

Appendix E Jurisdictional summaries

Jurisdictional summaries are provided here to document the institutional arrangements within each State and Territory for the planning and management of water supply and wastewater services. These summaries are written by the States and Territories and updated annually.

E1 Australian Capital Territory

E1.1 Introduction

The ACT Government's Environment and Planning Directorate has several roles in water management within the ACT. It manages strategic water policy, including local implementation of national water reform, and national issues relating to water access, pricing, and trading. The directorate also regulates the ACT's water resources and monitors and reports on water quality in the Territory.

Reporting and compliance obligations for the ACT water sector are imposed by national legislation including the Australian Government's *Water Act 2007*, *Corporations Act 2001*, and the *Privacy Act 1988*, and ACT legislation including the *Independent Competition and Regulatory Commission Act 1997*, *Territory-Owned Corporations Act 1990*, *Work Safety Act 2008*, *Utilities Act 2000*, the *Water Resources Act 2007*, *Environment Protection Act 1997*, *Water and Sewerage Act 2000*, and *Public Health Act 1997*.

The ACT Independent Competition and Regulatory Commission (ICRC) determines price directions for water utilities and regulates access agreements. *The Utilities Act 2000* provides for the commission to issue licences and determine industry codes. A new price direction incorporating biennial reviews was issued in June 2013 for the next price path period up to 30 June 2019 (a 6-year period instead of an 8-year period), with a price path set for 2013–14 and 2014–15, and with major biennial reviews to take place in 2014–15 and 2016–17. Prices for water and sewerage services are to be increased in line with the consumer price index.

In September 2013, ACTEW Corporation Ltd submitted an application for a review by an industry panel of the price direction for regulated water and sewerage services (1 July 2013 – 30 June 2019) set by the ICRC. An industry panel under the *Independent Competition and Regulatory Commission Act 1997* examined the price direction that had been determined by the ICRC and decided to substitute a new price direction for water and sewerage services that spans the entire remaining regulatory period until 30 June 2018. This determination removed the uncertainty about future pricing changes.

The ICRC announced in June 2015 the maximum prices that Icon Water Limited can charge for its regulated water and sewerage services from 1 July 2015. Water prices will fall by about 1.5 per cent and the price of sewerage services will increase by 3.5 per cent in 2015–16. The price changes will see the annual water and sewerage bill for a typical Canberra household consuming 200 kilolitres of water per year rise by less than 1 per cent in 2015–16. This translates to an annual increase of about \$8. The increase is less than that advised in the final report of the industry panel because the panel projected the change in the CPI at 2.5 per cent but it came in at 2.1 per cent.

In November 2015, the ICRC released an issues paper as the first step in its review of Icon Water's water and sewerage services tariff.

Among other functions, the *Utilities Act* provides for the Essential Services Consumer Council.

E1.2 Water utilities in the ACT

ACTEW Corporation Limited, which was established as a corporation in 1995, is owned by the ACT Government and is subject to the *Territory-Owned Corporations Act 1990*.

In late 2011, the ACTEW board approved the reintegration of the water and sewerage business into ACTEW. This change came into effect from 1 July 2012, when ACTEW resumed the management, operations, and maintenance of the ACT's water and sewerage assets and business. ActewAGL had previously undertaken this on behalf of ACTEW. The services were provided under the business name ACTEW Water. The change was carried out so as to give ACTEW the opportunity to transform the business in a way that more closely aligns with the objectives of ACTEW Corporation. The ACTEW organisation expanded from 38 personnel to almost 400.

On 31 October 2014, the Board of ACTEW Water announced a change in name for the water utility from ACTEW Water to Icon Water. The new branding of the utility and also the corporate name came into effect in May 2015.

Icon Water has two subsidiary companies, Icon Retail Investments Limited and Icon Distribution Investments Limited. Icon Water owns and manages the water and sewerage business assets and owns 50 per cent of ActewAGL through its two subsidiary companies.

Icon Water provides water services to 166,000 connected properties with over 3,200 km of water mains and sewerage services to 165,000 connections.

The ACT Auditor-General is ACTEW's auditor. Private firms provided internal audit services. Icon Water reports regularly to the ACT Government. In April 2014, the ACT Auditor-General concluded a performance audit that examined the governance and administrative arrangements for the ICRC review of water and sewerage prices in the ACT.

Strategic planning for the sewage treatment plants culminated in the release of the *Lower Molonglo Water Quality Control Centre Strategic Plan*.

In 2014–15, the ACT received an amount (416.2 mm at the airport reading) less than its average annual rainfall (616 mm), marked by good rainfall in the second half of the period. Water consumption remained similar to that of recent years.

E1.3 Operation of water utilities

ACT Health regulates water quality under the *Public Health Act 1997*, in accordance with the *Australian drinking water guidelines 2004*. Testing of the quality of water was undertaken in accordance with these guidelines. Icon Water achieved 100 per cent compliance with the Drinking Water Utility Licence and the Public Health (Drinking Water) Code of Practice (2007) in 2014–15. Icon Water also published its *Annual drinking water quality report 2013–14* in accordance with the code in October 2014.

Icon Water also provides water services to Queanbeyan City Council under the updated Queanbeyan Water Supply Agreement 2008.

The enlargement of the Cotter Dam was completed in August 2013. The Murrumbidgee–Googong pipeline (M2G) was completed in August 2012. Icon Water has incorporated the pipeline's operations and maintenance into its standard operating practices and it will be used when required. Following significant amendments to the New South Wales Pipeline Regulations, the M2G pipeline management plan has also been updated. Upgrading works commenced on the Googong Water Treatment Plant for a combined carbon- and fluoride-dosing facility.

E1.4 Performance reporting

Icon Water's commercial and business objectives, activities, and priorities, as agreed by voting shareholders, are detailed in its annual 'Statement of corporate intent'. Icon Water released its statement for 2015–16 to 2018–19 in May 2015.

The *Icon Corporation annual report 2014–15* was provided to the ACT Government in September 2015. Quarterly reports of progress on the priorities outlined in the Statement of Corporate Intent and for financial and operational matters as well as reports and briefings on key and emerging issues were provided to the voting shareholders during the year.

E2 New South Wales

E2.1 Introduction

In NSW, urban water supply and sewerage services are provided by three State-owned metropolitan water utilities and 105 regional local water utilities (LWUs).

Various regulatory agencies have responsibility for the establishment and operation of the water utilities. The Independent Pricing and Regulatory Tribunal (IPART) is the licence-compliance regulator for the three major metropolitan water utilities in New South Wales: Sydney Water, Water NSW, and Hunter Water. IPART also determines maximum prices that Gosford City Council, Wyong Shire Council, and Essential Energy can charge their customers for the provision of bulk water, water, and sewerage services.

