause capturing relatively routine communications between Sydney Water and IPART (and potentially other parties) on a range of topics, increasing the administrative burden for both organisations for little or no apparent benefit.



For example, as part of its cost-benefit analysis for this review, IPART asked Sydney Water 145 detailed questions seeking further information to inform its analysis of potential licence changes. Some of these required a quick turnaround from Sydney Water, to enable IPART to meet review timeframes. While responses were prepared by subject matter experts and, where required, approved by relevant managers, it is highly unlikely that Sydney Water could have met IPART’s timeframes if each response was also required to be approved by the Managing Director.

Sydney Water also regularly communicates with IPART at officer level on matters concerning the administration of the Operating Licence, such as clarifying licence requirements, compliance reporting issues, the administration of operational audits, and so on. We consider it impractical and inefficient to elevate these types of communications to Managing Director / CEO level.

Various other clauses in the draft Operating Licence require Sydney Water to have communication with IPART or another party. For example, the draft clause 7.2.4 requires the exchange of information with Fire and Rescue NSW regarding aspects of network performance. This information exchange could be viewed as a communication given under the Operating Licence, triggering the application of draft clause 1.10.1. Such communication would not ordinarily require approval by the Managing Director. Another example are the draft clauses 3.2.4 to 3.2.6, relating to the development and implementation of a data sharing agreement with the Department of Planning and Environment (DPE). While the Managing Director may approve such an agreement, approval would typically not be sought for routine communications in relation to such an agreement. For example, if a schedule to the agreement needed to be updated. This is more appropriately and efficiently dealt with at officer level.

Alternatives to avoid this outcome could be to:

- delete draft clause 1.10.1 b), removing the requirement for communication to be approved by the Managing Director of Sydney Water or CEO of IPART. Instead, MD or CEO approval would be at the discretion of each organisation, depending on the importance of the communication material. This is Sydney Water’s preferred option.

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- cross-reference clauses in the Operating Licence that constitute a “notice or other communication given under this Licence” and require Managing Director or CEO approval, as a note to draft clause 1.10.1. This would be particularly useful from a compliance and auditing perspective. If this option is adopted, we recommend communications requiring Managing Director approval be limited to reports required to be provided to IPART as a licence condition, namely, draft clause 3.1.5 (notification of changes or approval of changes to ELWC methodology) and draft clause 6.6.6 (report to IPART on review of Customer Council). Regarding draft clause 1.9 (end-of-term review), while Managing Director approval is typically sought for formal submissions to IPART, we do not consider this would be an appropriate requirement for “any communication” relating to information requested by IPART throughout the review, for the reasons noted above.

Given the limited circumstances that we consider should be captured by this proposed requirement, our preference would be to delete draft clause 1.10.1 b).



2 Licence authorisation

2.1 Licence authorisation and stormwater drainage

Draft recommendation 12 – Amend the licence authorisation and stormwater drainage clauses to clearly differentiate between the ‘required’ and the ‘permitted’ functions of Sydney Water relating to stormwater drainage systems

Sydney Water position – Support

Draft recommendation 13 – Sydney Water can apply integrated water cycle management under the amended licence but is not required to do so

Sydney Water position – Support

Draft recommendation 14 – Sydney can adopt measures to address waterway health and liveability outcomes under the amended licence but is not required to do so. Include a note in the amended licence to clarify Sydney Water’s role in stormwater management.

Sydney Water position – Support

Sydney Water agrees that it is not appropriate for the Operating Licence to prescribe how Sydney Water provides its services, and that a clause requiring Sydney Water to apply or achieve Integrated Water Cycle Management (IWCM) is not needed. However, we welcome IPART’s clarification in the draft report that nothing in the Operating Licence is intended to prevent Sydney Water from applying IWCM in its planning and decision-making.

The amended stormwater drainage clauses are consistent with our understanding of the equivalent clauses in the current Operating Licence. The proposed note regarding stormwater helps to clarify our role in managing waterways in our area of operations. This will assist us to continue working collaboratively with Councils and other stakeholders.

2.2 Obligation to make services available

Draft recommendation 15 – Include an obligation to provide services to provide water and sewerage services to a WIC Act licensee on request from the WIC Act licensee, and allow Sydney Water to impose conditions to ensure safe, reliable and financially viable services

Sydney Water position – Support

The wording that Sydney Water must provide services to WIC Act licensees “on request” is equivalent to our obligation to provide retail services on request for connection. This is appropriate and ensures that connection procedures are followed.

The ability to set conditions to ensure safe, reliable and financially viable services is also equivalent to Sydney Water’s current licence obligation to provide services for retail customers.

At the public workshop, Flow Systems raised a concern about Sydney Water’s obligation to provide services to properties within its area of operations. We do not consider this hinders competition, given the non-exclusive nature of the Operating Licence in draft clause 1.6.1.

3 Water conservation and planning

3.1 Economic approach to water conservation

Draft recommendation 16 – Maintain the requirement for Sydney Water to use the approved economic level of water conservation method to assess water conservation options but also provide flexibility for it to use another economic method that has been approved by IPART

Sydney Water position – Support, subject to proposed minor wording changes

Draft recommendation 17 – Retain the requirement for Sydney Water to notify IPART and obtain IPART’s approval for any significant changes it proposes to make to the economic level of water conservation method, and amend this requirement so that it also applies to any other economic method IPART has previously approved

Sydney Water position – Support

Draft recommendation 18 – Amend the licence to include an obligation for Sydney Water to review its ELWC method, including stakeholder consultation, by 30 September 2020

Sydney Water position – Accept



Draft recommendation 19 – Amend the licence to require Sydney Water to publish on its website the ELWC method or another economic method approved by IPART, a plain English summary of the method, and the economic level of water conservation expressed as the quantity of water savings in megalitres per day

Sydney Water position – Support

Sydney Water’s preference is to continue to use the Economic Level of Water Conservation (ELWC) methodology to assess our water conservation activities. This methodology promotes economically efficient decisions in water conservation which can consider social and environmental costs and benefits balanced against the cost of the program. Despite comments by some stakeholders to the contrary, the value of water used in the ELWC methodology is not capped at the long-run marginal cost of water (LRMC) for all projects. Rather, it rises above the LRMC (retail usage price) when dam levels fall below about 50%. This ‘short-run’ value of water applies to all projects that deliver water savings for up to 20 years in length. For projects that deliver savings for more than 20 years the value of water is the LRMC, which varies depending on the long-term outlook for water demand and not short-term fluctuations in dam levels. This discourages investment in high cost, permanent / long-term water savings measures in response to short-term supply deficits.

We are happy for IPART to retain an approval role for any changes to the methodology, as they are well placed to assess issues of economic efficiency and ensure consistency with pricing and other regulatory decisions.

We are also happy to accept a review of the methodology, including stakeholder consultation, and new requirements to make more information publicly available. We consider that the methodology currently has the capability to address most of the concerns raised by stakeholders in their submissions to IPART.



However, a review will provide an opportunity to ensure the methodology is working in practice and meeting its intended objectives. The publication of a Plain English summary will also improve transparency and understanding of the methodology.

Regarding the flexibility for IPART to approve a potential alternative method to ELWC, IPART's intention appears to limit this to new methods proposed by Sydney Water.² We request this intention be clarified in the Draft Licence by adopting the words "proposed by Sydney Water". This will avoid the theoretical possibility of a new method being approved by IPART without Sydney Water being afforded an opportunity to consider its practicality or effectiveness.

Our understanding of draft clause 3.1.3 is that a review of the ELWC methodology would no longer be required if IPART approves another economic method. It would be useful for the circumstances where a review would no longer be required to be clarified in the draft report or as a licence note.

Our views on this area are further discussed below. Proposed wording changes are included in Appendix A.

Fixed targets

At the public workshop, some stakeholders indicated a preference for fixed water use, leakage and / or recycled water targets. In our view, fixed targets are inflexible, whereas a methodology allows for activities to be increased or scaled back according to context and dam storage levels. In addition, once targets are achieved, they do not drive ongoing activity. A methodology incentivises Sydney Water to implement any activities that achieve a net benefit, rather than only implementing the projects or programs needed to meet a fixed target. Fixed targets can also lead to challenges when negotiating appropriate cost sharing for projects. For example, while some water conservation projects can provide benefits for the whole community, other projects may involve more specific benefits to scheme participants. In these cases, it is appropriate that participants bear a share of the costs. This can be compromised if they are aware that Sydney Water is pursuing the project to meet a regulated volumetric target.

Using a method other than ELWC



In their submission to IPART's Issues Paper, the Department of Planning & Environment (DPE) indicated a preference to phase out ELWC obligations, instead requiring Sydney Water's water conservation activities to be determined as part of the Greater Sydney Water Strategy (GSWS).

We are happy to continue to work with DPE on the development of the GSWS, including testing of our water conservation measures using DPE's hydro-economic, multi-objective optimisation model known as MetroNet.

Due to the nature of the MetroNet model, this is likely to require the bundling of potential water conservation initiatives into 'packages', rather than modelling individual activities. The water savings from individual activities are often too small to be picked up in such a model.

This is consistent with DPE comments at the public workshop that the ELWC methodology may be more suitable for assessing water conservation at an individual project level than MetroNet.

² IPART, draft report, page 41: "We propose to retain this requirement but amend it so it could apply to any other alternative economic method that **Sydney Water seeks approval for.**" (emphasis added)



The potential to transition from using ELWC to another method such as MetroNet would be possible under the flexibility envisaged for draft clause 3.1.1, allowing use of another economic method approved by IPART. However, we have some concerns with DPE's proposed approach in their submission to the Issues Paper.

An important objective for the ELWC methodology was to find a method that could provide robust and transparent support for decisions about individual water conservation investments, in a way that allowed flexibility for activity to change over time, in accordance with circumstances. There are several reasons why this can present a challenge for optimisation models like MetroNet, including:

- individual projects are at a very different scale to the city-scale options considered by MetroNet. In addition to increasing model run times, the optimisation method may not consistently select small-scale options as part of the optimal portfolio, since individual projects only provide a relatively negligible contribution to long-term water security.
- water conservation projects may only be effective for a relatively short period compared to permanent options like a desalination plant. Again, projects may not be consistently selected because they only make a small contribution to on-going water security.

Sydney Water considered various ways of building on the capabilities of MetroNet during development of the ELWC methodology in 2016. This included:

- assessing whether MetroNet could model individual water conservation projects alongside supply side options
- the possibility of using MetroNet to estimate the short-run marginal cost of water at different dam storage levels, allowing for the development of a schedule of marginal costs that could be applied at any time. This would avoid the need to frequently re-run the model as new project concepts are identified.

At the time, we found that the model was not suitable as a method that could provide robust and transparent support for decisions about **individual** water conservation investments, which was an important objective of the ELWC methodology.

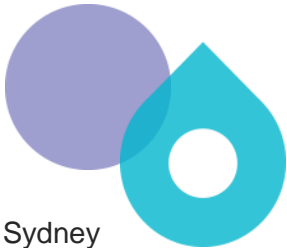

Another potential disadvantage of identifying Sydney Water's water conservation activity through the GSWS alone is its timeframe. The GSWS is planned to be updated every five years, whereas Sydney Water currently reassesses water conservation activities on a yearly basis (as a minimum).

Further work would be needed before adopting MetroNet as an alternative to the ELWC methodology. Reconsideration of the appropriateness of MetroNet as a method to assess Sydney Water's water conservation activity, solely or in conjunction with other methods, could be considered as part of the recommended review of ELWC.

[DPE to determine Sydney Water's water conservation activity](#)

In its submission to IPART's Issues Paper, DPE also recommended that the Operating Licence allow for DPE to determine, in consultation with Sydney Water, what water conservation measures Sydney Water should implement. This seems inconsistent with Sydney Water being established as a state-owned corporation.

Under the *State-Owned Corporations Act 1989* (SOC Act), it is the Minister, rather than a Department, who can direct Sydney Water to do additional, non-commercial or public interest activities.



Accordingly, particularly as the GSWS has not yet been developed, we consider it appropriate for the Operating Licence to retain the ELWC requirements as proposed. Sydney Water would then remain subject to ongoing water conservation requirements throughout the licence term, which was strongly supported by stakeholders.

Draft recommendation 20 – Amend the reporting manual to include a performance indicator for water conservation, as the level of water usage expressed as litres per capita per day

Sydney Water position – Support; minor wording changes proposed

The proposed indicator requires reporting on observed, or non-weather corrected, daily water use. We already voluntarily report this in our annual Water Conservation Report.³ The link with this new indicator and our existing reporting obligations could be clarified.

Proposed wording changes for the Reporting Manual are included in Appendix B.

Draft recommendation 21 – Remove the requirement for Sydney Water to develop an economic level of water conservation method, and transition from fixed targets for water usage and water leakage

Sydney Water position – Support; these requirements are now completed

3.2 Water planning

Draft recommendation 22 – Amend the licence to include a new requirement for Sydney Water to use its best endeavours to participate cooperatively in urban water planning and policy processes for Greater Sydney

Sydney Water position – Support in principle, subject to proposed wording changes

Draft recommendation 23 – Amend the licence to include new requirements for Sydney Water to develop and submit to the portfolio Minister by December 2020, a long-term capital and operational plan and a drought response plan, and to use its best endeavours to develop these plans as joint plans in cooperation with WaterNSW

Sydney Water position – Support, subject to proposed wording changes

Draft recommendation 24 – Amend the licence to include a new requirement for Sydney Water to develop and enter into a data sharing agreement with DPE by 30 June 2020 (or another date approved by IPART)

Sydney Water position – Accept; propose using existing agreement with DPE, rather than developing a new agreement

³ Our current Water Conservation Report can be found at:
http://www.sydneywater.com.au/web/groups/publicwebcontent/documents/document/zgrf/mdq3/~edisp/dd_047419.pdf



Urban water planning

We support the Operating Licence referencing Sydney Water's participation in urban water planning processes, specifically the development of key inputs to urban water planning that have been requested by Government, such as the Long-Term Capital and Operational Plan and Emergency Drought Response Plan. We agree that a best endeavours obligation to cooperate with WaterNSW to develop these plans is appropriate. We would not be opposed to an additional requirement to review these plans in the future, providing the timing of any future review is flexible or aligned with other relevant deliverables (for example, price determinations).

While Sydney Water is working to provide these joint plans to the Minister by December 2020, as requested, we propose that the Operating Licence should allow for a later date or change of scope for both plans. This would address the potential for changing circumstances and uncertainties, such as the outcomes of the South Creek Sector Review and any decisions made by the NSW Government in relation to long-term planning for Greater Sydney.

We are happy to support obligations to participate cooperatively in the **review** of the Metropolitan Water Plan (MWP). We agree that a best endeavours obligation is appropriate because we are not in control of the MWP and our ability to fulfil our potential obligations can rely on input from other parties and changing circumstances (for example, the WaterSmart Cities program).

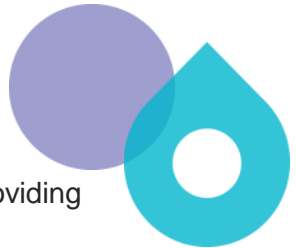

We consider that the draft requirement to participate cooperatively in the **implementation** of Government policy documents should be limited to documents we have been consulted on, and implementation actions that we have agreed to be included in the policy document, or Ministerial requirements (such as SOC Act directions). Under SOC Act principles, it is the Minister who can direct Sydney Water to undertake non-commercial or public interest activities, not the department. In other circumstances, Sydney Water should retain flexibility to choose not to implement activities if they no longer represent the most effective course of action to achieve the agreed urban water planning outcomes.

Data sharing

Sydney Water already provides various information and advice to DPE to support the framework for urban water planning. Data includes updates of medium- and long-term water demand forecasts. This includes aggregated demand data, demand forecasts and associated assumptions. Verification of forecast accuracy via hindcasting is also provided. As necessary, Sydney Water demonstrates the integrity of data or models used to support the review or implementation of the Metropolitan Water Plan or provide assurance that data or models remain fit-for-purpose. Sydney Water also helps validate DPE dwelling forecasts and BASIX data.

We also provide information to DPE on historical and forecast reductions in water use, as well as costs associated with water conservation initiatives (demand management and recycling) as per the annual Water Conservation Report. This report is also submitted to IPART and made available on sydneywater.com.au.

Sydney Water is happy to liaise with DPE to determine a mutually acceptable data sharing agreement, provided that privacy protections we afford our customers are maintained. We have an existing agreement with DPE, the 'Memorandum of Understanding for Information Sharing', that can be expanded for this purpose. We would have concerns with proposals to provide disaggregated data at a customer level, which could pose privacy issues, be costly and duplicative.



Depending on the types of data sets requested (for example, postcode or sector), providing de-identified usage data would still be insufficient to address all privacy concerns.

Proposed wording changes to address these issues are included in Appendix A.

Minor error in draft report

In the draft report, IPART notes that the existing Operating Licence includes an obligation for Sydney Water to develop and maintain a Roles and Responsibilities Protocol with DPE, and that this Protocol “was not developed”.⁴ The current licence obligation refers to a Protocol with the Metropolitan Water Directorate, the agency formerly responsible for metropolitan water planning functions, not DPE. A draft Protocol was developed with the Directorate but not finalised, at DPE’s request.

3.3 Priority Sewerage Program

Draft recommendation 25 – Retain the existing Priority Sewerage Program obligations

Sydney Water position – Accept

Draft recommendation 26 – Retain the list of areas and update the estimated numbers of lots in the Priority Sewerage Program shown in Schedule 3 of the existing licence

Sydney Water position – Accept

As noted in our submission to the Issues Paper, we consider that the Operating Licence should focus on general terms and conditions for the delivery of services in our area of operations, rather than the delivery of specific projects or initiatives such as the Priority Sewerage Program (PSP). Accordingly, we would prefer that these requirements be removed from the licence. However, we are not opposing the retention of current obligations, which require Sydney Water to cooperate with, and participate in, any Government review of the PSP and, if required by the Minister, comply with any outcomes. While a review has not occurred to date, we would be pleased to assist such a review and subsequently work to implement any outcomes that are relevant to Sydney Water.

The list of remaining PSP schemes and updated estimated lot numbers in Schedule B of the Draft Licence are consistent with current Sydney Water estimates. We note that the actual number of lots to be serviced may ultimately differ from the figures shown in the table.

⁴ IPART, Draft report, page 45.



4 Performance standards for water quality

4.1 Drinking water and recycled water quality management systems

Draft recommendation 27 – Retain the existing clauses on maintaining management systems consistent with the Australian Drinking Water Guidelines

Sydney Water position – Support

Draft recommendation 28 – Retain the existing clauses on maintaining management systems consistent with the Australian Guidelines for Water Recycling

Sydney Water position – Support

Sydney Water supports retaining Operating Licence obligations to maintain management systems for drinking water and recycled water quality that are consistent with the Australian Drinking Water Guidelines, the Australian Guidelines for Water Recycling, or other requirements specified by NSW Health relating to drinking water or recycled water.

IPART has proposed two new clauses, draft clauses 4.1.2 and 4.2.2, which clarify that to the extent of any inconsistency between the requirements of NSW Health and the relevant Australian Guidelines, the views of NSW Health will prevail. Sydney Water agrees that this is consistent with the role of NSW Health, as set out in our Memorandum of Understanding with them. This change is also consistent with our understanding of the intent of the Guidelines, which is that local circumstances should be considered when applying the Guidelines.

As noted in our response to the Issues Paper, many aspects of the Australian Drinking Water Guidelines and the Australian Guidelines for Water Recycling are open to interpretation. In past operational audits, these differences in interpretation have not necessarily been discussed by the auditor with NSW Health to assess their materiality from a public health perspective. The proposed draft clauses 4.1.2 and 4.2.2 may help reduce the chances of this happening.

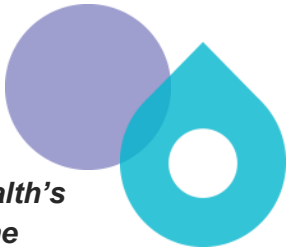

We have some residual concern that draft clauses 4.1.3 and 4.2.3 may encourage auditors to assess “the satisfaction of NSW Health” as a largely separate and almost standalone requirement. We do not consider that this is consistent with the intention of these licence obligations. To address this, it would be useful to clarify in the Operating Licence the intent of these clauses and how they should be audited. For example, a note could be added to clarify that for the purpose of the operational audit, performance against all aspects of clauses 4.1, 4.2 and 4.3 should be confirmed with NSW Health.

Draft recommendation 29 – Expand the definition of the Australian Guidelines for Water Recycling in the amended licence to include all volumes

Sydney Water position – Support

Sydney Water supports expanding the definition of the Australian Guidelines for Water Recycling to encompass all volumes of those Guidelines, rather than just Phase 1. For consistency, we recommend that the corresponding definition in the Customer Contract also be updated.

Proposed wording changes to do this are noted in Appendix C.



Draft recommendation 30 – Remove the existing clauses on obtaining NSW Health’s approval for any significant changes that Sydney Water proposes to make to the Drinking Water Quality Management System

Sydney Water position – Accept

Under the current Operating Licence, Sydney Water is required to obtain NSW Health’s approval before making significant changes to its drinking water or recycled water management systems. This provides a mechanism for the assurance of changes before they are implemented, rather than waiting for post-implementation assessment via the operational audit process. Sydney Water disagreed with IPART’s preliminary view that this requirement duplicates other clauses, and we recommended it be retained in our response to the Issues Paper.

In its Draft Report, IPART notes that there is nothing preventing Sydney Water from consulting with NSW Health prior to making a change to its management systems. In addition, we note NSW Health proposed an alternative approach for NSW Health’s oversight of changes to our water quality management systems, in response to IPART’s Issues Paper.

While our first preference would be to retain the current licence requirements, we accept the Draft Licence may achieve a similar outcome. We will continue to discuss this issue with NSW Health.

Minor error in draft report

There is a typographical error on page 7 and page 56 of the draft report, which refers to the Drinking Water Quality Management **Sydney**, instead of **System** (emphasis added).

4.2 Fluoridation Code

Draft recommendation 32 – Retain the existing clause in the licence on complying with the Fluoridation Code, and add a clause to clarify that NSW Health can specify different requirements to those in the Fluoridation Code

Sydney Water position – Supporting retaining existing clause; accept additional clause

IPART have proposed to add a new clause referencing NSW Health’s ability to specify requirements that differ from the Fluoridation Code. We agree with NSW Health that this change appears to be unnecessary but accept that it may assist IPART in compliance monitoring activities, such as the annual operational audit.

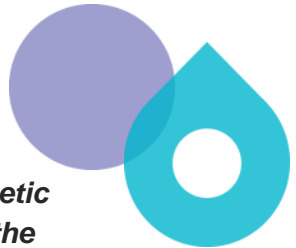

4.3 Reporting

Draft recommendation 31 - Remove the existing clauses in the licence on notifying IPART and NSW Health of any proposed significant changes to the Drinking Water Quality Management System and the Recycled Water Quality Management System, as Sydney Water is already required to do so in the reporting manual

Sydney Water position – Accept

Draft recommendation 33 – Remove the completed clause which required Sydney Water to review its public reporting on drinking water quality

Sydney Water position – Support



Draft recommendation 34 – Move Appendix B (Drinking Water health and aesthetic water characteristics and raw water operational monitoring characteristics) in the existing reporting manual to a reporting schedule in the Drinking Water Quality Management System

Sydney Water position – Support

Though not our first preference, we accept that IPART intends to remove the obligations to notify NSW Health and IPART of proposed significant changes to water quality management systems. We note that obligations to report such changes would still be covered by the Reporting Manual.

We support the proposed changes regarding public reporting which are completed. The requirement facilitated improvement to the structure of our public water quality reporting, which has now been fully implemented.

