

# OPERATING LICENCE

2017-2022





Independent Pricing and Regulatory Tribunal of New South Wales 2017  
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# 1 Licence context and authorisation

## 1.1 Objective of this Licence

1.1.1 This Licence aims to:

- a) provide transparent and auditable terms and conditions for Hunter Water to lawfully undertake its activities at industry good practice;
- b) recognise the interests of stakeholders within its Area of Operations; and
- c) impose the minimum regulatory burden on Hunter Water by avoiding duplication or conflict with other regulatory instruments.

## 1.2 Licence authorisation

1.2.1 This Licence authorises and requires Hunter Water to provide, construct, operate, manage and maintain efficient, co-ordinated and commercially viable systems and services for supplying water, providing sewerage services and disposing of Wastewater within its Area of Operations.

1.2.2 This Licence authorises Hunter Water to do all things necessary or convenient to achieve, and to promote the capability to achieve, the transfer of water between its Area of Operations and the local government area of the Central Coast Council in accordance with the Hunter / Central Coast Pipeline Agreement.

1.2.3 This Licence authorises and requires Hunter Water to provide, operate, manage and maintain a drainage services as described in section 13 (1) (b) of the Act.

1.2.4 This Licence authorises (but does not require) Hunter Water to provide, construct, operate, manage and maintain a drainage service within the Area of Operations in excess of the drainage service it is required to provide, operate, manage and maintain under clause 1.2.3. For the avoidance of any doubt, this clause authorises (but does not require) Hunter Water to enhance, expand and add capacity to the to the drainage service described in section 13 (1) (b) of the Act.

## 1.3 Term of this Licence

1.3.1 The term of this Licence is 5 years from the Commencement Date.

## 1.4 Licence amendment

1.4.1 Subject to the Act and clause 1.4.2, this Licence may be amended by the Governor by notice in the New South Wales Government Gazette. The amendment takes effect on the date the notice is published in New South Wales Government Gazette, or on such other date specified in the notice.

1.4.2 Before any notice of an amendment to this Licence is published in the New South Wales Government Gazette, the Minister must give Hunter Water reasonable notice of the proposed amendment to enable it to comply with the amended Licence (if relevant) upon its commencement.

## 1.5 Obligation to make Services available

1.5.1 Subject to Hunter Water continuing to comply with any applicable law, Hunter Water must provide the Services on request to any Property situated in the Area of Operations which is connected to or, for which a connection is available to:

- a) in the case of supplying water, the Water Supply System; and
- b) in the case of providing sewerage services and/or disposing of Wastewater, the Sewerage System.

1.5.2 Subject to Hunter Water continuing to comply with any applicable law, Hunter Water must provide the Services on request to any WIC Act Licensee for ultimate end-use within the Area of Operations, where the WIC Act Licensee is connected to, or where a connection is available in respect of that WIC Act Licenses to:

- a) in the case of supplying water, the Water Supply System; and
- b) in the case of providing sewerage services and/or disposing of Wastewater, the Sewerage System.

1.5.3 Hunter Water may impose any lawful conditions it sees fit on the making available of Services under clause 1.5.1 or clause 1.5.2, to ensure the safe, reliable and financially viable supply of the Services in accordance with this Licence.

## 1.6 Non-exclusive Licence

1.6.1 This Licence does not prohibit another person from providing Services in the Area of Operations that are the same as, or similar to, the Services, if the person is lawfully entitled to do so.

## 1.7 Making copies of this Licence available

1.7.1 Hunter Water must make a copy of this Licence available to any person, free of charge:

- a) on its website for downloading; and
- b) upon request made through the General Enquiry Process.

## 1.8 Pricing

1.8.1 Subject to the terms of this Licence, the Act and the IPART Act, Hunter Water must set the level of fees, charges and other amounts payable for its Services in accordance with any applicable determination or determination under the IPART Act.

## 1.9 End of term review

1.9.1 It is anticipated that a review of this Licence will commence in the first quarter of 2021 to investigate:

- a) whether this Licence is fulfilling its objectives; and
- b) any issues which have arisen during the term of this Licence, which may affect the effectiveness of this Licence,

### **(End of Term Review).**

1.9.2 Hunter Water must provide to the person undertaking the End of Term Review such information as is reasonably required to enable the person to undertake the End of Term Review.

## 1.10 Notices

1.10.1 Any notice or other communication given under this Licence must be made in writing addressed to the intended recipient at the address shown below or the last address notified by the recipient.

Hunter Water	IPART
The Managing Director Hunter Water Corporation 36 Honeysuckle Drive NEWCASTLE WEST NSW 2302	The Chief Operating Officer Independent Pricing and Regulatory Tribunal Level 15, 2-24 Rawson Place SYDNEY NSW 2000

## 2 Water Conservation

### 2.1 Catchment to water treatment

2.1.1 Hunter Water must calculate the System Yield either:

- a) in accordance with the memorandum of understanding with the Department of Primary Industries Water referred to in clause 5.10.1 (a); or
- b) if no such memorandum of understanding is in effect, in accordance with a reasonable methodology that Hunter Water considers suitable.

2.1.2 By 1 November 2018, or by a later date as approved by IPART, Hunter Water must submit to IPART a report outlining Hunter Water's water conservation strategy in relation to its system operating arrangements for Water Storage and Transmission (**Water Conservation Strategy**).

2.1.3 The Water Conservation Strategy must include:

- a) identification and documentation of the existing water conservation activities;
- b) a process for identifying additional options for conserving water;
- c) a process for comparing these options; and
- d) a process for selecting options for implementation.

2.1.4 By 1 September 2019, or by a later date as approved by IPART, Hunter Water must develop and submit to IPART a water conservation work program using the process set out in the Water Conservation Strategy.