The NSW Department of Primary Industries (DPI Water) manages the State Government's Country Towns Water Supply and Sewerage Program, oversees and monitors utility performance, and is the primary regulator for the State's 105 regional LWUs, which serve a total urban population of 1.83 million (with coverage of 98.0 per cent for water supply and 96 per cent for sewerage). The infrastructure current replacement cost is \$28.4 billion, and annual revenue is \$1.42 billion.

A number of other agencies, including NSW Health, the Office of Environment and Heritage (NSW), and Dam Safety NSW, are each responsible for aspects of the regulation of NSW water utilities.

The State's water utilities have obligations under several pieces of Australian and New South Wales legislation, including the Australian Government's *Corporations Act 2001*, *Privacy Act 1988*, and *Water Management Act 2000*, and the following NSW legislation: *Water Act 1912*, *Protection of the Environment Operations Act 1997*, *Independent Pricing and Regulatory Tribunal Act 1992*, *Environmental Planning and Assessment Act 1979*, *State Owned Corporations Act 1989*, *Dams Safety Act 2015*, *Local Government Act 1993*, *Fisheries Management Act 1994*, *Public Health Act 2010*, *Fluoridation of Public Water Supplies Act 1957*, *Work Health and Safety Act 2011*, *Public Finance and Audit Act 1983*, *Water Industry Competition Amendment (Review) Act 2014*, *Hunter Water Act 1991*, *Sydney Water Act 1994*, and the *Sydney Water Catchment Management Act 1998*.

E2.2 Establishment of water utilities

Sydney Water, Water NSW, and Hunter Water are created by and derive their responsibilities and areas of operations from their respective Acts (the *Sydney Water Act 1994*, the *Water NSW Act 1998*, and the *Hunter Water Act 1991*).

The 105 regional urban LWUs derive their responsibilities from and operate mainly under the *Local Government Act 1993*. Five LWUs (Gosford, Wyong, Essential Energy, Fish River, and Cobar Water Board) operate as water supply authorities under the *Water Management Act 2000*.

E2.3 Operation of water utilities

The regulatory oversight of water utilities in NSW is shared between different agencies.

IPART regulates operating licences that have been issued to Sydney Water (under section 12 of the *Sydney Water Act 1994*), Hunter Water (under Part 5 of the *Hunter Water Act 1991*), and Water NSW (under Part 4 of the *Water NSW Act 1998*). The operating licences include obligations relating to water quality, asset management, water quantity, environmental/catchment management, compliance, and performance reporting.

IPART conducts major operating audits each year, which identify any areas of non-compliance and make recommendations to improve performance. It also undertakes end-of-term reviews of operating licences and makes recommendations to the relevant minister on the terms for renewal of the licences.

DPI Water is the primary regulator of the 105 LWUs, under the NSW Government's comprehensive Best-Practice Management of Water Supply and Sewerage Framework (www.water.nsw.gov.au). The framework is the key driver for the reform of planning, management, pricing, and continuing performance improvement of the LWUs. Eligibility for government financial assistance towards the capital cost of backlog infrastructure (as at 1996) and for dividend payments to councils' general revenue is conditional on the implementation of the 19 requirements of the framework.

Each LWU needs to prepare a 30-year strategic business plan, total asset management plan (TAMP), and financial plan,³ which are reviewed by DPI Water.⁴ Each LWU also needs to undertake extensive community consultation (DPI Water 2012) and has to prepare and implement a risk-based drinking water management system (NSW Health and DPI Water 2013), in accordance with the *Australian drinking water guidelines 2011*. The water-quality management systems need to be independently audited.

Each LWU also needs to prepare and implement a 30-year integrated water-cycle management (IWCM) strategy⁵ for water supply, sewerage, and stormwater that 'right sizes' any necessary infrastructure projects and provides the best value for money on the triple bottom line (TBL) basis of social, environmental, and economic considerations. DPI Water reviews each LWU's IWCM strategy (Element 1 of the NSW Best-Practice Management Framework) and provides confirmation to each utility that its final IWCM strategy is sound.

The NSW Government has developed guidelines on assuring future urban water security. These guidelines build on the 'NSW Security of Supply Basis' (the robust NSW methodology used for determining the appropriate size of a regional water supply headworks system) and a pilot study for 11 urban water supplies in regional NSW.

Each NSW regional water utility will need to assess the impact of climate variability on the secure yield of its water supply system in accordance with the water security guidelines. Secure yield assessments will therefore become an integral part of the utility's IWCM strategy.

A proposal for the construction or modification of a dam, water, or sewage treatment works or for the development of a water-recycling system requires approval under section 60 of the *Local Government Act 1993*. This involves an independent and objective review that allows DPI Water to share its insights and expertise in overseeing 536 LWU water and sewage treatment works and 119 LWU dams. The review provides assurance to the community that the proposed infrastructure will be fit for purpose and provides a robust, safe, cost-effective, and sound solution, without wasteful 'gold-plating'. Similarly, the acceptance of a high- or medium-risk trade waste discharge to the sewerage system requires a DPI Water section 90(1) concurrence.

Under section 61 of the *Local Government Act 1993*, DPI Water conducts regular inspections of LWU treatment works and provides feedback and mentoring to the LWU operators. Each operator in charge of a water or sewage treatment works in regional NSW is required to have appropriate qualifications and experience.

DPI Water conducts nationally certificated operator-training courses for LWU water and sewage treatment works operators; 348 LWU operators have met the requirements of the National Certification Framework for Water Treatment Works Operators. In addition, 419 LWU operators are fully qualified wastewater treatment operators with a Certificate III in Water Operations (Wastewater Treatment) or equivalent. The performance of each of the 536 LWU treatment works is publicly disclosed in appendices D1 and D2 of the annual 'NSW water supply and sewerage benchmarking report'. The water recycling performance of each treatment works is disclosed in Appendix D4 of the report.

NSW Health regulates water quality in NSW and administers functions relating to water suppliers (Sydney Water, Hunter Water, and the LWUs) under the *Public Health Act 2010*. NSW Health also enters into memorandums of understanding with the metropolitan water utilities (including Water NSW) to facilitate interaction between the agencies and to establish the scope of drinking water management plans and procedures for communicating the results of water quality programmes. NSW Health also conducts the NSW Drinking Water Quality Program,⁶ which tests and monitors the water quality of samples collected by the LWUs in accordance with the *Australian drinking water guidelines 2011*.

3 Strategic business plans, TAMPs, and financial plans need to be in accordance with the July 2014 Strategic Business Planning Check List (www.water.nsw.gov.au).

4 The strategic business plan is an LWU's peak planning document for water supply and sewerage. The plan must disclose the utility's levels of service, total asset management plan, and projected typical residential bills and should be made available on the utility's website. All of the LWUs serving more than 3,000 properties have completed a sound 20- to 30-year strategic business plan and financial plan that demonstrates the long-term financial sustainability of their water and sewerage businesses. The plans cover 94 per cent of LWUs and over 99 per cent of the urban population in regional New South Wales.