In relation to the reporting of water quality characteristics, IPART's proposed change will enable Sydney Water to respond flexibly to areas of customer interest, while maintaining NSW Health's oversight of the scope and frequency of water quality reporting to the public. Sydney Water will work with NSW Health to implement this change.



5 Performance standards for service interruptions

5.1 Engagement with customers on service levels

Following our submission to IPART's Issues Paper in August 2018, Sydney Water continued its engagement with customers and internal analysis of potential changes to performance standards used in our current Operating Licence.⁵ This involved:

- a willingness to pay survey on changing the level of risk of a customer experiencing unplanned water interruptions or wastewater overflows onto private properties
- a cost-benefit analysis considering three service / cost scenarios for water interruptions and wastewater overflows and using the customer willingness to pay results to identify whether a change in the service levels would result in a net benefit
- a willingness to pay survey on fixing repeat pressure problems in localised areas
- validating the acceptability of the cost benefit analysis outcome and addressing areas experiencing repeat pressure problems in the context of other potential changes to customer bills.

In summary, our analysis indicated:

- customers were willing to pay for a small improvement in service in relation to unplanned water interruptions, which could be achieved under continuation of current asset management practices, for example, using new technology to complete more repairs without having to turn off supply and improved scheduling of a small number of low priority jobs so that this work would be done as a planned interruption
- customers preferred retaining the current level of service for wastewater overflows onto private properties
- customers were willing to pay to improve service for a small number of customers who experience recurring water pressure failures.

These results were confirmed when we asked customers about these options in the context of other potential changes to their total bill.⁶

Findings regarding Operating Licence issues were generally consistent regardless of the method used to test customer preferences, which included deliberative forums, small discussion groups with people speaking a language other than English at home, financially vulnerable customers and small to medium business customers, as well as online surveys.

⁵ The Centre for International Economics 2018, Final Report, *Customer willingness to pay, Customer-informed IPART submission (CIPA) Phase 2*, prepared for Sydney Water.

⁶ The Centre for International Economics 2019, Final Report, *Bringing it all together, Customer-informed IPART submission (CIPA) Phase 3*, prepared for Sydney Water.

5.2 Our response to IPART's recommendations

Draft recommendation 35 – Express the measure of performance as the number of properties that meet the standard per 10,000 properties

Sydney Water position – Support

For each of the licensed performance areas (water continuity, water pressure and wastewater overflows), IPART has recommended using more adaptive measures of performance. Instead of fixed threshold limits, the performance measure now reflects a ratio of our customers. This removes the effect of the standard essentially tightening over time as our customer base increases, which can result in (potentially) higher costs and / or a need to periodically re-set limits to account for population growth. We support this approach.

Draft recommendation 36 - Retain the interpretation of system performance standards clause, where IPART's interpretation of the system performance standards will prevail if there were ambiguity in the interpretation or application of any system performance standard

Sydney Water position – Support

Our preference is to try and resolve ambiguities and interpretation issues as soon as possible after they arise, as opposed to waiting until operational audits or other compliance deliverables have already been completed.

5.2.1 Water continuity standard

Draft recommendation 37 – Amend the water continuity standard to set a target level and a tolerance band for single event unplanned water interruptions that last for more than five continuous hours

Sydney Water position – Oppose; we recommend retaining a maximum threshold limit only, using a ratio measure with a five-year rolling average to account for external factors

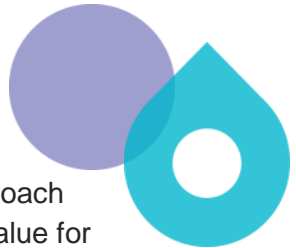

Draft recommendation 38 – Set the target level for the water continuity standard to 9,840 properties per 10,000 properties that do not experience unplanned water interruptions that each lasts for more than five continuous hours

Sydney Water position – Accept, if target level retained

Draft recommendation 39 – Set the tolerance band for the water continuity standard to +/- 40 properties, which equates to a lower bound of 9,800 properties per 10,000 properties, and an upper bound of 9,880 properties per 10,000 properties that are unaffected by unplanned water interruptions that each lasts for five or more continuous hours

Sydney Water position – Accept, if tolerance band or performance band approach is used

Sydney Water strongly supports moves to take customer views and preferences into account when setting standards for service levels. The revised standard is better informed by customer preferences and consistent with advice provided by Sydney Water to IPART regarding appropriate numbers for a maximum threshold limit, target level and tolerance band approach.



However, on reflection, we are concerned that a target level and tolerance band approach may not make sense for the current water continuity measure, nor provide the best value for service option for customers. Instead, we recommend that IPART retain a maximum threshold limit only, using a ratio measure and a five-year rolling average to measure performance, as:

- water infrastructure is long-lived and the benefits of investments in network resilience will be felt over multiple years
- performance against the current measure is significantly impacted by a range of external factors, which are highly variable
- including a target level and lower tolerance band of performance is unnecessarily complex.

We consider the objective of the standard is to ensure a minimum level of service for customers, not to inform or appraise Sydney Water's investment decisions. This is already covered by our pricing review.

Using an upper limit only, with a five-year rolling average, is a simpler way of allowing for the impact of external factors, which create randomness in annual performance trends while not driving renewal investment.

Comments on target approach

We acknowledge IPART's attempts to address our concerns that adopting a target approach could lead to perverse outcomes for customers. We understand that the target and tolerance band were not proposed as measures of compliance in themselves. However, under draft clause 5.1.2, Sydney Water will still be assessed on whether we have systems and practices in place to achieve the target and tolerance band in each financial year (emphasis added):

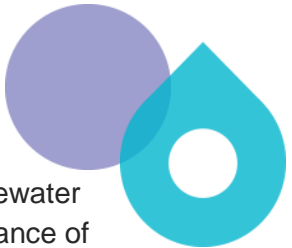

*Sydney Water must **design, construct, operate and maintain** its water supply system **with the objective of achieving** in each financial year:*

- a) the Water Continuity Target; and*
- b) the Continuity Tolerance Band.*

We have concerns the target and tolerance band approach will:

- be confusing for customers
- lead to increased intensity and subjectivity of auditing, especially for any years where Sydney Water may experience a deviation in performance driven by external factors
- may not be the best way to assess long-term outcomes for customers, especially when used to assess an individual year's performance.

As noted in our Issues Paper response, performance for single water discontinuity events is heavily affected by multiple, highly variable factors such as weather, the location of the break (that is, whether the break occurs in a high- or low-density area and the configuration of the network in that location), traffic control, the level of leakage and complexity of repair. Until infrastructure approaches the end of its life, one-off break locations are largely random and very difficult to predict. While the proposed tolerance band was based on our historical experience of performance variations, it is possible that performance may consistently deviate from the target due to these external factors in both the short and long-term.



Sydney Water will always need to demonstrate we are managing our water and wastewater systems to deliver necessary services at the lowest life cycle cost, with greater assurance of this through our certified asset management system. For the current water continuity standard, we only have a few mechanisms that can be used to manage performance. For example, changing work practices to make some reactive jobs planned by giving notice to customers (location, priority and cost limited), altering the number of properties affected through rezoning or repair under pressure (location, size and cost limited) and increasing interconnections (location and cost limited).

Over the long term, investment in water main replacement will impact the break rate and, hence, continuity performance. Sustained lower investment in water main replacement also leads to higher operational costs for fault response and repairs and total service cost. However, in any given year, increasing or decreasing water main investment will have little impact on this particular standard. Year on year performance is much more influenced by external factors such as weather and how we manage faults when they occur (respond and notify). A target approach may be better suited for performance measures not so affected by external factors.

From a customer and auditing perspective, the use of “with the objective of achieving” in draft clause 5.1.2. introduces significant subjectivity as to how performance will be measured. Specifically, we are concerned that the concept of a “target” level may suggest to auditors that Sydney Water should implement strategies to intentionally increase the number of properties experiencing water service interruptions greater than five hours, if we were having a particularly good year in terms of performance. Altering renewals programs would not result in a short-term shift in performance against this measure. In terms of operational strategies, Sydney Water would never intentionally extend the time taken to repair a break to avoid out-performing the tolerance band or move closer to the target. This is neither a good service outcome or cost saving for customers. Increasing the number of crews available would also not necessarily change performance against this standard (as discussed in section 5.3).

If used at all, a target window would be better than a specific target level, with a five-year rolling average used to assess performance within that window. This avoids a perception of (false) precision and means that an individual year’s outcomes, which could have been heavily influenced by external factors, would not detract from the organisation’s intent or assessed level of performance.

If IPART does not accept our proposal for a threshold limit standard only, we request that the wording of draft clause 5.1.2 be amended to avoid Sydney Water potentially being subjected to an efficiency evaluation as part of the annual Operating Licence audit. Rather, we request that the amended Operating Licence and final report clarify that any deviation from the target level or over-performance beyond the tolerance band would be considered as part of the price review. This is consistent with IPART’s Draft Report and commentary at the public workshop.⁷

For further details, see section 5.3.

⁷ IPART, Draft report, page 65. The draft report states that the intention is to allow for a **less intrusive** approach to compliance if Sydney Water’s performance is better than the tolerance band and that the prudence and efficiency of any over-performance compared to the tolerance band would be considered in the review of Sydney Water’s prices.

Need for wording change

The draft standard does not include a time period for unplanned water interruptions; this is only included in the defined term “unplanned water interruption”. As drafted, the defined term captures all unplanned interruptions that are five hours or more: “**at least** five hours” (emphasis added). This is not in line with IPART’s draft recommendation 37, which refers to unplanned water interruptions of **more than** five hours. Our cost-benefit analysis of potential changes to the water continuity standard reflected changes to interruptions that were more than five hours, which is in line with the current Operating Licence requirement. For example, an interruption of exactly five hours would not count as an unplanned interruption. We would also prefer the time period of interruptions to be referenced in the licence clause, rather than just the definition of an unplanned water interruption, to clarify that the standard does not relate to all unplanned water interruptions.

Proposed wording changes to address our concerns raised above are included in Appendix A.

Draft recommendation 40 – Remove the repeat event measure from the water continuity standard, but maintain the repeat event measure as an IPART performance indicator to monitor the trend on multiple interruption events

Sydney Water position – Accept

Repeat events are a much better indicator of how we manage our system than single events, particularly over the longer term. Unlike one-off events, multiple faults in the same area indicate an issue with our pipe network that requires further investigation. Multiple failures can be a sign that a pipe is reaching the end of its service life. This will trigger a more detailed investigation to determine whether renewal of the main is the most cost-effective outcome, minimising costs to customers over the long-term.

We note that IPART will continue to monitor Sydney Water’s performance regarding repeat water interruptions. Repeat events could be reconsidered as a standard in the next Operating Licence review, particularly as they are felt as much more inconvenient by customers.⁸

5.2.2 Water pressure standard

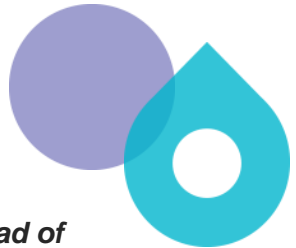

Draft recommendation 41 – Amend the threshold level of the water pressure standard to no more than 130 properties that experience 12 or more water pressure failures per year (water pressure failures can be counted once for each property per day), and amend the expression of measure to 9,999 properties per 10,000 properties that do not experience 12 or more water pressure failures per year

Sydney Water position – Support

We support the change in focus to repeat failures, which reflects customer feedback that occasional and short-duration fluctuations in water pressure are a relatively unimportant problem. We understand the proposed standard captures properties experiencing:

- one or more water pressure failures in a day
- each failure is one hour duration or longer
- this occurs 12 or more times in a year.

⁸ The Centre for International Economics 2018, Final Report, *Customer-informed IPART submission (CIPA) Phase 1*, prepared for Sydney Water, page 68.



Draft recommendation 42 – Amend the definition of water pressure failure to a situation in which a Property experiences a pressure of less than 15 metres head of pressure for a continuous period of one hour or more, such head of pressure measured at the point of connection (usually the main tap) of the Property to Sydney Water’s Drinking Water supply system.

Sydney Water position – Support

The revised standard of one hour or more, rather than 15 minutes or more, for a water pressure failure better aligns with our system design standards.

Our water network infrastructure is designed for the highest expected demand averaged over an hour. A duration of one hour or more also aligns with customer feedback that short time periods of low pressure are not highly inconvenient.

Draft recommendation 43 – Include new obligation to address the service provided to clusters of properties affected by recurring low water pressure in a manner that takes into account its customers’ willingness to pay by 31 October 2022

Sydney Water position – Support; propose removal of prescribed areas



Generally, we would prefer to retain flexibility to respond to customer willingness to pay to address issues outside of Operating Licence standards as a business decision. However, we accept the proposed obligation, which aligns with our intention to address these problem areas over the next licence term, based on customer willingness to pay.

We note that previous Operating Licences allowed for designated low water pressure areas, so it is not surprising that these pockets still exist in some less populated areas where the cost per property to improve the pressure in that part of the network has been high. Sydney Water has not yet consulted directly with customers living in these areas. Some may have already addressed the low-pressure issues in their area by installing on-site equipment. This will need to be investigated prior to any works being done by Sydney Water.

We do not agree with naming specific areas as low-pressure property clusters. Our intent is to resolve existing low-pressure clusters within the life of the next Operating Licence; however, if areas are named, they would continue to be identified in the licence as a problematic area, even after pressure issues had been rectified. In addition, other areas may start to experience frequent pressure failures that qualify them to be called a property cluster, but these would not be identified. We recommend a more flexible approach by deleting the list of areas from the definition. We will be modifying our information systems, so we can inform new customers if they will be affected by low pressure when they connect, making cluster information in the Operating Licence unnecessary and potentially misleading.

Draft recommendation 44 – Include new obligation to review business processes by 30 June 2020 to ensure that no new property at risk of being affected by recurring low water pressure is connected to the drinking water supply unless the owner is informed of the low water pressure and provided with options to avoid the risk of low water pressure

Sydney Water position – Support; propose removal of prescribed areas



If a customer decides to proceed with their development, despite being informed of the risk of recurring low water pressure, we agree it is reasonable that future water pressure issues experienced by that customer should be excluded for the purposes of compliance monitoring (clause 5.2.4 (e)). However, it appears that under clause 7.2.3 of the Draft Customer Contract, these customers would still be entitled to a rebate. Sydney Water considers that, where a customer chooses to connect after being informed of the risk of recurring pressure failures, these customers should not be entitled to a rebate, as they have essentially decided to accept the risk of potential low water pressure

5.2.3 Wastewater overflow standard

Draft recommendation 45 – Retain the threshold levels (for both single and multiple events) for the wastewater overflow standard, but amend the expression of measure to 9,928 properties per 10,000 properties that do not experience an uncontrolled wastewater overflow in dry-weather, and 9,999 properties per 10,000 properties that do not experience three or more uncontrolled wastewater overflows in dry-weather

Sydney Water position – Support; requested wording change

Sydney Water agrees with IPART’s recommendation that the threshold performance levels for wastewater overflows should not be amended. This is consistent with our cost-benefit analysis of options to change the standard, which indicated a substantial negative net benefit from both a relaxed and a tighter standard.

We note that the new wastewater overflow limit for single events is marginally lower than the previous standard, based on 2017-18 properties connected, while the number of properties affected by repeats is marginally higher.

We also strongly support the change to a ratio-based threshold level, to allow for the increasing number of customers as Sydney grows.

Need for wording change

The Draft Licence no longer specifies “in dry weather” in the wastewater overflows standard. Rather, this is now only referenced in the definition of “uncontrolled wastewater overflow”. For clarity and transparency, we recommend that the words “in dry weather” be included in the licence standard itself. If not, customers and stakeholders could misunderstand the type of performance being assessed by the standard, which focuses on dry weather wastewater overflows on private properties (where these are caused by a choke or blockage in Sydney Water’s infrastructure). Wet weather overflows are addressed through limits in our Environmental Protection Licences.



5.3 Sydney Water vs IPART approach

As noted in our supplementary submission to IPART (dated 7 November 2018), Sydney Water had several concerns with the optimisation model used by IPART to test Sydney Water's proposals. While we acknowledge the efforts made by IPART to refine its model throughout the review, we still consider that the final version applied oversimplified assumptions about costs and changes to service levels that did not reflect the reality of managing a water network. For example, IPART's model assumed that increasing the number of crews would lead to a significant reduction in the duration of water interruptions. In practice, only a very small number of water interruptions occur from the time of a main break (around three per cent). The vast majority of interruptions only begin when a Sydney Water crew turns off the water supply to fix the break. Once turned off, the complexity of the repair largely determines the length of the interruption. Having additional crews on site may not necessarily be useful for all repairs, as safety factors and the available working area generally mean no more than one crew can work in a repair site at any one time.

Our water and wastewater networks consist of thousands of kilometres of pipe and many other asset types which interact in a complex way to deliver services. While any model includes some level of approximation, a more tailored approach which reflects the actual system is more likely to provide fit for purpose results. Of course, this would require significant time and effort to achieve. Even then, modelling results are useful markers, but they are not necessarily 'the answer'.

In comparison to IPART's approach, Sydney Water did not seek to identify an 'optimal' level. Rather, our cost-benefit analysis was based on specific actions we could take to improve (or worsen) service outcomes for customers. We consider this approach was more grounded in realistic alternatives that customers could face. In our view, it was not realistic to attempt to create continuous cost / service level functions for water continuity and wastewater overflows because:

- these services are provided at almost two million connected properties across our water and wastewater networks, and
- different combinations of activities could deliver a certain level of service at each of these points.

For water continuity, the location of (single event) breaks and the number of properties affected during the repair phase is also extremely difficult to predict with accuracy. We note that due to the simplifying assumptions made in the model, IPART had to introduce a large calibration factor before actual performance could be replicated.

We also attempted, in the limited time available, to account for changes in service outcomes over time. For example, our analysis considered that reducing replacement of water mains initially improves social welfare by reducing capex before reducing social welfare as the costs of outages increase. IPART's analysis did not appear to consider these dynamic effects.

Further work to review, and potentially recast, service performance standards will be a significant effort and be both data and resource intensive. We believe Sydney Water is best placed to lead this exercise, as we understand the underlying factors that influence service performance. Any future review should also involve engaging with customers, which, again, we consider that Sydney Water is best placed to do. IPART could assure such a review by engaging suitably experienced engineering and technical advice, in much the same way as they do for our price reviews.



5.4 Potential for future work

Sydney Water is open to considering more significant changes to performance standards in the future, including potential changes to the measures used. As outlined in our response to the Issues Paper, our performance against the current standards, particularly for single water interruptions, is significantly impacted by external factors. This suggests that the current measures may not be the most effective way to measure utility performance if the objective of the standards is to use them to drive Sydney Water's investment decisions.

A broader review of standards would require significant lead-times to better understand costs and drivers of performance, the impact of external factors, and to robustly engage with customers.

Early, open discussions with IPART about the objectives and approach for any future review of system performance standards review would be helpful. Ideally, the review process would be led by Sydney Water. Experience in other jurisdictions suggests that standards proposed by utilities are the most effective and provide the best incentives for performance as:

- the utility has an informational advantage and its own estimates of the required standard are therefore likely to be better than the regulator's theoretical simplifications
- the utility may have stronger incentives to comply if it owns and develops the standard itself, in consultation with customers.

We are happy to continue discussing these issues with IPART, and again applaud their efforts in this review to set customer-informed performance standards.



6 Organisational management systems

Chapter 9 of IPART’s draft report is titled Asset Management System; however, this chapter of our submission outlines IPART’s recommendations in response to various management systems.

Draft recommendation 47 – Retain the requirement to maintain and Asset Management system and

- ***replace references to the International Standard with the Australian Standard***
- ***remove the obligation to certify AMS, and***
- ***remove the obligation to report to IPART on significant changes that Sydney Water proposes to make to the AMS***

Sydney Water position – Accept

Regarding certification, we are happy to accept the removal of this as an Operating Licence requirement, but also consider that certification should reduce the overall regulatory burden on both Sydney Water and IPART. We note that IPART’s Audit Guidelines state that certification of management systems will lead to a lighter auditing touch.⁹

Draft recommendation 48 – Replace the reporting of the biennial State of the Assets Report with a one off Strategic Asset Management Plan by 1 September 2019 or another date approved by IPART

Sydney Water position – Support

The Strategic Asset Management Plan (SAMP) will be maintained as part of Sydney Water’s Asset Management System (AMS).

Draft recommendation 49 – Remove the requirement to maintain and certify an Environmental Management System because Sydney Water would maintain an Environmental Management System through its environmental regulatory instruments

Sydney Water position – Support

We intend to continue to maintain a certified Environmental Management System (EMS).

Draft recommendation 50 – Remove the requirement to maintain and certify a Quality Management System, as it duplicates the functions of other clauses in the amended licence, which should not reduce the performance of Sydney Water

Sydney Water position – Support

We intend to continue to maintain a certified Quality Management System (QMS).

⁹ “Where a system is subject to an operational audit under the PWUs operating licence, the PWU may present the outcome of any surveillance or certification (or re-certification) report to the auditor, in lieu of a formal audit. Acceptance of the report in lieu of a formal audit will depend on whether the systems are certified or not certified.” IPART, *Audit Guideline Public Water Utilities*, September 2018, page 6.

7 Customers and consumers

7.1 Customer Contract

Draft recommendation 51 – Retain the existing Customer Contract licence clauses

Sydney Water position – Support retaining licence clauses; numerous proposed changes to Customer Contract wording

IPART has conducted a detailed review of the Customer Contract proposed by Sydney Water, recommending 90 changes to the version in our submission to the Issues Paper. Sydney Water considers a number of these changes should be further revised or removed, for the following reasons:

- to keep the intention of current obligations
- because the changes are unnecessary
- because the changes are impractical or would be costly to implement, for little apparent customer value.

Some of IPART's recommended changes appear to have arisen due to a misunderstanding or misinterpretation of our current contractual obligations, or of the information that Sydney Water provided to IPART during their cost-benefit analysis.

Our proposed changes to the Draft Customer Contract are included in Appendix C.

Draft recommendation 52 – Amend definition of customer in the Customer Contract to specifically include that tenants will be taken as a customer for the purposes of:

- accessing payment difficulty and assistance (for private residential tenants)

– complaints and disputes

– consultation, access to information and privacy, and

– termination and variations of the Customer Contract

Sydney Water position – Accept, subject to wording changes to clarify payment difficulty and assistance options that are available for private residential tenants

This amendment was proposed by IPART to clarify the contractual clauses that relate to tenants. We have proposed changes to clarify payment assistance options that are available for tenants.

Draft recommendation 53 – Adopt the rebates proposed by Sydney Water in the Customer Contract

Sydney Water position – Support

We appreciate IPART adopting our proposed rebates, that we developed in conjunction with customers in our engagement program. This has been a great example of how Sydney Water is better engaging with customers to seek their views and using customer insight to shape our regulatory submissions.



7.2 Providing information to customers

Draft recommendation 54 – Amend customer information obligations to require Sydney Water to:

- publish information on its website*
- publish information in a manner that is likely to come to the attention of the public, and/or*
- provide information directly to customers on request*

Sydney Water position – Support

7.3 Consumers

Sydney Water recommendation – amend licence clause to be consistent with proposed changes to Customer Contract

While not covered by a recommendation, IPART has proposed a new clause (draft clause 6.3.2) that specifically references Customer Contract obligations that apply to consumers. We have no major issues of concern with this new clause. However, the approach used means that the licence obligation would potentially not be up-to-date if the contract was amended by the Minister during the Operating Licence term. This is unlikely to occur in practice.

IPART has also updated draft clause 6.3.1 regarding payment assistance for private residential tenants to specifically refer to clause 5.1 of the Customer Contract. Not all payment assistance options within clause 5.1 are available to private residential tenants. We have proposed amendments to the Customer Contract and clause 6.3.1 to clarify this, and to ensure that there are protections in place to give them time to pay or make arrangements with their landlord.