### 2.2 Water treatment plants to tap

2.2.1 Hunter Water must ensure that the 5 year rolling average for annual residential water consumption calculated for each financial year is equal to or less than 215 kilolitres for each Property used for residential purposes which is connected to the Water Supply System (**Water Conservation Target**), until Hunter Water has obtained IPART's approval for the Economic Level of Water Conservation Methodology (in accordance with clauses 2.2.2 and 2.2.3), and developed a program of water conservation activities using the approved Economic Level of Water Conservation Methodology (in accordance with 2.2.4).

[Note: Clause 2.2.1 requires Hunter Water to maintain the Water Conservation Target that was in the immediate predecessor to this Licence while the Economic Level of Water Conservation Methodology is being approved and applied.]

2.2.2 By 1 November 2017, Hunter Water must submit to IPART for IPART's approval a report outlining Hunter Water's proposed approach to, and principles for developing a methodology for determining its economic level of water conservation in relation to (at a minimum) the following elements:

- a) water leakage (within and downstream of its water treatment plants);
- b) water recycling; and
- c) water efficiency (including demand management)

2.2.3 By 1 November 2018, or by a later date as approved by IPART, Hunter Water must submit to IPART for IPART's approval the proposed methodology for determining its economic level of water conservation in accordance with the approach and principles approved by IPART (**Economic Level of Water Conservation Methodology**). IPART may refuse approval of the methodology and require Hunter Water to resubmit it by a specified date after making changes requested by IPART, or approve the methodology unconditionally, or approve the methodology subject to conditions. Hunter Water must comply with any such conditions.

2.2.4 By 1 September 2019, or by a later date as approved by IPART, Hunter Water must develop and submit a water conservation work program using the Economic Level of Water Conservation Methodology.

2.2.5 Hunter Water must obtain IPART's written consent to make any changes to the Economic Level of Water Conservation Methodology (other than changes to correct minor grammatical or typographical errors).



## 3 Supply services and performance standards

### 3.1 Drinking water

3.1.1 Hunter Water must maintain a Management System for Drinking Water that is consistent with the Australian Drinking Water Guidelines, except to the extent that NSW Health specifies otherwise in writing (the Drinking Water Quality Management System).

[Note: It is expected that the Drinking Water Quality Management System will be consistent with the Framework for Management of Drinking Water Quality. However, where NSW Health considers it appropriate, the application of Australian Drinking Water Guidelines may be amended or added to, to take account of Hunter Water's circumstances and/or Drinking Water quality policy and practices within New South Wales.

The Australian Drinking Water Guidelines has provisions relating to the prevention of use of non-potable water for potable purposes.

3.1.2 Hunter Water must ensure that the Drinking Water Quality Management System is fully implemented and that all relevant activities are carried out in accordance with the Drinking Water Quality Management System and to the satisfaction of NSW Health.

### 3.2 Recycled water

3.2.1 Hunter Water must maintain a Management System for Recycled Water that is consistent with the Australian Guidelines for Water Recycling, except to the extent that NSW Health specifies otherwise in writing (the Recycled Water Quality Management System).

[Note: It is expected that the Recycled Water Quality Management System will be consistent with the Australian Guidelines for Water Recycling, including the Framework for Management of Recycled Water Quality and Use. However, where NSW Health considers it appropriate, the application of the Australian Guidelines for Water Recycling may be amended or added to, to take account of Hunter Water's circumstances and/ or Recycled Water quality policy and practices within New South Wales.]

3.2.2 Hunter Water must ensure that the Recycled Water Quality Management System is fully implemented and that all relevant activities are carried out in accordance with the Recycled Water Quality Management System, and to the satisfaction of NSW Health.

### 3.3 System performance standards

#### 3.3.1 Water Pressure Standard

- a) Hunter Water must ensure that no more than 4,800 Properties experience a Water Pressure Failure in a financial year (Water Pressure Standard).
- b) A Property is taken to have experienced a Water Pressure Failure at each of the following times:
  - i) when a person notifies Hunter Water that the Property has experienced a Water Pressure Failure and that Water Pressure Failure is confirmed by Hunter Water; or
  - ii) when Hunter Water's systems identify that the Property has experienced a Water Pressure Failure.
- c) Despite clause 3.3.1(b), a Property will not be taken to have experienced a Water Pressure Failure if that Water Pressure Failure occurred only because of:
  - i) a Planned Water Interruption or Unplanned Water Interruption;
  - ii) water usage by authorised fire authorities in the case of a fire; or
  - iii) a short term or temporary operational problem (such as a main break) which is remedied within four days of its occurrence



### 3.3.2 Water Continuity Standard

- a) Hunter Water must ensure that in a financial year:
  - i) no more than 10,000 Properties experience an Unplanned Water Interruption that lasts more than five continuous hours; and
  - ii) no more than 5,000 Properties experience three or more Unplanned Water Interruptions that each last more than one hour,  
(Water Continuity Standard).
- b) For the purposes of clause 3.3.2(a), Hunter Water must use the best available data (taking account of water pressure data where that data is available) to determine:
  - i) whether a Property has experienced an Unplanned Water Interruption; and
  - ii) the duration of the Unplanned Water Interruption.
- c) If a Property experiences an Unplanned Water Interruption that was caused by a third party, that Property is taken not to have experienced an Unplanned Water Interruption for the purposes of clause 3.3.2(a).

### 3.3.3 Wastewater Overflow Standard

- a) Hunter Water must ensure that in a financial year:
  - i) no more than 5,000 Properties experience an Uncontrolled Wastewater Overflow in dry weather; and
  - ii) no more than 45 Properties experience three or more Uncontrolled Wastewater Overflows in dry weather,  
(Wastewater Overflow Standard)

### 3.3.4 Hunter Water must survey its Customers by 30 June 2020 for the purpose of informing a review of System Performance Standards and rebates.

