

# Appendix F Jurisdictional summaries

Jurisdictional summaries are provided 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.

## F1 Australian Capital Territory

### F1.1 Introduction

The ACT Government's Environment, Planning and Sustainable Development Directorate has several roles in water management within the ACT. It manages strategic water policy, including ACT implementation of national water reform and Murray–Darling Basin matters including *Basin Plan* implementation, 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. ACT water policy is expressed through the *Water Resources Act 2007*.

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*, 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* (for plumbing and sanitation services), and *Public Health Act 1997*.

The *Utilities Act 2000* provides for the Independent Competition and Regulatory Commission (ICRC) to issue licences and determine industry codes. Among other functions, the Utilities Act provides for the Essential Services Consumer Council.

The ICRC determines price directions for water utilities and regulates access agreements. A new price direction incorporating biennial reviews was issued in June 2013 for the next price path period up to 30 June 2018. That price path was reviewed by an independent panel which made a substitute decision in May 2015. An annual review adjustment is made for water and sewerage services. Prices for water and sewerage services are increased in line with the consumer price index (CPI). The second factor is to incorporate the effect of any approved pass-through events on Icon Water's (formerly ACTEW Water) costs in prices in the following year. Prices set for 2016–17 are:

#### Water prices (\$, current prices), 2016–17 to 2017–18 (\$, current prices)

|                             | 2016–17 | 2017–18       | Change (%) |
|-----------------------------|---------|---------------|------------|
| Fixed (\$/year)             | 101.14  | <b>101.48</b> | 0.3        |
| Tier 1 (0–200 kL/a) (\$/kL) | 2.60    | <b>2.61</b>   | 0.4        |
| Tier 2 (200 kL/a+) (\$/kL)  | 5.22    | <b>5.24</b>   | 0.4        |

#### Sewerage services prices (\$, current prices), 2016–17 to 2017–18

|   | 2016–17 | 2017–18       | Change (%) |
|---|---------|---------------|------------|
| Supply charge (\$/year)   | 523.18  | <b>529.38</b> | 1.2        |
| Fixture charge non-residential customers (\$/year) <sup>a</sup> | 511.66  | <b>517.73</b> | 1.2        |

The next determination is due in June 2018 to commence for the period 1 July 2018 to 30 June 2023.

Since November 2015, the ICRC has released a number of issues papers on the pricing of Icon Water's water and sewerage services tariff. During 2016–17, the ICRC released the following reports:

- *Report 5 of 2016: Tariff Review – Draft Report*
- *Report 3 of 2017: Tariff Structure Review*
- *Report 4 of 2017: Issues Paper – Regulated Water and Sewerage prices 2018–2023s*

Icon Water on 1 July 2017 submitted its price proposal for 2018–2023 determination to the ICRC.

Report 5 of 2017 is the ICRC report on maximum prices for water and sewerage services as a price adjustment for 2017–18.

The community was able to make submissions to these reports and there have been public hearings on the price path determination process.

### **F1.2 Water utilities in the ACT**

ACTEW Corporation Limited (ACTEW), 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 ACTEW Board 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 two subsidiary companies.

Icon Water provides water services to over 172,000 connected properties with over 3,300 km of water mains and sewerage services to 171,500 connections.

The ACT Auditor-General is Icon Water's auditor. Private firms provided internal audit services. Icon Water reports regularly to the ACT Government. Strategic planning for the sewage treatment plants culminated in the release of the *Lower Molonglo Water Quality Control Centre Strategic Plan*.

In 2016–17, the ACT received a rainfall amount 611.8 mm (at the airport reading), which is just below the long-term average of 616 mm. The period was marked by dry periods such as June 2017 but good rainfall in March and September.

Water consumption remained similar to that of recent years.

### **F1.3 Operation of water utilities**

ACT Health regulates water quality under the *Territory's 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 2016–17* in accordance with the code in 2017.

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.