7.4 Assistance options for Payment Difficulties and Actions for Non-Payment

Draft recommendation 55 – Retain the existing customer protection obligations for payment difficulties and payment assistance

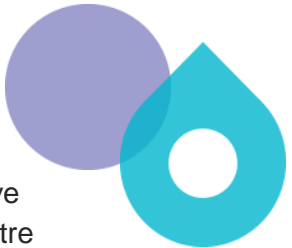

Sydney Water position – Support

7.5 Family Violence policy

Draft recommendation 56 – Require Sydney Water to develop and implement a family violence policy by 1 July 2020, that includes:

- protecting private and confidential customer information*
- facilitating access to payment difficulty programs*
- minimising the need for customers to disclose information such as, family violence repeatedly, and*
- making customer referrals to specialist services*

Sydney Water position – Support



We strongly support helping customers who are experiencing family violence and have already done significant work in this area. Our Customer Care team and Contact Centre Team Leaders have been trained in how to recognise and respond to family and domestic violence. Our systems are able to keep sensitive information in secured areas only accessible to Customer Care staff. We also can add alerts to files noting when customers should be referred to our Customer Care team.

7.6 Customer Council

Draft recommendation 57 – Require Sydney Water to have a Customer Council that meets the requirements of the Act

Sydney Water position – Support in principle; do not support Draft Licence wording

We propose using the wording in the Sydney Water Act that requires Sydney Water to “establish and regularly consult with one or more Customer Councils in relation to its systems and services” for draft clause 6.6.1.

Regarding draft clause 6.6.2, while we agree that engaging with customers is a positive outcome for the community, the new proposed outcome to use the Council to achieve customer engagement may not be helpful in practice. We need flexibility to use other methods that our customers have told us that they prefer, such as surveys and forums.

The Council plays a valuable role in its current form in representing groups that can be harder to reach using more broad-based forms of engagement. Indeed, when we discussed the Council with customers in our engagement program, they supported it being retained as a way of connecting with harder to reach customer groups.

We are happy to continue to use the Customer Council as a source of advice on a broad range of issues, including continuing to seek advice on engagement methods, particularly strategies for reaching different community groups. The role and constituency of the Council may also change in the future, post the review recommended by IPART.

Alternative licence conditions instead of prescribing that Sydney Water must use the Customer Council to **achieve** customer engagement could be to:

- a) include a separate obligation to conduct customer engagement with our broader customer base, or
- b) require Sydney Water to report to and / or consult with the Customer Council on our broader engagement program.

These two alternative licence options are included in Appendix A.

We are currently working on a longer-term Customer Engagement Strategy and would be happy to share this with IPART when ready.



Draft recommendation 58 – Remove the prescriptive clauses related to the Customer Council

Sydney Water position – Support

Draft recommendation 59 – Include a new clause requiring Sydney Water to:

- review the existing Customer Council by 30 June 2020 to enable Sydney Water to engage with customers in ways that are relevant, representative, proportionate, objective, clearly communicated and accurate, and**
- report on the review process and outcomes by 30 June 2020 to IPART**

Sydney Water position – Support in principle, subject to proposed wording changes

We are happy to undertake a review of the Customer Council, which is timely in light of the development of our broader Customer Engagement Strategy.

If the objective of the Council is changed in the amended Operating Licence, it should not apply until the proposed review is complete; otherwise, Sydney Water's use of the Customer Council as currently established would be being assessed against an objective that it was not designed to achieve.

Even after a review, the Customer Council may not be the best or only way to achieve customer engagement with our broader customer base. We would rather retain flexibility to evaluate and use other methods to do this, such as deliberative forums, surveys and focus groups. These types of methods were favoured by our customers when asked about how they wanted us to engage with them.

We are also exploring customer and community engagement models that have worked for other organisations, to support our aspiration to become a customer-centric utility. It is our initial view that a body very similar to the existing Customer Council would play an important advisory, but not decision-making role, in our future customer engagement program.

Proposed wording changes to address these issues are included in Appendix A.

7.7 Internal complaints handling and external dispute resolution

Draft recommendation 60 – Retain the existing internal complaints handling and external dispute resolution scheme obligations, with an amendment to replace the obligation for Sydney Water to describe EWON's operations with an obligation to list the services provided by EWON

Sydney Water position – Support

8 Stakeholder Cooperation

8.1 Memoranda of Understanding with WAMC, EPA and NSW Health

Draft recommendation 61 – Retain obligations requiring MOUs with EPA and WAMC

Sydney Water position – Support; recommend change to ‘best endeavours’ obligation

Draft recommendation 62 – Retain the obligation requiring an MOU with NSW Health, but remove the requirement for the MOU to include arrangements for reporting to NSW Health information on any events that may pose a risk to public health

Sydney Water position – Support retaining MOU obligation; recommend change to ‘best endeavours’ obligation; accept removal of reporting requirement

We note that the Sydney Water Act requirement only requires Sydney Water to enter into MoUs with these agencies.¹⁰ We consider this allows the licence obligation to be limited to a ‘best endeavours’ obligation, to acknowledge that maintenance of the MOUs is not wholly within Sydney Water’s control. Proposed wording changes are included in Appendix A.

8.2 Memorandum of Understanding with Fire and Rescue NSW

Draft recommendation 63 – Retain the MOU obligations with FRNSW, including the matters that the working group must consider

Sydney Water position – Support in principle; some minor changes unnecessary

Draft recommendation 64 – Remove the completed clause on the development of an MOU with FRNSW by 31 December 2015

Sydney Water position – Support

Draft recommendation 65 – Do not require Sydney Water to report to IPART on working group matters

Sydney Water position – Support

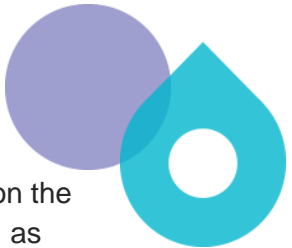

Draft recommendation 66 – Do not require Sydney Water to enter an MOU with NSW RFS

Sydney Water position – Support

The MOU and Working Group with Fire & Rescue NSW (FRNSW) have provided a framework for improved working relationships and allowed issues of joint interest to be identified and progressively considered and / or resolved. Our network mapping project is progressing well, and we have presented some outputs from this project to the Sydney Water-FRNSW Strategic Liaison Group. We are now working on updating some of our hydraulic models to complete this project.

We do not oppose the Operating Licence allowing for the inclusion of NSW Rural Fire Service (or other organisations) in the Working Group, but question whether this is necessary.

¹⁰ Sydney Water Act 1994, section 35.



The current licence requirements do not inhibit other parties from being represented on the Working Group. The MOU allows for other parties to attend Working Group meetings, as needed.¹¹

As noted at the public workshop, FRNSW have previously requested a minimum pressure and flow standard of 10 litres/second at 10 metres pressure. We do not support this as an Operating Licence standard, but we are happy to report on where the network cannot supply 10 litres / second flow at 10 metres pressure. We can then use these network maps as a starting point to consider localised solutions for areas that do not meet 10 litres / second flow at 10 metres pressure. For example, we could fix local problems possibly due to corrosion or uneven cement lining, when they are identified by testing. We consider this work is progressing well under the current MOU arrangements, but we would not oppose a licence reporting obligation on the mapping project.

8.3 Roles and Responsibilities Protocol with DPE

Draft recommendation 67 – Remove the requirements to develop and maintain a Roles and Responsibility Protocol with DPE

Sydney Water position – Support

We agree that this clause is now redundant. Our views on appropriate licence obligations to support current urban water policy and planning processes are outlined in Section 3.2.

¹¹ Clause 4.2.2 of the Sydney Water-Fire and Rescue NSW MOU allows for other parties to be invited to attend meetings of the Fire Fighting Working Group to assist in deliberations.



9 Information and services for competitors

9.1 Negotiations with WIC Act licensees and potential competitors

Draft recommendation 68 – Include an obligation on Sydney Water to negotiate with WIC Act licensees and potential competitors in good faith

Sydney Water position – Accept

Draft recommendation 69 – Not to specify the form of dispute resolution in the licence where WIC Act licensees and potential competitors are unable to negotiate an agreement

Sydney Water position – Support

At the public workshop, Flow Systems suggested that the Operating Licence should include an escalation procedure for disputes between Sydney Water and WIC Act Licensees for pre-contractual negotiations on non-price terms and conditions. The new requirement on Sydney Water to negotiate in good faith should provide a sufficient level of surety to WIC Act Licensees, IPART and the public.

An alternative to specifying a dispute resolution mechanism in the Operating Licence could be for this issue to be addressed in an Industry Code of Conduct or Regulations under the WIC Act (this would be a matter for Government).

We note that our standard Utility Services Agreement includes dispute resolution clauses that focus on resolving issues within the two parties in the first instance, then referring matters to court if needed (which has never occurred).

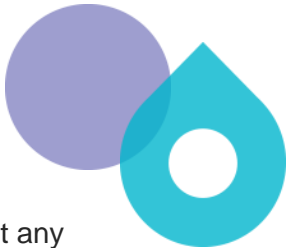

Draft recommendation 71 – Include in the reporting manual a requirement for Sydney Water to report annually on the following and make this report publicly available:

- number of agreements established with WIC Act licensees and potential competitors***
- number of negotiations commenced with WIC Act licensees and potential competitors that did not eventuate in an agreement and the reasons for this outcome***
- type of information requested by WIC Act licensees and potential competitors in addition to information that is publicly available, and***
- time taken for Sydney Water to respond to requests for provision of information or services.***

Sydney Water position – Support; requested wording change

Publishing information relating to interactions with current or potential WIC Act licensees will improve transparency. It should also provide a growing evidence base for future decision-making. However, we have some minor concerns with the current wording in draft clause 6.1 of the Reporting Manual (emphasis added):

- Number of negotiations commenced with WIC Act licensees and potential competitors that did not eventuate in an agreement **and the reasons for this outcome**



Reporting on the reasons for failed negotiations may not be possible in all situations. Commercial negotiations can be terminated by either party at any time, and for almost any reason. In the past Sydney Water has provided information to a third party on request, but then not heard from the other party again. In these situations, reasons provided by Sydney Water for this outcome would be speculative only. Accordingly, we would prefer to delete “and the reasons for this outcome” from the proposed reporting requirement. Sydney Water could still provide reasons where known or an explanation of why we ceased negotiations where desired.

9.2 Publication of servicing information

Draft recommendation 70 – Require Sydney Water to publish information on its website, by 30 June 2020, and update at least every 12 months, its short to medium term (at least ten years) servicing information for each region, development or major system, which as a minimum, include information on:

- current and projected demand***
- current and projected capacity constraints***
- indicative cost of servicing***
- locations where further investigation is needed***
- opportunities to investigate servicing options, and***
- the assumptions made in developing the servicing information***

Sydney Water position – Support in principle, subject to recommended changes to scope

9.2.1 Sydney Water publishing information may be a second-best solution

In submissions to IPART’s Issues Paper, some stakeholders proposed that it would be beneficial for Sydney Water to release more information about plans for our infrastructure networks. It was suggested this information would assist private utilities to identify and assess future opportunities for market entry. The type of information stakeholders thought would be of assistance included current and future demand, system constraints, operational data (for example, flow rates) and / or estimates of servicing costs. Some of this information was previously published by Sydney Water through Development Servicing Plans when developer charges were previously in place.

In our view, consideration could be given in the longer term to the reintroduction of developer charges for water, wastewater and stormwater services. The absence of a location-specific price signal increases the difficulties that private utilities face when attempting to offer potential servicing solutions to new developments.

While information about Sydney Water’s infrastructure plans may help to illustrate a point of difference between private utilities and Sydney Water, this may not be particularly persuasive or compelling for developers in the absence of a clear, comparative price signal. In the current market, a key competitive advantage for private water utilities is therefore more likely to come from being able to facilitate accelerated servicing of new developments. This suggests that information about the timing of new developments would be of most use to identify market opportunities.



This information could be provided by sources other than Sydney Water:

- Details about the location, size and timing of potential growth precincts is a matter for the NSW Government. Sydney Water has traditionally had relatively early access to this information so it can assist planning authorities to assess development proposals and allow for timely servicing should those proposals be approved. Government could also release this information to private water utilities at the same time, provided appropriate safeguards are in place (for example, confidentiality, conflicts of interest, etc)
- Information about specific developments is most likely to be held by individual land owners or developers. It is open to private utilities to source this information directly from developers. The fact that some private utilities have identified the potential for new schemes in the next five years¹² suggests they already have suitable market scanning processes in place.

As noted, if developer charges were reintroduced in the longer term, a lot of the information covered by IPART's proposed publication requirement would be covered by Development Servicing Plans.

9.2.2 Proposed changes in scope

In principle, we support publishing information that could assist current or potential market entrants. We consider requirements in this area should balance the need for:

- transparency
- the cost of generating and collating this information, and
- addressing commercially sensitive or confidential information.

In light of this, we are recommending several changes to the scope of the Draft Licence to:

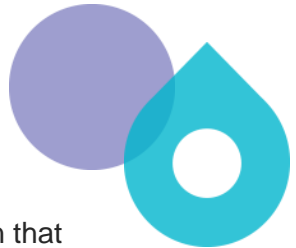

- focus on major water and wastewater systems
- better align the scope of information to be published with the concept of a 'system limitation report' (based on similar requirements in the energy industry)¹³
- amend requirements to avoid Sydney Water being compelled to publish confidential or security-sensitive information
- not limit the format of publication to Sydney Water's website
- update information every two years, instead of annually.

We have looked to the example of the energy industry, as well as the recommendation for a 'system limitation report' in the recent independent review into economic barriers to cost-effective recycled water when developing our position to the Draft Licence.¹⁴

¹² Flow Systems submission to IPART Issues Paper, page 9. We are not aware of these schemes, which suggests that private utilities may have access to some information prior to Sydney Water.

¹³ Information published for the energy sector is hosted on an industry-wide at <https://nationalmap.gov.au/renewables/>.

¹⁴ The NSW Government response to the independent review into recycled water can be at <https://www.planning.nsw.gov.au/-/media/Files/DPE/Other/independent-recycled-water-review-government-response-2019-01-15.pdf> (accessed 8 February 2019).



We consider information publication requirements should use existing sources of information, where possible, and not seek to exactly replicate the detailed information that may be needed as part of a scheme-specific review under IPART's determination on wholesale prices for water and wastewater services.

We currently do not prepare this type or level of information uniformly covering our whole area of operations, or at the frequency proposed in the Draft Licence. We target our internal planning to focus on areas that have considerable growth, and only assess and test capacity where there is a change in terms of growth or demands. To meet the proposed requirements, work will be needed to update existing Sydney Water data or undertake new work for parts of our major systems that were not included in our last internal planning cycle.¹⁵ This will have a cost impact; however, some of this will be offset, as Sydney Water will be able to use some of the outputs to inform its own planning.

Some information regarding planning assumptions may be sensitive or not be intended for the public domain. Sydney Water should not be obligated to release detailed information of this nature.

Focus on major systems

The proposed wording of “each region, development or major system” is very broad, and would potentially create the need to produce planning information for single developments (down to the sub-division of a single block of land or redevelopment of a single dwelling) as well as information for rural or semi-rural land located in regions over a rolling ten-year time horizon. This is new information which does not presently exist and would be impractical and costly to produce, resulting in a large amount of data that is unlikely to be useful for either Sydney Water or private utilities.

Accordingly, we request the licence requirement is amended to include “major water and wastewater systems only”. Sydney Water does not have this type of information available for stormwater systems.

Ten-year horizon


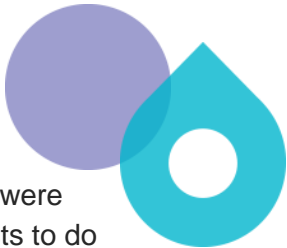
A ten-year horizon for information regarding major systems is acceptable, as it aligns with internal planning processes that Sydney Water could most readily adapt to publish the type of information proposed by IPART.

Cost estimates

Our high-level estimate of costs to publish the information in line with Sydney Water's proposed changes is around \$7.6 million. This includes:

- around \$2 million for initial IT costs to publish information on a website in a similar format to that used in the energy industry. This is a very high-level estimate and may be subject to change. After initial set-up, IT costs would reduce to maintenance costs only.

¹⁵ Every five years Sydney Water undertakes internal planning that provides some of the information proposed by IPART for some of our systems. We will need to update existing information and assess the systems that were not covered in our last planning updates. In our last internal planning cycle completed two years ago, we assessed current and future demands for around 40% of our major water systems.

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- around \$2.5 million to update information or assess major water systems that were not covered in our last planning updates. This estimate is based on actual costs to do similar work for internal planning.
 - around \$3.1 million to update information or assess major wastewater systems that were not covered in our last planning updates. This estimate is based on actual costs to do similar work for internal planning.

We estimate it would then cost around \$1.6 million for each servicing information update.

All IT costs are in addition to normal Sydney Water requirements. We estimate around 30% of remaining costs will also have a benefit for Sydney Water, as the information may help us to better prioritise our workload which could lead to some efficiency gains.

Comments on sub-clauses

We address each of the specific dot points included in draft clause 8.2.1 below.

a) Current and projected demand

We consider we can meet point a), at a very high level, as per the type of demand data published in the energy industry.

We currently assess current and forecast demand every five years, and only update within this period if there is a considerable change in growth or other key planning criteria and an update is required for our planning work.

b) Current and projected capacity constraints

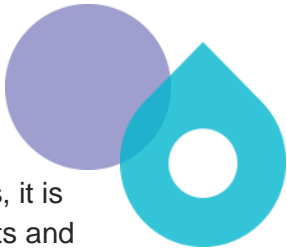

We consider we can meet this, again at a very high level, as per the type of capacity constraint data this is published in the energy industry.

Capacity in our systems is related to multiple factors beyond the physical size or form of our infrastructure. This includes forecast development and population growth which is translated to demand and flow forecasts, new requirements or limits required by our health and environment regulators, and changes in climate. These factors change with time and these changes are often beyond Sydney Water's control. Nevertheless, based on our system planning, Sydney Water could provide a high-level indication of constraints for water and wastewater systems based on the capacity of major infrastructure such as reservoirs, transfer mains and treatment plants, in a similar way to the energy sector. Planning conducted at a more detailed or reticulation-level would not be reliable due to constant change beyond Sydney Water's control.

c) Indicative cost of servicing

We request point c) be changed to "costs of alleviating or deferring capacity constraints". This is more in line with the data published in the energy industry, and the 'system limitation report' recommended by Infrastructure NSW's recent review. Again, the nature of infrastructure planning means that this information may be highly indicative only, especially if covering a ten-year horizon. Sydney Water aims to be 'plan ready' to support the Government's plans for growth, and we typically only start detailed planning of servicing strategies at a regional or local scale when there is a reasonable degree of certainty around growth projections and servicing requirements.

d) Locations where further investigation is needed



As a lot of Sydney Water's information is based on high-level, indicative assessments, it is worthwhile indicating where further planning is required to confirm potential constraints and feasible solutions. We can flag areas that have an increase in growth and will require either strategic or detail planning assessment to determine options.

e) Opportunities to investigate servicing options

We are unclear of the distinction between points d) and e). Identifying opportunities for potential market entry is a matter for private utilities to decide for themselves, potentially assisted by the information Sydney Water is being asked to publish under points a) to d). If point e) is simply meant to identify areas marked for further Sydney Water work, this will already be captured by point d).

Accordingly, we recommend deleting point e).

f) Assumptions made in developing the servicing information

There does not appear to be an equivalent requirement to publish information on assumptions underlying the system limitation reports published for the energy sector. Some of the information Sydney Water uses as planning assumptions is confidential or sensitive. We should not be obligated to publicly divulge this information.

Accordingly, we recommend deleting point f).

Timing of initial publication and updates

We are requesting a start date of 30 June 2021 for draft clause 8.2.1, due to the pre-work required to update existing data and undertake new work, we would be unable to meet an earlier timeframe. Until then, we will be happy to continue to provide information to potential or current market participants on request. In some circumstances concerning sensitive information, we may be required to withhold such information.

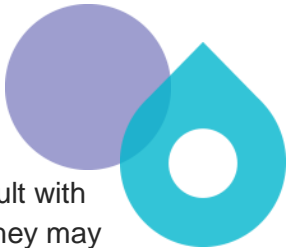

We note that the Draft Licence already allows for a change in date, if approved by IPART. For example, if there was a delay in building new IT systems to publish the information.

We consider updating the servicing information at two-year intervals, rather than annually, is reasonable and will help to reduce the cost impact on Sydney Water, which is ultimately borne by our customers.

General concerns

More generally, we are concerned that market participants may place undue reliance on the information published by Sydney Water, which by its nature is highly indicative. Other parties may seek legal recourse if they rely on the published servicing information to make investment decisions, and these investments do not achieve the expected rates of return because, for example, the information we provided later turns out to be incorrect. Any information of this nature that we may be required to publish under the Operating Licence must be presented as indicative only, so it is not viewed as investment advice. Appropriate legal disclaimers will also need to be included with any published information.

In addition, there may be security concerns around making information about public water utility assets and capacity constraints publicly available. As this is a new and untested requirement, it is important to consider all implications thoroughly.



Prior to finalising their recommended licence conditions, we recommend IPART consult with the Commonwealth Critical Infrastructure Centre on any potential security concerns they may have.

As noted above, we are also mindful of the Government's recent response to the independent review into economic regulatory barriers to cost-effective recycled water. The Government supported in principle the publication of a 'system limitation report' for a number of public utilities, with further consideration of how best to achieve this. We would be happy to work with the Government on this recommendation. We understand DPE will commence implementation of the Government's response in 2019.¹⁶ If this leads to an industry-wide solution, Sydney Water specific obligations could become redundant. To allow for efficiencies and reduced costs, we would prefer any publication requirements to be aligned so they can be met simultaneously.

Our proposed wording changes for the Draft Licence are included in Appendix A.

9.3 Code of conduct

Draft recommendation 72 – Amend the 'code of conduct' licence clause to refer to the licence issued under the WIC Act rather than the WIC Regulation

Sydney Water position – Support, with proposed minor wording change

Sydney Water supports IPART's recommended changes to ensure the clause refers to the correct legal instrument. However, we note that the current licence obligation was intentionally drafted to clarify that the obligation on Sydney Water to cooperate with WIC Act licenses in the development of codes of conduct only applied where the WIC Act licensee sought to establish such a code. The onus to request such a code with Sydney Water should remain with the WIC Act licensee, not Sydney Water. This would ensure that Sydney Water was not in breach of our Operating Licence simply because a new WIC Act licensee had not yet sought to establish a code of conduct with us.

It would also ensure that draft clause 8.3.1 did not unintentionally capture situations where the WIC Act licence required the establishment of a code of conduct with a party other than Sydney Water (for example, schemes outside of Sydney Water's area of operations that included a physical connection to another public water utility's infrastructure).

Proposed wording changes to address this is included in Appendix A.

¹⁶ "The Department of Planning and Environment will commence implementation of the Government's response in 2019.", <https://www.planning.nsw.gov.au/About-Us/Sydney-Metropolitan-Water/Planning-for-Sydney>, accessed 8 February 2019.



10 Performance monitoring and reporting

10.1 Operational audits

Draft recommendation 73 – Retain the existing clauses on operational audits in the amended licence

Sydney Water position – Support

Operational audits provide transparency and assurance to our customers and stakeholders on performance against our Operating Licence obligations.

10.2 Reporting

Draft recommendation 74 – Retain and consolidate the existing obligations on reporting in the amended licence

Sydney Water position – Support

Recommendation – Proposed wording change in Reporting Manual

In the current Reporting Manual (clause 8.2.1), Sydney Water **may choose to** include an explanation of performance in relation to performance indicators that details:

- major factors (both positive and negative) that have influenced Sydney Water's performance, both within and beyond Sydney Water's control, and
- reasons for any variation (both positive and negative) between Sydney Water's performance in the financial year and with performance in prior years.