5 IWCM strategies, TAMPs, and financial plans need to be in accordance with the July 2014 IWCM Check list (www.water.nsw.gov.au)

6 See Appendixes B (p. 235), D1 (p. 281) and H (p. 344) of the NSW Office Water 2015.

The Office of Environment and Heritage regulates the environmental impact of water utilities' operations through environmental protection licences issued under the *Protection of the Environment Operations Act 1997* and through memorandums of understanding with the utilities. Annual reports of compliance performance, required by the licences, are publicly available on the NSW Environment Protection Authority website.

Dams Safety NSW regulates the water utilities with respect to dam safety. The *Dams Safety Act 1978* enables the committee to direct the utilities to undertake works, surveillance, and emergency planning to ensure the safety of dams in New South Wales.

DPI Water also licenses the extraction of water from natural surface water and groundwater sources for supply to Hunter Water and LWU customers.

E2.4 Water utilities in New South Wales

Sydney Water, a statutory corporation wholly owned by the NSW Government, is Australia's largest water utility, with an area of operations covering 12,700 km². It provides drinking water, recycled water, wastewater services, and some stormwater services to more than 4 million people in Sydney, the Illawarra, and the Blue Mountains. Drinking water is sourced from a network of dams managed by Water NSW and from the Kurnell desalination plant before it is treated and delivered to customers.

Water NSW is a State-owned corporation established in 2015 by the *Water NSW Act 2014* through the merger of the Sydney Catchment Authority and State Water Corporation. Water NSW supplies raw water in bulk across NSW. The urban component of Water NSW reporting is based on the former Sydney Catchment Authority area of operations as defined in its operating licence and includes catchments in the Blue Mountains, Shoalhaven, Warragamba, upper Nepean, and Woronora areas.

Hunter Water is a wholly State-owned corporation responsible for the provision of water and wastewater services to over half a million people in the lower Hunter region. The Hunter Water area of operations covers the local Government areas of Cessnock, Lake Macquarie, Maitland, Newcastle, Port Stephens, and Dungog and parts of Singleton.

The 105 regional LWUs in NSW range in area from 130 km² (Deniliquin) to over 50,000 km² (Central Darling), while the population served ranges from under 1,000 (Jerilderie) to approximately 165,000 (Gosford).

All of the 29 regional NSW LWUs serving 10,000 or more connected properties have reported annually for the Urban NPR.

The comprehensive final report of the Independent Local Government Review Panel has been released and the NSW Government has provided its response to it (www.olg.nsw.gov.au). Councils were required to prepare a submission by June 2015 on how they proposed to be 'Fit for the Future' (NSW Office of Local Government 2016) and to address the recommendations in the panel's report. An independent expert panel has assessed the councils' submissions and the NSW Government has proposed council amalgamations which would reduce the number of LWUs in regional NSW to approximately 85. Public hearings into the proposed council amalgamations were undertaken in February 2016.

Performance monitoring and reporting are considered important for public accountability and have been strongly endorsed by the NSW Government, IPART, and the Productivity Commission (Productivity Commission 2011).

The metropolitan water utilities are required to report on the performance indicators in their operating licences in accordance with the reporting manual. The reporting of indicators is audited each year through the annual operating licence audit, and the audit results are presented to the responsible minister: the NSW Minister for Natural Resources, Lands and Water.

Sydney Water and Hunter Water also report the NWI performance indicators required for release in the Urban NPR, as outlined in the *National Performance Framework: 2013–14 urban water performance report indicators and definitions handbook*.

With the exception of the financial indicators, IPART audits one third of the auditable NWI indicators each year. The audit is conducted concurrently with the annual operating licence audits. The Audit Office of NSW audits the financial NWI indicators once every three years.

Because Water NSW is a bulk water supplier, it reports only a subset of the NWI indicators (29 of approximately 130 indicators).

LWUs are required to annually report the fair value⁷ and the current replacement cost depreciation of their water supply and sewerage assets in their audited annual financial statements.

DPI Water annually reports the performance of all the New South Wales utilities. The LWU data is audited as follows:

- All of the 30 NWI financial performance indicators are independently audited annually for each of the 105 regional LWUs.
- All of the auditable non-financial performance indicators are independently audited every three years for each of the 29 regional NSW utilities that are required to report nationally.⁸

The remainder of the information reported in the NSW Performance Monitoring System is not independently audited; however, in order to assure data reliability, the data is subject to the comprehensive data validation processes detailed in Appendix G of the *2013–14 NSW water supply and sewerage performance monitoring report* (NSW Office of Water 2015a).⁹

E3 Northern Territory

E3.1 Establishment of service providers

The *NT Water Supply and Sewerage Services Act 2009* provides the regulatory framework for the Territory's water and sewerage industry. The NT Department of Treasury and Finance is responsible for administering this Act in so far as it relates to price regulation; the Minister for Essential Services in terms of its relationship to licensed supply and service; and the Department of Health in terms of its relationship to water quality standards.

The objects of the *Water Supply and Sewerage Services Act 2009 Act* are:

- to promote the safe and efficient provision of water supply and sewerage services;
- to establish and enforce standards of service in water supply and sewerage services;
- to facilitate the provision of financially viable water supply and sewerage services; and
- to protect the interests of customers.

Among other things, this Act provides for the following:

- that the supply of water and sewerage services be licensed, and that licences issued by the Utilities Commission are for defined, gazetted, geographical areas; and
- that the Minister for Essential Services be responsible for the declaration of water supply and sewerage service licence areas (by notice in a government gazette).

Power and Water Corporation (the licensed utility) is subject to water-quality monitoring programmes and emergency directions issued by the Chief Health Officer (Department of Health).

⁷ The *NSW Reference Rates Manual—Valuation of Water Supply, Sewerage and Stormwater Assets* (NSW Office of Water 2014) provides current unit rates and guidance on the valuation and depreciation of such assets. Available at www.water.nsw.gov.au.

⁸ These utilities serve 74 per cent of the connected properties in regional NSW. Independent audits were conducted in 2006–07, 2009–10, and 2012–13.

⁹ The NSW Performance Monitoring System is shown on page 3 of the *2013–14 NSW Water Supply and Sewerage Benchmarking Report* (NSW Office of Water 2015). The system involves a 'one-stop shop', which minimises red tape and avoids duplication in reporting. It provides the required LWU data to the Bureau annually (for the Urban NPR) and the Australian Bureau of Statistics, as well as for NSW State reporting, including: the State of the environment reporting; NSW 2021 plan reporting; the annual NSW performance monitoring and benchmarking reports; and a Triple Bottom Line performance report for each LWU.

The Northern Territory Utilities Commission is the independent industry regulator. It has responsibility for the licensing functions conferred by the *Water Supply and Sewerage Services Act 2009*.

Statutory conditions of water and sewerage licences issued under this Act include:

- that the licensee monitors and reports to the Utilities Commission on compliance with the licence; and
- that the licensee procures an audit, if required by the Utilities Commission, of its compliance with the terms of the licence.