### **F1.4 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 2017–18 to 2020–21 in May 2017.

The *Icon Corporation annual report 2016–17* was provided to the ACT Government in September 2017.

Quarterly reports of progress on the priorities outlined in the statement of corporate intents 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.

## F2 New South Wales

### F2.1 Introduction

In New South Wales, urban water supply and sewerage services are provided by three State-owned metropolitan water utilities and 92 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 and price regulator for the three major metropolitan water utilities in New South Wales: Hunter Water, Sydney Water, and WaterNSW. IPART also determines maximum prices that Central Coast Council and Essential Energy can charge their customers for the provision of water and sewerage services.

The Department of Industry oversees and monitors regional water utility performance, and is the primary regulator for all of the New South Wales LWUs, including 92 regional LWUs, which serve a total urban population of 1.85 million (with coverage of 98 per cent for water supply and 96 per cent for sewerage). The infrastructure current replacement cost for regional LWUs is \$28.8 billion, and annual revenue is \$1.51 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 New South Wales water utilities.

The State's water utilities have obligations under Australian and New South Wales legislation, including the Australian Government's *Corporations Act 2001*, *Privacy Act 1988*, and *Water Act 2008*, and the following New South Wales legislation: *Water Management Act 2000*, *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 Act 2006*, *Hunter Water Act 1991*, *Sydney Water Act 1994*, and the *WaterNSW Act 2014*.

### F2.2 Establishment of water utilities

The three New South Wales metropolitan utilities, (Sydney Water, WaterNSW, and Hunter Water), are created by and derive their responsibilities and areas of operations from their respective Acts (the *Sydney Water Act 1994*, the *WaterNSW Act 2014*, and the *Hunter Water Act 1991*).

The 92 regional urban LWUs derive their responsibilities from and operate mainly under the *Local Government Act 1993*. Four LWUs (Central Coast, Essential Energy, Fish River, and Cobar Water Board) operate as water supply authorities under the *Water Management Act 2000*.

### F2.3 Operation of water utilities

The regulatory oversight of water utilities in New South Wales is shared between different agencies. IPART regulates operating licences that have been issued to Sydney Water (under Part 5 of the *Sydney Water Act 1994*), Hunter Water (under Part 5 of the *Hunter Water Act 1991*), and WaterNSW (under Part 2 of the *WaterNSW Act 2014*). The operating licences include obligations relating to water quality, asset management, water quantity, environmental/catchment management, compliance, and performance reporting. IPART also determines the maximum prices these utilities can charge its customers for water services.

IPART conducts major operating audits each year. These 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.

The Department of Industry is the primary regulator of all of New South Wales 92 regional LWUs, under the New South Wales Government's comprehensive Best-Practice Management of Water Supply and Sewerage Framework ([www.water.nsw.gov.au](http://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 dividend payments to councils' general revenue is conditional on the implementation of the 19 requirements of the Framework.

Under the current Framework each LWU needs to prepare and implement a 30-year Integrated Water Cycle Management (IWCM<sup>12</sup>) strategy, and Strategic Business Plan (SBP<sup>1</sup>), alternatively, every 4 years in consultation with their community – that is, if an IWCM strategy is prepared this year, in four years' time a SBP needs to be prepared, and four years after that an IWCM needs to be prepared, and so on.

The IWCM strategy is critical for long-term planning for sustainable and equitable delivery of water supply, sewerage and stormwater services into the future that encompasses water security and quality measures, new infrastructure and asset renewals needs and associated resourcing and financing needs. The strategy '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. The Department of Industry reviews each LWU's IWCM strategy and provides confirmation to each utility that its final IWCM strategy is sound. The key outcomes of the IWCM strategy is a sound 30-year total asset management plan, associated resourcing and financing plan and an emergency response plan. The SBP is effectively a midterm review of the strategy and the underlying assumptions and updates the asset management and financial plans.