IPART has made a minor wording change to the equivalent requirement in the Draft Reporting Manual (clause 7.1.3). Sydney Water now **must** include an explanation of Sydney Water's performance in relation to performance indicators which details the above factors.

We do not agree with this change as:

- the revised wording could be interpreted that we need to provide commentary for each performance indicator. Sydney Water currently uses our discretion and provides commentary only for those indicators where there is a notable variation in performance. There is little benefit in providing commentary for indicators where performance is consistent, and the commentary would provide no useful insights on performance
- NWI indicators that Sydney Water reports against to IPART are collected primarily for the Bureau of Meteorology (BoM) to prepare the National Performance Report. The BoM does not require that utilities submit commentary
- in 2018, IPART changed the template for our provision of the IPART set of performance indicators that has no provision for commentary.

Accordingly, we request that IPART revert to the current wording used in the Reporting Manual that an explanation of performance may be provided.



Draft recommendation 75 – Retain the requirement for Sydney Water to compile and report on environment performance indicators

Sydney Water position – Support

Draft recommendation 76 – Retain the existing environment performance indicators in the Sydney Water reporting manual

Sydney Water position – Support

The suite of environmental indicators was reviewed by IPART in 2018, in consultation with Sydney Water and key stakeholders. We believe these indicators, together with our public environmental reporting provides customers and stakeholders with a comprehensive picture of Sydney Water's environmental performance.

Draft recommendation 77 – Remove the obligation to report on response times for water main breaks and leaks as we are comprehensively addressing water conservation through other obligations

Sydney Water position – Support

We agree that reporting on response times seems to be of limited value to the public, as evidenced by measures such as a low number of views on the relevant section of our website, and feedback from customers that the time taken to fix a break and restore supply is of greater concern than the time taken to cease water losses.

Appendix A:

Proposed Operating Licence wording changes

| Draft Operating Licence Clause | Draft wording, with Sydney Water changes noted as tracked changes | Reasoning for change |
|--------------------------------|--|--|
| 1.1.1 | <p>The objectives of this Licence are to:</p> <p>a) authorise and require Sydney Water, within its Area of Operations, to:</p> <ul style="list-style-type: none">i. store or supply water;ii. provide sewerage services;iii. provide Stormwater Drainage Systems; andiv. dispose of Wastewater; and <p>b) set efficient and effective terms and conditions, including quality and performance standards, that require Sydney Water to provide services in a way that:</p> <p>i. does not prevent or hinder competition</p> <p>ii. <u>supports its principal objectives under the Sydney Water Act 1994</u> meets its requirements to protect public health and the environment; and</p> <p>iii. supports its <u>principal legislative</u> objective of being a successful business, including having regard to the interest of the community; <u>and</u></p> <p><u>iii. does not prevent or hinder competition.</u></p> | <p>Minor changes proposed to amend language to be consistent when referring to Sydney Water’s principal legislative objectives.</p> <p>Re-ordering of dot points proposed so that Sydney Water Act objectives are referenced before the additional objective to not prevent or hinder competition.</p> <p>An explanatory note could also be added referencing Sydney Water’s legislative objectives, to avoid any confusion over scope or meaning.</p> |



1.3.1 and Schedule A

Clause 1.3.1

This Licence applies to the Area of Operations specified in Schedule A.

Suggested changes to Schedule A to reference all of section 10 of the *Sydney Water Act 1994*, not just section 10(2).

Schedule A

~~This Licence applies to Sydney Water’s entire area of operations under section 10(1) of the Act, as varied by any order made by the Governor under section 10(2) of the Act.~~

The Area of Operations to which this Licence applies is Sydney Water’s entire area of operations under section 10 of the Act, as may be varied by any order by the Governor in accordance with section 10 of the Act.

The Area of Operations is indicatively shown on the map titled “area of operations” available on Sydney Water’s website.

[Note: if the Governor makes an order expanding or reducing Sydney Water’s Area of Operations under section 10(2) of the Act during the term of this Licence, this Licence will apply to Sydney Water’s ~~entire~~ Area of Operations as varied.]

1.3.2

Sydney Water must publish on its website ~~a-an~~ illustrative map of its Area of Operations within 30 days of the Commencement Date. Sydney Water must update the map within 30 days of any variation to its Area of Operations made in accordance with clause 10 of the Act, ~~if~~ required.

Advice from Sydney Water mappers is that any map published on Sydney Water’s website would be illustrative only.

A variation of Sydney Water’s area of operations could apply to a single property, which could not be shown on a map that could be published on a website.





3.1.1

Sydney Water must maintain a water conservation program consistent with the water conservation level determined in accordance with:

- a) the ELWC Method; or
- b) another economic method proposed by Sydney Water that is approved by IPART.

Suggested addition to ensure that Sydney Water would be involved in any change to the methodology. This will ensure there is not a change in method that is not workable in practice or could lead to inefficient outcomes for our customers.

3.2.1

Long-term capital and operational plan and emergency drought response plan

3.2.1 By 1 December 2020, or a later date approved by IPART, Sydney Water must develop, and submit to the Minister:

- a) a long-term capital and operational plan; and
- b) a n emergency drought response plan.

Title should be consistent with terminology used in urban water planning framework.

Date should be able to be amended to provide for changes in circumstances / Government policy.

3.2.3

Metropolitan Water Plan

Sydney Water must use its best endeavours to participate cooperatively in the implementation and review of the Metropolitan Water Plan, as relevant to its identified responsibilities agreed in consultation with Sydney Water, except to the extent that the Minister specifies otherwise.

[Note: Sydney Water is to participate cooperatively in the implementation of the Metropolitan Water Plan in relation to the exercise of its functions and specific responsibilities identified in consultation with Sydney Water. Where the Minister considers it appropriate, Sydney Water's role in implementation of a particular action under the Metropolitan Water Plan may be amended, removed or added to, to take account of Sydney Water's circumstances and / or urban water planning policy.]

A best endeavours approach is supported as the Plan is not under Sydney Water's control.

Wording changes recommended to clarify requirements and allow Sydney Water flexibility in terms of implementation if circumstances change after the Plan is reviewed.

Under SOC Act principles, it is the Minister who can direct Sydney Water to undertake non-commercial or public interest activities, rather than the department.





3.2.4

Sydney Water must use its best endeavours to:

- a) ~~develop and enter into a data sharing agreement~~ agree an information sharing schedule under its Memorandum of Understanding with DPE by 30 June 2020 (or another date approved by IPART), for the purpose of sharing data and information between both organisations to assist ~~DPE~~ in the development and review of the Metropolitan Water Plan (the ~~Data Sharing Agreement Information Sharing Schedule~~).
- b) ~~3.2.6 Once Sydney Water has entered into the Data Sharing Agreement it must comply with the Information Sharing Schedule~~ Data Sharing Agreement that has been developed and agreed under clause 3.2.4a)
- c) adhere to relevant privacy legislation.

Wording changes suggested to use existing agreement with DPE, rather than establish a new agreement.

This now incorporates draft clause 3.2.6 regarding complying with the data sharing agreement.

We have proposed this as a best endeavours obligation, as complying with agreement involves actions by other parties.

3.2.5

In addition to any other matters agreed by Sydney Water and DPE, the ~~Data Sharing Agreement~~ Information Sharing Schedule must:

- a) set out the roles and responsibilities of Sydney Water and DPE under the ~~Data Sharing Agreement~~ Information Sharing Schedule;
- b) set out the reasons for sharing the data and information;
- c) set out the uses to which the data and information will be put;
- d) set out the requirements that shared data and information must meet;
- e) identify agreed timelines and the format for sharing data and information; and
- f) identify procedures for resolving matters of conflict in providing data and information.

Wording changes proposed to align draft clause 3.2.5 with Sydney Water's proposed changes to draft clause 3.2.4





| | | |
|-------|---|---|
| 4.1 | <p><i>Note: For the purpose of the operational audit, performance against all aspects of clauses 4.1, 4.2 and 4.3 of the Operating Licence should be confirmed with NSW Health</i></p> | For clarity |
| 5.1.1 | <p>Sydney Water must ensure that, in each financial year, at least 9,800 Properties per 10,000 Properties (in respect of which Sydney Water provides a Drinking Water supply service) <u>averaged over the last five-year period</u> receive a Drinking Water supply service unaffected by an Unplanned Water Interruption <u>that is greater than five hours</u> (the Water Continuity Standard).</p> | <p>We recommend using a five-year rolling average to better account for variations due to weather.</p> <p>The words “greater than five hours” are necessary to ensure the standard only captures interruptions that last for more than five continuous hours, consistent with IPART’s draft recommendation 37.</p> |
| 5.1.2 | <p>Preferred option - Delete clause 5.1.2</p> <p>OR</p> <p>Alternative option – Use a performance band (or target window) instead of a target level</p> <p>Sydney Water must design, construct, operate and maintain its water supply system with the objective of achieving in each financial year <u>monitor and report for each financial year, averaged over the last five years, on its performance against the:</u></p> <p>a) the Water Continuity Target; and</p> <p>b) the Water Continuity Tolerance Band.</p> | <p>Sydney Water’s preference is to delete clause 5.1.2, as we do not consider the proposed approach is well suited to the current measure.</p> <p>It is also potentially duplicative with our requirement to carry out activities in accordance with our Asset Management System (draft clause 5.5.2).</p> <p>If retained, we recommend using a performance band (or target ‘window’) and clarify that this is not intended to be a compliance or efficiency measure.</p> <p>This would avoid the potential for duplication of an efficiency review in the both operational audit and price review processes.</p> |



5.1.3

Preferred option - Delete clause 5.1.3

OR

Alternative option – Amend wording of clause 5.1.3

For the purposes of clause 5.1.2:

~~the Water Continuity Target is that, in any financial year, 9,840 Properties per 10,000 Properties (in respect of which Sydney Water provides a Drinking Water supply service) receive a water supply service unaffected by an Unplanned Water Interruption; and~~

the Water Continuity Tolerance Band is the band of ~~performance deviations from the Water Continuity Target~~ between:

- i. the mandatory Water Continuity Standard (specified in clause 5.1.1 above); and
- ii. an upper bound of 9,880 Properties per 10,000 Properties (in respect of which Sydney Water provides a Drinking Water supply service) in each financial year, ~~averaged over the last five years~~, receiving a Drinking Water supply service unaffected by an Unplanned Water Interruption ~~greater than five hours~~.

This change is necessary to ensure the standard only captures interruptions that last for more than five continuous hours, consistent with IPART's draft recommendation 37.

The current Operating Licence standard is for interruptions of more than five hours. Sydney Water's customer engagement and cost-benefit analysis was also based on this interruption duration.



5.3.1

Sydney Water must ensure that, in each financial year, at least:

- a) 9,928 Properties per 10,000 Properties (in respect of which Sydney Water provides a sewerage service but excluding Public Properties) receive a sewerage service unaffected by an Uncontrolled Wastewater Overflow in dry weather; and
 - b) 9,999 Properties per 10,000 Properties (in respect of which Sydney Water provides a sewerage service but excluding Public Properties) receive a sewerage service affected by fewer than three Uncontrolled Wastewater Overflows in dry weather,
- (the **Wastewater Overflow Standard**).

Refine wording of the standard to be clear that it only relates to dry weather overflows on private properties. This is consistent with current and previous Operating Licences.

We note that “in dry weather” is captured in the definition, but we consider that using the wording in the standard is clearer.

6.3.1

~~Sydney Water’s obligations under clause 5.1 (Payment difficulties and assistance options) of the Customer Contract are extended to Private Residential Tenants as though the Private Residential Tenants were parties to the Customer Contract.~~

Sydney Water must offer payment assistance options to Private Residential Tenants who pay water usage charges or are paying an unpaid amount owed by their landlord, in accordance with clause 5.2 of the Customer Contract.

The Customer Contract has been revised to include clauses that specifically apply to private residential tenants.

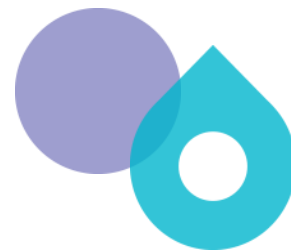
Not all provisions contained within draft clause 5.1 of the Customer Contract are applicable to tenants. We have proposed wording changes for the Customer Contract to clarify this and provide protections for private residential tenants.

6.6.1

Sydney Water must establish and regularly consult with one or more a Customer Councils.

Suggested use of wording in *Sydney Water Act 1994*.





6.6.2

Alternative 1 – Amend wording of clause 6.6.2

Sydney Water must regularly consult with its Customer Council(s) ~~for the purpose of achieving customer engagement with its broader customer base that is relevant, representative, proportionate, objective, clearly communicated and accurate on key issues related to Sydney Water’s planning and operations, including the development of its strategy and activities to achieve engagement with the broader customer base.~~

OR

Alternative 2 – Replace clause 6.6.2 with alternative requirement to conduct engagement with broader customer base and report this to the Customer Council

Sydney Water must conduct customer engagement with its broader customer base in a way that is relevant, representative, proportionate, objective, clearly communicated and accurate, and report on this to the Customer Council.

We have provided two alternative options for this clause, for IPART’s consideration.

The first option requires Sydney Water to consult with the Customer Council on its customer engagement strategy and activities but allows for the use of a broader range of methods to achieve this engagement.

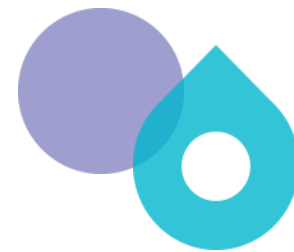
The second option requires Sydney Water to conduct customer engagement with its broader customer base in accordance with IPART’s principles for customer engagement, leaving the way this is done up to Sydney Water, with only a reporting requirement to the Council.

7.1.1

Sydney Water must use its best endeavours to maintain the memoranda of understanding entered into under section 35 of the Act with:
a) the Water Administration Ministerial Corporation (WAMC);
b) the Secretary of the Department of Health (NSW Health); and
c) the Environment Protection Authority (EPA)

Recommended additional wording is to ensure the licence obligation is limited to actions within Sydney Water’s control.





8.2.1

Sydney Water must, by 30 June ~~2021~~ 2020 (or another date approved by IPART), publish ~~on its website~~ at least ten years of servicing information for each ~~region, development or~~ major water and wastewater system. The servicing information must, at a minimum, include information on:

- a) current and projected demand;
- b) current and projected capacity constraints;
- c) the estimated cost of alleviating or deferring capacity constraints indicative costs of servicing; and
- ~~e) locations where further investigation is needed;~~
- ~~e) opportunities to investigate servicing options; and~~
- ~~f)d) the assumption made in developing the servicing information;~~

(Servicing Information).

Proposed changes in scope to attempt to reduce burden of new requirement, while still providing useful information to potential or current market participants.

This aligns with similar requirements in the energy industry.

Proposed start date of 2021 to allow for additional planning work and the development of an IT platform.

Removal of words “on its website”, to allow flexibility to accommodate a potential industry-wide solution.

8.2.2

Sydney Water must update the Servicing Information published ~~on its website~~ at least every ~~24~~ 12 months.

We request updates to occur every two years, to reduce cost impact.

We consider this is a reasonable timeframe, balancing the resourcing burden on Sydney Water with the high level of uncertainty in the information being published.

8.3.1

Sydney Water must use its best endeavours to cooperate with ~~each~~ licensee under the WIC Act to establish a code of conduct required under a WIC Act licence, where the WIC Act licensee seeks to establish a code of conduct with Sydney Water.

We suggest IPART consider reinstating the current wording for this clause, which was intended to ensure that the onus to request such a code should remain with the WIC Act licensee, not Sydney Water.





10.1 (definitions) Property Cluster means a group of Properties in close proximity to each other that are affected by recurring Water Pressure Failures ~~and located in one of the following areas:~~

~~Kurrajong;~~

~~North Richmond;~~

~~Horsley Park;~~

~~Bass Hill;~~

~~Buxton; and~~

~~Denham Court.~~

Specifically identifying these areas in the licence may cause issues, as they would continue to be identified as problematic areas even after being resolved by Sydney Water.

Also, a new area may start to experience frequent pressure failures that may qualify it to be called a property cluster, but it won't be identified in the licence.



Appendix B:

Proposed Reporting Manual wording changes

| Draft Reporting Manual clause | Draft wording, with Sydney Water changes noted as tracked changes | Reasoning for change |
|---|--|---|
| <p>2.1.1</p> <p>Annual Water Conservation Report</p> | <p>Amend dot point 5 as follows:</p> <ul style="list-style-type: none"> ➤ include information on the following Water Conservation measures for the previous financial year: <ul style="list-style-type: none"> – quantity of Drinking Water drawn by Sydney Water from all sources, expressed in gigalitres per year (aggregate), litres per person per day (both observed and weather corrected) and kilolitres per person per year (weather corrected) – level of water leakage from Sydney Water’s Drinking Water supply system against the economic level of leakage for that financial year – volume of water sourced from Recycled Water (in megalitres), and volume of water usage level (in litres per person per day). | <p>Refined wording will help clarify the scope of the new requirement for Sydney Water.</p> <p>Proposed wording is more consistent with the existing requirement on reporting weather corrected per person water use.</p> |
| <p>6.1</p> <p>Information and services for competitors – Periodic Reporting</p> | <p>Amend dot point 2 as follows:</p> <ul style="list-style-type: none"> ➤ number of negotiations for the provision of Services commenced with WIC Act licensees and Potential Competitors that did not eventuate in an agreement and the reasons for this outcome | <p>Proposed deletion as Sydney Water may not know the reasons why a request for services did not progress.</p> |



7.1.3

Annual - Compliance and performance reporting – performance indicators

Sydney Water may choose to must include with the report an explanation of Sydney Water’s performance, which details:

- major factors (both positive and negative) that have influenced Sydney Water’s performance, both within and beyond Sydney Water’s control, and
- reasons for any variation (both positive and negative) between Sydney Water’s performance in the financial year and with performance in prior years.

The wording “must” suggests that an explanation of performance is required for every performance indicator, including where performance is stable.

This is not in line with current practice and would lead to additional auditing burden to provide information that is likely to be of little to no use to IPART.

Appendix A

Timeline for reporting

Annually 1 September

For completeness

IPART

- Statement of Compliance
- Compliance and performance report on:
 - Performance standards for water quality
 - Water conservation and planning
 - Performance standards for service interruptions (Appendix B)
 - Information and services for competitors
 - IPART Performance indicators (Appendix C – except for environmental indicators)
 - Licence data (Appendix D)
 - NWI indicators (except for environment indicators).





Appendix C – Proposed Customer Contract wording changes

Explanation of proposed changes

Our concerns with clauses in the draft Customer Contract are outlined below.

Clause 2.2.1 - Oppose one change

Properties within a declared stormwater drainage area or the Rouse Hill stormwater catchment area are automatically liable to pay us charges for stormwater services. As such, it is not necessary, and may be confusing for a reader, to have the words “and you are liable to pay us charges for the services we provide” in clause 2.2.1. Including these words suggests that being liable to pay charges is an additional requirement to the property being located within those areas. We propose these words be deleted.

Clause 2.2.4 – Recommend wording changes

We have recommended some wording changes for ease of reading.

Clause 2.3 – Recommend not using the term “utility service agreement”



In the first paragraph, to avoid confusion, we recommend deleting the words “or utility service agreement”. Sydney Water’s contracts with WICA licensees are already called “utility service agreements” but in this paragraph this term is referring to something different.

We also recommend removing agreements regarding pressure sewerage equipment as an example from this clause, now the Customer Contract covers these arrangements, as proposed under Schedule A.

Upon reflection, we consider the second paragraph could be confusing for customers and propose it is deleted. There are currently no circumstances where Sydney Water provides a “different level of service” for a water or wastewater service. If a non-residential customer makes a request for a different level of service in the future, Sydney Water would seek to provide that under a separate agreement with the applicant, similar to separate agreements with non-residential customers for trade waste services. Other agreements are already captured by the first paragraph of this clause.

Clause 4.4.2 – Oppose new requirement to provide information on rebates or redress on bills

IPART have added an obligation to provide customers with information regarding their rights to rebates or redress on bills, in response to a recommendation by the Public Interest and Advocacy Centre (PIAC). As a practicality Sydney Water opposes this change. Providing details on redress and rebates on bills would pose the risk of extending the bill to an additional page. This would represent an additional cost that would need to be passed onto customers.



Further, the majority of rebates are processed automatically and do not require the customer to take any action. Less than 2% of all rebates for service faults are applied to customer bills as a response to customer notification of a fault that was not applied automatically.

Redress is not relevant to billing, and it would be very difficult to provide information on this in a bill context, apart from referring customers to Sydney Water's website or call centre for more information.

[Clauses 4.4.3 and 4.4.4 – Request wording change](#)

In addition, we request a wording change to clarify that Sydney Water may send information about bills (for example, late payment notices) to customers electronically, where the customers has elected to use e-billing. : “On your request we will send your bill and any other communications regarding payment electronically”).

[Clause 4.8 – Recommend streamlining clause regarding wastewater usage charge](#)

The first sentence does not assist with understanding the contract, and also refers to service changes when the section is in respect of usage charges. As such Sydney Water recommends that it is deleted to avoid confusion.

[Clause 5.1 – Create a separate clause to clarify payment assistance for private residential tenants](#)

Sydney Water requests the addition of a specific clause (proposed clause 5.2) relating to private residential tenants, to clarify the options available to them if they are facing payment difficulties or if their landlord has not paid their account and they are facing restriction or disconnection. Due to the nature of our billing relationship being with the property owner, not all payment assistance options are available to tenants. However, Sydney Water wants to ensure that tenants have clarity on what support they can access including Payment Assistance Scheme credits and protection from disconnection for at least 4 weeks to give them time to make a payment or seek resolution with their landlord.

[Clause 6.3 – Oppose change from seven days to ten business days until disconnection](#)



Sydney Water opposes the change from seven days to ten business days. We believe our debt recovery process is already quite generous prior to this point. We provide ample opportunity for customers to make contact and avoid the restriction/disconnection process that far exceed the timeframes used by other service providers.

[Clause 7.2.1 and 7.2.2 – Apply rebates to recycled water as well](#)

The words “for drinking water” should be deleted so that the rebate provisions apply to drinking water and recycled water.

[Clause 7.2.4 – Change wording for accuracy](#)

In reviewing this clause, Sydney Water has become aware that the use of the defined term “wastewater overflows” is inaccurate. This means that the clause applies only to surcharges



occurring from Sydney Water’s infrastructure, and not from private pipes **as a result of** problems with Sydney Water’s infrastructure. In most instances, wastewater overflows onto private properties come from private pipes. Rebates are applied when the cause of the overflow is a choke in Sydney Water’s system. We have proposed wording changes to address this.

Clause 7.2.5 – Oppose limitation of dirty water rebate events

IPART has altered the definition of a “dirty water” rebate by referring to “clean drinking water”. We request the original wording of “water suitable for normal domestic purposes” be retained here. IPART’s proposed change narrows the application of the clause to drinkability, as opposed to the full range of uses of water within a household. IPART’s proposed change would also present confusion between a “dirty water” and a “boil water alert” event. Events relating to the failure to provide ‘clean drinking water’ are more appropriately covered by ‘boil water alerts’, as determined by NSW Health.

Clause 7.5 – Change wording for accuracy

As for clause 7.2.4, Sydney Water has become aware that using the defined term “wastewater overflows” in this clause is inaccurate. This change would mean that the clause applies only to surcharges occurring from Sydney Water’s infrastructure, and not from private pipes as a result of problems with Sydney Water’s infrastructure. We have proposed it be changed to “a surcharge of wastewater on your property due to a failure of our wastewater system”.

See comments for clause 7.2.5 in respect of changes to using the term “dirty water”.

