

## FACT SHEET - WATER

# Part A - NSW Public Water Utilities regulated by IPART - 2013-14 Performance Data

### Introduction

The Independent Pricing and Regulatory Tribunal of NSW (IPART) regulates major public water businesses in NSW with respect to compliance with their operating licences and the prices they charge for their monopoly services.

A function of our role as the licensing and pricing regulator is to collect annual performance data on the water utilities and businesses we regulate. Previously, we had published this information annually in the form of a performance report. However, the format of the last two reports has been modified and presented in a more compact format. The 2013-14 information is presented as follows:

- ▼ **Part A (this document):** Introduces the utilities and their operations, provides some context about the types of indicators presented and the factors that can influence performance.
- ▼ **Part B:** Is an excel workbook, which presents a complete database of information on water utilities regulated by IPART.

The data and information in Parts A and B complement the Bureau of Meteorology's 2013-14 Urban Water Utilities National Performance Report, which will be available in April 2015 from the Bureau's website (<http://www.bom.gov.au>).

Information presented in this fact sheet and the Excel workbook relates to the following regulated public water utilities:

- ▼ Sydney Water Corporation
- ▼ Hunter Water Corporation
- ▼ Sydney Catchment Authority<sup>1</sup>
- ▼ State Water Corporation.<sup>2</sup>

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<sup>1</sup> On 1 January 2015, the *Water NSW Act 2014* came into effect, integrating the Sydney Catchment Authority with State Water to form a single organisation called Water NSW. During the 2013-14 period they were two separate organisations, thus the data has been presented separately. We will commence reporting Water NSW data from 2014-15.

<sup>2</sup> Ibid.

Importantly, none of the data presented relates to the private water utilities licenced under the *Water Industry Competition Act 2006* (WICA). Information on these utilities can be found in the Annual Licence Compliance report (*Licence compliance under the Water Industry Competition Act 2006 (NSW) Report to Minister*) on our website ([www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)).

The NSW metropolitan and rural utilities that we regulate are vastly different in nature and operations. A brief introduction to the utilities and their operations is presented here to help the reader appreciate the context of the indicators presented.

As the nature and scale of operations vary between utilities, valid comparisons of performance indicator data are difficult. For this reason, we have not considered it appropriate to present the data of different utilities together.

### Sydney Water Corporation

Sydney Water Corporation (Sydney Water) is Australia's largest water utility. It is a State Owned Corporation, wholly owned by the NSW State Government. Within its area of operations, covering Sydney, the Illawarra and the Blue Mountains regions, it is responsible for the treatment and distribution of drinking water. Sydney Water also provides sewerage services, some stormwater and drainage services and recycled water to some areas of Sydney. Sydney Water's roles and responsibilities as well as its objectives are prescribed by the *State Owned Corporations Act 1989* (NSW), the *Sydney Water Act 1994* (NSW) and the operating licence issued to Sydney Water under Part 5 of the *Sydney Water Act 1994*.

Importantly, Sydney Water does not manage bulk water supply or catchments. It sources its water from the Sydney Catchment Authority and, when required, the Sydney Desalination Plant.

IPART regulates Sydney Water's compliance with its operating licence and sets the maximum prices it may charge for its monopoly services.

### Sydney Catchment Authority

Sydney Catchment Authority (SCA) is responsible for managing and protecting the drinking water catchments of greater Sydney and maintaining the dams and other water supply infrastructure.

SCA was established in July 1999 with the legislative role to manage and protect the catchment areas and catchment infrastructure works, to be a supplier of raw water, and to regulate certain activities within or affecting the outer catchment area as well as the inner catchment area. SCA's primary responsibility is to supply raw water to Sydney Water, several councils and around 60 small retail customers. SCA draws raw water from the catchments of four major river systems - the Warragamba, Upper Nepean, Woronora and Shoalhaven. These

roles come from the (now repealed) *Sydney Water Catchment Management Act 1998* and the licence issued to SCA under section 25 of the *Sydney Water Catchment Management Act 1998*.

As a raw water supplier, SCA is not responsible for the treatment and distribution of water, but works cooperatively with its customers (the largest being Sydney Water) to ensure that it provides the best quality of water for further treatment by its customers.

IPART regulates SCA's compliance with its operating licence and sets the maximum prices it may charge for its monopoly services.

### Hunter Water Corporation

Hunter Water Corporation (Hunter Water) is a State Owned Corporation, wholly owned by the NSW State Government. Its area of operations covers the local government areas of Cessnock, Lake Macquarie, Maitland, Newcastle, Port Stephens, Dungog and parts of Singleton (as defined in Schedule B of its Operating Licence). Its principle functions are to provide, construct, operate, manage and maintain systems and services for: supplying water, providing sewerage and drainage services and disposing of wastewater within its area of operations. These roles and responsibilities, as well as Hunter Water's objectives, are prescribed by *the State Owned Corporations Act 1989* (NSW), the *Hunter Water Act 1991* (NSW) and the operating licence issued to Hunter Water under section 12 of the *Hunter Water Act 1991*.

Hunter Water sources its own raw water from a network of surface water sources, such as rivers and dams, and groundwater sources. It manages the bulk water transfers and activities within the catchments, as well as monitoring the quality of raw water. The treatment plants and distribution systems are also operated and monitored by Hunter Water. Hunter Water also provides backup bulk water supply to the Central Coast Councils (Gosford and Wyong) in prolonged drought or extraordinary circumstances.

IPART regulates Hunter Water's compliance with its operating licence and sets the maximum prices it may charge for its monopoly services.

