



# Operating Licence

for the Sydney Catchment Authority

under the

*Sydney Water Catchment Management Act 1998*

NEW SOUTH WALES



**SYDNEY WATER CATCHMENT MANAGEMENT ACT 1998**

**RENEWAL OF OPERATING LICENCE UNDER SECTION 28(2) OF THE  
SYDNEY WATER CATCHMENT MANAGEMENT ACT 1998**

With the advice of the Executive Council, I, Professor Marie Bashir AC, Governor of the State of New South Wales, hereby renew the amended operating licence of the Sydney Catchment Authority under section 28(2) of the *Sydney Water Catchment Management Act 1998*.

A handwritten signature in cursive script that reads 'Marie Bashir'.

**Governor of New South Wales**

Signed at Sydney, this *eight* day of *February* 2006.

# Sydney Catchment Authority Operating Licence

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## Part 1 Information about the Licence

### 1.1 Purpose of Licence

1.1.1 The purpose of the Licence is to set out the terms and conditions under which the SCA is to:

- (a) meet the objectives and other requirements imposed on it in the Act;
- (b) provide, construct, operate, manage and maintain efficient and co-ordinated viable systems and services for supplying Bulk Raw Water;
- (c) comply with the quality and performance standards required in the Licence or required to be developed under the Licence;
- (d) report against indicators on the ecological health of the Catchment Area and of the impact of its activities (including polluting activities);
- (e) recognise the rights given to Customers and the community by the Licence; and
- (f) be subject to the Annual Audit of compliance with the Licence.

### 1.2 Duration of Licence

1.2.1 The 2000 Operating Licence is renewed and replaced by the Licence with effect from the Commencement Date on the terms set out in the Licence.

1.2.2 The Licence expires on 30 June 2010. The Governor may, however, renew the Licence under the Act.

*[Note: Section 28 of the Act allows the Governor to renew the licence for a maximum of 5 years at a time.]*

1.2.3 The Licence does not affect any rights or obligations that accrued under the 2000 Operating Licence prior to its renewal by the Licence.

### 1.3 Powers not limited

The Licence does not restrict the SCA's power to carry out any Functions conferred or imposed under any applicable law.

### 1.4 Area of operations

1.4.1 The Licence enables the SCA to exercise its Functions in or in respect of an area in or outside the Area of Operations.

1.4.2 The Area of Operations may be varied only as permitted under the Act.

*[Note: The Area of Operations for the SCA is listed in Schedule 1 of the Licence. Section 20 of the Act states that subject to certain requirements the Governor may vary the Area of Operations by order published in the NSW Government Gazette.]*

## **1.5 Mid Term Review**

- 1.5.1 Subject to clause 1.5.2, on or about 1 January 2008, a Mid Term Review of the Licence or any part of the Licence may be undertaken if there is a change in regulation or public policy or any other event which, in the reasonable opinion of IPART, may have a significant impact on the operation of the Licence or any part of the Licence.
- 1.5.2 A review must be undertaken of the Licence or any part of the Licence if requested by the Minister.
- 1.5.3 The Mid Term Review is to be undertaken by the Licence Review Body.
- 1.5.4 The Licence Review Body may engage in Public Consultation as part of the Mid Term Review.
- 1.5.5 The Licence Review Body is to report to the Minister within six months of commencing the review on the following:
- (a) the findings of the review;
  - (b) any recommendations for amendment to the Licence; and
  - (c) any recommendations for amendment to any law that would enhance the operation of the Licence.
- 1.5.6 The Licence Review Body's report must be made available to the public by the SCA at the direction of the Minister.
- 1.5.7 The Minister may accept or reject any recommendation made by the Licence Review Body.
- 1.5.8 If any recommendation made by the Licence Review Body and accepted by the Minister requires an amendment to the Licence, the recommendation is of no force or effect unless the Licence is relevantly amended under section 27 of the Act.
- 1.5.9 Any recommendation made by the Licence Review Body that is not accepted by the Minister is of no force or effect.

## **1.6 End of Term Review**

- 1.6.1 An End of Term Review for the purpose of determining the terms of any renewal of the Licence is to commence on or about 1 July 2009.
- 1.6.2 The End of Term Review is to be undertaken by the Licence Review Body.
- 1.6.3 The Licence Review Body is to engage in Public Consultation as part of the End of Term Review.
- 1.6.4 The Licence Review Body is to report to the Minister within 12 months of commencing the review on the following:
- (a) the findings of the review;
  - (b) any recommendations for amendment to the Licence, including any additional terms to be included in any renewal of the Licence; and

- (c) any recommendations for amendment to any law that would enhance the operation of the Licence.
- 1.6.5 The Licence Review Body's report must be made available to the public by the SCA at the direction of the Minister.
- 1.6.6 The Minister may accept or reject any recommendation made by the Licence Review Body.
- 1.6.7 If any recommendation made by the Licence Review Body and accepted by the Minister requires an amendment to the Licence, the recommendation is of no force or effect unless the Licence is relevantly amended under section 27 of the Act.
- 1.6.8 Any recommendation made by the Licence Review Body that is not accepted by the Minister is of no force or effect.

## 1.7 Licence amendment

The Licence may be amended by the Governor under the Act.

*[Note: Section 27 of the Act provides that the Governor may amend the operating licence.]*

## 1.8 Contravention of Licence

- 1.8.1 If the Minister is of the opinion that the SCA has contravened the Licence, the Minister may take action against the SCA under section 29 of the Act.

*[Note: Section 29 of the Act provides that, where the Minister is of the opinion that the SCA contravenes the Licence, the Minister may serve a notice on the SCA requiring it to rectify the contravention; or, the Governor may direct that the SCA is to pay a monetary penalty in an amount determined by the Governor.]*

- 1.8.2 If the SCA contravenes the Licence, IPART may take action against the SCA under section 29A of the Act.

*[Note: Section 29A of the Act provides that, where the SCA knowingly contravenes the Licence, IPART may impose a monetary penalty on the SCA. Alternatively, IPART may require the SCA to take such action as IPART considers appropriate in the circumstances eg requiring the sending of information to customers or the publication of notices in newspapers.]*

## 1.9 Cancellation of Licence

The Licence may be cancelled by the Governor in the circumstances described in section 30 of the Act.

*[Note: Section 30 sets out the circumstances in which the Governor may cancel a licence. These are where the SCA ceases, otherwise than as authorised by the operating licence, to carry out its responsibilities under the licence in the area of operations of the SCA for any reason; or where the SCA, in the Minister's opinion, is in material default in compliance with the Licence and has not rectified such default or shown cause why the Licence should not be cancelled; or where the SCA is convicted on more than three occasions within a twelve month period of criminal offences punishable by at least a \$10,000 fine or twelve months' penal servitude or imprisonment if the SCA were a natural person.]*

## 1.10 Availability of Licence

The SCA must make the Licence available to the public, free of charge.

## **1.11 Non-exclusive licence**

The Licence does not prohibit a person (the **Supplier**) from supplying water (whether Bulk Raw Water or otherwise) to a person (including a person that is a Customer) in the Area of Operations, if the Supplier is lawfully entitled to do so.

## **1.12 Information provided to IPART under Licence**

1.12.1 Any information provided to IPART under the Licence may be used by IPART for the purpose of any function lawfully conferred on IPART including the conduct of Annual Audits.

1.12.2 Any information which is required by the Licence to be provided by the SCA to IPART by 1 September or 30 November each year (as the case may be), must be made available to the public after such information is provided to IPART.

## Part 2 The SCA's responsibilities

### 2.1 Responsibilities of the SCA under the Licence and other laws

The SCA must comply with the Licence and all applicable laws.