[Note: Clause 3.3.4 is not intended to prevent Hunter Water:

- a) surveying its Customers and Consumers for any lawful purpose at such times as it sees fit; or
- b) using the survey required by that clause to survey its Customers and Consumers on topics additional to the topic referred to in that clause.]

### 3.3.5 Interpretation of standards

- a) For the purposes of the Water Pressure Standard and Water Continuity Standard, each separately billed part of a Multiple Occupancy Property is to be counted as a separate Property.

[Note: For example, a complex of five townhouses where each townhouse receives a separate bill from Hunter Water is to be counted as five separate Properties. However, a block of flats that only receives one bill from Hunter Water is to be counted as one Property.]

- b) For the purposes of the Wastewater Overflow Standard, a Multiple Occupancy Property is considered to be one Property.

[Note: For example, a complex of five townhouses where each townhouse receives a separate bill from Hunter Water is to be counted as one Property.]

- c) In the case of any ambiguity in the interpretation or application of any of the standards set out in this clause 3.3, IPART's interpretation of the relevant standard or assessment of its application will prevail.

## 4 Organisational systems management

### 4.1 Asset management system

- 4.1.1 By 31 December 2017, Hunter Water must develop a Management System for carrying out the functions authorised under this Licence that is consistent with the Australian Standard AS ISO 55001:2014 Asset management - Management systems - Requirements, or other standard approved by IPART on request by Hunter Water (the Asset Management System).
- 4.1.2 By 1 July 2018, Hunter Water must ensure that the Asset Management System is fully implemented and must, from that date, ensure that all relevant activities are carried out in accordance with the Asset Management System.
- 4.1.3 Until the Asset Management System has been implemented in accordance with clause 4.1.2, Hunter Water must ensure that all relevant activities are carried out in accordance with the previous asset management system that was required under the operating licence held by Hunter Water which commenced in 2012.

[Note: This clause permits Hunter Water to transition its previous asset management system based on the Water Services Association of Australia's Aquamark benchmarking tool to the Australian Standard AS ISO 55001:2014 Asset management - Management systems – Requirements.]

### 4.2 Environmental management system

- 4.2.1 Hunter Water must at all times maintain a Management System for carrying out the functions authorised under this Licence that is consistent with the Australian/New Zealand Standard AS/NZS ISO 14001:2016 Environmental management systems – Requirements with guidance for use, or other standard approved by IPART on request by Hunter Water (the Environmental Management System).
- 4.2.2 Hunter Water must fully implement, and carry out all relevant activities in accordance with, the Environmental Management System.

### 4.3 Quality management system

- 4.3.1 Hunter Water must at all times maintain a Management System for carrying out the functions authorised under this Licence that is consistent with the Australian/New Zealand Standard AS/NZS ISO 9001:2016 Quality management systems – Requirements, or other standard as approved by IPART on request by Hunter Water (the Quality Management System).
- 4.3.2 Hunter Water must fully implement, and carry out all relevant activities in accordance with, the Quality Management System.

## 5 Customer and stakeholder relations

### 5.1 Customer Contract

5.1.1 The terms and conditions of the Customer Contract are as set out in Schedule B of this Licence.

[Note: Section 38 of the Act makes provision for the amendment of the Customer Contract.]

5.1.2 Before publishing a notice under section 38 of the Act for the purpose of varying the terms and conditions of the Customer Contract, Hunter Water must provide IPART with a copy of the notice.

### 5.2 Consumers

5.2.1 Hunter Water's obligations under the Customer Contract relating to:

- a) Complaint handling and Complaint resolution procedures; and
  - b) redress (clause 16.3 of the Customer Contract) and claims for damages (clause 16.4 of the Customer Contract),
- are extended to those Consumers who are not parties to the Customer Contract

### 5.3 Payment difficulties and actions for non-payment

5.3.1 Hunter Water must maintain and fully implement the following:

- a) a financial hardship policy that assists residential Customers and Consumers experiencing financial hardship to better manage their current and future bills;
- b) procedures relating to a payment plan for residential Customers and Consumers who are responsible for paying their bills and who are, in Hunter Water's opinion, experiencing financial hardship;
- c) procedures for identifying the circumstances under which Hunter Water may disconnect or restrict a supply of water in a manner that will affect a Customer or Consumer; and
- d) provisions for self-identification, identification by community welfare organisations and identification by Hunter Water of residential Customers and Consumers experiencing financial hardship,

(the Procedure for Payment Difficulties and Actions for Non-payment).

### 5.4 Customer advisory group

5.4.1 Hunter Water must maintain and regularly consult with its Customers through a customer advisory group.

5.4.2 Hunter Water must utilise the customer advisory group to, among other things, obtain advice on the interests of Hunter Water's Customers, the Customer Contract and such other key issues related to Hunter Water's planning and operations as Hunter Water may determine, including the matters set out in section 12(1) of the Act, consistent with the Customer Advisory Group Charter.

5.4.3 Hunter Water:

- a) must ensure that, at all times, the membership of the customer advisory group is appointed and determined by Hunter Water in accordance with the Customer Advisory Group Charter;
- b) must use its best endeavours to include, as members of the customer advisory group, at least one Customer representing each of the following categories:
  - i) business;
  - ii) organisations representing low income;
  - iii) Customers living in rural and urban fringe areas;
  - iv) residential;
  - v) local government;
  - vi) pensioners;
  - vii) Customers with disabilities;
  - viii) Indigenous Australians; and
  - ix) Customers from culturally and linguistically diverse backgrounds; and

- c) may include, as members of the customer advisory group, at least one person representing each of the following categories:
  - i) business Consumers;
  - ii) residential Consumers; and
  - iii) environmental groups.