### State Water Corporation

State Water Corporation is New South Wales' rural bulk water delivery business. It is a State Owned Corporation, owned by the NSW State Government. Its primary objective is to capture, store and release water from regulated rivers in an efficient, effective, safe and financially responsible manner for licensed water users (water entitlement holders) in various locations in NSW. These roles and responsibilities, as well as State Water's other objectives, are prescribed by the *State Owned Corporations Act 1989*, the (now repealed) *State Water Corporation Act 2004* and the operating licence issued to State Water under section 11 of the *State Water Corporation Act 2004*. State Water also has responsibility for the Fish River



Water Supply Scheme, which provides treated water to Oberon and Lithgow Councils, SCA, Delta Electricity and a number of other 'minor customers'.

IPART regulates State Water's compliance with its operating licence, conducting an annual operational audit. It also regulates the maximum prices State Water may charge. From 1 July 2014, State Water's maximum charges to customers within the Murray-Darling basin will be set by the Australian Competition and Consumer Commission (ACCC). IPART will continue to set prices for customers in coastal valleys.

## Water Quality

Sydney Water, Hunter Water, SCA and, to a lesser extent, State Water each conduct water quality monitoring programs. The objectives of each utility's monitoring program differ according to the nature of their operations.

Utilities that supply drinking water manage water quality according to the risk based management framework of the *Australian Drinking Water Guidelines, 2011* (ADWG, see Box 1). The primary monitoring objectives of these utilities are to confirm that the drinking water supplied is safe (free of microbial, chemical, radiological and physical contaminants) and aesthetically pleasing (in terms of colour, turbidity, taste and odour) to meet the community's expectations.

Utilities that are bulk water suppliers to other utilities may monitor raw water to select the best quality water with the aim of optimising the treatment process. SCA also has responsibilities to manage the catchment, so some of the water quality monitoring it carries out is targeted to indicate the health and state of the catchment and its aquatic ecosystems.

Each year, IPART conducts comprehensive operational audits of each major public water authority to ensure licence conditions are met and high standards of service (including water quality) are maintained.

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## Box 1 Australian Drinking Water Guidelines 2011

The Australian Drinking Water Guidelines provide a comprehensive framework for good management of drinking water supplies that, if implemented, will assure safety at point of use. The framework includes 12 elements considered good practice for system management of drinking water supplies. The guidelines (among other things) also include two different types of guideline values for water quality characteristics:

- ▼ a health-related guideline value, which is the concentration of a water quality characteristic that, based on present knowledge, does not result in any significant risk to the health of the consumer over a lifetime of consumption
- ▼ an aesthetic guideline value, which is the concentration of a water quality characteristic that is associated with acceptability of water to the consumer, eg, appearance, taste and odour.

The microbial and chemical requirements referred to in this report and the associated database are health-related guideline values.

**Source:** Australian Government, *Australian Drinking Water Guidelines 6*, 2011. Available online at <http://www.nhmrc.gov.au/guidelines/publications/eh52>

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## System Continuity and Reliability

Sydney Water, Hunter Water and State Water each report system continuity and reliability indicators to IPART. When utilities provide essential services like water supply and sewerage services, events such as unplanned interruptions, pressure failures and sewer overflows can have health, economic and inconvenience implications for customers.

The Sydney Water and Hunter Water operating licences have system performance standards to provide customers with certainty about the minimum level of service being provided. The three system performance standards in the licences relate to:

- ▼ water pressure
- ▼ water continuity, and
- ▼ sewage overflow.

These standards recognise that failures occasionally occur in water systems but impose limits on how many properties may experience one of these failures in a year. These standards were amended in July 2010 and this is the third year of reporting against them. Sydney Water and Hunter Water continue to perform well within the licence targets set.



In addition, a number of other indicators are also reported that relate to the utilities' provision of water and sewerage services. It is important to understand that a utility's performance against these indicators can be influenced by local factors such as rainfall, soil type, age of infrastructure, population density, remoteness and other geographic features. Given differences in operating environments, functions and scale, it is difficult to compare utilities and we have not attempted to do so in this instance.

## **Environmental Performance**

All operations of a water utility have the potential to impact the local environments in which they operate. Water utilities should aim to provide the essential water and sewerage services to the community while minimising the environmental impact of their operations.

Using water and energy efficiently and minimising waste products, sewer overflows and other emissions and discharges to the environment are all actions that minimise the impact of the utility on the environment.

Again, due to the differing nature of the utilities, their geographies, climates and operations, it is difficult to make valid comparisons between utilities with respect to these indicators.

## **Customer Service**

The vast majority of water customers in NSW cannot change their water provider if they are unhappy with the service. For this reason, there are customer service obligations in the operating licences of the major public water utilities.

The operating licences require the major public water utilities to have practices and procedures in place to deal with customer hardship, debt, water flow restrictions, disconnections for non-payment, internal dispute resolution and complaints handling processes, as well as membership of an external industry based dispute resolution scheme. With the exception of SCA, which in general deals with a small number of larger customers, all of the NSW public water utilities regulated by IPART are members of the Energy & Water Ombudsman of NSW (EWON) dispute resolution scheme.

Sydney Water, Hunter Water and State Water report to us annually on their levels of customer complaints, the time it took to resolve these complaints and their call centre performance. The 2013-14 update of the database now includes new customer hardship indicators, such as the level and value of payment assistance provided to customers, number of flow restrictions, disconnections and licence suspensions and the numbers of customers accessing or enquiring about payment instalment plans.



## Pricing Performance

Each of the water utilities for which IPART sets maximum prices provide us with an Annual Information Return (AIR). This AIR contains detailed information regarding the utility's financial and non-financial performance over the preceding financial year.

This information (together with analysis and commentary) is released to stakeholders during water utility pricing determinations, which are usually held every four years.

## Water Licensing Performance Data

The following link [\[Part B\]](#) takes you to the excel workbook, which presents a complete database of water licensing data on public water utilities regulated by IPART.