The NT *Water Act 1992* is another major piece of legislation pertaining to the regulation of the supply of water and sewerage services in the Territory. This Act provides for the investigation, allocation, use, control, protection, management, and administration of water resources, and for related purposes.

The *Water Act 1992* also allows for the issue of waste discharge licences and water extraction licences by the Controller of Water Resources (Department of Land Resource Management).

E3.2 Operation of water utilities

Power and Water Corporation is responsible for monitoring the quality of drinking water in line with its Drinking Water Operational and Verification Monitoring Program and reports the results to the Chief Health Officer. The program is based on the *2004 Australian drinking water guidelines*.

While Power and Water Corporation has primary responsibility for providing safe drinking water through the *Water Supply and Sewerage Services Act 2009*, a number of government agencies are also involved. The Department of Health applies the guidelines and monitors compliance with them in the interest of public health, and the Department of Land Resource Management and the Environmental Protection Authority of the Northern Territory (EPA) also have roles in protecting water quality, including the regulation and management of water resources and the regulation of pollution control.

The NT Department of Infrastructure has a major role in protecting water quality through land-use planning in the Territory. In addition, legislation such as the *Water Act 1992* and the NT *Land Acquisition Act 1978* contain provisions for infrastructure and land use relating to water supply.

A condition of the waste discharge licences issued to Power and Water Corporation is the submission to the EPA of annual audit and compliance reports related to environmental impacts that discharged water may cause, and the assessment of water-recycling schemes. The corporation also investigates and reports to the EPA on pollution incidents under the NT *Waste Management and Pollution Control Act 2012*.

Water and sewerage tariffs and charges are regulated by the NT Government via a Water and Sewerage Pricing Order issued by the Treasurer as regulatory minister. The Utilities Commission monitors compliance with the pricing order and enforces it under section 23 of the NT *Utilities Commission Act 2000*. The commission is also required to investigate any complaints made to it by customers about non-compliance with the prices outlined in the order.

E3.3 Water utilities in the Northern Territory

In the NT, Power and Water Corporation's water and sewerage business is licensed and is responsible for the supply of water and sewerage services to the Territory's five major centres (Darwin, Katherine, Tennant Creek, Alice Springs, and Yulara) and 13 minor centres.

No significant distinction between urban and rural areas is made under the legislation or the licensing framework under which Power and Water Corporation operates. Geographical coordinates (latitude and longitude) define the declared water supply and sewerage service licence.

E3.4 Performance reporting

Urban NPR data is gathered within Power and Water Corporation by a central coordinator, who collates the report, while other areas in the organisation supply information. Some key NPR indicators are provided to Power and Water Corporation's executive management, board, and shareholders on a regular basis. Performance data that is publicly available is reviewed and/or signed off at the senior management level. NPR data is signed off at the senior management level. Many of the NPR indicators are audited in accordance with NPR auditing requirements.

E4 South Australia

E4.1 Establishment of utilities

The SA Department of Environment, Water and Natural Resources and SA Water are the main agencies responsible for managing this State's urban and rural water delivery.

Regional natural resources management boards are responsible for the development of water allocation plans for prescribed water resource areas as required by the *SA Natural Resources Management Act 2004*.

The *SA Water Industry Act 2012* establishes the regulatory framework for the water and sewerage industry covering economic regulation, technical regulation, water planning, and customer complaint handling. The *Water Industry Act 2012* commenced on 1 July 2012 and governs all water industry entities providing 'retail services' to SA customers.

On 1 January 2013, the Essential Services Commission of South Australia (ESCOSA) became the independent economic regulator of water and sewerage retail services in the State, with the primary objective of protecting the long-term interests of SA consumers with respect to the price, quality, and reliability of those services.

ESCOSA is responsible for the economic regulation of water and sewerage services in the State. This role includes industry licensing, consumer protection, retail pricing, and performance monitoring.

E4.2 Water utilities in South Australia

Any person or entity providing 'water retail services' to SA customers is required to be licensed by ESCOSA. ESCOSA has determined separate regulatory obligations for major retailers (those providing retail services to 50,000 or more connections) and other retailers (with less than 50,000 connections). SA Water is the only major retailer in SA and there are currently 64 other retailers (mainly council-run operations).

SA Water is a government entity and, as the State's main supplier of urban water, is required under the *SA Water Corporation Act 1994* to deliver, monitor, and report on its primary functions concerning:

- supply of water by reticulated systems;
- storage, treatment and supply of bulk water; and
- removal and treatment of wastewater.

SA Water provides drinking water to approximately 750,000 customers, servicing around 95 per cent of the State's population. SA Water also provides sewerage services to approximately 590,000 customers, servicing around 76 per cent of the State's population.

The 64 other water and sewerage retailers provide drinking water to approximately 6,000 customers and sewerage services to around 85,000.

E4.3 Operation of water utilities

Section 35 of the *Water Industry Act 2012* empowers ESCOSA to make a determination under the *SA Essential Services Commission Act 2002* regulating prices, conditions relating to prices, and price-fixing factors for water retail services.

ESCOSA made its first independent revenue determination for SA Water in May 2013, setting maximum allowed revenues for drinking water and sewerage retail services for the 3-year period from 1 July 2013 – 30 June 2016.

A more light-handed approach to price regulation has been applied to other water retailers for the Initial Regulatory Period (1 July 2013 – 30 June 2017) through a combination of pricing principles and a price monitoring framework.

Pursuant to Part 4 of the *Essential Services Commission Act 2002*, ESCOSA is empowered to make industry codes and rules regulating the conduct or operations of a regulated industry or regulated entities. ESCOSA has devised a Water Retail Code for major retailers that sets out the minimum requirements to be complied with by SA Water when dealing with its customers, and it includes obligations relating to customer connections and the quality, safety, and reliability of water and sewerage supply. SA Water is required to meet a number of operational service standards relating to customer service, service interruptions, and new connections.

A similar code has been devised for other retailers, but there are currently no service standards.

E4.4 Performance reporting

ESCOSA produces an annual performance report on the water and sewerage industry. The report covers prices charged, customer service, financial assistance offered by retailers to customers, infrastructure reliability, and financial performance.

SA Water reports against customer service and water quality indicators in its annual report. The indicators include:

- compliance with the *Australian drinking water guidelines 2011*;
- the Water Quality Management Index;
- compliance with water and sewerage services targets; and
- the Incident Response Index.

E5 Tasmania

E5.1 Introduction

Since 1 July 2013 the Tasmanian Water and Sewerage Corporation Pty Ltd (TasWater) has owned, controlled and operated water supply and sewerage systems in Tasmania. TasWater manages all aspects of the water supply chain from dams and reservoirs to customer property connections and from customer sewer connections to wastewater treatment and disposal. TasWater is subject to various public health, environmental, and customer service regulatory requirements.