5.4.4 Hunter Water and members of the customer advisory group must, for the term of this Licence, maintain a charter that addresses all of the following issues:

- a) the role of the customer advisory group;
  - b) how members and the Chair of the customer advisory group will be appointed;
  - c) the term for which members are appointed;
  - d) information on how the customer advisory group will operate;
  - e) a description of the type of matters that will be referred to the customer advisory group and how those matters may be referred;
  - f) procedures for communicating the outcomes of the customer advisory group's work to the public;
  - g) procedures for monitoring issues raised at meetings of the customer advisory group and ensuring appropriate follow-up of those issues;
  - h) procedures for amending the charter; and
  - i) funding and resourcing of the customer advisory group by Hunter Water,
- (Customer Advisory Group Charter).

5.4.5 Hunter Water must provide the customer advisory group with information in Hunter Water's possession or under its control necessary to enable the customer advisory group to discharge the tasks assigned to it, other than information or documents that are confidential.

## 5.5 Internal Complaints Handling

5.5.1 Hunter Water must maintain a procedure for receiving, responding to and resolving Complaints, which is consistent with the Australian/New Zealand Standard AS/NZS 10002:2014 – Guidelines for complaint management in organizations (the Internal Complaints Handling Procedure).

5.5.2 Hunter Water must ensure that the Internal Complaints Handling Procedure is fully implemented and that all relevant activities are carried out in accordance with the Internal Complaints Handling Procedure.

## 5.6 External dispute resolution scheme

5.6.1 Hunter Water must be a member of the Energy and Water Ombudsman NSW to facilitate the resolution, by a dispute resolution body, of disputes between Hunter Water and its Customers or Consumers.

## 5.7 Provision of information to Customers and the general public

5.7.1 Hunter Water must prepare a pamphlet or pamphlets with the following information to Customers at least annually with their bills:

- a) a brief explanation of the Customer Contract and a summary of the key rights and obligations of Customers under the Customer Contract;
- b) a brief explanation of the Procedure for Payment Difficulties and Actions for Non-payment;
- c) a brief explanation of rights of Customers to claim a rebate and the conditions that apply to those rights;
- d) information about the General Enquiry Process;
- e) information about how to make a Complaint under the Internal Complaints Handling Procedure; and
- f) a brief explanation of the external dispute resolution service, how to access that service, and Customers rights to have a Complaint or dispute referred to Energy and Water Ombudsman NSW.

5.7.2 Hunter Water must make a copy of the following documents available to any person, free of charge on its website for downloading and upon request through the General Enquiry Process:

- a) the Customer Contract;
- b) a pamphlet or pamphlets (as referred to in clause 5.7.1);
- c) the Procedure for Payment Difficulties and Actions for Non-payment;
- d) the Customer Advisory Group Charter;
- e) customer advisory group minutes;
- f) the Internal Complaints Handling Procedure;
- g) information about the dispute resolution scheme provided by Energy and Water Ombudsman NSW; and
- h) a map of the Area of Operations.

5.7.3 Hunter Water must update the pamphlet or pamphlets prepared under clause 5.7.1 and documents on its website under clause 5.7.2 to reflect any variations made to the information within 60 days of the commencement of the variations.

## 5.8 Code of Conduct with WIC Act Licensee

5.8.1 Hunter Water must use reasonable endeavours to cooperate with any WIC Act Licensee that seeks to establish with Hunter Water a code of conduct required under a licence under the WIC Act.

5.8.2 Where the Minister administering the WIC Act has established a code of conduct under clause 25 of the WIC Regulation, Hunter Water will be taken to have satisfied its obligation under clause 5.8.1 by applying the water industry code of conduct established by the Minister to the relevant WIC Act Licensee.

## 5.9 Memorandum of understanding with NSW Health

5.9.1 Hunter Water must use its best endeavours to:

- a) maintain a memorandum of understanding with NSW Health; and
- b) comply with the memorandum of understanding maintained under clause 5.9.1(a).

[Note: Clause 5.9.1 does not limit the persons with whom Hunter Water may enter into a memorandum of understanding.]

5.9.2 The purpose of the memorandum of understanding referred to in clause 5.9.1(a) is to form the basis for co-operative relationships between the parties to the memorandum of understanding. In particular, the purpose of the memorandum of understanding referred to in clause 5.9.1(a) is to recognise the role of NSW Health in providing advice to the NSW Government in relation to Drinking Water quality standards and the supply of water that is safe to drink.

5.9.3 The memorandum of understanding referred to in clause 5.9.1(a) must include arrangements for Hunter Water to report to NSW Health information on any events in relation to Hunter Water's systems or Services that might pose a risk to public health.

5.9.4 Hunter Water must provide NSW Health with information relating to water quality in the manner and form specified by NSW Health within a reasonable period of time of receiving NSW Health's request.

[Note: The obligation in clause 5.9.4 is in addition to Hunter Water's obligation to comply with any information requests made under section 19 of the Public Health Act 2010 (NSW) by the Secretary of the NSW Ministry of Health.]

## 5.10 Memorandum of understanding with Department of Primary Industries Water

5.10.1 Hunter Water must use its best endeavours to:

- a) maintain a memorandum of understanding (which may be referred to as a roles and responsibilities protocol) with the Department of Primary Industries Water in relation to:
  - i) the roles and responsibilities for the Department of Primary Industries Water and Hunter Water in respect of the review and implementation of the Lower Hunter Water Plan; and
  - ii) calculation and reporting of System Yield; and
- b) comply with the memorandum of understanding maintained under clause 5.10.1(a).