*[Note: The SCA has obligations under a number of laws including:*

- *Protection of the Environment Operations Act 1997;*
- *Public Health Act 1991;*
- *Water Management Act 2000;*
- *Water Act 1912;*
- *Environmental Planning and Assessment Act 1979;*
- *Independent Pricing and Regulatory Tribunal Act 1992;*
- *Dams Safety Act 1987; and*
- *Fisheries Management Act 1994*
- *Public Finance and Audit Act 1985.]*

### 2.2 Responsibility of the SCA under the Act

2.2.1 The SCA's principal objectives under section 14(1) of the Act are:

- (a) to ensure that the Catchment Area and the Catchment Infrastructure Works are managed and protected so as to promote water quality;
- (b) to protect public health and public safety and the environment;
- (c) to ensure that water supplied by it complies with appropriate standards of quality;
- (d) where its activities affect the environment, to conduct its operation in compliance with the principles of ecologically sustainable development contained in section 6(2) of the *Protection of the Environment Administration Act 1991*; and
- (e) to manage the SCA's Catchment Infrastructure Works efficiently and economically and in accordance with sound commercial principles.

2.2.2 The SCA's special objectives under section 14(2) of the Act are:

- (a) to minimise risks to human health; and
- (b) to prevent the degradation of the environment.

### 2.3 Memorandum of Understanding

2.3.1 Under section 36 of the Act, the SCA must maintain a Memorandum of Understanding with each of WAMC, Director-General of NSW Health, and EPA for the term of the Licence.

*[Note: Section 36 of the Act requires the SCA to enter into separate memoranda of understanding with certain regulatory agencies, being, WAMC, Director-General of NSW Health and Environment Protection Authority (now part of the Department of Environment and Conservation). If the SCA and those regulatory agencies are not able to agree on a term of the memorandum of understanding, the memorandum is to be entered into in accordance with procedures determined by the Premier or is taken to be entered into in such terms as are determined by the Premier. A memorandum of understanding entered into by the SCA under section 36 is to be reviewed, and amended or replaced, at such times and in such circumstances as are agreed upon between the SCA and the agency concerned, or as are determined by the Minister. Section 38 deals with public exhibition of memoranda of understanding.]*

2.3.2 The purpose of the relevant Memorandum of Understanding is to form the basis for cooperative relationships between the parties to the Memorandum of Understanding with a view to furthering the objectives of the Licence and the Act. In particular:

- (a) the Memorandum of Understanding with NSW Health is to recognise the role of NSW Health in providing advice to the Government of New South Wales in relation to water quality standards and public health;
- (b) the Memorandum of Understanding with WAMC is to recognise the role of WAMC in regulating water access, storage, use and the provision of environmental flows, and protecting river health in New South Wales; and
- (c) the Memorandum of Understanding with EPA is to recognise the role of EPA in protecting the environment of New South Wales.

## Part 3 Bulk Raw Water quality

### 3.1 Specific Water Characteristics

3.1.1 Within 6 months from the Commencement Date, the SCA must compile, to the satisfaction of NSW Health and Sydney Water Corporation a list of specific water characteristics (**Specific Water Characteristics**) for the purpose of:

- (a) identifying the water characteristics which should be monitored and reported on in order to protect human health; and
- (b) seeking to prevent water quality from degrading over time.

3.1.2 The list of Specific Water Characteristics must be monitored and reported under clause 3.6. This list is to be derived from the Australian Drinking Water Guidelines 2004 and must be updated, as directed by NSW Health from time to time, by the SCA to the satisfaction of NSW Health and Sydney Water Corporation.

3.1.3 The SCA must provide IPART with a copy of the list of Specific Water Characteristics (as updated from time to time), as soon as possible after it is agreed to by NSW Health and Sydney Water Corporation. The SCA must make a copy of that list available to the public after it has been provided to IPART.

3.1.4 If the SCA, NSW Health and Sydney Water Corporation cannot agree on a list of Specific Water Characteristics, the views of NSW Health will prevail and the SCA must accept the list of Specific Water Characteristics determined by NSW Health.

*[Note: The Specific Water Characteristics are derived from the water characteristics listed in Chapter 10 of the Australian Drinking Water Guidelines 2004 and include the water characteristics and contaminants referred to as "site specific standards" and "health related water quality standards" (as set out in Schedule 4) of the 2000 Operating Licence.]*

### 3.2 Health Related Water Quality Characteristics

3.2.1 Within 6 months from the Commencement Date, the SCA must compile, to the satisfaction of NSW Health, a list of health related water quality characteristics (**Health Related Water Quality Characteristics**) for the purpose of:

- (a) identifying relevant contaminants and other water characteristics that may have an adverse impact on human health; and
- (b) protecting human health by ensuring that the health guideline values in the Australian Drinking Water Guidelines 2004 for those characteristics are not exceeded.

3.2.2 The list of Health Related Water Quality Characteristics must be monitored and reported under clause 3.6. This list is to be derived from the list of Specific Water Characteristics in clause 3.1.1 and must be updated, as directed by NSW Health from time to time, by the SCA to the satisfaction of NSW Health.

3.2.3 The SCA must provide IPART with a copy of the list of Health Related Water Quality Characteristics (as updated from time to time), as soon as possible after it is agreed with NSW Health. The SCA must make a copy of that list available to the public after it has been provided to IPART.

3.2.4 If the SCA and NSW Health cannot agree on a list of Health Related Water Quality Characteristics, the views of NSW Health will prevail and the SCA must accept the list of Health Related Water Quality Characteristics determined by NSW Health.

### **3.3 Obligations under 2000 Operating Licence**

Until the SCA has compiled a list of the Specific Water Characteristics under clause 3.1.1 and a list of the Health Related Water Quality Characteristics under clause 3.2.1, the SCA must continue to comply with its obligations under clauses 6.2(a) and (b), 6.4 and 6.6 of the 2000 Operating Licence.

### **3.4 Water supplied for Water Treatment**

In relation to the supply of Bulk Raw Water by the SCA to Customers for Water Treatment, the SCA must comply with the following provisions:

- (a) the concentration or level of the Health Related Water Quality Characteristics must not exceed the health guideline values in the Australian Drinking Water Guidelines 2004 for those characteristics; and
- (b) where necessary, the SCA must liaise, cooperate and where possible agree on cost-effective strategies (and the timing of their implementation) with Customers to ensure treated water consumed by humans is not harmful to human health.

### **3.5 Catchment and system management**

The SCA must comply with the Australian Drinking Water Guidelines 2004 relating to the management of the Catchment Area and the Catchment Infrastructure Works.

*[Note: The Australian Drinking Water Guidelines 2004 include catchment and system management practices to minimise the risk of contamination to Bulk Raw Water supplies, for example, the catchment management practices required to minimise the risk of contamination by Cryptosporidium and Giardia.]*

### **3.6 Water quality monitoring and reporting**

#### **Water quality monitoring**

3.6.1 The SCA must maintain a water quality monitoring program (**Monitoring Program**) that comprises:

- (a) routine monitoring of the quality of Bulk Raw Water supplied to Customers for Water Treatment:
  - (i) for the Specific Water Characteristics; and
  - (ii) for the concentration or level of the Health Related Water Quality Characteristics against the health guideline values in the Australian Drinking Water Guidelines 2004 for those characteristics; and

- (b) targeted, investigative and event based monitoring of the water in the Catchment Area and the SCA's Water Storages, to monitor occurrence of particular characteristics and contaminants in water.

3.6.2 The Monitoring Program must include at least the following in relation to the routine monitoring required under clause 3.6.1(a):

- (a) monitoring for the Specific Water Characteristics;
- (b) monitoring for the concentration or level of the Health Related Water Quality Characteristics against the health guideline values in the Australian Drinking Water Guidelines 2004 for those characteristics;
- (c) monitoring for any other characteristics of water nominated by NSW Health;
- (d) an effective system of quality assurance in the monitoring, sampling, testing and reporting processes it employs, which must be to the satisfaction of NSW Health; and
- (e) sampling frequencies and locations that produce results which are representative of the quality of Bulk Raw Water supplied to Customers for Water Treatment and are based on outcomes of a risk assessment process.

3.6.3 The SCA must provide:

- (a) the results of the routine monitoring required under clauses 3.6.2(a), 3.6.2(b) and 3.6.2(c) to the Customers that it supplies Bulk Raw Water for Water Treatment, as soon as practicable; and
- (b) the results of the routine monitoring required under clauses 3.6.2(b) and 3.6.2(c) to NSW Health, as soon as practicable.