Each LWU needs to prepare and implement a risk-based drinking water management system (NSW Health and the Department of Industry 2013, in accordance with the *Australian Drinking Water Guidelines 2011*). The water-quality management systems need to be independently audited.

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 is therefore an integral part of the utility's IWCM strategy.

Proposed construction or modification of a dam, water, or sewage treatment works or for the development of a water-recycling system in NSW requires approval under section 60 of the *Local Government Act 1993*. This ensures that an independent and objective review of the proposed works is undertaken by the Department of Industry, where insights and expertise obtained from the Department of Industry's involvement in overseeing the design and operation of all of regional NSW dams and water and sewage treatment works can be effectively utilised. The review provides assurance that the proposed infrastructure will be fit for purpose and will provide 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 Department of Industry section 90(1) concurrence.

Under section 61 of the *Local Government Act 1993*, the Department of Industry 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.

The Department of Industry conducts nationally certificated operator-training courses for LWU water and sewage treatment works operators. The performance of each of the 536 LWU treatment works is publicly disclosed annually in the *NSW Water supply and sewerage benchmarking report*, together with the water recycling performance of each treatment works.

<sup>12</sup> The later of the integrated water cycle management strategy and strategic business plan is an LWU's peak planning document for water supply and sewerage. These 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.

NSW Health regulates water quality in NSW and administers functions relating to water suppliers (Sydney Water, Hunter Water, and the regional LWUs) under the *Public Health Act 2010*. NSW Health also enters into memorandums of understanding with the metropolitan water utilities (including WaterNSW) 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 programs. NSW Health also conducts the NSW Drinking Water Quality Program,<sup>13</sup> which tests and monitors the water quality of samples collected by the LWUs in accordance with the *Australian Drinking Water Guidelines 2011*.

## **F2.4 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 square km. 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 WaterNSW and from the desalination plant at Kurnell before it is treated and delivered to customers.

WaterNSW is a State-owned corporation established in 2015 by the *WaterNSW Act 2014* through the merging of the Sydney Catchment Authority and State Water Corporation. WaterNSW supplies raw water in bulk. The urban component of WaterNSW 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.

There are 92 regional LWUs in NSW, down from the previously reported 105 LWUs due to amalgamations of 25 of the LWUs into 12 new LWUs. The 92 regional LWUs in NSW range in area from 285 square km (Orange) to over 50,000 square km (Central Darling), while the population served ranges from 1,000 (Central Darling) to approximately 324,000 (Central Coast). There are 28 regional NSW LWUs which serve 10,000 or more connected properties.

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 and this reporting is audited each year through the annual operating licence audit. The audit results are presented to the responsible minister. These utilities also report the NWI performance indicators required for the Urban NPR.

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.

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

Department of Industry annually reports the performance of all the New South Wales utilities<sup>14</sup>. The LWU data is audited as follows:

- All of the 30 NWI financial performance indicators are independently audited annually for each of the 92 regional LWUs.
- All of the auditable non-financial performance indicators are independently audited every three years for each of the 28 regional NSW utilities that are required to report nationally.

<sup>13</sup> See Appendixes B (p. 235), D1 (p. 281) and H (p. 344) of the NSW Office Water 2015.

<sup>14</sup> The NSW reference rates manual for valuation of water supply, sewerage, and stormwater assets provides current unit rates and guidance on the valuation and depreciation of such assets. Further information is available from [www.water.nsw.gov.au](http://www.water.nsw.gov.au).



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 a comprehensive data validation process.

The NSW Performance Monitoring System functions as a 'one-stop shop' in order to minimise red tape and to avoid duplication in reporting. The Department of Industry provides LWU data to the Bureau of Meteorology annually (for the Urban NPR) and the Australian Bureau of Statistics, as well as for NSW State reporting—the 'State of the Environment Report' and the annual 'NSW performance monitoring and benchmarking report'.