[Note: Clause 5.10.1 does not limit the persons with whom Hunter Water may enter into a memorandum of understanding or a roles and responsibilities protocol.]

5.10.2 The purpose of the memorandum of understanding referred to in clause 5.10.1(a) is to form the basis for a co-operative relationship between the parties to the memorandum of understanding. In particular, the purpose of the memorandum of understanding referred to in clause 5.10.1(a) is to recognise the role of Department of Primary Industries Water in assessing options to address water supply security in the lower Hunter region.

## 5.11 Memorandum of understanding with Fire and Rescue NSW

5.11.1 Hunter Water must use its best endeavours to:

- a) develop and enter into a memorandum of understanding with FRNSW by 31 December 2017; and
- b) once the memorandum of understanding referred to in clause 5.11.1(a) is developed and entered into, comply with the memorandum of understanding.

[Note: Clause 5.11.1 does not limit the persons with whom Hunter Water may enter into a memorandum of understanding.]

5.11.2 The purpose of the memorandum of understanding referred to in clause 5.11.1 is to form the basis for co-operative relationships between the parties to the memorandum of understanding. In particular, the purpose of clause 5.11.1 is to:

- a) develop the roles and responsibilities of the parties to the memorandum of understanding as they relate to each other;
- b) identify the needs and constraints of the parties to the memorandum of understanding as they relate to each other; and
- c) identify and develop strategies for efficient and effective provision of firefighting water consistent with the goals of each party to the memorandum of understanding.

5.11.3 The memorandum of understanding referred to in clause 5.11.1 must require:

- a) the establishment of a working group, comprised of representatives from Hunter Water and FRNSW; and
- b) the working group to consider the following matters (at a minimum):
  - i) arrangements regarding information sharing between Hunter Water and FRNSW;
  - ii) agreed timelines and a format for Hunter Water to provide a report to FRNSW detailing the network performance with regard to availability of water for firefighting (taking into account the minimum available flow and pressure in localised areas of the network);
  - iii) arrangements for Hunter Water to consult with FRNSW in the design of new assets and planning of system maintenance, where modelling indicates that minimum available flow and pressure may unduly affect firefighting in the network section under consideration; and
  - iv) other matters as agreed by both parties to the memorandum of understanding



## 6 Performance monitoring and reporting

### 6.1 Operational Audits

6.1.1 IPART may annually, or from time to time as occasion requires, undertake, or may appoint an Auditor to undertake, an audit on Hunter Water's compliance with:

- a) this Licence;
- b) the Reporting Manual; and
- c) any matters required by the Minister,  
(Operational Audit).

6.1.2 Hunter Water must provide to IPART or the Auditor all information in Hunter Water's possession, or under Hunter Water's custody or control, which is necessary or convenient for the conduct of the Operational Audit.

6.1.3 Without limiting clause 6.1.2, Hunter Water must provide to IPART or the Auditor any information necessary or convenient for the conduct of the Operational Audit which IPART or the Auditor requests in writing, within any reasonable period of time specified by IPART or the Auditor in writing.

6.1.4 For the purposes of any Operational Audit or verifying a report on an Operational Audit, Hunter Water must, within a reasonable period of time from receiving a request from IPART or an Auditor, permit IPART or the Auditor to:

- a) access any works, premises or offices occupied by Hunter Water;
- b) carry out inspections, measurements and tests on, or in relation to, any such works, premises or offices;
- c) take on to any such premises or offices, any person or equipment necessary for the purposes of performing the Operational Audit or verifying any report on the Operational Audit;
- d) inspect and make copies of, and take extracts from, any books and records of Hunter Water that are maintained in relation to the performance of Hunter Water's obligations under this Licence (including obligations under the Reporting Manual); and
- e) discuss matters relevant to the Operational Audit or any report on the Operational Audit with Hunter Water, including Hunter Water's officers and employees.

### 6.2 Reporting Manual

6.2.1 Hunter Water must comply with all of its reporting obligations set out in the Reporting Manual, including in relation to:

- a) water conservation;
- b) supply services and performance standards;
- c) organisational systems management;
- d) customer and stakeholder relations; and
- e) performance monitoring and reporting, including:
  - i) IPART performance indicators; and
  - ii) the National Water Initiative Performance Indicators.

6.2.2 Hunter Water must maintain sufficient record systems to enable Hunter Water to report accurately in accordance with clause 6.2.1.

6.2.3 In the case of any ambiguity in the interpretation or application of any requirements in the Reporting Manual, IPART's interpretation or assessment will prevail.

[Note: The Reporting Manual identifies the details of when, what, to whom and how Hunter Water must report to IPART and NSW Health. The Reporting Manual also specifies what and how reports and other information must be made publicly available.]



## 6.3 Provision of information to IPART and Auditor

- 6.3.1 Hunter Water must provide IPART or an Auditor with information relating to the performance of any of Hunter Water's obligations under clause 6.2 (including providing IPART with physical and electronic access to the records required to be kept under clause 6.2) within a reasonable period of time from Hunter Water receiving a request from IPART or an Auditor for that information.
- 6.3.2 Hunter Water must provide IPART or an Auditor with such information as is reasonably required to enable IPART or an Auditor to conduct any review or investigation of Hunter Water's obligations under this Licence within a reasonable period of time from Hunter Water receiving a request from IPART or an Auditor for that information.
- 6.3.3 If Hunter Water contracts out any of its activities to any person (including a subsidiary) it must take all reasonable steps to ensure that, if required by IPART or an Auditor, any such persons provide information and do the things specified in this clause 6 as if that person were Hunter Water.
- 6.3.4 Where this Licence requires Hunter Water to provide information to IPART or an Auditor that is information to which:
- a) Section 24FF of the IPART Act applies; or
  - b) Section 24FF of the IPART Act does not apply but IPART or the Auditor has agreed to treat the information as though section 24FF of the IPART Act applies to that information,

Hunter Water must, to the maximum extent permitted by the law, provide that information even if it is confidential.