3.6.4 The Monitoring Program must include at least the following in relation to the targeted, investigative and event based monitoring required under clause 3.6.1(b):

- (a) an effective system of quality assurance in the monitoring, sampling, testing and reporting processes, which must be to the satisfaction of NSW Health and DNR; and
- (b) sampling frequencies and locations that produce information to better define the occurrence and factors contributing to the presence of the characteristics in the water, which must be to the satisfaction of NSW Health and DNR.

3.6.5 Within 18 months from the Commencement Date, the SCA must develop, to the satisfaction of IPART, a strategy and timeframe to further improve its Monitoring Program. Improvements to the Monitoring Program may include such elements as capability to capture real-time information on water quality and water quantity variables specified by NSW Health and DNR. The SCA must comply with that strategy and timeframe.

3.6.6 The SCA must maintain a database or databases of monitoring results for the routine, targeted, investigative and event based monitoring.

## **Reporting**

3.6.7 The nature, features and results of the Monitoring Program must be provided to IPART by 30 November each year for the previous financial year.

- 3.6.8 The information provided must, in addition to the information required under clause 3.6.3, also contain the following:
- (a) a summary of the monitoring information of the SCA;
  - (b) a summary of water quality information;
  - (c) information on the extent of compliance and non compliance by the SCA for the period reported;
  - (d) information on the integrity of the data reported;
  - (e) a summary of water quality incidents identified during the period reported and actions taken to resolve, eliminate or mitigate the effect of those incidents; and
  - (f) steps taken by the SCA to protect public health as a result of an incident.
- 3.6.9 IPART must consider the information provided under clause 3.6.8 as part of the Annual Audit.
- 3.6.10 The SCA must provide IPART with a report (to the satisfaction of IPART), by 30 November 2007 and 30 November 2009, which analyses trends in water quality:
- (a) at the inflows to the water filtration plants,
  - (b) within the SCA's Water Storages; and
  - (c) at other locations as specified by NSW Health and DNR (including inflows into the SCA's Water Storages).
- 3.6.11 The information provided to IPART under clause 3.6.10 must be made available to the public, free of charge.

## **3.7 Water quality planning**

### **Water Quality Management Framework**

- 3.7.1 Within 12 months from the Commencement Date, the SCA must implement, to the satisfaction of IPART and NSW Health, a water quality management framework for water quality management in the Catchment Area and SCA's Water Storages (**Water Quality Management Framework**).
- 3.7.2 The purpose of the Water Quality Management Framework is to:
- (a) identify, assess and quantify hazards and risks to Bulk Raw Water quality;
  - (b) identify, evaluate, implement and monitor controls to be used in dealing with these hazards and risks; and
  - (c) enable prioritisation of actions, research and water quality monitoring.
- 3.7.3 In order to achieve the purpose set out in clause 3.7.2, the Water Quality Management Framework must:
- (a) incorporate all elements of the 'Drinking Water Quality Management Framework', presented in the Australian Drinking Water Guidelines 2004;

- (b) identify and assess pollution sources in the Catchment Area including how pollutants are modified between the source and the SCA's Water Storages;
- (c) evaluate the potential impact of pollution identified in clause 3.7.3(b) on the quality of Bulk Raw Water supplied to Customers (as this information becomes available through the SCA's long term research);
- (d) identify opportunities where modification of the operation of Catchment Infrastructure Works should result in improved water quality outcomes;
- (e) review, prioritise and specify the actions in strategic planning, catchment management, storage management and delivery management with clear timeframes to protect or improve the quality of Bulk Raw Water supplied to Customers, taking into account, at least, the work undertaken in clauses 3.7.3(c) and 3.7.3(d);
- (f) implement the prioritised actions in clause 3.7.3(e) and evaluate results of monitoring at the inflows to the water filtration plants, in the SCA's Water Storages, inflows into the SCA's Water Storages and other key points to validate the impacts of the implemented actions on Bulk Raw Water quality;
- (g) as part of the Annual Audit process, provide information on those prioritised actions in clause 3.7.3(f) undertaken in strategic planning, catchment management, storage management and delivery management and the outcomes of those actions on water quality at the key monitoring points; and
- (h) re-prioritise the actions in clause 3.7.3(e) based on the information provided under clause 3.7.3(g).

3.7.4 In developing the Water Quality Management Framework, the SCA must:

- (a) apply Australian Standard Risk Management: AS/NZS4360:2004 to the quality of Bulk Raw Water supplied by the SCA to its Customers;
- (b) apply Australian Standard Risk Management: AS/NZS4360:2004 to develop risk action plans; and
- (c) consider the benefits and costs of different management options.

3.7.5 The SCA must engage in Public Consultation in developing the Water Quality Management Framework, and must specifically seek comments from IPART, NSW Health, DEC and DNR.

3.7.6 After the Water Quality Management Framework has been developed, the purpose, scope and reporting of the Water Quality Management Framework may only be amended following consultation with IPART, NSW Health, DEC and DNR.

### **Incident Management Plan**

3.7.7 The SCA must maintain, to the satisfaction of NSW Health, an incident management plan (**Incident Management Plan**), for the purpose of minimising the risk to human health from the Bulk Raw Water supplied by the SCA to Customers.

3.7.8 The Incident Management Plan must remain in place until any new plan is developed in agreement with NSW Health and must form part of the Water Quality Management Framework.

3.7.9 During the term of the Licence, the SCA must consult with Customers to whom it supplies Bulk Raw Water for Water Treatment and NSW Health in relation to the adequacy of the Incident Management Plan and update that plan as required.

3.7.10 The Incident Management Plan must contain, or incorporate by reference, procedures and protocols for the coordinated management of water incidents including media and stakeholder liaison and any notification of public health advice received from NSW Health to Customers.

3.7.11 The Incident Management Plan must include a requirement for the SCA to advise NSW Health and the Customers to whom it supplies Bulk Raw Water for Water Treatment, if the Bulk Raw Water it supplies may be a risk to human health.

### **3.8 Environmental water quality**

The SCA must meet the environmental water quality requirements for any discharges or water releases required under licences issued to the SCA by DEC or DNR.

## **Part 4 Catchment management and protection**

### **4.1 SCA to manage and protect Catchment Areas**

4.1.1 The SCA must manage and protect the Catchment Area consistent with its objectives and Functions under the Act.

4.1.2 By 30 November each year, the SCA must provide information to IPART on its catchment management and protection activities for the previous financial year, to enable IPART to consider the matter as part of the Annual Audit.

4.1.3 The information provided must:

- (a) for each catchment management and protection activity or program, be in a format and content to be agreed between the SCA and IPART, and include the following:
  - (i) the planned and actual catchment management and protection activities;
  - (ii) the planned and actual expenditure for each of the activities in clause 4.1.3(a)(i); and
  - (iii) the planned and actual outcomes for each of the activities in clause 4.1.3(a)(i);
- (b) identify program activities which responded to the recommendations or findings of the Annual Audit, Catchment Audit, or the SCA's research or monitoring programs;
- (c) explain any annual changes in catchment management and protection activities or programs and expenditure; and
- (d) include the SCA's compliance with any Plan of Management.

### **4.2 Plans of Management – Special Areas**

4.2.1 The SCA must give effect to any Plan of Management. In doing so, the SCA must consult, and where possible, collaborate with the National Parks and Wildlife Service of the DEC.

4.2.2 The SCA must review any Plan of Management with the National Parks and Wildlife Service of the DEC at least once every five years.

### **4.3 Regional Environmental Plan**

4.3.1 The SCA must comply with any obligations imposed on it under the Regional Environmental Plan, applicable to its Functions under the Act and the Licence.

4.3.2 The SCA must promote implementation and awareness of the Regional Environmental Plan including education of public authorities and other relevant parties in the Catchment Area.

4.3.3 The SCA must provide information to IPART, by 1 September each year for the previous financial year, on its compliance with the Regional Environmental Plan.

### **4.4 State Environmental Planning Policy**

The SCA must comply with any of its obligations imposed on it under the State Environmental Planning Policy 58, applicable to its Functions under the Act.