Clause 7.7 – Oppose removal of reference to insurances

IPART stated on page 154 of the draft report that they have amended this clause to remove inconsistency with section 41 of the Sydney Water Act.

However, we are concerned that the removal of the reference to insurances as proposed by IPART will ultimately result in customer dissatisfaction. The wording may then infer that Sydney Water will pay all claims when this is not the case. We have provided alternate wording to clarify the position and reduce the risk of misinterpretation.

Clause 8.1 – Change wording for clarity

IPART’s reference to “a test” (emphasis added) at the end of the section could be interpreted as limiting Sydney Water’s ability to recoup costs to only one test in total.

Clause 8.2 – Oppose deletion by IPART of information meant to clarify maintenance responsibilities

Sydney Water requests that the proposed additional sentence be reinserted, to clarify the maintenance responsibilities of customers. It is also important that customers have an obligation not to allow rainwater to enter their wastewater system, as this a contributing factor to wet weather overflows and this obligation establishes a form of source control for wet weather ingress. IPART have removed the additional paragraph but we still believe it adds value.

Clause 8.4 – Oppose deletion by IPART of information meant to clarify maintenance responsibilities

IPART have removed the explanatory paragraph regarding the contents of a pressure sewerage system. We oppose this change and propose amended wording to clarify responsibilities regarding ownership and maintenance. This will help Sydney Water to effectively operate and maintain Pressure Sewer System equipment and our connected wastewater system.

Clause 8.10 – Support change regarding building work clause, with further clarification

We propose a slight text change to better clarify requirements.

Clause 9.1 – Apparent formatting error

It appears an error has been made where a dot point has been merged with the line above. The content needs to be reinstated as a separate point.

Clause 10.1 – Support change regarding meter responsibilities, with further clarification

Additional words “or repairing” have been added.

Clause 10.2 – Oppose change as could restrict period of time for contact

We assume that IPART’s intent here is to provide additional protection for customers. However, the inclusion of timeframes adds an additional level of prescription that could lead to disagreements with customers. Sydney Water’s three contact attempts will generally occur at longer periods than one week apart and will generally extend well beyond a 28-day period. The current wording would require all three attempts to occur within a 28-day period. This clause is rarely relied upon by Sydney Water, and is included in the Customer Contract as a last resort approach. If retained as is, we request that the 28-day period be clarified as a minimum period of time allowed to make three attempts to contact the customer.

We have clarified wording in this clause regarding charges, which was unclear and confusing.



Clause 12.4.1 – Oppose change as details may change over time

IPART have included a table that contains contact details for EWON. We oppose this inclusion as EWON’s contact details may change over time, which is not within our control. We support retaining a reference to EWON in this clause. An alternative option would be to include only key EWON details, such as a website address and / or contact number.

Clause 15.1 – Oppose some individual definitions

Some changes to definitions have an impact on the obligation, are impractical to implement or do not align with business practice. We propose changes to the following defined terms:

- Australian Guidelines for Water Recycling – definition needs updating to be consistent with amended Licence definition
- Complaint – our proposed wording better aligns with the Australian Standard

- 
- 
- Dirty Water – the definition does not accord with events that this type of rebate is applied to, and is not needed if Sydney Water’s proposed change to rebates clause is accepted
 - Planned interruption – the word “consumer” has been removed from the first dot point; however, the interruption notice may not go the bill-paying customer (it goes to occupant)
 - Point of Connection – reference added to diagrams in Schedule B
 - Pressure sewerage equipment – wording changed to align with wording in Schedule A
 - Service – alternative term to “Utility Service” to describe the types of services provided by Sydney Water
 - Trade wastewater – we are seeking additional wording to clarify that trade wastewater is above domestic wastewater in terms of quality and quantity
 - Utility Service – This term is confusing, as it is commonly used to refer to wholesale services provided to WIC Act licensees. We recommend replacing with “service”
 - Wastewater usage discharge factor – the new version is factually incorrect.

Schedule A – Requires amendment for accuracy

If retained in the Customer Contract, we recommend separating conditions relating to operation and maintenance responsibilities for Pressure Sewerage Equipment from diagrams showing typical maintenance responsibilities. We have also updated wording to ensure this is consistent with our current agreements.

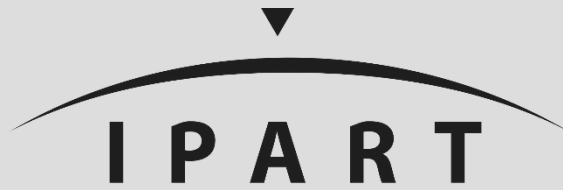
Schedule B – Propose including separate schedule for updated typical maintenance diagrams

We propose moving system diagrams illustrating typical maintenance responsibilities to a separate schedule. The system diagrams relate to all customers, not just those who are serviced by a pressure sewerage system.

We have updated the diagrams for clarity and to use consistent wording with the Customer Contract and other Sydney Water documents. To avoid confusion, the new diagrams are not marked as tracked changes.

Updated Customer Contract

A tracked changes version of the Customer Contract highlighting Sydney Water’s proposed wording changes is included below.



Independent Pricing and Regulatory Tribunal
New South Wales

Sydney Water Operating Licence

DRAFT

Customer Contract

Foreword

Sydney Water provides **water supply services, wastewater services** and some **stormwater services** to people in Sydney, the Illawarra and the Blue Mountains.

Sydney Water's key objectives are protecting public health, protecting the environment and operating as a successful business.

This contract (as found in Schedule C of the **Operating Licence**) outlines your rights and obligations as a **customer** and sets out the minimum standards of customer service that you can expect. It is our service guarantee to our **customers**. It also outlines Sydney Water's rights and obligations to help us meet our key objectives.

For more information about Sydney Water and the services we provide, visit sydneywater.com.au or call us on 13 20 92.

1 Introduction

1.1 Words used in this contract

Words that are bold and italicised in this contract have a special meaning. The meanings are set out in the definitions in clause 15.1 at the end of this contract.

1.2 Understanding the contract

There are a number of provisions in clause 15.2 at the end of this contract that may assist you in interpreting the contract.

Nothing in this contract is intended to remove or limit any statutory rights you may have under legislation that cannot be excluded, including the consumer guarantees regime under the ***Australian Consumer Law***.

2 What is this contract and who is covered by it?

2.1 What is this contract?

This contract is between us, Sydney Water, and you, the **customer**. You do not need to sign this contract for it to be valid and binding.

This contract provides the terms under which we provide, where available, **water supply services**, **wastewater services**, and **stormwater services** to you. This contract also sets out rights and obligations including your rights in any dispute with us.

This contract is a legally enforceable document and is a requirement of the **Act**.

This contract is summarised in a separate brochure called 'Our contract with you'. Copies of this brochure are available on our website or by contacting us.

2.2 Who is covered by this contract?

2.2.1 Owners of property

You are our **customer** and are covered by this contract if you are the owner of **property** within our **area of operations** that is connected to a water main or **wastewater system** owned by us and that connection has been authorised or approved by us.

You are also our **customer** and covered by this contract if:

- you are the owner of **property** that is within a **declared stormwater drainage area**, or
- you are the owner of **property** that is within the **Rouse Hill stormwater catchment area**.

~~and you are liable to pay us charges for the services we provide.~~

You may be entitled to an exemption from **service charges** based on the use of your land.

2.2.2 Private residential tenants

You are also our **customer**, and covered by clauses ~~5.25-4~~, 6.5, 12, 13 and 14 only, if you receive **water supply services** and/or **wastewater services** from us and you are a **private residential tenant**.

2.2.3 Commercial tenants

You are also our **customer** and covered by clauses 6.5, 12, 13 and 14 only, if you receive **water supply services** and/or **wastewater services** from us and you are a **commercial tenant**.

2.2.4 Services from WIC Act licensees

If you have a contract for water supply services and/or wastewater services from a supplier licensed under the **WIC Act**, this contract ~~does not apply only applies~~ to you for ~~those the services you receive from us~~.

2.3 Other agreements with us

If you have a separate agreement with us (for example, in relation to **trade waste**, ~~pressure sewerage equipment~~, **sewer mining**, stormwater harvesting, **recycled water** or an additional services agreement ~~or utility service agreement~~), the terms of that agreement will take precedence over the terms of this contract, to the extent of any inconsistency between them.

~~If you are a non-residential customer and you request a different level of service for a utility service, we may enter into a separate agreement with you to provide that different level of service. Before entering into that separate agreement, we will:~~

- ~~• provide you with an estimate of the costs of supplying you with the requested utility service; and~~
- ~~• advise you if the requested utility service is below the standards set out in this contract.~~

2.4 When does this contract commence?

This contract commences (as relevant):

- on 1 July 2019 for any person who, on that date, is taken to have entered into this contract under section 55 of the **Act** or clause 2.2 of this contract, and
- for any person who, after 1 July 2019, is taken to have entered into this contract under section 55 of the **Act** or clause 2.2 of this contract, the date that the person is taken to have entered into this contract under section 55 of the **Act** or clause 2.2 of this contract.

On 1 July 2019, this version of the contract replaces any previous versions of this contract between you and us. Any rights and liabilities that have accrued under any previous contract with us are not affected by the commencement of this contract.

3 What services does Sydney Water provide?

3.1 Water supply services

3.1.1 Supply of water

We will supply you with water to meet your reasonable needs except:

- in the case of **unplanned interruptions** or **planned interruptions**, under clauses 3.4.2 and 3.4.3
- in the case of water restrictions under clause 3.4.4
- where we are entitled to restrict or discontinue supply under clause 6, or
- in the case of events beyond our reasonable control, including in the case of a **disaster event**.

To receive **recycled water** from us, your **property** must be within a Sydney Water **recycled water area** or you must enter into a separate agreement with us.

If we supply you with **recycled water**, we will give you information on the standard requirements for its safe use at the time we commence supplying **recycled water** to you. We are not responsible for your use of **recycled water** contrary to the information we provide.

3.1.2 Drinking water quality

The **drinking water** we supply a **customer** will comply with the health related guidelines provided in the **Australian Drinking Water Guidelines** except to the extent otherwise specified by **NSW Health**.

3.1.3 Recycled water quality

The **recycled water** we supply a **customer** will comply with the **Australian Guidelines for Water Recycling** except to the extent otherwise specified by **NSW Health**.

3.1.4 Drinking water pressure

We will ensure that the **drinking water** we supply to your **property** is at a minimum of 15 metres head of pressure at the **point of connection** to Sydney Water's **water system**. This pressure is recognised as suitable for **residential customers** and **non-residential customers**.

3.1.5 Health or special needs

If you require a water supply to operate a life support machine or for other special health needs, you must arrange for your health provider to notify us. In certain circumstances, you may be eligible for an allowance of water use that is not subject to charges.

3.2 Wastewater services

3.2.1 Supply of wastewater services

If your **property** is connected to our **wastewater system**, we will supply you with **wastewater services** to meet your reasonable needs for the discharge of domestic **wastewater** except:

- where we are entitled to restrict or disconnect supply under clause 6
- in the case of **unplanned interruptions** and **planned interruptions** under clauses 3.4.2 and 3.4.3, or
- in the case of events beyond our reasonable control, including in the case of a **disaster event**.

3.2.2 Wastewater overflow

We will make every reasonable effort to minimise the incidence of **wastewater overflows** on your **property** due to a failure of our **wastewater system**.

In addition to any statutory rights you may have under any legislation, including the **Australian Consumer Law**, if there is a **wastewater overflow** on your **property** due to the failure of our **wastewater system**, we will ensure that:

- inconvenience and damage to you is minimised
- the affected area is suitably and promptly cleaned up at our cost and in a way that minimises the risk to human health and the environment, and
- any rebate or redress that may be due to you under clauses 7.2, 7.4 and 7.6 are paid or provided.

3.2.3 Trade wastewater

You may discharge **trade wastewater** into our **wastewater system** only if you have obtained our written permission and entered into an agreement with us for this activity.

We will give you our written permission and enter into such an agreement with you only if we are able to accept, transport and process **trade wastewater** that you discharge in full compliance with applicable safety and environmental laws, the **Operating Licence** and the **Act**.

We reserve the right to refuse **trade waste** into our system if we determine that it poses a risk to our operations, the health and safety of our workers or our ability to service or meet the expectations of our broader customer base.

You can contact us to obtain further information on the guidelines and standards for a **trade wastewater** discharge.

3.2.4 Sewer mining and stormwater harvesting

You may extract from our **wastewater system** or **stormwater drainage system** only if you have obtained our prior written permission and entered into an agreement with us for this activity.

3.3 Stormwater services

We will provide you with a service to transport stormwater through our **stormwater drainage systems** under our control if your **property** is within a **declared stormwater drainage area** or within the **Rouse Hill stormwater catchment area**.

If your **property** is within a **declared stormwater drainage area** or the **Rouse Hill stormwater catchment area** we will charge you for this service in accordance with the maximum prices, or methodology for fixing the maximum prices, determined by **IPART**.

We can provide information to assist you in determining whether your land is within a **declared stormwater drainage area** or within the **Rouse Hill stormwater catchment area** and whether Sydney Water stormwater pipes or channels are located within or adjacent to your **property**.

We will notify you if an area of land is newly declared to be a **declared stormwater drainage area** and the declaration affects your **property**.

3.4 Factors affecting service

3.4.1 Repairs and maintenance

If we undertake any work on our assets located on or adjacent to your **property**, we will leave the affected area and immediate surrounds as near as possible to its original state which existed prior to the works being undertaken, unless we have agreed to a different arrangement with you.

3.4.2 Unplanned interruptions

If there is an **unplanned interruption** to your **water supply service** or **wastewater service**, we will minimise the inconvenience to you by:

- restoring the service as quickly as possible
- providing as much information as practicable on a 24 hour leaks and faults telephone service (see clause 11.4), and
- providing access to emergency supplies of water where reasonably practicable and necessary having regard to the particular circumstances.

3.4.3 Planned interruptions

We may need to arrange **planned interruptions** to the **water supply services** and **wastewater services** provided to you to allow for planned or regular **maintenance** of our **water system** or **wastewater system**.

We will inform you of the time and duration of any **planned interruption**, at least two days in advance if you are a **residential customer**, and seven days in advance if you are a **non-residential customer**, unless you agree to another period.

We will use our best endeavours to ensure the **planned interruption** is no longer than five hours from when the supply of water is turned off until the water is turned back on.

3.4.4 Water restrictions

Where the **Minister** has imposed water restrictions under clause 24 of the *Sydney Water Regulation 2017* (NSW), you must comply with those water restrictions. If you fail to comply with any water restrictions, we may disconnect or restrict **water supply services** supplied to you.

We will publish any water restrictions:

- on our website
- in a manner that is likely to bring the water restrictions to the attention of the public in the **area of operations**, and
- in accordance with the *Sydney Water Regulation 2017* (NSW).

These water restrictions may include:

- restrictions on the use of water, including the purpose for which water may be used
- a variation of charges consistent with the **Act** and **Operating Licence**, and
- other conditions that we consider appropriate, including the period or likely period of restrictions or limitations on supply and usage of water.

We will also make every reasonable effort to notify you in your next bill of any water restrictions.

4 What you pay

4.1 Responsibility to pay the account

You must pay us the amount on your bill by the date specified unless you have entered into a **payment arrangement** with us.

4.2 Publication of charges

We will publish on our website up-to-date information on our charging policies and current charges. This information will also be provided to you on request.

4.3 Concessions

You are eligible for a government funded pension concession if you hold one of the recognised pensioner concession cards. You must apply to us for the concession and establish your eligibility.

If you are eligible for the concession, we will ensure that it is granted from the commencement of the next **charging period** after your application for a concession was lodged.

You may contact us to obtain information on whether you are eligible for a concession. On request, we will provide information about concessions in a language other than English (where available).

4.4 Your bill

4.4.1 When will your bill be sent?

We will issue you a bill for the services that we provide to you. You will be sent a bill on a quarterly basis, unless otherwise agreed.

Non-residential customers with high water usage and **wastewater** disposal may be sent a bill on a monthly basis.

We will provide you with copies of your bills or a statement of all charges that you have incurred for the previous 12 months on request, free of charge.

4.4.2 What information is on your bill

We will ensure that your bill contains details of:

- the **charging period** to which it applies
- the total amount due
- the usage and **service charges**, separately itemised

- other fees and charges payable
- the date payment is due
- your postal address and account number
- the address of the **property** for which the charges in the account have been incurred
- options for the method of payment
- a comparison of your water usage with your past water usage, where available
- contact numbers for account **enquiries**, leaks and faults, and text telephone (TTY) services
- the payment assistance available
- ~~your rights to rebates or redress~~
- information in community languages about the availability of interpreter services and the phone number for those services, and
- the credit balance or amounts overdue from previous bills.

4.4.3 How bills are sent

We will send your bill to the postal address you nominate.

If you do not nominate a postal address, the bill will be sent to:

- the **property** to which the **utility services** are available or provided, or
- your last known postal address.

On your request we will send your bill and other communications regarding payment electronically.

Your bill will be considered delivered to you if it is sent by one of the above means.

4.4.4 How to make a payment

We will provide you with a range of payment options including in person, by mail, via the internet or by direct debit.

You must pay by one of the methods that we offer. We will not accept payments by other methods.

4.4.5 Overdue account balances

If you do not pay your account by the due date, you will have an overdue account balance and we may charge you:

- interest on your overdue account balance, or
- a late payment fee, but only if a maximum late payment fee amount is specified by **IPART** as part of a review conducted by **IPART** under the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW).

Any late payment fee we charge you will:

- not exceed the maximum late payment fee amount specified by **IPART**, and
- be charged in accordance with any terms and conditions specified by **IPART** as part of the review (including conditions requiring us to provide you with adequate notice prior to charging you a late payment fee).

We will not charge you interest on your overdue account balance or a late payment fee if:

- we have already agreed with you a deferred payment date, or an arrangement to pay by instalments with respect to the overdue account balance, or
- you have entered into a **payment arrangement** with us.

4.5 Undercharging

If your bill states that you are required to pay us an amount that is less than what you are actually required to pay us (that is, we have undercharged you) as a result of our error, we may adjust your next bill to charge the undercharged amount as a separate item.

If the undercharging is due to:

- you providing false information
- an unauthorised connection (for example, you have not obtained our written consent in accordance with clause 8.11 or you have not obtained the required approvals for the connection)
- your breach of this contract or the **Act**, or
- building works which were not approved in accordance with clause 8.10,

you must pay the correct amount on request. We will state the amount to be paid as a separate item in your next bill.

We may also charge you from a date we determine an unauthorised connection to have occurred.

4.6 Overcharging

If your bill states that you are required to pay us an amount that is greater than what you are actually required to pay us (that is, we have overcharged you) due to our error, we will apply a credit to your next bill after we become aware of the error.

4.7 Billing disputes

If there is an unresolved dispute concerning an amount of money to be paid by you, we will not seek the disputed amount from you until the dispute has been resolved.

You are obliged to pay any undisputed charges or fees by the due date.

4.8 Wastewater usage charges

~~Wastewater usage and service charges are the sewerage usage and service charges set by Sydney Water.~~

The **wastewater** usage charge applies to **non-residential customers** only. We will determine a **wastewater usage discharge factor** that is used to calculate **wastewater** charges for **non-residential customers**. Where a **wastewater usage discharge factor** is varied, the revised charge will apply from the beginning of the next **charging period**. We will notify you of any change to your **wastewater usage discharge factor** in accordance with clause 4.10.

4.9 How prices are determined

We set charges for the services we provide you under this contract in accordance with any applicable maximum prices, or methodology for fixing the maximum prices, determined by **IPART**.

We may vary these charges from time to time, but only in accordance with our **Operating Licence** and the **Act** and subject to the maximum prices, guidelines and methodologies determined or issued by **IPART**.

4.10 Notification of price variations

We will publish notice of any variations to our charges on our website and provide details on your bill. The variation will commence on:

- the first day of the next quarter after the notice of the variation has been published, or
- any other date we nominate after we have published the notice of the variation.

4.11 Other costs and charges

4.11.1 Dishonoured or declined payments

If payment of your bill is dishonoured or declined, we may charge you a dishonoured or declined payment fee in an amount not exceeding the amount specified on our website, as amended from time to time.

We may refuse to accept personal cheques or card payments for a specific bill where two or more dishonoured payments have been provided. We may refuse future payments by these means if you have a history of dishonoured payments.

4.11.2 Payment adjustments

If we incorrectly apply a payment to your bill, we will reverse the payment and inform you of this reversal.

4.11.3 Costs for installing and connecting services

You are responsible for all costs of connecting your **property** to our **water system**, **wastewater system** or **stormwater drainage system**.

Connection to our **water system**, **wastewater system** or **stormwater drainage system** must be approved by us and comply with the conditions we set to ensure the safe and reliable supply of services.

Where a new connection point requires works on our systems, those works can only be carried out by us or a provider listed by us. This list is available on our website or by request.

4.11.4 Charges for other services

We may charge you a fee for any other services you request from us or where we have agreed to provide you with a different level of service as set out in clause 2.3. To the extent that any determination of maximum prices made by **IPART** applies to these fees, we will charge those fees in accordance with that determination. In circumstances where no such determination applies, we may charge you a fee in a way determined by us and advised to you. We will publish these fees on our website, where possible, and provide you with information on request.

We may also charge you other fees, charges and amounts where we are entitled to do so under the **Act**.

4.12 Exchange of information

To the extent permitted by law, we may exchange information about your creditworthiness, credit standing, credit history or credit capacity with credit reporting agencies, other credit providers, other suppliers, or our agents, contractors and franchisees.

5 What can I do if I am unable to pay my bill?

5.1 Payment difficulties and assistance options for residential customers

If you are experiencing **financial hardship** you should contact us and we will provide you with information about options available to assist you. All reasonable effort will be taken to provide assistance to you.

If you are experiencing **financial hardship**, you have the right to:

- be treated sensitively on a case by case basis by us
- receive information from us on alternative **payment arrangements**, such as a payment plan
- seek deferral of payment for a short period of time
- negotiate an amount you can afford on an agreed instalment plan. If you are a **non-residential customer** these arrangements will be based on reasonable commercial considerations and market conditions, and
- access to a language interpreter, if required, at no cost to you.

Additionally, if you are a **residential customer** experiencing **financial hardship**, we will offer you a range of options that may assist you, including:

- the option to pay smaller amounts on a regular basis, which may fit better with your income
- information from us about an accredited welfare agency for payment assistance
- Payment Assistance Scheme credit issued by an accredited welfare agency or us
- other appropriate government concession programs
- tailored advice on other broader assistance options, and
- referral to financial counselling services.

~~If you are a **private residential tenant** who pays your water usage charge, or are paying an unpaid amount owed by your landlord under clause 6.5 of this contract to avoid **restriction** or **disconnection**, you are eligible for:~~

- ~~• information from us about an accredited welfare agency for payment assistance~~
- ~~• Payment Assistance Scheme credit issued by an accredited welfare agency or us~~
- ~~• tailored advice on other broader assistance options, and~~
- ~~• referral to financial counselling services.~~

If you enter into a **payment arrangement** with us, we will:

- enable you to make payments by instalments, in advance or arrears
- inform you of the following:
 - the period, or periods, of the payment plan
 - the amount and frequency of each instalment
 - if you are in arrears, the completion date of the payment plan required to pay the arrears, and
 - if you choose to pay in advance, the basis on which the instalments are calculated
- provide for instalments to be calculated having regard to your consumption needs, your capacity to pay and the amount of arrears you are required to pay
- ensure that your arrears are cleared over a period of time and your debt does not continue to grow, and
- deal with your **financial hardship** in a fair and reasonable manner.

If you are experiencing **financial hardship** and have entered into a **payment arrangement** with us and honour that arrangement, we will:

- not take any legal action to enforce the debt or **restriction** or **disconnection** of the supply of water to your **property**, and
- waive interest and late payment fees on the overdue amount for the period of the arrangement.