## F3 Northern Territory

### F3.1 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 economic regulation; the Northern Territory Minister for Essential Services in terms of its relationship to licensed supply and service; and the Department of Health (NT) in terms of its relationship to water quality standards.

The objects of the *Water Supply and Sewerage Services Act 2009* 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
- 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
- that the Minister 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).

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
- 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 Environment and Natural Resources (NT)).

### F3.2 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 *Australian Drinking Water Guidelines 2011*.

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 Environment and Natural Resources 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, Planning and Logistics has a major role in protecting water quality through land-use planning in the Territory. In addition, NT legislation such as the *Water Act 1992* and the *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 by customers about non-compliance with the prices outlined in the order.

### **F3.3 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.

### **F3.4 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. Some NPR indicators are audited at an aggregate level.

## **F4 South Australia**

### **F4.1 Establishment of utilities**

The SA Department of Environment, Water and Natural Resources and SA Water Corporation are the main agencies responsible for managing South Australia'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 (the Commission) 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.

The Commission 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.

## F4.2 Water utilities in South Australia

Any person or entity providing 'water retail services' to SA customers is required to be licensed by the Commission. The Commission 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 Corporation is the only major retailer in SA and there are currently 66 other retailers (mainly council-run operations).

SA Water Corporation 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
- removal and treatment of wastewater.

SA Water Corporation provides drinking water to approximately 766,000 customers, servicing around 99 per cent of the State's drinking water customers. SA Water Corporation also provides sewerage services to approximately 599,000 customers, servicing around 87 per cent of the State's sewerage customers.

The 66 other water and sewerage retailers provide drinking water to approximately 6,000 customers and sewerage services to around 91,000.

## F4.3 Operation of water utilities

Section 35 of the *Water Industry Act 2012* empowers the Commission 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.

The Commission made its second independent revenue determination for *SA Water Corporation Act 1994* in July 2016, setting maximum allowed revenues for drinking water and sewerage retail services for the four-year period from 1 July 2016 to 30 June 2020. SA Water Corporation and the South Australian Government are responsible for setting specific prices (such as supply and usage charges for residential and non-residential customers) however, those prices must comply with the Commission's allowed revenues.

A different, proportional approach to price regulation has been applied to other water retailers through a combination of pricing principles and a price-monitoring framework.

Pursuant to Part 4 of the *Essential Services Commission Act 2002*, the Commission is empowered to make industry codes and rules regulating the conduct or operations of a regulated industry or regulated entities. The Commission has devised a Water Retail Code for major retailers that sets out the minimum requirements to be complied with by SA Water Corporation 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 Corporation 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.

## F4.4 Performance reporting

The Commission produces annual regulatory performance reports on the water and sewerage industry. The report covers customer service, financial assistance offered by retailers to customers, infrastructure reliability, and financial performance.

SA Water Corporation 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
- the Incident Response Index.



## F5 Tasmania

### F5.1 Introduction

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.

Industry regulators for the sector are the: Tasmanian Economic Regulator (TER), responsible for licensing, price regulation, and service standards; Director, Environment Protection Authority (EPA), responsible for regulating wastewater treatment plants; Director of Public Health, responsible for regulating water quality and fluoridation; and the Secretary of the Tasmanian Department of Primary Industries, Parks, Water and Environment, responsible for water licence allocations and regulating dam safety.

In addition to the Industry Act, regulatory requirements are imposed by Tasmanian legislation including the *Environmental Management and Pollution Control Act 1994*, the *Public Health Act 1997* and the *Water Management (Safety of Dams) Regulations 2015*.

In March 2017, the Tasmanian Government announced that it would introduce legislation to take over ownership of the Tasmanian Water and Sewerage Corporation Pty Ltd (TasWater) from 1 July 2018. TasWater is the only licensed water utility in the State. Legislation dealing with the proposed transfer of ownership of TasWater and its restructure as a Government Business Enterprise was passed by the House of Assembly (the lower house) on 17 August 2017. The legislation was read for the first time in the Legislative Council (the upper house) on 15 September 2017. A Select Committee was also established by the Legislative Council to inquire into and report on the benefits and challenges of the Government's proposal, which included public hearings. Following debate on 23 November 2017, the Legislative Council voted against the legislation.