### **4.5 Provision of Information**

The SCA must use its best endeavours to publish on its website and keep up-to-date the following:

- (a) a list of information on water quality relevant to the Catchment Area collected by the SCA or other relevant persons or bodies and provide links to that information or advice on how that information can be accessed by the public;
- (b) a list of the SCA's unpublished river health data and provide advice on how that information can be accessed by the public;
- (c) each week, information on water transfers from the Shoalhaven Scheme, including:
  - (i) actual and projected weekly volumes of water transferred from the Shoalhaven Scheme to Warragamba Dam or Nepean Dam; and
  - (ii) cumulative week to week totals of water transferred over the course of the applicable financial year.

## Part 5 The environment

### 5.1 Environment Plan

5.1.1 The SCA must prepare a draft five-year environment plan (**Environment Plan**) by 30 April 2006, and a final Environment Plan by 1 September 2006. The final Environment Plan must be made available to the public.

5.1.2 The SCA must engage in Public Consultation in developing the Environment Plan.

5.1.3 The Environment Plan must:

- (a) contain details of the SCA's environmental management and programs to manage and minimise the environmental impacts from its activities, such as energy and water consumption, greenhouse emissions, waste and cultural heritage;
- (b) comply with principles of ecologically sustainable development;
- (c) be recognised in the SCA's business plans; and
- (d) incorporate environmental improvement targets and timetables for the SCA to achieve over the term of the Environment Plan.

*[Note: One of the principal objectives of the SCA in the Act is to conduct its operations in compliance with the principles of ecologically sustainable development contained in section 6(2) of the Protection of the Environment Administration Act 1991.]*

5.1.4 The SCA must review, and if necessary update, the Environment Plan at least once during the term of the Licence. In conducting that review, the SCA must consult with DNR, DEC, Department of Primary Industries, IPART and peak environmental non-government organisations for the purpose of considering their views and seeking their comments on whether any amendments to the Environment Plan are required.

5.1.5 By 1 September each year, the SCA must provide information to IPART on its progress for the previous financial year in meeting the Environment Plan. The information must include the SCA's compliance with the targets and timetables in clause 5.1.3.

### 5.2 Catchment and Environmental Performance Indicators

5.2.1 The SCA must monitor, record, compile data and provide information on the Catchment and Environmental Performance Indicators for the immediately preceding financial year or otherwise in accordance with the reporting frequency indicated in Schedule 2.

*[Note: Section 26(1)(c) of the Act, provides that the SCA is to compile indicators on the ecological health of the Catchment Area (with particular reference to vegetation cover, riparian zones and water quality) and of the impact of the SCA's activities (including polluting activities) on the Catchment Area (1) to enable preparation of an annual report of its performance, and (2) to provide information for a year to year comparison in relation to its performance in this area.]*

5.2.2 By 30 November each year, the SCA must provide information on its performance, for the previous financial year or otherwise in accordance with the reporting frequency indicated in Schedule 2, against the Catchment and Environmental Performance Indicators.

5.2.3 The information referred to in clause 5.2.2:

- (a) must be provided, where such data is available, in relation to each sub-catchment in the Catchment Area;
- (b) must be provided in a manner which enables a financial year to financial year comparison in relation to the SCA's performance against the Catchment and Environmental Performance Indicators and, in particular, where such data is available, a comparison with historical annual values over at least the previous 12 financial years; and
- (c) must be accompanied by an analysis of trends in the data (including possible causes or actions proposed in response to any improvement or deterioration in performance).

## **Part 6 Management Of Catchment Infrastructure Works and Water Conservation**

### **6.1 Management of Catchment Infrastructure Works**

- 6.1.1 The SCA must manage and operate the Catchment Infrastructure Works to minimise risk to human health from the Bulk Raw Water it supplies.
- 6.1.2 The SCA must ensure that the Catchment Infrastructure Works is operated and managed consistent with the Design Criteria.

*[Note: The Design Criteria as at the Commencement Date was the Catchment Infrastructure Works Performance Criteria set out in Schedule 2 of the 2000 Operating Licence.]*

### **6.2 Water Supply System Yield**

- 6.2.1 Within 12 months of the Commencement Date, the SCA must provide IPART with a report on:
- (a) the current estimate of the Water Supply System Yield;
  - (b) the assumptions and inputs, including the Design Criteria used in the model to calculate that Water Supply System Yield; and
  - (c) the reasons underlying any material changes to the Design Criteria, the Water Supply System Yield or other assumptions and inputs.
- 6.2.2 The SCA must provide the Minister with a copy of the report required under clause 6.2.1, prior to reporting to IPART.
- 6.2.3 As soon as practicable after reporting to IPART as required under clause 6.2.1, the SCA must make the report publicly available.
- 6.2.4 The SCA must re-calculate the Water Supply System Yield on the occurrence of any one or more of the following events:
- (a) the conclusion of any drought event;
  - (b) the commencement of any major modification or augmentation to the Catchment Infrastructure Works or the Water Supply System Infrastructure which will have a significant impact on the SCA's supply of water; and
  - (c) any material change to the operating rules of the Catchment Infrastructure Works (including Design Criteria).
- 6.2.5 The SCA must advise the Minister of any changes to the Water Supply System Yield from the previous Water Supply System Yield following a re-calculation under clause 6.2.4.
- 6.2.6 The SCA must make any changes to the Water Supply System Yield available to the public, including reasons for the changes to the Water Supply System Yield, as soon as practicable after advising the Minister of those changes in clause 6.2.5.

*[Note: The Water Supply System Yield is a tool to assist in water supply planning. The estimated yield varies over time depending on a range of assumptions and inputs. The estimate of the yield used in developing the Metropolitan Water Plan was 600GL per year. The assumptions and inputs used to calculate the estimated Water Supply System Yield include:*

- *design criteria that have the primary objective of ensuring that the water supply system is designed so that it should not run out of water, includes estimates for a restricted supply that are neither too frequent or for excessively long periods and are based on demand projections provided by Sydney Water Corporation;*
- *the capacity of the individual water storages;*
- *hydraulic constraints including pipe and channel capacities;*
- *the SCA's mode of operation including reservoir operating rules, transfers between storages and triggers for pumping;*
- *water distribution across the supply network including environmental and other releases, and urban water supply requirements; and*
- *hydrological behaviour of the catchments including rainfall and historical storage inflows.]*

### **6.3 Review of the model**

6.3.1 At least once during the term of the Licence, the SCA must obtain an independent expert to review its model and procedure for calculation of the Water Supply System Yield and to test:

- (a) the robustness of the model;
- (b) the key assumptions used in the model; and
- (c) the process for calculating the yield, including the appropriate frequency of yield calculation and the appropriateness of the trigger events in clause 6.2.4.

6.3.2 The independent expert must advise the SCA on whether the Water Supply System Yield should be re-calculated, based on the findings of the test in clause 6.3.1.

6.3.3 During the independent expert's review under clause 6.3.1, the SCA must consult with DNR, DEC, Sydney Water Corporation and any other persons reasonably expected to have an interest in the review of the model.

6.3.4 The SCA must make the findings of the independent expert's review and its response to those findings available to the public.

### **6.4 Water conservation**

6.4.1 The SCA must undertake practicable actions to conserve water and minimise water losses, which may include working collaboratively with its Customers.

6.4.2 The SCA must provide information to IPART, by 1 September each year for the previous financial year, on:

- (a) any demand management and supply augmentation activities undertaken by the SCA, including any obligations under any licence or approval under the *Water Act 1912* or the *Water Management Act 2000* and the Metropolitan Water Plan;
- (b) the water balance as per the methodology set out in the report by Sinclair Knight Merz entitled, "Sydney Catchment Authority Operating Licence – Water Balance Template (October 2005)" for the Catchment Infrastructure Works and for each of the following water supply systems:
  - (i) Warragamba;
  - (ii) Woronora;
  - (iii) Blue Mountains;
  - (iv) Shoalhaven; and
  - (v) Upper Nepean; and
- (c) actions undertaken to manage leakage and losses from its Catchment Infrastructure Works, including actions and compliance with timeframes under the report prepared under clause 6.4.3, and actual expenditure on managing water leakage and loss activities and estimated water savings as a result of those activities.