The key piece of legislation governing the water and sewerage industry is the Tasmanian *Water and Sewerage Industry Act 2008* (the Industry Act). The Industry Act requires any persons or entities owning and/or operating water and/or sewerage infrastructure, or supplying water and/or sewerage services to others, to be licensed, unless exempted.

The licences place a number of regulatory obligations on licensees through reference to various regulatory instruments such as codes and guidelines, as well as requiring the preparation of management plans in relation to matters such as asset and emergency management and compliance.

E5.2 Establishment of water utilities

In July 2009, Tasmania's urban water and sewerage industry was reformed and restructured. Three regional water and sewerage entities took over the operation of the water and sewerage services previously provided by 28 local councils and three bulk water authorities.

Two pieces of legislation were enacted to enable the implementation of the reforms:

- the *Tasmanian Water and Sewerage Corporations Act 2008*, to address the structural elements of the reforms, and
- the *Water and Sewerage Industry Act 2008*, to address the economic regulatory elements.

The *Tasmanian Water and Sewerage Corporation Act 2012* was subsequently enacted to provide the legislative basis for the amalgamation of these three regional corporations to form the Tasmanian Water and Sewerage Corporation Pty Ltd, known as TasWater, which commenced operations on 1 July 2013.

TasWater's objectives include ensuring that infrastructure planning occurs on a statewide basis, service is delivered consistently, governance arrangements between council owners and TasWater are streamlined and opportunities are created for cost savings.

E5.3 Operation of water utilities

The *Water and Sewerage Industry Act 2008* provides for the establishment of an economic regulatory framework for the provision of water and sewerage services. It also provides for a number of transitional arrangements to apply until all elements of the regulatory framework are fully implemented.

The economic regulatory framework is focused on ensuring competitive market outcomes from the sector in relation to both price and service, ensuring the financial sustainability of the water and sewerage industry and providing sufficient funding to meet other regulatory obligations.

Industry regulators for the sector include the Tasmanian Economic Regulator, Director of the Environment Protection Authority (EPA), Director of Public Health, and Secretary for the Tasmanian Department of Primary Industries, Parks, Water and Environment.

The Tasmanian Economic Regulator is responsible for administering the licensing system, establishing and maintaining the Customer Service Code, and regulating prices and terms and conditions for regulated services.

The Tasmanian Environment Protection Authority administers and enforces the provisions of the *Tasmanian Environmental Management and Pollution Control Act 1994* and is principally concerned with the prevention, reduction, and remediation of environmental harm.

The Director of Public Health is responsible for drinking water quality and safety through the application of drinking water guidelines and for the fluoridation of drinking water.

The Department of Primary Industries, Parks, Water and Environment is responsible for the administration of the *Tasmanian Water Management (Safety of Dams) Regulations 2011*.

Independent regulation of water and sewerage prices in Tasmania commenced on 1 July 2012.

Price reform of the industry is designed to transition customers to a single set of tariffs across the whole State by the statutory due date of 1 July 2020 (i.e., customers are required to be paying the same price for the same service irrespective of where they live in Tasmania by this date). Price reform has also introduced two-part pricing for water (a fixed charge based on the size of the connection and a variable charge reflecting metered water consumption) and for sewerage charges to be determined based on the assessed equivalent tenements of each property.

E5.4 Performance reporting

The Tasmanian Economic Regulator may on its own initiative, or if directed by the Tasmanian Minister for Primary Industries and Water and the Tasmanian Treasurer, prepare an annual report on the state of the water and sewerage industry (the State of the industry report). The report covers affordability, customer service, financial performance, network reliability and efficiency, drinking water quality, and environmental performance, and also identifies future priority projects for the industry. The indicators reported upon in the report are based on the National Performance Reporting Framework with some additional Tasmanian-based measures.

The Economic Regulator's *Tasmanian water and sewerage industry performance and information reporting guideline 2015* outlines the data and contextual information that TasWater must provide to the Economic Regulator so that its performance can be measured in a number of areas.

The Economic Regulator's reporting guideline sets out how the Economic Regulator will exercise its powers to provide for regulatory reporting, the scope of the reporting, and how the reporting is to be conducted. Under the guideline, licensees are required to engage an independent reporter or appraiser, approved by the Economic Regulator, to conduct a review according to terms of reference issued by the Economic Regulator. In developing the terms of reference for these reviews, the Economic Regulator consults with the Director of Public Health and the Director of the EPA to determine the practicality of joint reporting.

The report to the Economic Regulator covers compliance with and the adequacy of management and compliance plans and/or the quality, reliability, and conformity of regulatory information, including performance information. Regulatory reporting for Tasmania's water corporations began in 2012–13. The auditing of performance information commenced during 2013–14, while reviews of TasWater's *Emergency Management Plan and Compliance Plan* were undertaken during 2014–15. A review of TasWater's *Asset Management Plan* was also commenced during 2014–15 (completed on 22 August 2015).

The Tasmanian Department of Health and Human Services ensures compliance with regulatory obligations under the Tasmanian *Public Health Act 1997* and the Tasmanian Drinking Water Quality Guidelines 2005. Under these guidelines, any laboratory tests of drinking water must be performed by an accredited laboratory. If results obtained from drinking water tests indicate that there is or is likely to be a threat to public health, then the laboratory that performed those tests must notify the Director of Public Health.

E6 Queensland

E6.1 Introduction

In Queensland, the regulation of the urban water and sewerage services sector is undertaken by a number of Queensland Government departments, with the aim of providing the State's urban communities with access to safe and reliable water and sewerage services and ensuring efficient business operations, efficient water use, water security, protection of the environment, competition, and the prevention of monopoly pricing.

E6.2 Establishment of water utilities

Chapter 2 of the Queensland *Water Supply (Safety and Reliability) Act 2008* provides a framework for the delivery of water and sewerage services throughout Queensland. It sets out certain requirements relating to water and sewerage service providers and the provision of services (water, sewerage, and irrigation). Chapter 3 provides a framework for the use and provision of recycled water.

The Queensland *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* provides for council-owned distributor–retailers and the operation of council water businesses in South East Queensland (SEQ). The Queensland Department of Energy and Water Supply (DEWS) administers this Act.

Chapter 4 of the Queensland *Water Act 2000* provides the administrative and reporting framework for Category 1 water authorities. The Queensland *South East Queensland Water (Restructuring) Act 2007* provides for bulk water service providers in SEQ. DEWS jointly administers this Act with Queensland Treasury.

Water utilities are referred to as 'water service providers' in Queensland's legislative framework.

E6.3 Operation of water utilities

Water service providers (or ‘utilities’) in Queensland operate within the following framework of regulation:

Water quality—health

- *Water Supply (Safety and Reliability) Act 2008* (administered by DEWS); and
- *Public Health Act 2005* and *Regulations*, *Water Fluoridation Act 2008* and the *Water Fluoridation Regulation 2008* (administered by the Queensland Department of Health).