# 7 Definitions and interpretation

## 7.1 Definitions

In this Licence, the terms set out in bold below have the corresponding meanings when they appear in title case in this Licence, unless context dictates otherwise.

**Act** means the Hunter Water Act 1991 (NSW).

**Area of Operations** means the area:

- a) specified in Schedule A to this Licence; and
- b) referred to in section 16(1)(a) to (c) of the Act, but excludes the area referred to in section 16(2) of the Act.

**Asset Management System** has the meaning given in clauses 4.1.1.

**Auditor** means a person appointed by IPART to undertake an Operational Audit.

**Australian Drinking Water Guidelines** means the document titled Australian Drinking Water Guidelines 2011 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** means the document titled Australian Guidelines For Water Recycling: Managing Health and Environmental Risks (Phase 1) 2006 and published by the Environment Protection and Heritage Council, the Natural Resource Management Ministerial Council and the Australian Health Ministers' Conference (as amended or updated from time to time).

**Commencement Date** means the date on which this Licence commences, being either 1 July 2017 or, if a different date is specified by the Governor in a notice published in the NSW Government Gazette, that different date.

**Complaint** means an expression of dissatisfaction made by Customers or Consumers to Hunter Water in relation to its products or Services, staff or the Complaints-handling process itself, where a response or resolution is reasonably (explicitly or implicitly) expected or legally required.

**Consumer** means any person who consumes or uses the Services and includes, but is not limited to, a tenant or occupier of a Property.

**Controlled Wastewater Overflow** is an overflow of Wastewater that is directed by Hunter Water via a designed structure to a predetermined location, such as a drainage system or waterway, in order to prevent overloaded or blocked sewers from discharging at sensitive locations, on private property or within buildings.

**Customer** has the same meaning provided in the Act.

[Note: Under the Act, "customer" means a person who is taken to have entered into a customer contract or a person who has made a contract with the Corporation of a kind referred to in section 37 of the Act.]

**Customer Advisory Group Charter** has the meaning provided in clause 5.4.4.

**Customer Contract** means the contract at Schedule B, being the contract referred to in section 36(1) of the Act.

**Department of Primary Industries Water** means the division responsible for the state's surface water and groundwater resources, within the NSW Department of Primary Industries.

**Drinking Water** means water intended primarily for human consumption but which has other personal, domestic or household uses such as bathing and showering.

**Drinking Water Quality Management System** has the meaning given in clause 3.1.1.

**Economic Level of Water Conservation Methodology** means the methodology referred to in clause 2.2.3 in the form approved by IPART.

**End of Term Review** has the meaning given in clause 1.9.1.

**Energy and Water Ombudsman NSW** means the NSW industry complaints scheme for the water industry of that name.

**Environmental Management System** has the meaning given in clause 4.2.1.

**FRNSW** means Fire and Rescue New South Wales.

**Hunter/Central Coast Pipeline Agreement** means the agreement of that title executed by Hunter Water, Wyong Shire Council and Gosford City Council in 2007, as amended or replaced from time to time.

**General Enquiry Process** means the process of making general enquiries to Hunter Water via its website, email, post, telephone and in person.

**Hunter Water** means the Hunter Water Corporation constituted as a corporation by the Act.

**Internal Complaints Handling Procedure** has the meaning given in clause 5.5.1.

**IPART** means the Independent Pricing and Regulatory Tribunal of New South Wales constituted by the IPART Act.

**IPART Act** means the Independent Pricing and Regulatory Tribunal Act 1992 (NSW).

**Licence** means this operating licence granted under section 12 of the Act and includes all Schedules included by reference.

**Lower Hunter Water Plan** means the plan of that title released by the Metropolitan Water Directorate, as updated, amended or replaced from time to time.

**Management System** means a set of interrelated elements or components used by Hunter Water to develop and implement its policies and to manage any of its activities, products or Services, and includes organisational structure, planning activities, responsibilities, practices, procedures, processes and resources.

**Minister** means the Minister responsible for the Act, which at the Commencement Date is the Minister for Energy and Utilities.

**Multiple Occupancy Property** means any land or title on which there is more than one Property.

**National Water Initiative Performance Indicators** means the National Water Initiative Performance Reporting Indicators set out in the 2013-14 National Performance Framework: Urban performance reporting indicators and definitions handbook published by the (now-abolished) National Water Commission, or any document which updates, amends or replaces it from time to time.

**NSW Health** means the NSW Ministry of Health.

**Operational Audit** has the meaning given in clause 6.1.1.

**Planned Water Interruption** means an event which:

- a) commences when the supply of Drinking Water at the first cold water tap of a Property is interrupted following receipt by the Customer or Consumer of a prior water interruption notice from Hunter Water; and
- b) ceases when a normal supply of Drinking Water is restored to the Property referred to in paragraph (a).

**Procedure for Payment Difficulties and Actions for Non-payment** has the meaning given in clause 5.3.1.

**Property** means real property within the Area of Operations, excluding Public Property, which is owned by a person (whether individually or otherwise) and, for the avoidance of any doubt, includes the following:

- a) an individual dwelling or individual premises used for any purpose, which forms part of the land; and
- b) a lot in a strata plan that is registered under the Strata Schemes Development Act 2015 (NSW).

**Public Property** means real property vested in or under the control of a Minister of the Crown or public authority, and excludes any part of that property which is leased, licensed or used for private purposes.