6.4.3 Within 12 months from the Commencement Date, the SCA must produce a report which recommends appropriate actions and timeframes for the SCA to manage leakage and losses, and make that report available to the public. That report must take into account and state how it has taken into account the following:

- (a) the economic level of leakage;
- (b) technical feasibility;
- (c) environmental, economic and social factors;
- (d) previous studies on leakage and losses; and
- (e) the estimated measurable impacts on water loss from mining activities on the Catchment Area.

## **Part 7 Asset management**

### **7.1 Asset management obligation**

The SCA must ensure that its Assets are managed consistent with:

- (a) its obligations in the Licence, and all applicable laws, policies and guidelines with which the SCA must comply, including the requirements of the NSW Dams Safety Committee;
- (b) the principles of the Strategic Management Framework and the Total Asset Management Policy;
- (c) subject to clause 7.1(a), the lowest life cycle cost and acceptable risk of the Assets;
- (d) the whole life of the Assets; and
- (e) its assessment of the risk of loss of the Assets, and capacity to respond to a potential failure or reduced performance of the Assets.

### **7.2 Reporting on the management system of the Assets**

7.2.1 At least once during the term of the Licence at a time agreed with IPART, the SCA must provide information to IPART on the state of each group of Assets managed by the SCA.

7.2.2 The information provided must include the following:

- (a) a description of the processes, practices, systems and plans the SCA uses in managing the Assets;
- (b) a description of each group of Assets;
- (c) an assessment of the expected capability of the Assets to deliver the services required to be delivered by the SCA and meet the existing obligations of the SCA consistent with the Licence and all applicable laws with which the SCA must comply;
- (d) an assessment of the major issues or constraints on current and future performance of the Assets;
- (e) the strategies and expected costs of future investments in the Assets;
- (f) progress in implementing the management of the SCA's Assets and any recommended improvements in processes, practices, systems and plans for the management of the Assets; and
- (g) such other information reasonably required by IPART.

### **7.3 Auditing the management system of the Assets**

- 7.3.1 At least once during the Licence, IPART may (at a time it determines) conduct an audit of SCA's compliance with clauses 7.1 and 7.2. The audit may form part of an Annual Audit or be conducted separately from an Annual Audit, at the discretion of IPART.
- 7.3.2 In addition, IPART may at any time audit the SCA's compliance with clauses 7.1 and 7.2 for the purpose of:
- (a) investigating and reporting on, or reviewing the pricing of SCA's bulk water services under the *Independent Pricing and Regulatory Tribunal Act 1992*; or
  - (b) investigating compliance by SCA with specific areas of its Asset management.
- 7.3.3 An audit undertaken under clause 7.3.1 or 7.3.2, must comply with the scope and audit specifications determined by IPART.
- 7.3.4 The provisions of Part 11 apply to an audit under clause 7.3 as if the audit under clause 7.3 is an Annual Audit.
- 7.3.5 IPART must advise the Minister of its decision to conduct an audit under clause 7.3.1 or 7.3.2 and, subsequent to the audit, provide the Minister with a report on the outcomes of the audit.

## Part 8 Customers

### 8.1 Customer – Sydney Water Corporation

The SCA acknowledges that it has entered into a Bulk Water Supply Agreement with Sydney Water Corporation in compliance with its obligations under section 22 of the Act.

*[Note: Division 4 of Part 3 (sections 22 to 24) of the Act specify the arrangements which are to be made with Sydney Water Corporation.]*

### 8.2 Customers – other than Sydney Water Corporation

8.2.1 Subject to clause 8.2.3, the SCA must establish terms and conditions of supply which are to apply to all its Customers (other than Sydney Water Corporation) for the supply of Bulk Raw Water to those Customers. The terms and conditions of supply must include at least, the terms and conditions in clause 8.2.2.

8.2.2 The terms and conditions of supply must at a minimum include:

- (a) the standard of the quality of the water supplied;
- (b) the continuity of water supplied;
- (c) the costs to be paid by those Customers for the supply of water to them; and
- (d) dispute resolution and complaint handling procedures (not inconsistent with the procedures in clause 8.3).

8.2.3 If a Customer does not agree to the terms and conditions of supply referred to in clause 8.2.1, that Customer may request (but the SCA does not have to comply with that request) that the SCA enter into other agreements for the supply of Bulk Raw Water on such terms and conditions as may be negotiated between the SCA and that Customer, subject to those agreements complying with clause 8.2.2.

8.2.4 The SCA must advise the Customers in clause 8.2.1 and clause 8.2.3 of the potential uses for the Bulk Raw Water it supplies and of the need for Water Treatment if the water is to be used for human consumption.

### 8.3 Complaints

8.3.1 The SCA must establish internal complaints handling procedures for receiving, responding to and resolving Complaints it receives, which relate to any of its Functions, from Customers and the community.

8.3.2 The internal complaints handling procedures of the SCA must be based on the Australian Standard AS4269-1995 *Complaint Handling*.

8.3.3 The SCA must make available to Customers and the community information concerning its internal complaints handling procedures which explains how to make a Complaint and how the complaints handling procedure works.

- 8.3.4 The SCA must provide information of the nature described in clause 8.3.3 to Customers at least once every two years. The SCA must also make this information available to the public free of charge.
- 8.3.5 The SCA must provide information, by 1 September each year for the preceding financial year, to IPART on the following details concerning complaints made against the SCA:
- (a) the number and types of complaints received;
  - (b) the number and type of complaints resolved or not resolved in sufficient detail and using sufficient classifications to enable IPART to gain a reasonable understanding of how and how well those complaints were resolved or why those complaints were not resolved, as the case may be; and
  - (c) where the SCA has received 20 or more complaints on a similar or related problem or issue, details of that problem or issue.

## **8.4 Consultation**

- 8.4.1 The SCA must regularly engage in Consultation with Customers and the community on issues relevant to the performance of the SCA's obligations under this Licence.
- 8.4.2 The SCA must, by 1 September each year for the preceding financial year, provide information on its Consultation activities under clause 8.4.1. The information provided by the SCA must include a description of:
- (a) the issues upon which the SCA consulted with the Customers and/or the community;
  - (b) the mode of Consultation used;
  - (c) any response made by the SCA as a result of feedback received as part of the Consultation; and
  - (d) the number of Customers or community members consulted and a description of the organisations and interests represented (if applicable).
- 8.4.3 As part of the End of Term Review, the Licence Review Body must evaluate the effectiveness of the SCA's Consultation under clause 8.4.1.

## **Part 9 Pricing**

### **9.1 Sydney Water Corporation**

The SCA must set the level of fees, charges, and other amounts payable by Sydney Water Corporation for the SCA's provision of water subject to:

- (a) the Act and any other applicable law;
- (b) the Licence;
- (c) any pricing arrangements in the Bulk Water Supply Agreement; and
- (d) any maximum prices and methodologies for the SCA's supply of water determined from time to time by IPART.

### **9.2 Wingecarribee Shire Council and Shoalhaven City Council**

The SCA must set the level of fees, charges, and other amounts payable by Wingecarribee Shire Council and Shoalhaven City Council for the SCA's provision of water subject to:

- (a) the Act and any other applicable law;
- (b) the Licence; and
- (c) any maximum prices and methodologies for the SCA's supply of water determined from time to time by IPART.

### **9.3 Other customers**

The SCA must set the level of fees, charges, and other amounts payable by its Customers (other than Sydney Water Corporation, Wingecarribee Shire Council and Shoalhaven City Council) for the SCA's provision of water subject to:

- (a) the Act and any other applicable law;
- (b) the Licence; and
- (c) any maximum prices and methodologies for the SCA's supply of water determined from time to time by IPART.

## **Part 10 Liability issues**

### **10.1 Contracting out**

10.1.1 Subject to the Act, any other applicable law and the Licence, SCA may contract out its Functions.

10.1.2 Contracting out under clause 10.1.1 does not relieve the SCA of its responsibility to perform the Functions that it has contracted out.