### F5.2 Establishment of water utilities

Since 1 July 2013, TasWater has owned, controlled and operated water supply and sewerage systems in Tasmania. As the only licensed water utility in the State, 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.

The licensing requirements place a number of regulatory obligations on TasWater 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.

TasWater's objectives, as prescribed by the *Water and Sewerage Corporation Act 2012*, are to:

- efficiently provide water and sewerage functions in Tasmania
- encourage water conservation, the demand management of water and the re-use of water on an economic and commercial basis
- be a successful business and, to this end:
  - operate its activities in accordance with good commercial practice
  - deliver sustainable returns to its members
  - deliver water and sewerage services to customers in the most cost-efficient manner.

### F5.3 Operation of water utilities

TasWater is subject to various economic, environmental, public health and customer service regulatory requirements.

The economic regulatory framework, established under the Industry Act, 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 for capital expenditure to improve compliance with regulatory obligations and ensure operational efficiencies.

The EPA Tasmania administers and enforces the provisions of the Environmental Management and Pollution Control Act which 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 quality guidelines and for the fluoridation of drinking water through the application of a code of practice. The Dam Safety Regulator monitors TasWater's performance against its dam safety regulatory obligations and guideline requirements, to ensure that the dams TasWater is responsible for do not pose an unacceptable level of risk to the public.

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 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 (i.e. the estimated demand placed on the system) of each property.

#### **F5.4 Performance reporting**

One of the TER's regulatory functions is to monitor and report on the state of the Tasmanian water and sewerage industry<sup>15</sup>. The performance indicators reported upon are based on the National Performance Reporting (NPR) Framework with some additional Tasmanian based measures, as set out in the TER's *Tasmanian Water and Sewerage Industry Performance and Information Reporting Guideline*.

TasWater is required to carry out regular independent audits (performance appraisals) to assess:

- its compliance with, and the adequacy of, its management and compliance plans
- the quality, reliability, and conformity of its regulatory information, including performance information.

Independent reviews of TasWater's performance indicators are conducted triennially as required by the NPR Audit Handbook, with approximately one third of indicators assessed each year. The first round of appraisals was conducted between 2013–14 and 2015–16. A second round of appraisals commenced in 2016–17, with the final appraisal of that round due to be completed during 2018–19.

The TER's approach to regulatory reporting is set out in its *Regulatory Reporting Guideline Version 3*. Its approach to managing noncompliance is outlined in its *Compliance Enforcement Policy Version 2*.

## **F6 Queensland**

### **F6.1 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.

### **F6.2 Establishment of water utilities**

The Queensland Department of Natural Resources, Mines and Energy (DNRME) is the water supply regulator under the Queensland *Water Supply (Safety and Reliability) Act 2008*. Chapter 2 of that Act 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.

<sup>15</sup> The TER's annual water and sewerage state of the industry reports are available on its website, [www.economicregulator.tas.gov.au](http://www.economicregulator.tas.gov.au)

The Queensland *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* provides specific arrangements to constitute and govern the operations of council-owned distributor retailers and the council water businesses in South East Queensland (SEQ). The Queensland *South East Queensland Water (Restructuring) Act 2007* governs the provision of bulk water services in SEQ by Seqwater.

Chapter 4 of the Queensland *Water Act 2000* provides the administrative and reporting framework for Category 1 water authorities – the Gladstone and Mount Isa Water Boards.

### F6.3 Operation of water utilities

Water service providers in Queensland operate within the following framework of State regulation:

#### Water quality—health

- *Water Supply (Safety and Reliability) Act 2008* (managed by DNRME)
- *Public Health Act 2005* and *Regulations*, *Water Fluoridation Act 2008* and the *Water Fluoridation Regulation 2008* (managed by Queensland Health).