**Quality Management System** has the meaning given in clause 4.3.1.

**Recycled Water** means water that has been treated to a standard suitable for its intended end use such as industrial, commercial and/or household applications but is not intended for use as Drinking Water.

**Recycled Water Quality Management System** has the meaning given in clause 3.2.1.

**Reporting Manual** means the document entitled Hunter Water Corporation Reporting Manual and published by IPART (as updated from time to time).

**Services** means:

- a) supplying water, providing sewerage and drainage services, and disposing of Wastewater by Hunter Water; but
- b) for the purposes of clause 1.5 only, excludes supplying drainage services.

**Sewerage Infrastructure** has the same meaning as under the WIC Act.

**Sewerage System** means the sewer mains, pipes, treatment plants and other equipment provided, constructed, managed, operated and maintained by Hunter Water to provide sewerage services under this Licence including the collection, transportation, treatment and disposal of sewage.

**System Performance Standards** means the Water Pressure Standard, the Water Continuity Standard and the Wastewater Overflow Standard as defined in clause 3.3.

**System Yield** means the maximum amount of water that Hunter Water estimates (using a hydrological model) can be supplied from water sources within its Area of Operations to its water treatment plants.

**Uncontrolled Wastewater Overflow** means an overflow of Wastewater that is not a Controlled Wastewater Overflow and will be taken to have commenced on the earlier of the following:

- a) when a person notifies Hunter Water that a Property has experienced a Wastewater overflow which Hunter Water confirms is an Uncontrolled Wastewater Overflow; and
- b) when Hunter Water's systems identify that a Property has experienced an Uncontrolled Wastewater Overflow

**Unplanned Water Interruption** means an event which:

- a) commences when the supply of Drinking Water at the first cold water tap of a Property is interrupted without the Customer or Consumer having received prior notice of that interruption from Hunter Water; and
- b) ceases when a normal supply of Drinking Water is restored to the Property referred to in paragraph (a).

**Wastewater** means any discarded water, whether clean or contaminated, that is discharged into the Sewerage System.

**Wastewater Overflow Standard** has the meaning given in clause 3.3.3(a).

**Water Conservation Strategy** means the strategy referred to in clause 2.1.2.

**Water Conservation Target** has the meaning given in clause 2.2.1.

**Water Continuity Standard** has the meaning given in clause 3.3.2(a).

**Water Infrastructure** has the same meaning as under the WIC Act.

**Water Pressure Failure** means a situation in which a Property experiences water pressure of less than 20 metres head for a continuous period of 30 minutes or more measured at the point of connection of the Property to the Water Supply System (usually at the point of connection known as the 'main tap'), but does not include a situation in which the Property experiences low water pressure on a day when peak day demand exceeds 370 megalitres per day.

**Water Pressure Standard** has the meaning given in clause 3.3.1(a).

**Water Storage and Transmission** means Hunter Water's capture, storage and release of water situated within Hunter Water's Area of Operations but upstream of Hunter Water's water treatment plants, including water in natural water courses.

**Water Supply System** means the storages, water mains, pipes, treatment plants and other equipment provided, constructed, managed, operated and maintained by Hunter Water to supply water under this Licence, including the storage, treatment transfer and delivery of water.

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

**WIC Act Licensee** means a person who is authorised under a licence or authorisation under the WIC Act to:

- a) construct, maintain and operate Water Infrastructure or Sewerage Infrastructure;
- b) provide water supply services by means of Water Infrastructure; or
- c) provide sewerage services by means of sewerage infrastructure.

**WIC Regulation** means the Water Industry Competition (General) Regulation 2008 (NSW).

## 7.2 Interpretation

- a) In this Licence, unless the contrary intention appears:
- i) the word person includes an individual, a body corporate, an unincorporated body or other entity and one or more of each of them;
  - ii) headings are for convenience only and do not affect the interpretation of this Licence;
  - iii) notes do not form part of this Licence but may be used to assist with interpretation if there is an ambiguity;
  - iv) words importing the singular include the plural and vice versa;
  - v) a reference to a law or legislation (including the Act) includes regulations made under the law or legislation;
  - vi) a reference to regulations includes ordinances, codes, licences, orders, permits and directions;
  - vii) a reference to a law or regulation includes consolidations, amendments, variations, re-enactments, or replacements of any of them;
  - viii) a reference to a legislative provision that is re-numbered extends to the corresponding re-numbered legislative provision;
  - ix) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
  - x) a reference to a year means a calendar year that ends on 31 December;
  - xi) a reference to a financial year means a period of 12 months commencing on 1 July and ending on the following 30 June;
  - xii) a reference to a clause or schedule is to a clause of or schedule of this Licence;
  - xiii) a reference to a quarter is a period of 3 months beginning on 1 July, 1 October, 1 January or 1 April in a year; and
  - xiv) a reference to a council under the Local Government Act 1993 (NSW) also refers to any person or body who, from time to time, has responsibilities connected with the supply of water which are the same or substantially similar to those which the council referred to had as at the Commencement Date.
- b) If any part of this Licence is prohibited, void, voidable, illegal or unenforceable, then that part is severed from this Licence but without affecting the continued operation of the remainder of this Licence.
- c) A reference in this Licence to any organisation, association, society, group or body will, in the event of it ceasing to exist or being reconstituted, renamed or replaced or if its powers or functions are transferred to any other entity, body or group, refer respectively to any such entity, body or group, established or constituted in lieu thereof or succeeding to similar powers and functions.
- d) A reference in this Licence to a document is a reference to the original document as amended or revised or, where the original document is replaced, to the replacing document, or the document that most closely approximates the original document.
- e) Information provided to IPART under this Licence may be used by IPART for the purpose of an investigation or report under the IPART Act in relation to Hunter Water, or in the discharge of any function lawfully conferred on IPART.