### **10.2 Damage and compensation to persons**

The SCA is required by section 58 of the Act to do as little damage as practicable in exercising its Functions under Part 6 of the Act, and in circumstances specified in that section, to compensate persons who suffer damage by the exercise of those Functions.

## Part 11 Annual Audit of the Licence

### 11.1 Commission of audits

11.1.1 IPART must initiate an operational audit of the SCA as soon as practicable after 30 June each year covering the preceding financial year, as required by this Part 11 (the **Annual Audit**).

11.1.2 The Annual Audit must be conducted by IPART or by a person that IPART considers is suitably qualified to perform the Annual Audit.

11.1.3 As part of the Annual Audit, IPART must invite members of the public to make submissions to it. IPART may also undertake any other Public Consultation it considers appropriate.

11.1.4 IPART may include in its Annual Audit all or any of the matters referred to in clause 11.2 and where in any Annual Audit a matter is not made the subject of that Annual Audit, IPART may require the SCA to provide IPART with a report on the matter not included in the Annual Audit.

### 11.2 What the audit is to report on

11.2.1 IPART or the person undertaking the Annual Audit may investigate and prepare a report on any or all of the following:

- (a) compliance by the SCA with its obligations in each of Parts 3, 4, 5, 6, 7, 8 and 9;
- (b) the SCA's compliance with its obligations under each Memorandum of Understanding referred to in clause 2.3; and
- (b) any other matter required by the Licence, the Act or administrative direction to be assessed and considered as part of the Annual Audit.

11.2.2 Despite clause 11.2.1, neither IPART nor the person undertaking the Annual Audit may investigate a matter under clause 11.2.1 if the investigation of that matter is ordinarily within the regulatory activities of DEC, NSW Health or DNR and the relevant agency has undertaken an investigation of the matter.

11.2.3 Nothing in this Part 11 restricts the capacity of IPART, as part of the Annual Audit from:

- (a) satisfying the requirement in clause 11.2.1 to investigate and prepare a report on a matter under clause 11.2.1 by including in its report consideration of the findings and the SCA's response to those findings, of any investigation of the matter by DEC, NSW Health or DNR; and
- (b) requesting the SCA to provide information relating to an investigation of a matter by DEC, NSW Health or DNR which is ordinarily within the regulatory activities of those agencies.

11.2.4 IPART must ensure that, subject to clause 11.2.2, the report of the Annual Audit addresses the matters in clause 11.2.1 and advises the Minister on the following matters:

- (a) areas in which the SCA's performance under the Licence may be improved;
- (b) any changes to the Licence that IPART considers necessary;

- (c) any penalties or remedial action required as a result of the SCA's performance under the Licence;
- (d) whether the Minister should recommend that the SCA's Licence be cancelled by the Governor under section 30 of the Act for reasons identified in the report of the Annual Audit; and
- (e) any other matter relating to the Annual Audit or the SCA's Functions that it considers appropriate.

### **11.3 Reporting of audit**

11.3.1 IPART must ensure that the report of the Annual Audit is presented to the Minister within 1 month after its receipt by IPART.

11.3.2 If the report of the Annual Audit has identified areas of non-compliance with the Licence, in addition to whatever other action is taken or required to be taken, the SCA must comply with any requirement that may be imposed on the SCA by the Minister to do the following:

- (a) advertise publicly and notify Customers of the areas of the non-compliance;
- (b) provide reasons for the non-compliance;
- (c) identify the measures that will be taken by the SCA to address the non-compliance; and
- (d) provide such other advice concerning the non-compliance as is requested by the Minister.

### **11.4 Additional audits**

11.4.1 IPART must initiate additional audits of the SCA if required by the Minister.

11.4.2 An additional audit may address one or more of the matters in clause 11.2.1 or any other matter required by the Minister.

11.4.3 The provisions of this Part 11 applying to the Annual Audit will apply equally to additional audits under clause 11.4.1 (all necessary changes having been made), to the extent that those provisions are relevant.

### **11.5 Provision of information**

11.5.1 The SCA must provide IPART (or a person appointed by IPART under clause 11.1.2) with all information within its possession or under its control necessary to the conduct of the Annual Audit or an additional audit, including whatever information is requested in writing by IPART or the person appointed by IPART.

11.5.2 The information sought under clause 11.5.1 must be made available within a reasonable time of it being requested.

11.5.3 For the purposes of the Annual Audit or an additional audit under clause 11.4.1, the SCA must, within a reasonable time of being required by IPART (or the person appointed by IPART), permit IPART (or the person appointed):

- (a) to have access to any works, premises or offices occupied by the SCA;
- (b) to carry out inspections, measurements and tests on, or in relation to, any such works, premises or offices;
- (c) to take on to or into any such premises, works or offices any other persons or equipment as necessary for the purposes of performing the audit;
- (d) to inspect and make copies of, and take extracts from, any books and records of the SCA that are maintained in relation to the performance of the SCA's obligations under the Licence; and
- (e) to discuss matters relevant to the audit with the SCA's employees.

11.5.4 If the SCA contracts out any of its activities to third parties (including a subsidiary) it must take all reasonable steps to ensure that, if required by IPART, any such third parties provide information and do the things specified in Part 11 that extend to the SCA as if that third party were the SCA.

11.5.5 For the purpose of an Annual Audit or an additional audit under clause 11.4.1, the information to be provided by the SCA or a third party under clause 11.5.1 may include information over which the SCA or a third party claims confidentiality or privilege. IPART (or the person appointed by IPART) must (if required) enter into reasonable arrangements with the SCA or such third party to ensure that the confidential information or privileged information is kept confidential or privileged.

*[Note: This clause is limited by section 24FF and section 25A of the Independent Pricing and Regulatory Tribunal Act 1992 (IPART Act). For example:*

- *if IPART is advised by the SCA that the information provided by it is confidential, section 24FF of the IPART Act sets out the manner in which IPART is to deal with that information; or*
- *under section 25A of the IPART Act, IPART cannot require the SCA to produce a cabinet document.]*

## **Part 12 Notices**

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

### **SCA**

The Chief Executive  
Sydney Catchment Authority  
Level 2, 311 High Street  
Penrith NSW 2750

### **IPART**

The Chief Executive Officer  
Independent Pricing and Regulatory Tribunal  
Level 2, 44 Market Street  
Sydney NSW 2000

## Part 13 Definitions and interpretation

### 13.1 Definitions

In the Licence:

**2000 Operating Licence** means the operating licence granted to the SCA on 2 July 1999 under section 25 of the Act and renewed on 22 December 1999, and subsequently amended on 19 April 2000.

**Act** means the *Sydney Water Catchment Management Act 1998*.

**Annual Audit** means the annual operational audit of the SCA defined in clause 11.1.1.

**Area of Operations** means the area of operations of the SCA specified in Schedule 1, which is set out under section 20 of the Act.

**Assets** mean the structures, plant, equipment, corporate and business systems of the SCA which cause, allow, or assist in the performance of its Functions and objectives under the Act and the Licence.

**Australian Drinking Water Guidelines 2004** means the NHMRC and NRMMC Australian Drinking Water Guidelines 2004 and any amendment, update and supplement of these guidelines from time to time.

**Bulk Raw Water** means either water which has not been managed in any way or water that has been managed for quality, whether by chemical treatment or otherwise, but not treated at a water filtration plant.

**Bulk Water Supply Agreement** means the Bulk Water Supply Agreement between the SCA and Sydney Water Corporation signed on 15 September 1999 and any amendment or replacement of that Agreement.

**Catchment Area** has the meaning given to that term in the Act.

**Catchment Audit** means the catchment audit as described in the Act.

**Catchment and Environmental Performance Indicators** means the catchment and environmental performance indicators in Schedule 2.

**Catchment Infrastructure Works** means the following works of the SCA:

- (a) Water Storages, water mains, or connected or associated works, or
- (b) monitoring devices in, under, over or near any works referred to in paragraph (a), or
- (c) works ancillary or incidental to any works referred to paragraph (a) or (b); and
- (d) any works prescribed by the regulations as being within the definition of 'Catchment Infrastructure Works' under the Act,

but excluding anything excluded by the regulations.