5.2 Payment difficulties and assistance options for private residential tenants

If you are a **private residential tenant** who pays your water usage charge and you are experiencing **financial hardship** or if you are a **private residential tenant** and you are paying an unpaid amount owed by your landlord under clause 6.5 of this contract to avoid **restriction** or **disconnection**, you are eligible for:

- information from us about an accredited welfare agency for payment assistance
- tailored advice on other broader assistance options, and
- referral to financial counselling services, and
- deferral of payment for a period of at least four weeks.

You may also be eligible for Payment Assistance Scheme credit issued by an accredited welfare agency or us.

6 Restriction or disconnection of water supply and wastewater services

6.1 Restriction or disconnection

If you fail to pay your bill by the due date and have failed to make alternative arrangements for payment, we may restrict or disconnect the supply of water to your **property**. This will be done in accordance with our policies relating to debt, water flow **restriction** and **disconnection** for non-payment, as amended from time to time.

Information on these policies will be sent to you annually. This information is also available on our website or on request.

6.2 Notice of restriction or disconnection of supply of water for non-payment by customers

If you fail to pay your bill by the due date, we will send you a reminder notice. The reminder notice will:

- state the total amount due
- state that payment is immediately due
- state that you should contact us if you are having difficulty making payment and we will provide you with payment options, including **payment arrangements**, subject to eligibility criteria, and
- advise you of your right to raise your concerns with **EWON** if you have attempted to resolve those concerns with us and are not satisfied with a decision.

If you fail to comply with the reminder notice, we will send you a **restriction** or **disconnection** notice advising you that:

- you must pay the bill immediately otherwise, after seven days of our issuing the **restriction** or **disconnection** notice to you, we may take action to restrict or disconnect the supply of water to your **property** or take legal action to recover the amount outstanding
- you may incur additional costs relating to us restricting or disconnecting the supply of water and/or taking legal action to recover the amount outstanding
- the supply of water to your **property** may be restricted or disconnected without further notice
- you have the right to raise your concerns with **EWON** if you have attempted to resolve your concerns with us and are not satisfied with a decision made by us
- you should contact us if you are experiencing **financial hardship** and we will provide you with information about options available to assist you.

6.3 Conditions for restriction or disconnection of supply of water for non-payment by customers

We may restrict or disconnect the supply of water to your **property** if:

- you have not paid your bill and at least **7 days** ~~40 business days~~ have elapsed since we issued the **restriction** or **disconnection** notice, or
- you have entered into a **payment arrangement** with us, but have failed to make the agreed payments.

If you are a **residential customer**, we will use our best endeavours to make further contact with you, in person, by post or by phone about the non-payment prior to **restriction** or **disconnection**.

Details are provided in our 'payment assistance' and 'overdue payments' policies that are available on our website, as amended from time to time.

In addition to the limitations on **restriction** or **disconnection** set out in clause 6.7, we will not restrict or disconnect the supply of water for a failure to make due payment where:

- you have applied for a payment plan that is being assessed, or
- you are complying with the agreed terms of a current **payment arrangement**.

If you receive a bill for a new **charging period** that contains an overdue amount from a previous **charging period**, we may restrict or disconnect supply on the arrears after issuing you with the appropriate notices relating to the overdue amount, as described in this clause.

6.4 Restriction or disconnection for other reasons

We may also restrict or disconnect the supply of **utility services** to your **property** in the following circumstances:

- if you are connected to our **water system**, **wastewater system** or **stormwater drainage system** without our approval
- if **your water system**, **your wastewater system** or your stormwater pipes are defective
- you fail to rectify a defect with, or unauthorised work on, **your water system**, **your wastewater system** or your stormwater pipes as set out in clause 8.8 of this contract
- you fail to remediate or remove an unapproved excavation, building, landscaping or construction work that interferes with our **water system**, **wastewater system** or **stormwater drainage system** as set out in clause 8.10 of this contract
- you have breached this contract, the **Act**, your additional services agreement or any other agreement with us
- if you use **sewer mining** or stormwater harvesting facilities that are not authorised by us or do not comply with applicable laws
- you discharge **trade wastewater** into our **wastewater system** without our written approval or you do not comply with the requirements of our written approval

- where you fail to ensure access to our **meter** for your **property** (prior to taking this step, we will use our best endeavours to contact you to arrange reasonable access, leave a notice requesting access and provide you with a **disconnection** warning)
- where you fail to meet our metering requirements (published in our policies and guidelines that are available on our website, as amended from time to time)
- if you are connected to our **wastewater system** using **pressure sewerage equipment** that may be owned by us or you and you do not comply with your operation and **maintenance** requirements set out in Schedule A
- if a serious health or environmental risk is posed by the discharge of chemicals into our **wastewater system**
- if you have not installed a **backflow prevention containment device** (if required to do so by us)
- if you have not correctly installed or maintained your **backflow prevention containment device** or have failed to provide an annual test report by the due date
- you use your **recycled water** in a manner inconsistent with its intended purpose or in a manner contrary to the information we provide on its safe use
- where we are entitled or required to restrict or to discontinue supply by direction of the **Minister** or under an applicable law, or
- where lack of access to the **meter** or the poor quality of **your water system** prevents us from exchanging the **meter** and you have failed to address this within 30 days of our notifying you of this.

6.5 Occupiers (tenants) may pay charges to avoid restriction or disconnection

Where an amount unpaid on a bill is owed by a landlord, we may accept payment of outstanding charges by an occupier of the **property** (in other words, the tenant) who may, in accordance with the **Act**, deduct those charges from rents otherwise payable to the landlord.

6.6 Minimum flow rate during restriction

If we restrict the supply of water to you, we will provide a flow sufficient for health and hygiene purposes. If you believe that the **restriction** will cause a health hazard you should contact us and we will consider increasing the flow.

6.7 Limitations on restriction or disconnection

Under no circumstances will we restrict or disconnect the supply of water to your **property**:

- without providing reasonable notice to the occupier of the **property** that we intend to restrict the supply

- without giving you notice under clauses 6.2 or 6.3 (as applicable) where the reason for **restriction** or **disconnection** is non-payment of your bill, except when an order is issued under relevant legislation
- without providing the occupier with information on our policies relating to **financial hardship**, debt, water supply **restriction** and **disconnection** for non-payment
- if a related **complaint** is being considered for resolution by us or **EWON**, and
- without advising the occupier that in some circumstances the **Act** permits a tenant to pay outstanding charges and deduct them from rents otherwise payable to the landlord and providing the occupier with a reasonable opportunity to pay the bill.

We will only carry out a **restriction** or **disconnection** on a business day (excluding Fridays and the day before a public holiday), prior to 3pm.

6.8 Disconnection by a customer

You may **disconnect** your **property** from our **water system** or **wastewater system** provided that:

- you have complied with all applicable health, environmental and local council regulatory requirements
- you have complied with all requirements of Sydney Water, as detailed in the policies published on our website, as amended from time to time
- you have given us information we may reasonably require
- you have given us 10 days' written notice and you have obtained our written permission,
- you have paid any applicable **disconnection** charge, and
- the **disconnection** is undertaken by a licensed plumber and conducted in accordance with plumbing, drainage or other regulations or standards that may apply.

On **disconnecting** your **property**, we may recover any equipment that Sydney Water installed on the **property** and may continue to charge you a service availability charge in accordance with the **Act**. You may apply to us to be exempted from this charge.

6.9 Restoration of water supply after restriction or disconnection

Following **restriction** or **disconnection** of your water supply, we will provide you with information to enable you to make arrangements for the restoration of the supply. A restoration fee will apply.

When the reason for the **restriction** or **disconnection** of supply no longer exists or if there is mutual agreement to restore supply, we will restore your supply:

- on the same day, if you pay or we agree to other arrangements before 3 pm on any business day, or
- on the next business day if you pay or we agree to other arrangements after 3 pm.

When the conditions for restoration are met after 3pm, we may restore supply on the same day but you may be asked to pay an after-hours restoration fee.

6.10 Costs for debt recovery activities

We may recover from you our reasonable costs associated with debt recovery under this contract.

7 Redress

7.1 Notification

If you notify us of a failure by us to comply with this contract or our activities result in inconvenience, damage or loss to you or your **property** we will promptly advise you of:

- your right to a rebate or redress under clauses 7.2, 7.3, 7.4 or 7.6
- how we may rectify your problem, and
- how to seek compensation from us under clause 7.7.

7.2 Rebates

Information on rebates provided under this contract is set out in our 'allowances and rebates on your bill' policy, which may be amended from time to time. This is available on our website or in hard copy by request.

We will pay the rebate in your next bill where possible.

If you are a **customer**, you are entitled to a rebate for an occurrence of the following:

7.2.1 Planned interruption

Where your **water supply service for drinking water** is interrupted for over five hours by a **planned interruption** you are entitled to an automatic rebate of \$20. You are eligible for this rebate for each and every event of this type that you experience.

7.2.2 Unplanned interruption

Where your **water supply service for drinking water** is interrupted for over five hours by an **unplanned interruption** you are entitled to an automatic rebate of \$40 for each of up to two **unplanned interruption** events. If you experience three or more **unplanned interruptions** that last for more than one hour each in a rolling 12-month period, the rebate outlined in clause 7.3 will apply in relation to those additional **unplanned interruptions**.

7.2.3 Low water pressure

Where your **drinking water** pressure is below 15 metres head of pressure at the **point of connection** to our **water system** for a continuous period of one hour (**low water pressure**), unless as a result of an **unplanned interruption** or a **planned interruption**, you are entitled to a rebate of \$40. This rebate is payable for one event each quarter. A rebate will be granted automatically when this is identified through our monitoring.

7.2.4 Wastewater overflow

If you experience a surcharge of wastewater ~~wastewater overflow~~ on your **property** due to a failure of our **wastewater system**, you are entitled to a rebate of \$75. If you experience two or more **wastewater overflow** events in a rolling 12-month period, the rebate outlined in clause 7.4 will apply in relation to those additional **wastewater overflows**.

7.2.5 Dirty water

If we do not provide you with clean water suitable as drinking water ~~(dirty water)~~ for normal domestic purposes, you may be entitled to a rebate of \$40 for each occasion that we provide you with water that is not suitable for normal domestic purposes ~~dirty water~~.

If the cause of the problem is identified in **your water system** the rebate will not apply.

7.2.6 Boil water incidents

If **NSW Health** issues a 'boil water alert' due to contamination of **drinking water** caused by us, you are entitled to a rebate of \$50 for each incident in relation to which the 'boil water alert' is issued.

7.3 Rebates for recurring unplanned interruptions

If you are a **customer** and experience three or more **unplanned interruptions** to your **water supply service** that last for over one hour each in a rolling 12 month period, you are entitled to a rebate equal to the whole annual water **service charge**, less any concessions available to you, after the third event. This rebate operates in addition to any rebates you may have received under clause 7.2.

7.4 Rebates for recurring wastewater overflows

If you are a **customer** and experience two or more **wastewater overflows** on your **property** in a rolling 12 month period due to a failure in our **wastewater system**, you will be entitled to a rebate of \$150.

If you are a **customer** and experience three or more **wastewater overflows** on your **property** in a rolling 12 month period due to a failure in our **wastewater system**, you will be entitled to a rebate equal to the whole annual **wastewater service** charge, less any concessions available to you, after the third event.

These rebates operates in addition to any rebates you may have received under clause 7.2.

7.5 Exception for disaster events

Any incidence you experience of:

- an **unplanned interruption** to your **water supply service**

- a surcharge of wastewater overflow on your property due to a failure in our **wastewater system**
- **low water pressure**, or
- water that is not suitable for normal domestic purposes ~~dirty water~~

that is caused by a **disaster event** will not be taken into account to determine your entitlement (if any) to a rebate under clauses 7.2, 7.3 or 7.4.

7.6 Redress

In addition to our obligation to pay a rebate under clauses 7.2, 7.3, and 7.4, we may provide one of the following forms of redress:

- reinstatement
- repair
- rectification
- construction of works
- providing alternative supplies of water
- emergency accommodation, or
- payment for damages as set out in clause 7.7.

If you are unsatisfied with the form of redress we provide you, you may request additional redress from us. We will consider your request in accordance with the timeframes in clause 12.1 as if your request were a **complaint**.

7.7 Claim for damages

In the event of physical loss or damage to you or your **property** as a result of our activities or our failure to comply with this contract, the **Operating Licence** or the **Act**, you may be entitled to reimbursement ~~we may compensate you~~ for any loss suffered.

All claims must be submitted in writing on an incident notification form that is available on Sydney Water's website or by contacting us. You must specify the nature of the problem and the compensation sought.

We will within five business days of receiving your claim:

- acknowledge receipt of your claim, and
- advise you of the name and contact details of our representative who will assist you with your claim.

We will undertake investigations into the circumstances surrounding the claim/incident and provide a response time for making a decision in regard to your claim.

You will be provided with a written assessment of your claim within the response time indicated. The assessment will outline the reasons for the decision in regard to your claim and the type of compensation to be provided, if any.

You ~~should~~~~could~~, if you have insurance, ~~make consider making~~ a claim to your insurance company to determine if the loss or damage is covered by an insurance policy. If you have uninsured losses then you should lodge a claim with Sydney Water for assessment.

If you are not satisfied with our decision, you have the right to seek review of your claim under clause 12.2 or you may seek an external review under clause 12.4.

7.8 Guarantees and assurances

Our goods and services come with certain guarantees that cannot be excluded under the ***Australian Consumer Law***. The only additional assurances we make and the only conditions and warranties included in this contract are those set out in this contract, and those that are included by law. This clause does not affect rights you have under a law that applies to us that says we cannot exclude or limit our liability.

8 Responsibilities for maintenance

8.1 Water pipes

You are responsible for maintaining all water pipes and fittings between our **water system** and the buildings and/or taps on your **property**. This is referred to as **your water system**.

As a **property** owner, you are responsible for any damage caused by a failure of **your water system**.

Subject to the exclusions listed below, if you notify us of a failure of **your water system**, we will perform a free repair of **your water system** between our **water system** and the **meter** for your **property**. However, if the **meter** lies more than one metre along your pipe inside the **property boundary**, or there is no **meter**, we will provide this service only up to one metre along your pipe inside the **property boundary**.

If you do not want Sydney Water to perform the repair on a failure in **your water system**, you must have any failure fault between our **water system** and the **meter** for your **property** repaired by a licensed plumber in accordance with the **Plumbing Code of Australia** or any other acts, regulations or standards that may apply.

However, the free repair service offered under this clause does not apply to, and specifically excludes the repair of:

- unauthorised connections and those parts of **your water system** installed contrary to applicable codes, regulations and standards
- **fire services** (including **Combined Services**), both inside and outside the **property boundary**
- **backflow prevention containment devices**
- water pipes and fittings connecting to privately owned water mains, such as in some community title subdivisions, or shared **private joint services** or **extended private services**, and
- faults caused by your wilful or negligent act or omission.

If we make repairs to your water pipes, we will backfill and make safe any excavations required on your **property**. We will not restore any landscaping, structures or hard surfaces.

We will also not meet the costs of installing new privately owned services or modifying, upsizing or relocating existing privately owned services.

You are responsible for installing, maintaining and annual testing of your **backflow prevention containment devices**, except where the device is integrated into the **meter** supplied by Sydney Water.

If you fail to carry out an annual test of your **backflow prevention containment device**, we may arrange for an annual test and charge you the cost incurred by us for [this a-test](#).

8.2 Wastewater pipes

You are responsible for maintaining all **wastewater** pipes and fittings between your **property** and the connection with our **wastewater system**, including your privately owned **pressure sewerage equipment**. This is referred to as **your wastewater system**.

[Your wastewater system must meet applicable codes, regulations and standards and must not allow rainwater to enter your wastewater system.](#)

The **point of connection** with our **wastewater system** may be outside your **property**. If you do not know where the **point of connection** is, you should contact us for information on where to obtain a diagram.

If a fault occurs in **your wastewater system**, you are responsible for arranging to have the fault rectified by a licensed plumber or drainer.

If the fault occurs in our **wastewater system** we will repair the fault at our cost. However, you may be liable to pay for the repair to the extent you have contributed to the fault.

As a free service, Sydney Water will repair collapsed **wastewater** pipes that form part of **your wastewater system** where the collapse is located within a footpath or roadway and a licensed plumber has confirmed that the fault cannot be repaired without excavation of the footpath or roadway and replacement of the collapsed **wastewater** pipes.

However, if the problem is assessed by Sydney Water as able to be repaired without excavation, you will remain responsible for the cost of repair. We will not reimburse any plumbing costs.

We will not provide this service for unauthorised **wastewater** systems installed contrary to applicable codes, regulations and standards.

8.3 System DiagramsDrawings

[Schedule B](#) ~~Schedule A~~ contains [diagrams](#) ~~drawings~~ showing responsibilities for **maintenance of** ~~for~~ authorised connections to our **water system** and **wastewater system**. These [diagrams](#) ~~drawings~~ are illustrative only and should not be relied on for any purpose other than to assist with understanding the provisions in this contract.

In the event of an inconsistency between the [diagrams](#) ~~drawings~~ and other terms and conditions of this contract, those other terms and conditions prevail to the extent of the inconsistency.

8.4 Pressure sewerage equipment

Pressure sewerage equipment generally comprises of a collection tank, a pump, an alarm control panel, electrical connections and ancillary items located on your property. It may be owned by us or you.

Sydney Water is the owner of **pressure sewerage equipment** where the equipment is provided and installed by us or our approved contractor, including where the equipment is located on your **property**.

You are the owner of the **pressure sewerage equipment** where the equipment is provided and installed by, or on behalf of, you or a prior owner of your **property**.

You have different connection requirements and operation and **maintenance** obligations depending on whether you have **pressure sewerage equipment** that is owned by us or you ~~(this is illustrated in Figure 4 and Figure 5 of Schedule A). These requirements and obligations are set out in Schedule A and illustrated in Figures 5 and 6 of Schedule B. Your operation and **maintenance** obligations are set out in Schedule A.~~

8.5 Private joint water or wastewater pipes

If you share a **private joint service** for a water or **wastewater** pipe you are jointly responsible for the cost of its **maintenance**, including damage to private or public property resulting from a defect in the **private joint service**. Your shared responsibility starts from the **point of connection**. The apportionment of costs incurred in its **maintenance** is a matter between you and others who share it.

Disconnection of private pipes from **private joint services** for either water or **wastewater** is a matter between the relevant **private joint service** property owners. We have no authority in respect of **disconnection** from **private joint services**.

8.6 Stormwater connections, coverings and bridges

You are responsible for the **maintenance** of any connections between your **property** and our stormwater channel, pipe or culvert.

You are responsible for the **maintenance** of any coverings, bridges or similar structures within your **property** that cover or cross our stormwater channels, pipes or culverts unless they are owned by us.

8.7 Water efficiency

You may install water efficient plumbing fixtures, appliances and equipment, such as those recommended under the Water Efficiency Labelling and Standards Scheme.

You may install water saving devices, for example:

- that collect and use rainwater for your own use (if you have a rainwater tank connected to our system, a **backflow prevention containment device** is required to be installed), and/or

- a composting toilet that does not require connection to our **water system** or **wastewater system**.

You must comply with **BASIX** requirements, plumbing regulations and health, environmental and local council requirements when installing water saving devices. Approval may be required from your local council.

On request, we will provide you with information on how to use water efficiently.

8.8 Defective work

If we become aware of any defect with, or unauthorised work to, **your water system**, **your wastewater system** or your stormwater drainage system, that impacts or poses risks to the operation of our **water system**, our **wastewater system** or our **stormwater drainage system**, we will request the defect to be fixed within a reasonable time.

A defect includes where **your wastewater system** or your stormwater pipes allow rainwater, stormwater, groundwater or surface runoff to enter and impact the operation of our **wastewater system**. If you do not comply with the request, we may restrict or disconnect your **water supply service** or your **wastewater** connection until the defect is fixed. We may also remedy the defect or unauthorised work and you may be charged the reasonable costs incurred by us in undertaking this work.

8.9 Giving notice of system failures

You should inform us if you become aware of any failure of our **water system**, **wastewater system**, or **stormwater drainage system**. If you notify us of an interruption to your water supply, a burst or leak in our **water system**, a disruption to the **wastewater** drainage from your **property** or an overflow or leakage from our system, we will ensure that the problem is attended to as soon as practicable.

8.10 Building work

You must not undertake any excavation, building, landscaping or construction work on your **property** without firstly identifying the location of our assets, and obtaining a building plan approval from us if required. In general, you require a building plan approval if the work occurs over or next to our assets or you need approval from a council or a certifier before carrying out the works. You can obtain a plan from us identifying the location of our assets. You can find further information about whether a building plan approval is required on our website or by contacting us. Our contact details are set out in clause 11 of this contract.

We will request that you remove or remediate any unapproved work that interferes with our system at your cost. If you do not comply with our request within the required timeframe, we will remove or remediate the unapproved work and charge you the reasonable costs incurred by us in undertaking this work. If you do not comply with our request within the timeframe required, we may also disconnect your **property** from our **water system**, **wastewater system** or **stormwater drainage system** until the work is carried out.

Properties with an existing water service must be metered during the period of excavation, building, landscaping or construction work. The **meter** must be accessible (as described in clause 10.4) at all times.

8.11 Connections to services

You must apply and have our written consent to be able to connect to our **water system, wastewater system** or **stormwater drainage system**.

Once your application is approved, connections to our **water system, wastewater system** or **stormwater drainage system** are to be made using the services of a provider listed by us or licensed plumber and in accordance with plumbing, drainage or other regulations or standards that may apply. A list of providers is available on our website or by request.

8.12 Altering and unauthorised connection or use

You must not:

- wrongfully take, use or divert any water supplied by us
- use a dedicated **fire service** for any purpose other than firefighting or testing of the **fire service**
- wrongfully interfere with the operation of a **meter**, metering system or prevent a **meter** from registering the quantity of water supplied by us, or
- wrongfully discharge any substance into a system owned by us.

If you do not comply with the requirements in this clause, we may charge you for the estimated amount of water used. Fines may also apply and be imposed on you by a relevant authority.

You must obtain our consent before carrying out any activity that may alter, cause destruction of, damage or interfere with our **water system, wastewater system** or **stormwater drainage system**.

8.13 Removal of trees

If a tree on your **property** is damaging or interfering with our **water system, wastewater system** or **stormwater drainage system**, or is reasonably likely to do so, we may require the removal of the tree at your cost.

We will notify you in writing requiring you to remove the tree within a reasonable period. You may with our consent and at your cost, take steps to eliminate the cause of damage or interference to our **water system, wastewater system** or **stormwater drainage system**, without removing the tree.

We will reimburse you for the reasonable expenses incurred in removing the tree if:

- the person who planted the tree on your **property** could not have reasonably known that the planting of the tree would result in the damage or interference, and

-
- an easement did not exist in favour of our system when the tree was planted on your **property**.

If you fail to comply with the notice to remove the tree by the specified date without reasonable cause (such as a delay or failure in obtaining consent from your local council or refusal by the council to allow you to remove the tree), then we may remove the tree and recover the costs of removal from you where:

- you were the owner of the **property** at the time the tree was planted; and
- you should have known that the planting of the tree would result in the damage or interference, or where an easement existed in favour of our systems.

We cannot require a tree to be removed that is the subject of a protection or conservation order under the *Heritage Act 1977* (NSW), the *National Parks and Wildlife Act 1974* (NSW) or any applicable law.

9 Entry onto a customer's property

9.1 Access to Sydney Water's systems

You must ensure that we have safe access to your **property** to:

- maintain our **water system**, **wastewater system** and **stormwater drainage system**
- ensure that this contract or the **Act** is being complied with
- for other purposes set out in the **Act** or other applicable laws
- identify if **your water system**, **your wastewater system** or your stormwater pipes comprise defective private works
- ~~and to~~ read, fit, exchange or maintain a **meter**.