#### Water quality—discharges to the environment

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

#### 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 DNRME)
- *Environmental Protection Act 1994* and *Regulations* (administered by the Queensland Department of Environment and Science)
- *Local Government Act 2009* and *Regulations* (managed by the Queensland Department of Local Government, Racing and Multicultural Affairs)
- *Plumbing and Drainage Act 2002* and *Queensland Development Code* (managed by the Queensland Department of Housing and Public Works)
- *Planning Act 2016* (managed by Department of State Development, Manufacturing, Infrastructure and Planning).

#### Pricing

- *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* and *Water Act 2000* (managed by DNRME)
- *Local Government Act 2009* and *Regulations* (managed by Department of Local Government, Racing and Multicultural Affairs)
- *Queensland Competition Authority Act 1997* (managed by Queensland Treasury).

The Department of Environment and Science licenses wastewater treatment plant discharges and requires monitoring and environment reporting. The Queensland Competition Authority is responsible for investigating and recommending pricing for bulk supply from Seqwater and SunWater.

### F6.4 Water utilities in Queensland

Queensland has a total of 174 registered water service providers of which 86 are potable water and sewerage service providers and 88 are non-potable water service providers<sup>16</sup>. This includes many entities that are not traditional utilities.

<sup>16</sup> Data is supplied by the Queensland Water Supply Regulator, current as at 1 January 2016, [https://www.google.com.au/url?url=https://www.DNRME.qld.gov.au/\\_\\_data/assets/excel\\_doc/0011/88967/service-provider-register.xlsx&sa=U&ei=3nhjVl\\_eNcm8AWCwLgDw&ved=0CB0QFjAB&usg=AFQjCNFJqIG\\_2SZVSrtGXD\\_2g9y4N4VMpw](https://www.google.com.au/url?url=https://www.DNRME.qld.gov.au/__data/assets/excel_doc/0011/88967/service-provider-register.xlsx&sa=U&ei=3nhjVl_eNcm8AWCwLgDw&ved=0CB0QFjAB&usg=AFQjCNFJqIG_2SZVSrtGXD_2g9y4N4VMpw)

In approximate terms, 30 per cent of Queensland's urban drinking water connections are serviced by Queensland Urban Utilities, another 30 per cent are serviced by Unitywater and Gold Coast City. The other two providers in SEQ (Logan and Redland City Councils) take SEQ to 70 per cent of the connections in the State. The remaining 15 providers covered in this report take the total coverage of NPR reporting to 95 per cent of the State. The remaining 5 per cent of connections are served by 58 small retail service providers which are covered by the Queensland Government's performance monitoring framework using a subset of NPR indicators.

## F6.5 Performance reporting

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. Service providers are now required to consult on and publish customer service standards as well as publish annual reports.

DNRME 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 DNRME 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. Larger providers (those with over 10,000 connections) are required to report to NPR against a wider set of indicators.

### Monitoring and compliance

The *Water Supply (Safety and Reliability) Act 2008* outlines a process for DNRME 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

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

DNRME administers the NPR process for Queensland.

## F7 Victoria

### F7.1 Introduction

The Victorian Department of Environment, Land, Water and Planning (DELWP) has overall governance oversight, on behalf of the Victorian Minister for 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; Health and Human Services (DHHS), regarding water quality; the Victorian Environment Protection Authority (EPA), (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 (2015), the Water Industry Regulatory Order 2014, and the State Environment Protection Policy (SEPP) (Waters of Victoria) also impose some compliance and reporting obligations.

## F7.2 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 section 4I of the *Water Industry Act 1994*, water utilities are subject to statements of obligations, issued by the Minister for 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.