**Commencement Date** means the later of 1 January 2006 and the date that the Licence is published in the NSW Government Gazette.

**Complaint** means an expression from a person to the SCA of dissatisfaction with the SCA's products, services, infrastructure, policy, actions or proposed actions or failure by the SCA, its employees or contractors to act.

**Consultation** means any activities or forums initiated by the SCA with its Customers and/or community for the main purpose of obtaining feedback on its activities and Functions and may, but need not include engaging in Public Consultation. Consultation does not include activities or forums initiated by the SCA with EPA, WAMC or NSW Health under a Memorandum of Understanding required under clause 2.3 of the Licence.

**County Council** has the meaning given to that term in the Act.

**Customer** means:

- (a) Sydney Water Corporation,
- (b) a water supply authority, a Local Council or a County Council that is supplied Bulk Raw Water by the SCA; or
- (c) a person supplied Bulk Raw Water by the SCA, but under terms and conditions that prevent that person from supplying the Bulk Raw Water for consumption by others within New South Wales unless that person is authorised to do so under the Act.

**DEC** means the Department of Environment and Conservation, which now incorporates the Environment Protection Authority and National Parks and Wildlife Service.

**Design Criteria** means a series of operating rules designed by the SCA to ensure that the Catchment Infrastructure Works do not run out of water and that this is achieved without imposing water restrictions too frequently, too severely, or for excessively long periods.

**DNR** means the Department of Natural Resources, formerly the Department of Infrastructure, Planning and Natural Resources.

**Environmental Water** means a release of water from storage so as to provide a flow of water in a river, stream, or other natural waterway in a manner that mimics natural seasonal flows with the intention of restoring and maintaining the ecology of the river, stream or natural waterway concerned.

**Environment Plan** means the environment plan defined in clause 5.1.1.

**End of Term Review** means the end of term review of the Licence under clause 1.6.1.

**EPA** means the Environment Protection Authority, which is now incorporated in the DEC.

**Function** has the meaning given to that term in the Act.

**Health Related Water Quality Characteristics** means the health related water quality characteristics defined in clause 3.2.1.

**Incident Management Plan** means the incident management plan defined in clause 3.7.7.

**IPART** means the Independent Pricing and Regulatory Tribunal of New South Wales constituted by the *Independent Pricing and Regulatory Tribunal Act 1992*.

**Licence** means this operating licence granted under section 25 of the Act to the SCA or any renewal or amendment of it, and as in force for the time being.

**Licence Review Body** means IPART, unless the Minister otherwise determines.

**Local Council** has the meaning given to that term in the Act.

**Memorandum of Understanding** means the memorandum of understanding referred to in clause 2.3.

**Metropolitan Water Plan** means the Metropolitan Water Plan of the NSW Government released by the DNR in 2004. The Metropolitan Water Plan is a government policy which outlines a 25 year, \$1.4 billion strategy to ensure sufficient water for Sydney through supply optimisation, augmentation and demand management measures.

**Mid Term Review** means the mid-term review of the Licence under clause 1.5.1.

**Minister** means the Minister responsible for administering those provisions of the Act relating to the Licence.

**Monitoring Program** means the monitoring program defined in clause 3.6.1.

**NHMRC** means National Health and Medical Research Council.

**NRMMC** means the Natural Resources Management Ministerial Council.

**NSW Dams Safety Committee** means the Dams Safety Committee constituted under the *Dams Safety Act 1978*.

**NSW Health** means the NSW Department of Health.

**Plan of Management** means any Plan or Plans of Management for a Special Area adopted by the Minister from time to time under section 49 of the Act.

**Public Consultation** has the meaning given to it in clause 13.2.3.

**Regional Environmental Plan** means the plan or plans referred to in section 53 of the Act.

**SCA** means the Sydney Catchment Authority constituted under the Act.

**Shoalhaven City Council** means the Shoalhaven City Council as constituted under the *Local Government Act 1993*.

**Shoalhaven Scheme** means the water supply and hydro-electric power generation scheme in the Shoalhaven catchment. Water from a number of dams is used to supply local communities and supplement the SCA's other storages through the transfer of water from the Shoalhaven catchment (Fitzroy Falls Dam) to the Hawkesbury Nepean catchment (Wingecarribee Dam).

**Special Area** has the meaning given to that term in the Act.

**Specific Water Characteristics** means the specific water characteristics defined in clause 3.1.1.

[Note: The Specific Water Characteristics are derived from the water characteristics listed in Chapter 10 of the Australian Drinking Water Guidelines 2004 and include the water characteristics and contaminants referred to as “site specific standards” and “health related water quality standards”(as set out in Schedule 4) of the 2000 Operating Licence.]

**State Environmental Planning Policy 58 (SEPP 58)** means the SEPP entitled “Protecting Sydney’s Water Supply” issued under the *Environmental Planning and Assessment Act 1979* as gazetted on 14 December 1998 and as amended, supplemented or replaced from time to time.

**Sydney Water Corporation** means Sydney Water Corporation constituted as a corporation under the *Sydney Water Act 1994*.

**Total Asset Management Policy** means the Total Asset Management Policy set out in NSW Treasury Circular NSW TC 04/09 in August 2004.

**WAMC** means the Water Administration Ministerial Corporation constituted under the *Water Management Act 2000*.

**Water Quality Management Framework** means the water quality management framework defined in clause 3.7.1.

**Water Storages** has the meaning given to that term in the Act.

**Water Supply System Infrastructure** means the infrastructure owned and operated by Sydney Water Corporation for the supply of water to its customers.

**Water Supply System Yield** means the amount of water that the SCA estimates (using a hydrological model) it can supply annually over the long-term, subject to:

- (a) inflows to the water supply system;
- (b) an adopted set of operational rules (including the release of Environmental Water); and
- (c) the Design Criteria.

**Water Treatment** means treating water by substantially removing or reducing certain contaminants and characteristics prior to the water being used or supplied for use by business and household consumers for human consumption.

**Wingecarribee Shire Council** means the Wingecarribee Shire Council as constituted under the *Local Government Act 1993* (NSW).

## **13.2 Interpretation**

13.2.1 In the Licence, unless the contrary intention appears:

- (a) the word person includes an individual, a body corporate, an unincorporated body or other entity and one or more of each of them;
- (b) a reference to a law includes legislation and regulations made under legislation;
- (c) a reference to regulations includes ordinances, codes, licences, orders, permits and directions;
- (d) a reference to a law, regulations, licences, guidelines or any other document, policy or strategy includes consolidations, amendments, variations, re-enactments, or replacements of any of them;
- (e) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
- (f) a reference to a year means a calendar year that ends on 31 December. "Yearly" has a corresponding meaning;
- (g) a reference to a financial year is a reference to a period commencing on 1 July and ending on 30 June; and
- (h) a reference to a clause, Part or Schedule is to a clause, Part or Schedule to the Licence.

13.2.2 Whenever the Licence requires the SCA to make something available to the public, the SCA must:

- (a) publish the information or document on its internet website and make it available to download free of charge;
- (b) make the information or document available at its offices for viewing by any person, free of charge; and
- (c) make the information or document available at its offices for collection by any person, for which the SCA may charge a reasonable fee (unless required by the Licence to make the information or document available free of charge).

13.2.3 If the Licence requires that something undergo Public Consultation, it requires as a minimum that:

- (a) notice of that thing and the nature and timing of the consultation be:
  - (i) advertised in a major daily newspaper circulating in the Area of Operations;
  - (ii) communicated to persons to whom it would reasonably be expected notice should be given; and
  - (iii) given to IPART; and
- (b) submissions be sought from the public and that those submissions be considered by the person conducting the review.