9.2 Identification

When we enter your **property**, our staff or contractors will carry identification that will be shown to you (or to any person present at the time of access).

9.3 Notice of access

We will give you, or the occupier of your **property**, two days written notice of our intention to enter your **property** specifying the date and approximate time of entry, unless you agree to a shorter notice period.

We will not give you written notice in cases where:

- entry is required urgently
- the purpose is to read, fit, exchange or maintain a **meter**
- giving notice would defeat the purposes of entry
- we intend to conduct a water restriction investigation on your **property**
- we need to investigate a health or safety issue, or
- we conduct a general **property** inspection such as verifying connection installation, **meter**, plumbing or a **backflow prevention containment device** inspection.

9.4 Impact on customer's property

If we enter your **property** for the reasons outlined in clause 9.1, we will ensure that we:

- cause as little disruption or inconvenience as possible
- remove all rubbish and equipment we have brought on to the **property**, and

-
- unless otherwise agreed, leave the ***property***, as near as possible, in the condition that it was found on entry.

You may be entitled to compensation from us under the **Act** for damage incurred by our entry to your ***property***.

10 Water meter reading, installation, testing and maintenance

10.1 Installing and maintaining a meter

Unless Sydney Water otherwise agrees, your **property** must have a **meter** to measure the quantity of water that we supply you. Details, including who is required to supply you with the **meter** and who is required to pay for the plumbing installation are provided in our metering requirements published in our policies and guidelines that are available on our website, as amended from time to time.

If you install a **meter** in an inaccessible location, or make a **meter** inaccessible to us, we may charge you a fee for the provision of a remote reading device.

An approved **backflow prevention containment device** appropriate to the **property's** hazard rating must be fitted. The **backflow prevention containment device** must comply with the **Plumbing Code of Australia** or any other regulations or standards that may apply. Residential **properties** with low risk of backflow that are serviced by either a 20mm or 25mm **meter** are exempt from this requirement because these **meters** already contain a **backflow prevention containment device**. **Properties** with larger **meters** must comply with our requirements published in our policies on our website, as amended from time to time.

If you have a Sydney Water **data logger** on your **property** as part of a metering system (for example, in multi-level buildings), you are responsible for maintaining and paying for the continuous electricity supply to it.

You are responsible for installing the pipework on either side of the **meter**. You are also responsible for maintaining the pipework located on either side of the **meter**, unless we maintain it under clause 8.1. For further details, refer to our requirements published in our policies on our website, as amended from time to time.

The installed **meter** remains our property and we will maintain it. In multi-level buildings the individual unit **meter** becomes our property once transferred to us, and from such time we will maintain it.

If the **meter** is damaged by you or a person acting on your behalf, other than by normal wear and tear, we will charge you for the cost of replacing [or repairing](#) the damaged **meter**.

We may charge you an unmetered service charge if there is no **meter** measuring the supply of water to your **property**.

We may require that you fit a **meter** to your **fire service**. This requirement will be noted in your connection approval.

10.2 Measuring water supplied

You will be charged for the quantity of water measured by the **meter** for your **property**, unless the **meter** is faulty and we are required to adjust what we charge you under clause 10.3.

If a **meter** is stopped, inaccessible, or damaged, an estimated usage will be calculated on a basis that is representative of your usage pattern which will form the basis of your usage charge.

We may charge you an unmetered service charge until the meter can be repaired or replaced where we have made three attempts ~~(each at least one week apart) over a 28-day period~~ to contact you to arrange to repair or replace a **meter** and we have had no response. Where possible, we will use at least two different communication methods to try and contact you before charging an unmetered service charge to you.

When the price for water or **wastewater** usage is varied on a date that falls within your **meter** reading period, we will apply the new price on a pro rata basis.

We will endeavour to provide an actual **meter** reading once every 12 months, inclusive of **meter** readings taken by you on our behalf.

You must not remove a **meter** from your **property** without our consent.

Where your **meter** is part of an automated **meter** reading system in a multi-level building we may share your **meter** reading information with the **Owners Corporation** or building manager.

10.3 Meter testing

If you consider that the **meter** is not accurately recording water passing through it, you may request that we test it. We will advise you of the **meter** reading results and make available a written report on your request.

If the test shows that the **meter** is over-recording by more than three per cent of the actual quantity of water passing through it, we will:

- repair or replace the **meter**
- refund any charge paid by you for the test, and
- adjust your bill by calculating the measurement error on a basis that is representative of your consumption pattern.

10.4 Access to the water meter

We may enter your **property** without notice for the purposes of reading, testing, inspecting, maintaining and replacing the **meter**.

You must ensure that the **meter** is accessible for **meter** reading and **maintenance**. The **meter** and the visible pipe connected should be clear of concrete, plants, trees, bushes and other obstructions.

If you have not provided reasonable and safe access to your **meter**, we may bill you on an estimate of your usage.

If you have not provided reasonable and safe access to your **meter** for reading or **maintenance** on three or more occasions, we may:

- ask you to relocate the **meter** at your cost
- ask you to read the **meter** yourself and provide us with the reading
- seek access at a time suitable to you, which may incur an additional fee
- ask you to install a remote reading device, which may incur an additional fee
- take action under clause 6.4 and restrict or disconnect your supply until you replace your pipes or remove the obstruction or concrete around the **meter**; or
- make other arrangements with you.

If you intend to relocate your **meter**, you should engage a licensed plumber at your cost. Your plumber should check our requirements published in our policies on our website, as amended from time to time, before relocating the **meter**.

10.5 Meter replacement

We will replace the **meter** at no cost to you if the **meter**:

- is found to be defective
- can no longer be reasonably maintained, or
- is replaced as part of a **meter** replacement program.

We will attempt to notify you at the time of replacement and advise you that a new **meter** has been installed. A mutually acceptable time will be negotiated with **non-residential customers** for the replacement of **meters**.

11 Who can I speak to if I have any questions or want to make enquiries?

11.1 Telephone enquiries

If you have a telephone **enquiry**, relating to a bill, payment options, concession entitlements or other information about our services, you may contact us on 13 20 92 between 8.30am and 5.30pm, Monday to Friday, excluding public holidays.

Our contact phone number is provided on your bill, in the phone directory and on our website.

If your **enquiry** cannot be answered immediately, we will provide a response to your **enquiry** within five business days of receiving it.

11.2 Internet enquiries

You can find information on a range of topics on our website at sydneywater.com.au. You can also ask questions and be provided with a response.

11.3 Written enquiries

You can also email or write to us.

Email **enquiries** should be sent to CustomerService@sydneywater.com.au and written **enquiries** sent to: Sydney Water, PO Box 399, Parramatta NSW 2124.

We will reply to your written **enquiry** within five business days of receiving it by mail, where your matter cannot be responded to sooner by phone contact.

11.4 Leaks and faults assistance

In the event of a leak or break to our water main, a **wastewater overflow**, an **unplanned interruption** to supply, or a water quality or water pressure problem, you may contact our 24-hour leaks and faults phone service on 13 20 90.

Our leaks and faults phone number is listed on your bill, in the telephone directory and on our website.

11.5 Interpreter and TTY Service

We provide an interpreter service and a TTY service for the hearing impaired at our cost.

12 If I am unhappy with the service provided by Sydney Water what can I do?

12.1 Customer complaints

If you have a **complaint** about our service or our compliance with this contract, the **Act** or **Operating Licence**, you should first contact us, either by telephone or by writing to us.

We will address your **complaint** promptly by providing:

- a telephone response within two business days where you have made contact with us and the matter cannot be dealt with immediately, or
- a written or email response within five business days where you have made a written or email **complaint** and the matter cannot be responded to sooner by phone contact.

The response will provide you with our intended course of action and/or identify when the action will be taken. We will also provide the name of a contact person for follow up **enquiries**.

12.2 Complaints review

If you are not satisfied with the solution offered or action taken by us, you may have the **complaint** reviewed by a Sydney Water manager.

The manager will:

- clarify your **complaint** and the outcome sought
- ensure that the **complaint** has been properly investigated
- advise you of the estimated timeframe for our proposed action
- inform you of the outcome of the manager's review
- outline the relevant facts and regulatory requirements where appropriate
- indicate what we will do to address the issue, and
- notify you of your rights to external review if you are still not satisfied with our decision.

12.3 Resolution of complaints

A **complaint** will be considered resolved if we provide you with a response:

- that resolves the dispute to your satisfaction or indicates how the dispute will be resolved to your satisfaction
- that provides an explanation of the relevant policy and/or regulatory requirements and why no further action is proposed in relation to the dispute

- that provides a date when the issue will be resolved if the **complaint** relates to future planned operational or capital work, or
- where 28 business days have passed since we provided you with a response and you have not sought a further review by us or lodged a claim in an external dispute resolution forum.

We will extend the 28 business days by a reasonable period if:

- within those 28 business days you have requested an extension, or
- after the 28 business days you demonstrate that, because of special circumstances, you were unable to seek an extension within the 28 business days.

Where a further communication from you or your representative is received, this shall be regarded as a new **enquiry** or **complaint**.

12.4 External dispute resolution

You have the right to seek external resolution of a dispute that has not been resolved by us to your satisfaction.

12.4.1 The Energy and Water Ombudsman, New South Wales (EWON)

You have the right to refer a **complaint** or dispute arising under this contract to **EWON**. **EWON** is an independent dispute resolution body that can investigate and resolve disputes you have with us under this contract. **EWON** will work with us and you to find a fair and reasonable outcome.

Disputes that may be referred to **EWON** include disputes about supply of **utility services**, your bill, credit or payment services, **restriction** or **disconnection**. Full details are available from **EWON**.

You should attempt to resolve the issue with Sydney Water prior to referring the matter to **EWON**.

EWON's services are available to you without cost.

| EWON's contact details | |
|------------------------|--|
| Free call | 1800-246-545 (Fees may apply for some mobile phone users. You can request that EWON call you back). |
| Online | www.ewon.com.au |
| Free Fax | 1800-812-291 |
| Free Post | Reply Paid 86550 Sydney South NSW 1234 |
| In Person | Level 11/133 Castlereagh Street Sydney NSW 2000 (Please call first on 1800-246-545 to make an appointment) |
| Interpreter Service | 131-450 |
| National Relay Service | 133-677 |

12.4.2 NSW Civil and Administrative Tribunal (NCAT)

The **NCAT** may hear and determine consumer claims relating to services supplied by us under this contract.

12.4.3 Other legal avenues

You may also have recourse to the courts.

13 Consultation, information and privacy

13.1 Involving customers in service planning

To enable community involvement on issues relevant to our programs, services and decision-making processes, we have a **Customer Council**.

Further information on the role and functions of the **Customer Council** may be obtained on our website or by contacting us.

13.2 Providing information

We will respond in a timely and open manner to requests for information consistent with normal commercial practices and relevant legislation, including the *Government Information (Public Access) Act 2009* (NSW).

13.3 Privacy

We will treat your **personal information** according to the applicable provisions of the *Privacy and Personal Information Protection Act 1998* (NSW) and the *Health Records and Information Privacy Act 2002* (NSW).

Details on how we handle your **personal information** and protect your privacy are available on our website.

Privacy **enquiries** and **complaints** may be directed to our Privacy Coordinator, or to the NSW Privacy Commissioner.

14 When does this contract with Sydney Water terminate?

14.1 Termination of this contract

This contract (or the applicable parts of this contract) will terminate between you and us if you cease to be covered by this contract (or those parts of this contract) as described in clause 2.2.

The termination of this contract does not affect any rights or obligations of you or us that accrue prior to termination.

If this contract (or the applicable parts of this contract) terminates (or terminates) because you have requested that some or all of the **utility services** that we provide to your **property** be transferred to a supplier licensed under the **WIC Act**, we will comply with the Transfer Code of Conduct established under that Act to effect the transfer.

14.2 Variation of this contract

We may vary this contract with approval from the Governor and as permitted by the **Act** as follows:

- a notice identifying a variation to this contract (other than for variations of charges and fees) will be published in a daily newspaper circulating in the **area of operations** and on our website and as required by the **Act** at least six months before the variation becomes effective, or a shorter period of notice approved by the **Minister**, and
- a copy of the notice will also be given to each **customer**.

This requirement to obtain approval from the Governor and to give notice of variations to the terms of the contract does not apply to variations to fees and charges made in accordance with a determination by **IPART**. Variations to charges and fees will be published in accordance with clause 4.10.

Information on all variations to this contract will be made available on our website or provided to you on request and will otherwise be made available to you in accordance with the **Act** and our **Operating Licence**.

15 Definitions and Interpretation

15.1 Definitions

| | |
|--|--|
| Act | <i>Sydney Water Act 1994</i> (NSW). |
| Area of operations | The area of operations specified in section 10 of the Act , a description of which is set out in Schedule A of the Operating Licence . |
| Australian Consumer Law | The Australian Consumer Law, as set out in Schedule 2 to the <i>Competition and Consumer Act 2010</i> (Cth). |
| Australian Drinking Water Guidelines | The document entitled <i>Australian Drinking Water Guidelines 2011</i> published by the National Health and Medical Research Council and the Natural Resource Management Ministerial Council of Australia and New Zealand (as amended or updated from time to time). |
| Australian Guidelines for Water Recycling | The document entitled <i>Australian Guidelines For Water Recycling: Managing Health and Environmental Risks (Phase 1 <u>and</u> 2)</i> published by the Environment Protection and Heritage Council, the Natural Resource Management Ministerial Council and the Australian Health Ministers' Conference in November 2006 (as amended or updated from time to time) . |
| Backflow prevention containment device | A device to prevent the reverse flow of water from a potentially polluted source into the drinking water supply system. |
| BASIX | The NSW Government's Building and Sustainability Index, which applies to all new homes and some renovations. |
| Charging period | Any period for which your bill was calculated. |
| Combined Service | A single water connection to our water supply system used to provide both firefighting and domestic water needs. |
| Commercial tenant | A person who occupies commercial premises under a tenancy agreement and is not a private residential tenant . |
| Complaint | An expression of dissatisfaction made to or about Sydney Water related to its actions, products, services, staff or the <u>handling of a complaint</u> handling process . |

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| | <i>itself</i> , where a response or resolution is explicitly or implicitly expected or legally required. |
| Customer | Has the meaning given in clause 2.2. |
| Customer Council | A customer council established by us under section 15 of the Act and clause 6.6.1 of the Operating Licence . |
| Data logger | A device that electronically measures water use. An owner may retrofit this device to the meter when they want up-to-date information on their water use. |
| Declared stormwater drainage area | An area declared to be a stormwater drainage area as set out in Schedule 1 of the <i>Sydney Water (Stormwater Drainage Areas) Order 2011</i> . |
| Dirty water | Has the meaning given in clause 7.2. |
| Disaster event | A major event affecting a significant portion of our water system or wastewater system that was caused by events outside our control such as a natural disaster (eg, tsunami or earthquake) or a terror event, the risks of which we could not reasonably have mitigated. |
| Disconnection | The stopping (either temporarily or permanently) of our supply of services to your property . |
| Drinking water | Water intended primarily for human consumption but which has other personal, domestic or household uses such as bathing and showering. |
| Enquiry | A written or verbal approach by a customer which can be satisfied by providing written or verbal information, advice, assistance, clarification, explanation or referral about a matter. |
| EWON | The Energy & Water Ombudsman NSW. |
| Extended private service | <p>You have an extended private service if we have classified it as such for one of the following reasons:</p> <ul style="list-style-type: none"> • your water meter is a long way from the property • access to your property is from a minor lane or road that does not have a water main, or • there are no hydrants along the access road to your property (indicating there may be no water main). <p>An extended private service may serve a single property or multiple properties.</p> |
| Financial hardship | A situation where a customer is willing but unable to pay all or some of the bill by the due date. |

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| Fire service | A water service constructed to meet fire protection requirements under building or fire codes and standards. Combined Services are considered to be Fire Services . |
| Low water pressure | Has the meaning given in clause 7.2. |
| Maintenance | Includes repairs and replacement and, where relevant, testing and inspection. |
| Meter | The device used to measure water use. This includes any remote reading equipment and associated wiring, power, data logging and servicing equipment. If a customer receives recycled water from us, he or she will have separate meters for drinking water and for recycled water . |
| Minister | The Minister responsible for administering those provisions of the Act relating to Sydney Water's Operating Licence . |
| NCAT | The NSW Civil and Administrative Tribunal. |
| Non-residential customer | A customer who is not a residential customer , private residential tenant or commercial tenant . |
| NSW Health | The New South Wales Ministry of Health. |
| Operating Licence | The licence granted to Sydney Water under section 12 of the Act . |
| Owners Corporation | The collective group of owners of a strata plan. |
| Payment arrangement | An arrangement between Sydney Water and a customer to pay their bill by instalments, in advance or in arrears. |
| Personal information | Any information or opinion held by Sydney Water about an individual that relates to the supply of services by Sydney Water, from which the individual's identity is apparent or can be reasonably ascertained from the information or opinion. |
| Planned interruption | An event which, in relation to a property : <ul style="list-style-type: none"> • commences when the supply of water drinking water at the first cold-water tap of the property is interrupted following receipt by the customer or consumer of a prior water interruption notice from Sydney Water, and • ceases when a normal supply of water drinking water is restored. |
| Plumbing Code of Australia | The <i>National Plumbing Code of Australia</i> as produced by the Australian Building Code Board. |

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| Point of connection | Where the privately owned service from a property connects to our water system , wastewater system or stormwater drainage system . <u>Refer to the diagrams in Schedule B.</u> |
| Pressure sewerage equipment | <p><u>The equipment includes a collection tank, pump, alarm control panel, electrical connections and ancillary items located on private property.</u></p> <p><u>Wastewater is collected in the tank installed on a private property. The pump located inside the tank grinds the wastewater into a slurry and pumps it from the private property to our wastewater system.</u></p> <p>All equipment that collects wastewater in a tank installed on a private property (generally comprising of a collection tank, a pump, an alarm control panel, electrical equipment and ancillary items located on your property). The pump grinds the wastewater into a slurry and pumps the slurry from the private property to our wastewater system. This equipment may also be known as 'Pump-to-Sewer' connections.</p> |
| Private joint service | A private joint water or wastewater service exists when a private pipe serves more than one property, but there is a single connection to our main. |
| Private residential tenant | A person who occupies premises under a residential tenancy agreement, excluding premises managed by a social housing provider . |
| Property | Any real property that is connected to, or for which a connection is available to, our water supply system or our wastewater system or is within a declared stormwater drainage area or within the Rouse Hill stormwater catchment area . This also includes strata titled properties. |
| Property boundary | The boundary shown in a plan registered with NSW Land Registry Services. For strata plans, the relevant boundary is the boundary of the strata scheme (not the boundary of an individual lot). |
| Recycled water | Water that, upon appropriate treatment, is suitable for its intended re-use application. |
| Recycled water area | A community supplied with recycled water through a pipe network separate from that part of our water system used to supply drinking water . |
| Residential customer | A customer who owns a property that is used as a principal place of residence. |

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| Restriction | A direct action taken by us in order to reduce flow to your property . |
| Rouse Hill stormwater catchment area | The area of land located in the Rouse Hill stormwater catchment as identified in any determination made by IPART of maximum prices that may be levied by Sydney Water for stormwater services , as in force from time to time. |
| Service Service charge | <p><u>Means, as applicable:</u></p> <ul style="list-style-type: none"> • <u>a water supply service (including a fire service or combined service)</u> • <u>a wastewater service, and/or</u> • <u>a stormwater service.</u> <p>A charge that applies to customers for being: connected to our water system, and/or connected to our wastewater system, and/or within a declared stormwater drainage area or the Rouse Hill stormwater catchment area.</p> |
| Sewer mining | The process of tapping into a wastewater pipe (either before or after the wastewater treatment plant) and extracting wastewater that is then treated and used as recycled water . |
| Social housing provider | Any of the following: <ul style="list-style-type: none"> • the New South Wales Land and Housing Corporation • the Aboriginal Housing Office • an organisation registered under Part 5 of the <i>Aboriginal Housing Act 1998</i> (NSW), and • a registered community housing provider. |
| Stormwater drainage system | The stormwater drainage channels, land for drainage, pipes, detention structures, and stormwater quality improvement devices and other equipment that we provide, manage, operate and maintain under the Act to provide stormwater services . |
| Stormwater services | The services we are permitted to provide by the Operating Licence and any applicable law in respect to providing stormwater drainage systems . |
| Trade waste | See trade wastewater below. |
| Trade wastewater | Any liquid, and any material contained in any liquid, that: <ul style="list-style-type: none"> • is produced at a property in the course of non-residential activity <u>which is above domestic wastewater quality and quantity</u> |

- is produced or stored on, or transported by, any vehicle (including, without limitation, motor vehicles, planes, boats and trains)
- is comprised of waste from a portable toilet or septic tank, or
- is comprised of run-off from land that is contaminated within the meaning of section 5 of the *Contaminated Land Management Act 1997* (NSW).

The term **trade waste** and **trade wastewater** as used in this document are inter-changeable.

Utility Service

Means, as applicable:

- ~~a water supply service (including a fire service or combined service)~~
- ~~a wastewater service, and/or~~
- ~~a stormwater service.~~

Unplanned interruption

An event which, in relation to a **property**:

- commences when the supply of **drinking water** at the first cold water tap of a **property** is interrupted without the **customer** having received prior notice of that interruption from Sydney Water, and
- ceases when a normal supply of **drinking water** is restored.

Wastewater

Also known as sewage, **wastewater** includes the water you flush down your toilet, as well as water that drains from your bathroom, kitchen and laundry ~~shower, bathtub, sink, washing machine and other sources.~~

Wastewater overflow

The discharge of untreated or partially treated sewage from any part of Sydney Water’s **wastewater system**.

Wastewater service

The service we are permitted to provide by the **Operating Licence** and any applicable law in respect to:

- providing a **wastewater system**, and
- disposing of **wastewater**.

Wastewater system

The **wastewater** pipes and treatment plants and other equipment that we provide, manage, operate and maintain under the **Act** to provide **wastewater services** and disposal of **wastewater**. This includes three types of **wastewater systems** - pressure sewerage, gravity and vacuum.

Wastewater usage discharge factor

A measure of the volume of **wastewater** discharged to our **wastewater system** expressed as a percentage of water delivered to a **property** via all Sydney Water drinking water meters.

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| Water supply service | The services we are permitted to provide by the Operating Licence and any applicable law, in respect to storing and supplying water. |
| Water system | The water mains, pipes, treatment plants and other equipment that we must provide, manage, operate and maintain under the Act to supply and store water. |
| WIC Act | <i>Water Industry Competition Act 2006 (NSW).</i> |
| Your wastewater system | Has the meaning given in clause 8.2. |
| Your water system | Has the meaning given in clause 8.1. |

15.2 Interpretation

A person includes an individual, a body corporate, an unincorporated body or other entity.

The law includes legislation, regulations, licences, orders, mandatory codes, permits and directions.

A business day is a day other than a Saturday, Sunday or public holiday in New South Wales.

The singular includes the plural and vice versa.

If there is any inconsistency between this contract and any law, the law will prevail to the extent of the inconsistency.

The reference to document, instrument or law includes any amendments, revisions, renewals or reprints from time to time.

Where a word is defined, any other grammatical form of that word has a corresponding meaning.

A reference to we, our or us means Sydney Water Corporation, established under the **Act**, including its officers, employees, agents and contractors.

A reference to you or yours means our **customers**.

A reference in this contract to:

- any person that is reconstituted or renamed will be a reference to that person as reconstituted or renamed; and
- any person that is replaced by, or who has his or her powers or functions transferred to, another person will be a reference to that other person.