Water quality—discharges to the environment

- *Environmental Protection Act 1994* and *Regulations* (administered by the Queensland Department of Environment and Heritage Protection).

Infrastructure

- *Water Supply (Safety and Reliability) Act 2008*, *South East Queensland Water (Distribution and Retail Restructuring) Act 2009*, *South East Queensland Water (Restructuring) Act 2007*, and *Queensland Water Act 2000* (administered by DEWS);
- *Environmental Protection Act 1994* and *Regulations* (administered by the Queensland Department of Environment and Heritage Protection);
- *Local Government Act 2009* and *Regulations* (administered by the Queensland Department of Infrastructure, Local Government, and Planning);
- *Plumbing and Drainage Act 2002* and *Queensland Development Code* (administered by the Queensland Department of Housing and Public Works); and
- *Sustainable Planning Act 2009* (administered by the Queensland Department of Infrastructure, Local Government, and Planning).

Pricing

- *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* and *Water Act 2000* (administered by DEWS);
- *Local Government Act 2009* and *Regulations* (administered by the Queensland Department of Infrastructure, Local Government, and Planning); and
- *Queensland Competition Authority Act 1997* (administered by Queensland Treasury).

The regulatory framework for water service providers in Queensland in the *Water Supply (Safety and Reliability) Act 2008* was amended in May 2014 to focus on outcomes rather than process.

The regulatory approach aligns with the NPR framework and uses mandatory reporting on key performance indicators and public and comparative performance reporting. It is anticipated to drive service improvement and improved planning and infrastructure management by fostering a reputational incentive for better performance, and enhancing accountability to customers by opening provider performance to public scrutiny. Transparency for customers should be improved as service providers are now required to consult on and publish customer service standards as well as publish annual reports.

The Department of Environment and Heritage Protection licenses wastewater treatment plant discharges and requires monitoring and environment reporting.

The Queensland Competition Authority is responsible for monitoring retail and distribution pricing in South East Queensland and for investigating and recommending pricing for bulk supply from Seqwater and SunWater.

E6.4 Water utilities in Queensland

Queensland has a total of 174 registered water service providers (or 'utilities'), of which 86 are potable water and sewerage service providers and 88 are nonpotable water service providers.

With the exception of Mt Isa in the northwest of the State, all residential water service providers with more than 5,000 connections are concentrated in South East Queensland and along the east coast north to Douglas Shire.

The smaller providers commonly service small populations over a large and/or remote location, such as Indigenous council areas and rural towns. The majority (68 per cent) of residential water service providers in Queensland have less than 5,000 residential connections. In many cases, these connections are spread over a number of isolated supply schemes within the council water supply area.

In South East Queensland, there are five distribution and retail providers: the two local government-owned distributor–retailers (Queensland Urban Utilities and Unitywater); and three local governments that provide water and sewerage services directly (Gold Coast, Logan, and Redland city councils). Seqwater now performs all bulk production and transport services in South East Queensland.

E6.5 Performance reporting

The Queensland Water Supply Regulator is part of DEWS. It is responsible for issuing notices to relevant service providers that require them to report on particular key performance indications. It receives annual performance reports, undertakes data validation, administers compliance with the *Water Supply (Safety and Reliability) Act 2008*, and incident or quarterly reporting requirements under this Act, including managing the systems that store information.

Key performance indicators

Since 1 July 2014, all service providers have been required to report to DEWS on their performance against a set of key performance indicators for each year, for analysis and compliance purposes. This annual reporting requirement only applies to drinking water and sewerage service providers, and larger providers (those with over 10,000 connections) are required to report to Urban NPR against a wider set of indicators.

Monitoring and compliance

The *Water Supply Act* outlines a process for the Water Supply Regulator to monitor performance, trigger investigations, and require improvement plans or, in crisis situations, to direct providers to undertake actions to address an imminent threat to water security or continuity of supply (including for a sewerage service).

Comparative report

DEWS will publish an annual comparative report on water industry performance statewide in consultation with industry. Performance information including water security, customer service, and financial sustainability will be published. The first comparative report will be published in 2016. All service provider performance data will also be made publicly available as part of the open data requirements.

DEWS administers the Urban NPR process for Queensland.

E7 Victoria

E7.1 Introduction

The Victorian Department of Environment, Land, Water and Planning (DELWP) has overall governance oversight, on behalf of the Minister for Environment, Climate Change and Water, for the establishment of water utilities and their performance in this State. This responsibility pertains to certain aspects of water utility performance and is also shared with the Victorian departments of Treasury and Finance (DTF) (regarding business financial risks) and Health and Human Services (DHHS) (regarding water quality), as well as the Victorian Environment Protection Authority (regarding environmental performance) and the Essential Services Commission (ESC) of Victoria (regarding price regulation and service standards).

Reporting and compliance obligations are imposed by Victorian legislation including the *Water Act 1989*, the *Water Industry Act 1994*, the *Financial Management Act 1994*, the *Safe Drinking Water Act 2003*, and the *Environment Protection Act 1970*. In addition, regulatory instruments such as the Statement of Obligations (2012), the Water Industry Regulatory Order 2014, and the State Environment Protection Policy (Waters of Victoria) also impose some compliance and reporting obligations.

E7.2 Establishment of water utilities

The Victorian water sector is made up of 19 water utilities constituted under the *Water Act 1989*. The key aspects of the frameworks governing drinking water quality, environmental protection, price regulation, and consumer protection are the same across all 19 water utilities.

Under sections 41 of the *Water Industry Act 1994*, water utilities are subject to statements of obligations, issued by the Victorian Minister for Environment, Climate Change and Water following consultation with the Treasurer and the ESC, that impose obligations in relation to the performance of their functions and the exercise of their powers.

E7.3 Operation of water utilities

Apart from DEWLP, four other agencies jointly oversee the regulation of water utility operation in Victoria.

The DTF oversees governance of the water corporations' proposed strategic directions and business management activities in terms of their potential for financial risk to the business and its implications for the Government, focusing on the State's budget, net debt position, and credit rating.

The DHHS oversees governance of water quality under the *Safe Drinking Water Act 2003* and the *Safe Drinking Water Regulations 2005*. This provides a framework for drinking water quality that includes risk management obligations, a set of standards for key water quality parameters, and information disclosure requirements for water businesses. The Regulations establish an auditing framework.¹⁰ Under the legislation, the DHHS is required to publish an annual water quality report that is tabled in parliament by the Victorian Minister for Health.

The Environmental Protection Authority Victoria (EPA) regulates the environmental performance of the water utilities, particularly as it relates to treated wastewater quality, through a corporate licence (previously, each wastewater treatment plant was licensed). The level of wastewater treatment required usually depends on the type of waterway into which the treated wastewater is discharged. Under the licence provisions, water businesses must regularly sample and monitor wastewater quality and advise the EPA if there are specific incidents of noncompliance. A corporate licence also includes a requirement to submit an annual performance statement to the EPA.