- 13.2.4 If any part of the Licence is prohibited, void, voidable, illegal or unenforceable, then that part is severed from the Licence but without affecting the continued operation of the remainder of the Licence.
- 13.2.5 A reference in the Licence to any organisation, association, society, group, or body shall, in the event of it ceasing to exist or being reconstituted, renamed or replaced or if its functions are transferred to any other entity, body or group, refer respectively to any such entity, body or group, established or constituted in lieu thereof or succeeding to similar functions.
- 13.2.6 If there is disagreement between the SCA and IPART as to the proper interpretation of any term of the Licence, the matter must first be referred to the Minister for resolution by the Minister or a person appointed by the Minister.
- 13.2.7 The italicised explanatory notes in the Licence do not form part of the Licence.
- 13.2.8 Where IPART requires some act or thing to be done under the Licence, the SCA must provide reasonable assistance to IPART, or other person nominated by IPART, with the intent of enabling that act or thing to be done.
- 13.2.9 If there is any inconsistency between the Licence and a Memorandum of Understanding (including any interpretation of any provision), or between the Licence and the Bulk Water Supply Agreement (including any interpretation of any provision), the Licence will prevail to the extent of the inconsistency.

## SCHEDULE 1 AREA OF OPERATIONS

The Area of Operations of the SCA is the inner catchment area and the outer catchment area, as declared by the Governor under section 41 of the Act.

*[Note: On 30 June 1999, the Governor declared that:*

*The inner catchment area is:*

- (i) the area of land within all the special areas of the Sydney Catchment SCA except the area of land within the Richmond, Windsor, Penrith, O'Hares Creek and Devines Weir special areas; and*
- (ii) the hydrological catchment of the Prospect reservoir.*

*The outer catchment area is the area of land within the hydrological catchments of:*

- (i) the Warragamba River and its tributaries which drain to Lake Burragorang;*
- (ii) the Shoalhaven River and its tributaries which drain to Lake Yarrunga; and*
- (iii) Greaves, Whipcord, Woodford and Cascades Creeks;*

*But excluding the inner catchment area described above.*

*(NSW Government Gazette No. 76, p 4649.)*

### **Special Areas**

*Following the enactment of the Water Board Act 1987, catchment areas became known as special areas. Catchment areas proclaimed under the Metropolitan Water Sewerage and Drainage Board Act were:*

- Warragamba (Inner and Outer Catchments);*
- Metropolitan (Cataract, Cordeaux, Avon and Nepean storages);*
- Woronora;*
- O'Hares Creek;*
- Shoalhaven;*
- Wingecarribee;*
- Fitzroy Falls;*
- Devines Weir;*
- Penrith;*
- Richmond;*
- Windsor;*
- Blackheath;*
- Katoomba; and*
- Woodford Special Areas.]*

## SCHEDULE 2 CATCHMENT AND ENVIRONMENTAL PERFORMANCE INDICATORS

### Indicators of ecological health of the catchments

Catchment and Environmental Performance indicator	Reporting frequency	Catchment and Environmental Performance Measure
1. Water quality	annual	<p>Water quality in catchment waterways in the Catchment Area measured against the applicable water quality objectives specified in the <i>Australian and New Zealand Guidelines for Fresh and Marine Water Quality 2000</i>.</p> <p>[Note:</p> <ul style="list-style-type: none"> <li>• <i>The Australian and New Zealand Guidelines for Fresh and Marine Water Quality 2000 is the Guidelines published by the Australian and New Zealand Environment and Conservation Council and the Agriculture and Resource Management Council of Australia and New Zealand, as amended, varied or replaced..</i></li> <li>• <i>The “applicable water quality objectives” are the water quality objectives for the environmental values:</i> <ul style="list-style-type: none"> <li>○ <i>Aquatic Ecosystems,</i></li> <li>○ <i>Recreational Water – primary contact, secondary contact and visual use,</i></li> <li>○ <i>Drinking Water (raw water),</i></li> <li>○ <i>Primary Industries – irrigation and general water use, livestock drinking water and aquaculture and human consumers of aquatic foods,</i></li> </ul> </li> </ul> <p><i>as specified in the Australian and New Zealand Guidelines for Fresh and Marine Water Quality 2000.]</i></p>
	annual	<p>Occurrence of <i>Cryptosporidium</i> and <i>Giardia</i> cysts or oocysts in catchment waterways.</p> <p>[Note:</p> <p><i>The occurrence of cryptosporidium and Giardia cysts is to be measured by the number of incidences of cryptosporidium and Giardia in the high (&gt;1000 cysts/L), medium (100-1000 cysts/L) and low (&lt;100 cysts/L) categories.]</i></p>
	4 years	<p>Macro invertebrate assemblages in catchment waterways, as assessed at sampling locations across the Catchment Area in accordance with best practice methodology (eg. AusRivAS health rating).</p> <p>[Note:</p> <p><i>“AusRivAS” stands for Australian River Assessment Scheme.]</i></p>

<b>Catchment and Environmental Performance indicator</b>	<b>Reporting frequency</b>	<b>Catchment and Environmental Performance Measure</b>
	annual	Level and variability of streamflow (in-flows to SCA's storages).
2. Condition of Land	4 years	<p>Extent (ha or abundance) of threatened and endangered species for each Special Area.</p> <p><i>[Note:</i>  <i>"Special Area" is defined under the Act. "Threatened species" and "endangered species" are defined in the Threatened Species Conservation Act 1995.]</i></p> <p>Extent (ha or abundance) of pest species for each Special Area.</p> <p>Area (ha) of new outbreaks of salinity in the Catchment Area.</p> <p>Area of salinity affected lands (ha and % of total) under appropriate management.</p> <p>Extent, type and condition of vegetation cover (ha and % of total) in the Catchment Area.</p> <p>Extent and type of soil erosion (ha by type of erosion) in the Catchment Area.</p> <p>Extent (ha and % of total) and type of land use in the Catchment Area.</p>
3. Fish	4 years	Number of native and exotic fish species recorded at sampling locations above, below and within the SCA storages.

**Indicators of SCA's management of the catchments**

<b>Catchment and Environmental Performance indicator</b>	<b>Reporting frequency</b>	<b>Definitions of key words / comments</b>
1. Condition of Land	4 years	Area (km and % of total) of riparian zones fenced, revegetated or weeded as a result of SCA partnered and managed programs in the Catchment Area.
2. Water quality	annual	<p>Implementation of SCA programs to address sewage in the Catchment Area.</p> <p>Number of activities or works undertaken by SCA to improve fish passage.</p>
3. Research	annual	% SCA research and science activities with a focus on catchment management and planning with a direct business application.
4. Catchment protection	annual	Number of penalty infringement notices, warning letters, prosecutions, clean-up notices and prevention notices issued under the Act or regulations.
5. Catchment planning	annual	Proportion of catchment areas covered by strategic land and water capability assessments.

<b>Catchment and Environmental Performance indicator</b>	<b>Reporting frequency</b>	<b>Definitions of key words / comments</b>
		Proportion (of total received) of development proposals assessed by SCA within statutory timeframes..
		Proportion (of total received) of development proposals where SCA concurrence was withheld.
		Proportion (of total received) of development proposals where further SCA advice or conditions result in concurrence.
		Proportion of sub-catchments for which a Rectification Action Plan has been drafted and proportion completed.
6. Education	annual	Number of community education activities conducted as a mechanism to improve catchment health.

**Indicators of SCA's impacts on the environment**

<b>Catchment and Environmental Performance indicator</b>	<b>Reporting frequency</b>	<b>Definitions of key words / comments</b>
1. Energy	annual	Total annual energy consumed by the SCA (electricity, fuel and gas) in units provided on energy bills.
		Green electricity consumption as a % of total electricity consumption by the SCA.
		Green energy generated (kWh) by the SCA.
		Annual greenhouse gas emissions (CO <sub>2</sub> equivalent) resulting from the SCA's consumption of electricity, fuel and gas.
2. Water consumption	annual	Total annual water consumed by SCA in units provided on water bills.
3. Waste	annual	Estimated volume and type of waste annually sent to landfill from the SCA's activities (kg per year).
		Waste recycled or reused expressed as a percentage of total waste generated by the SCA's activities, by type of waste.
4. Heritage	annual	Number of State heritage listed sites with Conservation Management Plans prepared as a proportion of the total number of State heritage listed sites.
5. Compliance with water releases	annual	% SCA compliance with water release requirements of any licence issued under the <i>Water Act 1912</i> or <i>Water Management Act 2000</i> (as varied or amended from time to time) and any additional water release requirements subsequently developed during the term of the Licence.