## F7.3 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 utilities' proposed strategic directions and business management activities in terms of their potential for financial risk to the utility and its implications for the Victorian 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 utilities. The Regulations establish an auditing framework<sup>17</sup>. 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 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 utilities 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 utilities are subject to the SEPP (Waters of Victoria) schedules, which are developed and administered by the EPA. The schedules require wastewater treatment plant operators to ensure that the sustainable re-use of treated effluent and biosolids is maximised wherever possible.

Water utilities are also subject to EPA works approval permits before construction of new treatment plants or major alterations can begin<sup>18</sup>.

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
- require regulated businesses to provide information.

## F7.4 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. The three retailers also provide some localised sewerage services to their customers not connected to the Melbourne sewerage network.

<sup>17</sup> 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](http://www.health.vic.gov.au/water/drinkingwater/annualreport.htm)

<sup>18</sup> 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](http://www.epa.vic.gov.au/water/EPA/controls.asp)



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<sup>19</sup>, and Westernport Water).

Lower Murray Water also provides rural water services such as irrigation and stock and domestic supplies. GWMWater and Coliban Water also provide a piped rural water service for stock and domestic use.

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 bulk and retail services.

Although owned by the Victorian 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 Minister for Water. The board has a range of responsibilities, including:

- setting the entity's strategic direction and steering the entity
- setting objectives and performance targets
- 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 water utility's board appoints a managing director who is responsible for the day-to-day management of the water utility under delegation from the board.

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

The *Financial Management Act 1994* is the principal legislation governing financial reporting by water utilities. The Victorian Minister for Finance (through DTF) issues financial reporting directions under the *Financial Management Act 1994* for the preparation of annual reports. The Minister for Water issues ministerial reporting directions to water utilities for performance reporting and other specific reporting requirements as part of their annual reports. DELWP is responsible for reviewing the annual reports of the water utilities and advising the Minister for Water on 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. Some data reported in the NPR for Victorian water utilities are 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 five years. The Minister for Water (through DELWP) issues guidelines to the water utilities for the preparation of the corporate 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 for Water and the Treasurer, respectively.

<sup>19</sup> Whilst Western Water provides its own bulk and retail services, it also draws on Melbourne Water's bulk water services.

Price submissions (previously called water plans) are generally required every five years<sup>20</sup>. They include details about proposed revenue requirements and tariffs and pricing structures and are assessed by the ESC. The process requires extensive customer engagement by the water utilities and the ESC.

## F7.5 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 (<https://www.esc.vic.gov.au/water/sector-performance-and-reporting/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
- 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 (<https://www.esc.vic.gov.au/water/water-codes-and-guidelines>).

## F8 Western Australia

### F8.1 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*, the *Metropolitan Water Supply, Sewerage and Drainage Act 1909*, the *Health Act 1911* (which is being replaced by the new *Public Health Act 2016* over the next three–five years), the *Environmental Protection Act 1986*, and the *Planning and Development Act 2005*.

### F8.2 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.

<sup>20</sup> Melbourne Water and Goulburn–Murray Water's price determinations for the 3-year period 2013–10 to 2015–16 concluded on 30 June 2016. The new pricing decision for these two water utilities commenced on 1 July 2016 and will cover a 5-year period for Melbourne Water and a 4-year period for Goulburn Murray Water.

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.

### F8.3 Operation of water utilities

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

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.

The Environmental Protection Authority is an independent adviser to the 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 the 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. The final decision on pricing, however, rests with the WA 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.

### F8.4 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 non-potable 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 km<sup>2</sup>. 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 non-potable 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 non-potable water services to Kalgoorlie–Boulder, located 600 km east of Perth in the Goldfields district. The non-potable 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 Rottneest Island Authority, Robe River Mining Company, Peel Water, WA Sewage, and four small regional local governments<sup>21</sup>.

## **F8.5 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.

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<sup>21</sup> Between April and May 2017, the WA Minister for Water exempted 16 small regional local government sewerage and non-potable water suppliers from being licensed. The exemption is for a period of five years.