Most wastewater treatment plants operated by the water businesses are subject to the State Environment Protection Policy (Waters of Victoria) schedules, which are developed and administered by the EPA. The schedules require wastewater treatment plant operators to ensure that the sustainable reuse of treated effluent and biosolids is maximised wherever possible.

¹⁰ Details of the drinking water regulatory framework, the audit arrangements and the annual drinking water quality report are available at www.health.vic.gov.au/water/drinkingwater/annualreport.htm.

Water businesses are also subject to EPA works approval permits before constructions of new treatment plants or major alterations can begin.¹¹

The ESC is responsible for price regulation and setting service standards for water services in Victoria under Part 1A of the *Water Industry Act 1994*, the *Essential Services Commission Act 2001* and the Water Industry Regulatory Order. The legislative framework provides the ESC with powers and functions to:

- make price determinations;
- regulate standards and conditions of service and supply; and
- require regulated businesses to provide information.

E7.4 Water utilities in Victoria

The Victorian Government owns all 19 water utilities in the State. There are four water utilities in metropolitan Melbourne: Melbourne Water, City West Water, South East Water, and Yarra Valley Water. The three retailers (City West Water, South East Water, and Yarra Valley Water) deliver retail water supply and sewerage services to customers in the Melbourne metropolitan area.

Melbourne Water provides bulk water and bulk sewerage services in the Melbourne metropolitan area and manages rivers, creeks, and major drainage systems in the Port Phillip and Westernport regions. Melbourne Water also controls the catchment for most of its supply.

Outside Melbourne, 13 regional urban water utilities provide water and sewerage services (Barwon Water, Central Highlands Water, Coliban Water, East Gippsland Water, Gippsland Water, Goulburn Valley Water, Grampians Wimmera Mallee Water (GWMWater), Lower Murray Water, North East Water, South Gippsland Water, Wannon Water, Western Water,¹² and Westernport Water).

GWMWater and Lower Murray Water are hybrid water utilities that provide both urban water services and rural water services.

Additionally, two rural water utilities (Goulburn–Murray Water and Southern Rural Water) provide irrigation and rural water services.

Most water utilities in regional Victoria have their own bulk water supplies. Goulburn–Murray Water, Southern Rural Water, and GWMWater also provide both wholesale (bulk) and retail services. In metropolitan Melbourne, Melbourne Water provides both bulk water and sewerage services, and three separate retail water utilities deliver retail water supply and some localised sewerage services.

Although owned by the Government, all 19 water utilities act as stand-alone entities and are responsible for their own management and performance. Each water utility has a chairperson and a board of directors appointed by the Victorian Minister for Environment, Climate Change and Water. The board has a range of responsibilities, including:

- steering the entity;
- setting objectives and performance targets; and
- ensuring compliance with legislation and government policy.

Public sector directors must comply with the statutory directors' duties in the Victorian *Public Administration Act 2004*, the Directors' Code of Conduct, and common law directors' duties. In addition, directors of water utilities must also comply with requirements as set out in the *Water Act 1989*.

Each utility board appoints a managing director who is responsible for the day-to-day management of the water utility under delegation from the board.

¹¹ Details of the environmental regulatory framework and how it applies to water businesses are available from www.epa.vic.gov.au/water/EPA/controls.asp

¹² Whilst Western Water provides its own bulk and retail services, it also draws on Melbourne Water's bulk water services.

Each managing director sits on the board and is the primary link between the board and the water utility staff. The directors are responsible for communicating board priorities and policies to staff and for presenting reports, submissions, and budgets to the board. The board of each water utility reports to the Victorian Minister for Environment, Climate Change and Water via DELWP. In turn, the Minister is responsible for reporting to parliament on the performance of each water utility. To assist with the management of the water industry, the Minister is supported by the Water and Catchments Group within DELWP.

The *Financial Management Act 1994* is the principal legislation governing financial reporting by water. The Victorian Minister for Finance (through DTF) issues financial reporting directions under the *Financial Management Act 1994* for the preparation of annual reports. This Minister issues ministerial reporting directions to water utilities for performance reporting as part of their annual reports. DELWP is responsible for reviewing the annual reports of the water utilities and advising the Minister for tabling the reports in parliament.

The Victorian Auditor-General's Office is responsible for the auditing of the annual financial statements and the performance report of water utilities before their annual reports are tabled in parliament. Some data reported in the NPRs is either taken directly from the published annual reports or derived from the annual reports.

In accordance with the *Water Act 1989*, each water utility must submit an annual corporate plan that provides a statement of corporate intent, lists expected activities, and provides a financial forecast for the following 5 years. The Victorian Minister for Environment, Climate Change and Water (through DELWP) issues guidelines to the water utilities for the preparation of the plans. DELWP and DTF are responsible for reviewing the corporate plans (and also business cases for major capital projects above a threshold value) and for advising the Minister and the Treasurer, respectively.

Price submissions (previously called water plans) are generally required every 5 years.¹³ They include details about proposed revenue requirements and tariff and pricing structures and are assessed by the ESC.

E7.5 Performance reporting

One of the ESC's regulatory functions is to monitor and report publicly on the performance of the Victorian water utilities. The ESC's annual water performance reports are available on its website (www.esc.vic.gov.au/Water/Performance-reports/).

Under the Water Industry Regulatory Order, the ESC has the function of auditing:

- the compliance of a regulated water utility with the standards and conditions of service and supply specified by the ESC in any code or set out in the utility's price determination, and the systems and processes established by the water utility to ensure such compliance;
- the reliability and quality of information reported by a water utility to the ESC, and the conformity of that information with any specification issued by the ESC; and
- the compliance of a water utility with asset management obligations imposed in any statement of obligations issued to it.

The annual audits are an important element of the regulatory framework. They verify that the information collected and reported by water utilities is accurate and reliable and provide evidence to customers and other stakeholders that regulatory obligations are being complied with. Most Victorian data reported in the NPRs is audited under those arrangements.

The audit approach is set out in the ESC's guideline for approving, conducting, and reporting audits, which is available from the ESC's website (www.esc.vic.gov.au/Water/Codes-and-Guidelines/).

¹³ Melbourne Water and Goulburn-Murray Water's current price determinations are for three years.

E8 Western Australia

E8.1 Introduction

The WA Department of Water has prime responsibility for water resource policy, planning, management, and regulation, as well as the administration of water entitlements and water rights within the State. The reporting of water utility performance is the responsibility of the Economic Regulation Authority (ERA); however, the WA departments of Health and Environment Regulation as well as the Western Australian Environmental Protection Authority also have some reporting responsibilities.