A Operation and Maintenance Obligations for Pressure Sewerage Equipment

Your operation and **maintenance** obligations for **pressure sewerage equipment** will depend vary on whether the equipment is owned by you or us as defined in clause 8.3 of the Customer Contract.

Pressure sewerage equipment owned by you

In respect of **pressure sewerage equipment** owned by you:

You may only connect your **pressure sewerage equipment** to our **wastewater system** with our written permission.

You must maintain a holding tank that can safely store **wastewater** before you pump it to our **wastewater system**. ~~You are responsible for any overflows or odours that may occur on your property.~~

You must manage your holding tanks and pumps to ensure that they do not emit odours, or increase the chance of odours or corrosion in our **wastewater system**. You are responsible for any overflows or odours that may occur from your pressure sewerage equipment.

You must install an isolation valve at the **point of connection** to our **wastewater system**, so that ~~we, Sydney Water~~ can disconnect **your wastewater system** if required.

We may disconnect your wastewater system if your pressure sewerage equipment causes overflows or leaks in our wastewater system, or results in unacceptable odours, or your pumped wastewater is of unacceptable quality, which will cause our wastewater system to corrode.

~~if your pumped **wastewater** causes overflows or leaks in our **wastewater system**, unacceptable odours, is of unacceptable quality, or will corrode our **wastewater system**.~~

You may only discharge **wastewater** into our **wastewater system** unless you have a separate agreement under clause 2.3 of this contract that allows you to discharge **trade waste** or other liquids or substances into our **wastewater system**.

You must not discharge stormwater or groundwater to our **wastewater system**, or connect any pipe carrying stormwater or groundwater to your **pressure sewerage equipment**.

Pressure sewerage equipment owned by us

In respect of pressure sewerage equipment owned by us:

You may only connect to our **pressure sewerage equipment** with our written permission.

You may only use our **pressure sewerage equipment** to pump **wastewater** from a ~~single~~ dwelling on your **property**.

Your **wastewater system** must meet the NSW Code of Practice and Australian Plumbing Standards. This includes ensuring that there is no inflow or infiltration of stormwater into our **pressure sewerage equipment**.

Your **wastewater system** must be inspected by a NSW Fair Trading plumbing inspector to ensure that it meets these requirements before your connection to our **pressure sewerage equipment** can be approved.

You must ensure that the **pressure sewerage equipment** is connected, and remains continuously connected, to your electrical circuitry on your side of the electricity meter. You must ensure, at your expense, that your electrical circuit is suitable for the connection.

You must ensure, to the extent reasonably possible, that electricity is continuously supplied (at no cost to Sydney Water) by your electricity supplier, to enable the **pressure sewerage equipment** to function properly.

If the **pressure sewerage equipment** is damaged as a result of irregular or incorrect electricity supply, you:

- are liable for the costs of fixing that damage, and
- authorise Sydney Water to act as your agent to recover the repair costs from your electricity supplier where possible.

~~You must ensure that the **pressure sewerage equipment** is connected, and remains continuously connected, to your electrical circuitry on your side of the electricity meter. You must ensure, at your expense, that your electrical circuit is suitable for the connection.~~ You will own and be responsible for maintaining any extension to your electrical circuit, which is necessary for us to connect the alarm control panel and ~~the~~ **pressure sewerage equipment** to your electrical circuit.

You must not do anything that will interfere with the proper functioning of the **pressure sewerage equipment** or ~~our Sydney Water's~~ ability to safely access and service the **pressure sewerage equipment**.

Sydney Water is responsible for the cost of maintaining the **pressure sewerage equipment** arising from normal use.

You will be responsible for costs resulting from damage caused by you or the occupiers of your **property**.

Only Sydney Water may maintain and repair the **pressure sewerage equipment**.

You ~~must will~~ ensure that occupiers of your **property** are aware of the terms of this schedule and that they agree not to breach them.

If you want the **pressure sewerage equipment** to be relocated on your **property** after it has been installed, you must engage a Water Servicing Coordinator certified by us ~~Sydney Water~~. A list of certified Water Servicing Coordinators is available on our website.

We can ~~may~~ impose conditions on the relocation of our **pressure sewerage equipment** which you must comply with and you will be responsible for all costs associated with any relocation.

You may apply to disconnect from our **wastewater system** if you obtain approval from your local government authority to install an on-site sanitary treatment system to service on your **property**.

If we agree to disconnect your service, you must cooperate to allow us to remove our **pressure sewerage equipment** from your **property**.

B Typical maintenance responsibilities

Figure 1: Typical water system maintenance responsibilities.

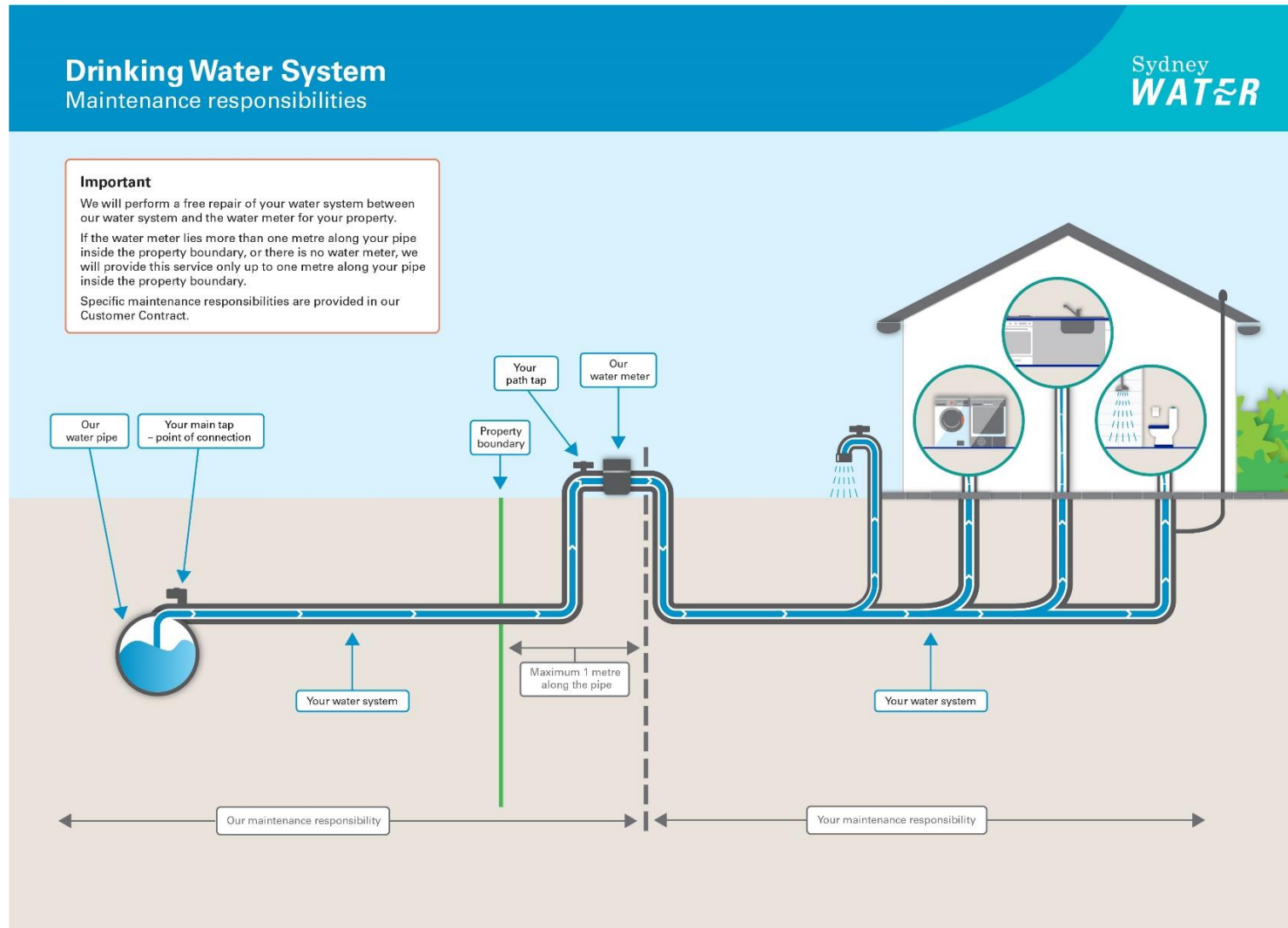


Figure 2: Typical recycled water system maintenance responsibilities

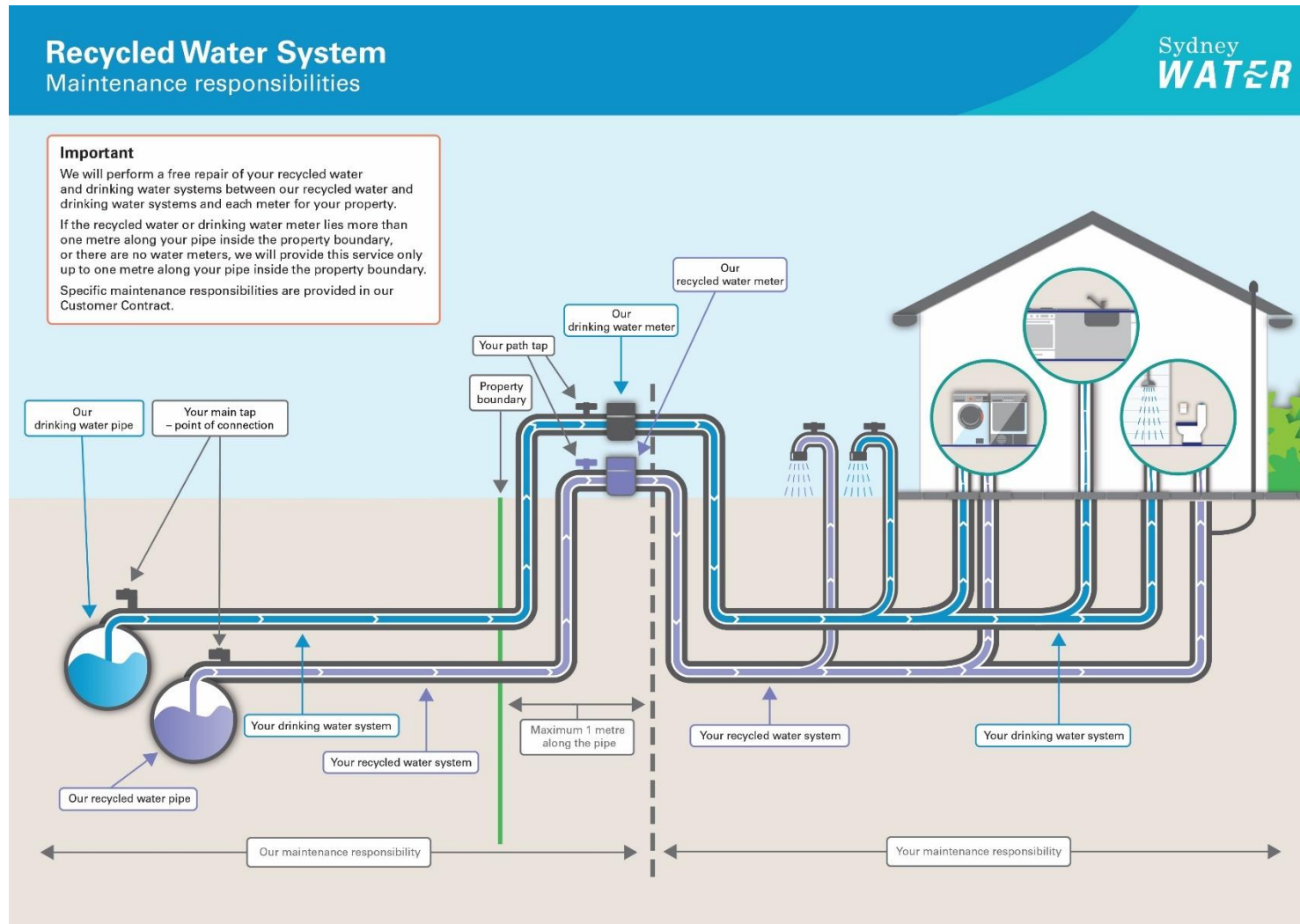


Figure 3: Typical wastewater system maintenance responsibilities – Gravity wastewater system

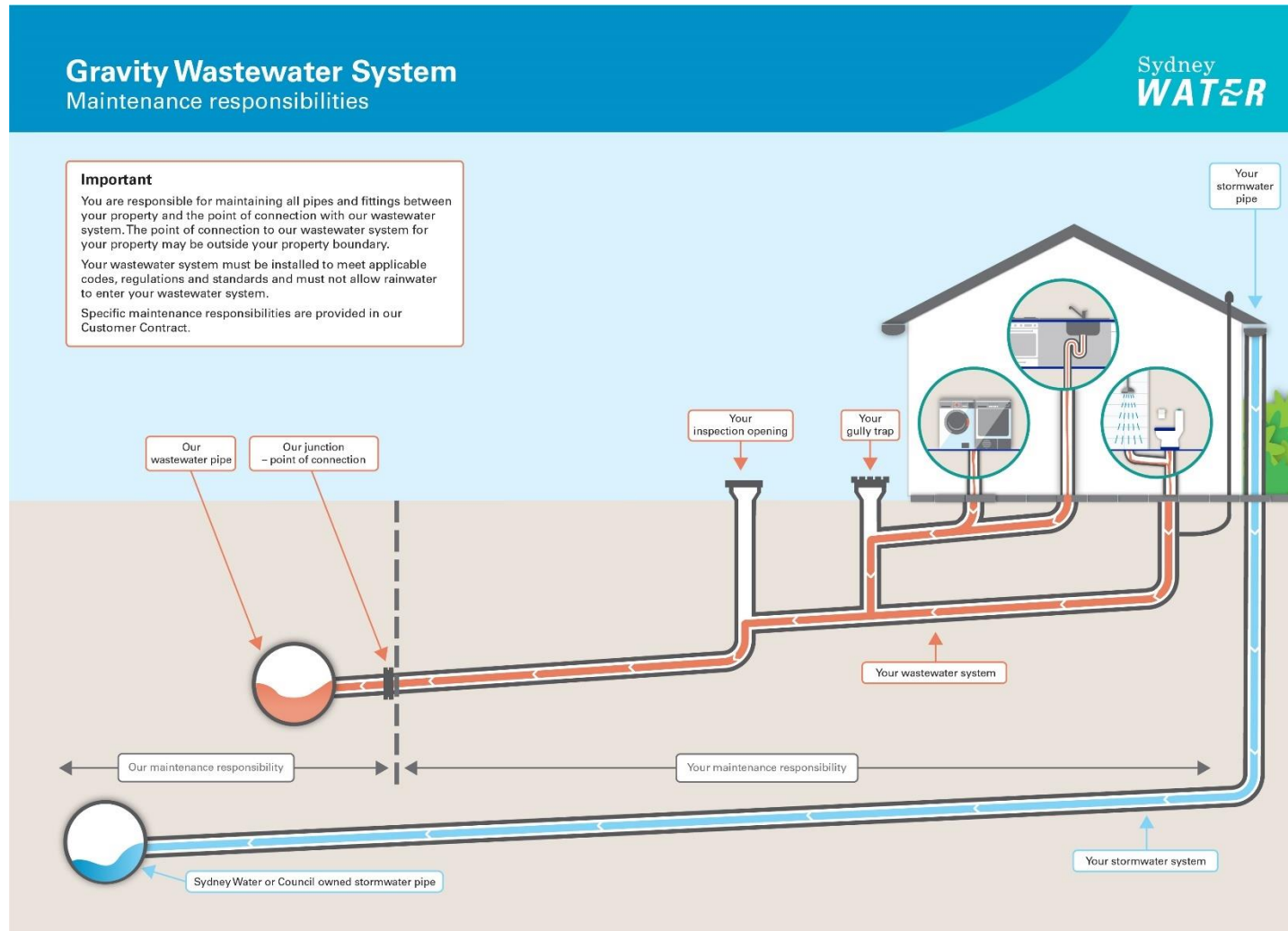


Figure 4: Typical wastewater system maintenance responsibilities – Vacuum wastewater system

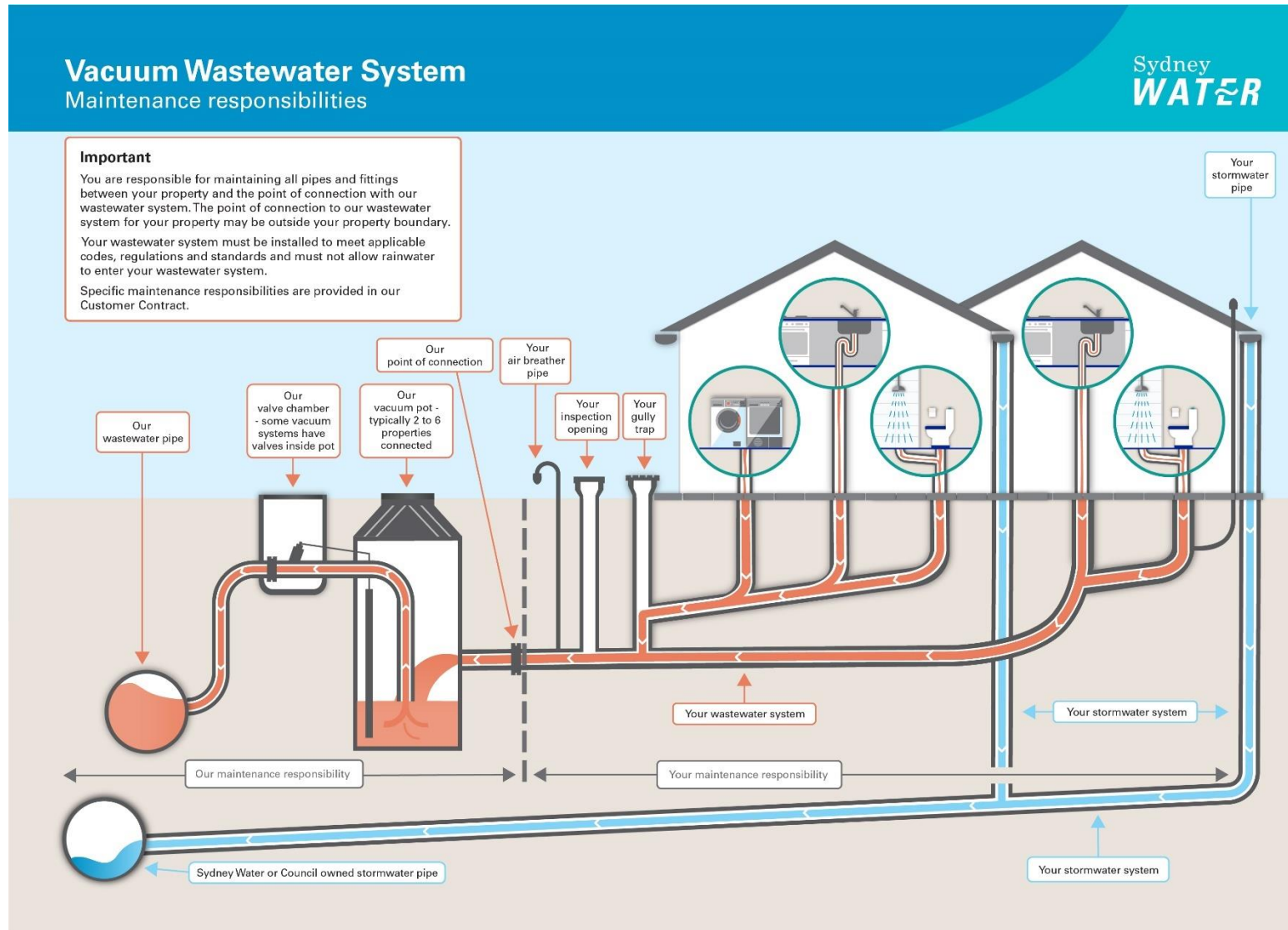


Figure 5: Typical Sydney Water Pressure Sewerage Equipment maintenance responsibilities

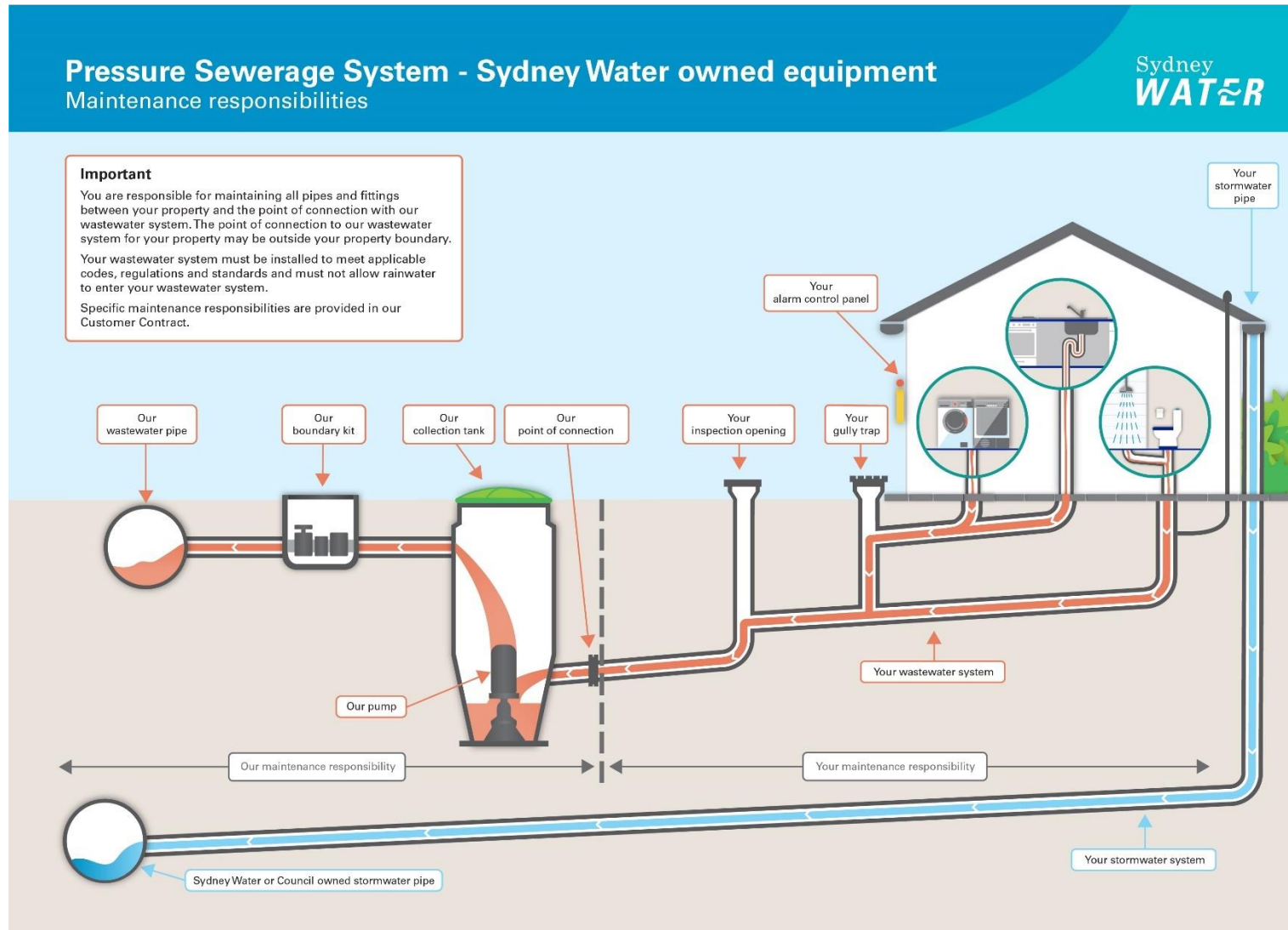


Figure 6: Typical Private Pressure Sewerage Equipment maintenance responsibilities