# A AREA OF OPERATIONS

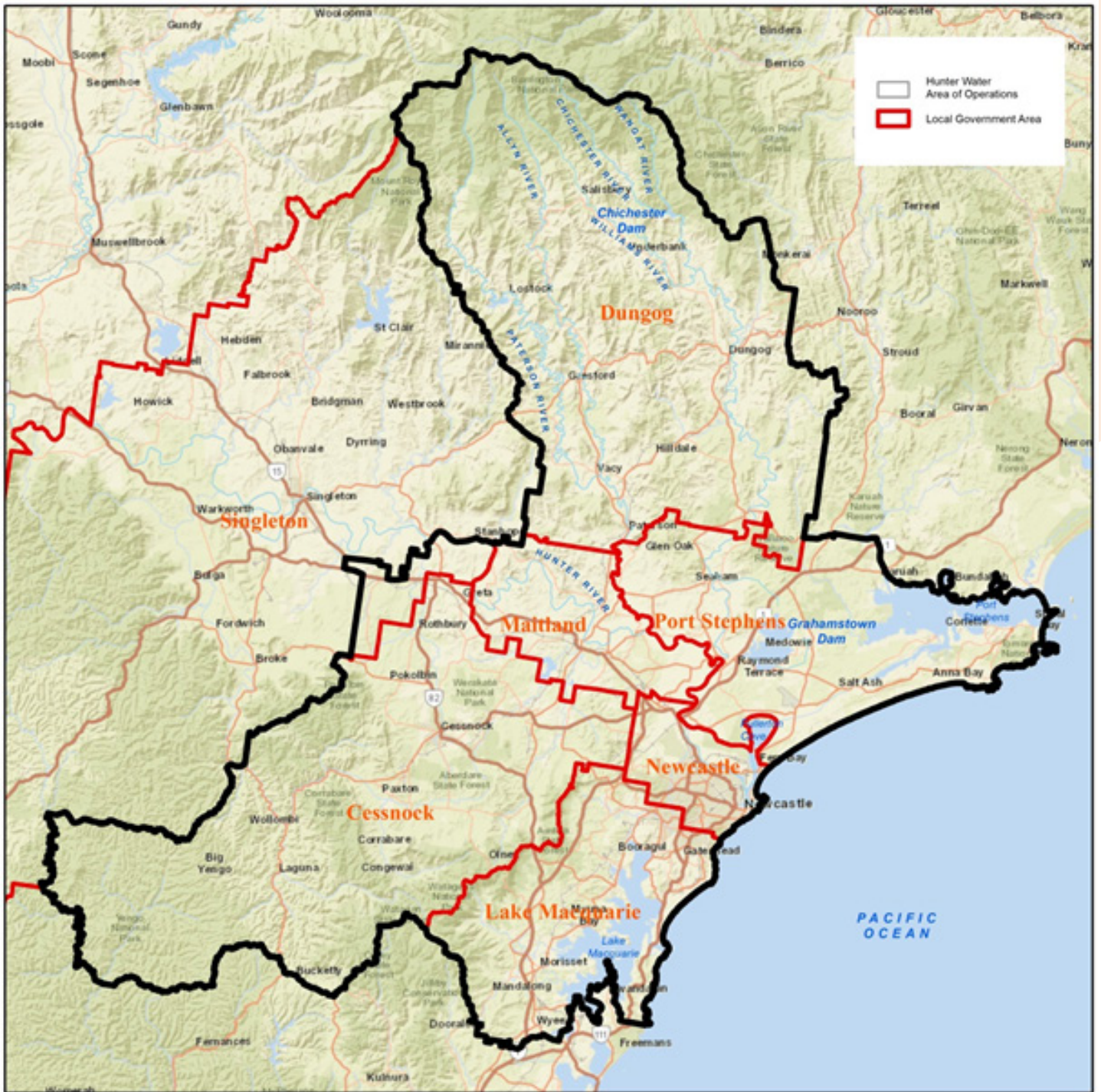
The Area of Operations consists of:

- a) the local government areas of:
  - i) Cessnock City Council;
  - ii) Dungog Shire Council;
  - iii) Maitland City Council;
  - iv) Lake Macquarie City Council;
  - v) Newcastle City Council; and
  - vi) Port Stephens Councils, as they stood at the Commencement Date;
- b) that part of Singleton Shire Council's local government area, as it stood at the Commencement Date, set out on page 4257 of the NSW Government Gazette No 83 of 29 June 2007;
- c) the islands in that part of the Hunter River between the confluence with the Williams River and the entrance of the Hunter River (including Newcastle Harbour);
- d) any land upon the waters of that part of the Hunter River between its confluence with the Williams River and the entrance of the Hunter River (including Newcastle Harbour) upon which there is erected any wharf, pier, jetty, building or other structure;
- e) any area not captured by the above but shown within the thick black line on the map in Figure A; and
- f) any other land specified from time to time by the Governor by order under section 16(1)(c) of the Act.

[Notes: This Licence is not intended to prohibit Hunter Water from carrying out its functions under section 4A(3) of the Act outside of its Area of Operations.

Clause 1.2.2 of this Licence authorises Hunter Water to do all things necessary or convenient to achieve, and to promote the capability to achieve, the transfer of water between its Area of Operations and the local government area of the Central Coast Council in accordance with the Hunter/Central Coast Pipeline Agreement.]







# B CUSTOMER CONTRACT

Refer to Hunter Water's website [hunterwater.com.au](http://hunterwater.com.au) for a copy of this contract.



Customer Contract  
2017-2022