Reporting and compliance obligations are imposed by Australian Government legislation including the *Corporations Act 2001* and the *Privacy Act 1988*, and by WA legislation including the *Water Services Act 2012*,¹⁴ the *Metropolitan Water Supply, Sewerage and Drainage Act 1909*, the *Health Act 1911*, the *Environmental Protection Act 1986*, *Financial Management Act 2006*, and the *Planning and Development Act 2005*.

E8.2 Establishment of utilities

Water utilities are referred to as ‘water service providers’ in Western Australia’s legislative framework.

Under the *Water Services Act 2012*, the ERA is the independent regulator responsible for administering the licensing scheme for water services and for reporting on industry performance. To obtain a licence, a water service provider has to demonstrate that it has the financial and technical capacity to provide the service or services that are to be covered by a licence, and that the grant of the licence is not contrary to the public interest.

The *Water Services Code of Conduct (Customer Service Standards) 2013* prescribes the customer service standards applicable to water and sewerage licensees.

The licence terms and conditions for licensees who supply drinking water require the licensee to enter into a memorandum of understanding, which specifies drinking water quality standards, with the Department of Health, which also audits compliance. The memorandum of understanding is reviewed every three years, unless agreed otherwise.

E8.3 Operation of water utilities

The ERA and other agencies jointly oversee the operation of water providers in Western Australia.

The Department of Health sets standards for drinking water quality and regulates the public health aspects of water supply (both potable and non-potable), pursuant to the *Health Act 1911*. The Department also supports the Advisory Committee for the Purity of Water, which advises the WA ministers for Health and Water on issues associated with protecting public drinking water.

The Department of Water’s responsibilities include the collection and analysis of water resources information, the protection of water quality and water resources, and water industry planning and policy, management, and regulation.

The Department of Environment Regulation regulates the environmental impacts of water service providers through the *Environmental Protection Act 1986*. The Act prescribes an environmental registration and licensing scheme, which sets limits on the type and volume of waste that can be discharged from a site. In some circumstances, the water service providers may be required to arrange for audits of their compliance with the conditions attached to their registration and provide a copy of the audit report to the department. The water providers must notify the department if there is an unauthorised discharge of waste from registered premises.

¹⁴ The WA *Water Services Act 2012*, which commenced in November 2013, repealed and replaced the water services licensing provisions in the WA *Water Services Licensing Act 1995*.

The Environmental Protection Authority is an independent adviser to WA Government on a broad range of environmental matters. The functions of the authority include conducting environmental impact assessments, preparing statutory policies for environmental protection, publishing guidelines for managing environmental impacts, and providing strategic advice to the WA Minister for Environment.

The Western Australian Planning Commission, a statutory authority that operates with the support of the Department of Planning, oversees the land-use planning implications of the operations of the water service providers, according to requirements of the *Planning and Development Act 2005*.

The ERA does not have water price-setting powers, but was previously requested by WA Government to undertake an independent review of pricing for the Water Corporation, Aqwest, and Busselton Water. The ERA's reports on its reviews of water pricing have included recommendations to the WA Government on the pricing of water supply and sewerage services supplied by these service providers; however, the final decision on pricing rests with the Minister for Water.

The *Water Services Act 2012* requires licensees to arrange for an operational audit and a review of asset management system effectiveness at least once every two years (or longer, at the ERA's discretion). Independent auditors appointed by the ERA conduct the audit and review. The ERA approves the final audit and review reports, arranges for their publication on its website, and provides a copy of each report to the WA Minister for Water.

E8.4 Water utilities in Western Australia

A number of water service providers are involved in delivering urban water and sewerage services in Western Australia. They include the Water Corporation, Aqwest, Busselton Water, and the City of Kalgoorlie–Boulder.

The Water Corporation is a statutory State-owned corporation that provides potable and nonpotable water, bulk water, sewerage services, and drainage services to most areas of Western Australia. It also undertakes catchment management activities under delegation from the Department of Water according to an operational agreement for catchment management between the two organisations. The Water Corporation is the principal supplier of water, sewerage, and drainage services to hundreds of thousands of homes, businesses, and farms, and provides bulk water to farms and growers' cooperatives for irrigation. Its services, projects, and activities span more than 2.5 million km². It has regional offices in Perth, Bunbury, Albany, Karratha, Geraldton, Northam, and Kalgoorlie.

Bunbury Water Corporation is a Government-trading enterprise operating under the *WA Water Corporations Act 1995*, trading as Aqwest. The Aqwest licence permits the supply of potable and non-potable water to the regional centre of Bunbury, approximately 190 km south of Perth.

Busselton Water Corporation is a Government-trading enterprise operating under the *Water Corporations Act 1995*, trading as Busselton Water. The Busselton Water licence permits the supply of potable and nonpotable water to the regional centre of Busselton, approximately 250 km south of Perth. Busselton Water also supplies bulk water to the Water Corporation in Dunsborough.

The State-owned corporations (Aqwest, Busselton Water and the Water Corporation) are subject to performance-reporting requirements under the *WA Financial Management Act 2006*. The annual reports prepared by Aqwest, Busselton Water, and the Water Corporation include non-financial performance indicators that are independently audited by the WA Office of the Auditor-General.

The City of Kalgoorlie–Boulder provides sewerage and nonpotable water services to Kalgoorlie–Boulder, located 600 km east of Perth in the Goldfields district. The nonpotable water supplied to customers is sourced from recycled effluent.

There are also a number of small licensed and unlicensed water service providers in the State. The licensed service providers include Aquasol, Hamersley Iron, Moama Lifestyle Villages, the Rottnest Island Authority, Robe River Mining Company, and 19 small regional local governments.

E8.5 Performance reporting

Licensees are required to provide the ERA with data for performance-monitoring purposes, as set out in the licence and the ERA's *Water, sewerage and irrigation licence performance reporting handbook*. Licensees are required to submit completed performance reports to the ERA for each year ending 30 June. Where possible, the performance indicators for licensees who are not required to report under the National Water Initiative Agreement have been aligned with the NPR indicator set for consistency.

The ERA's *Water compliance reporting manual* requires licensees to report to the ERA on their compliance with the terms and conditions of their licence for each year ending 30 June. The ERA uses the compliance reports to monitor the overall level of compliance by licensees; the content of each report is confidential to the licensee and the ERA.

The ERA produces the annual '*Water, sewerage and irrigation performance report*', which presents performance data provided by licensed urban service providers, including those that report under the Urban NPR, with more than 1,000 connected properties, and two of WA's largest rural water service providers. Most of the urban performance indicators are consistent with those of the NPR. With the exception of the licensees that report under the Urban NPR, licensees are not subject to the data audit requirements of the NPRs. Those licensees not reporting under the NPR are required to undertake operational audits to confirm the accuracy of the performance data they report to the ERA.

An aerial photograph of a golf course and a residential area. The golf course features green fairways, sand traps, and a large body of water. The residential area includes houses with red roofs, swimming pools, and a tennis court. The image is used as a background for a promotional graphic for the Bureau of Meteorology.

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