

# Water Licence Review 2016

Decision

18 May 2016

**Economic Regulation Authority**

WESTERN AUSTRALIA

© Economic Regulation Authority 2015

This document is available from the Economic Regulation Authority's website at [www.erawa.com.au](http://www.erawa.com.au). For further information, contact:

Economic Regulation Authority  
Perth, Western Australia  
Phone: (08) 6557 7900

## Contents

<b>Draft Decision</b>	<b>1</b>
<b>Background</b>	<b>1</b>
<b>Reasons</b>	<b>2</b>
<b>Appendices</b>	<b>15</b>
<b>Appendix 1 – Water Licence (Marked-up)</b>	<b>16</b>
<b>Appendix 2 – Water Licence (Clean)</b>	<b>17</b>

## Decision

1. Following consideration of the submissions received in response to the Economic Regulation Authority (**ERA**) Water Licence Review 2016 Discussion Paper (**Discussion Paper**), the ERA approves the amended water services licence template (**water licence**) attached to this Decision (**Appendix 1** and **Appendix 2** includes a version with tracked changes).
2. In accordance with section 17 of the *Water Services Act 2012* (**Water Act**), the ERA will issue new licences by substitution to all existing water licensees that incorporate the amendments in the licence templates relevant to the licensee.

## Background

3. The Water Act governs the operation of the water licensing regime in Western Australia and defines the ERA's functions and powers with regard to administering licences, and monitoring and enforcing compliance.
4. The ERA aims to review its standard water licence regularly to ensure that it maintains a best practice licensing regime.
5. On 11 February 2016, the ERA published the Discussion Paper and a proposed draft water licence for the Water Licence Review 2016 (**Review**).
6. The Discussion Paper invited public submissions by 3 March 2016.

### *Submissions received*

7. In response, the ERA received public submissions from:
  - a. The Busselton Water Corporation (trading as **Busselton Water**).
  - b. The Water Corporation.
  - c. The Department of Health (**DOH**).
8. Subsequent to the closure of the public consultation process, the ERA received and accepted two further submissions from interested parties (Mr Bertola and Mr Davenport) in response to the Review and the submission from the Water Corporation.
9. All five public submissions are available on the ERA's [website](#).<sup>1</sup>
10. The submissions are summarised below, and the ERA's response to the submissions is set out in the section titled "Reasons".

---

<sup>1</sup> [www.erawa.com.au](http://www.erawa.com.au) >Water>Water Licensing>Public Submissions.

## Summary of submissions

11. Busselton Water advised that it had considered the proposed changes and found no reason to make comment or alternate recommendations.
12. The Water Corporation supported a number of the Discussion Paper's proposed water licence amendments and made further submissions in relation to the following areas:
  - a. Changing the scope of the Review to include the ERA's Water Compliance Reporting Manual (**Compliance Manual**) and the Water, Sewerage, Irrigation and Drainage Performance Reporting Handbook (**Performance Handbook**).
  - b. Drafting issues such as wording changes (e.g. the definitions of "customer" and "water service works"), or clarification of licence obligations (e.g. drainage service standards, water restrictions, and financial hardship policies).
  - c. Amending licence obligations in relation to the management of pressure and flow exemptions.
  - d. Removing certain licence obligations in relation to asset management and operational audits
  - e. Adding specific performance targets.
13. DOH raised a number of drafting issues such as wording changes and clarification of certain matters (e.g. the definition of "potable water" and the memorandum of understanding between licensees providing potable water services and the DOH. The DOH also suggested broadening the customer notification requirements in relation to the use of "non-potable water".
14. Mr Bertola and Mr Davenport raised a number of issues in relation to the requirements for management of pressure and flow exemptions in the water licence with particular focus on notification of affected customers.

## Reasons

15. The ERA has considered all submissions made and responds to the issues raised in the following sections.
16. All references to water licence clauses are to the new water licence (Attachment 1 - Marked-up version (amendments resulting from the public consultation process are marked-up in green), and Attachment 2 – Clean version), unless otherwise stated.

## Scope of Water Licence Review

17. The scope of the Review (as outlined in the Discussion Paper) is to examine:
  - a. The format of the standard water licence.
  - b. The terms and conditions to be included in the standard water licence.

- c. Whether any deviations from the standard water licence are required and, if so, in what circumstances.
18. The Scope of the Review explicitly excluded the examination of the ERA's processes and procedures that are contained in its "Regulatory Guidelines" documents. The ERA has a separate review processes for each of these documents.<sup>2</sup>
19. The Water Corporation submits that the Compliance Manual and the Performance Handbook form part of the wider licence framework and should form part of the Review.
20. The ERA notes the Water Corporation's request, but has decided not to expand the scope of the Review for the following reasons:
  - a. There is a hierarchical relationship between the Water Act, the water licence and supporting documents, which makes it both logical and practical to review guideline documents subsequent to water licences being settled.
  - b. In the ERA's experience, the practice of consecutive reviews of licence documents and processes has worked efficiently across all licensed industries, and no other stakeholders have made submissions raising concern about this process.
  - c. Stakeholders have the opportunity to make submissions through consultation processes associated with other ERA documentation, and can contact the ERA to raise issues with the ERA's administration of the licensing regime outside any consultation process.

### **Administration of water licence**

21. In the existing water licences (clause 16, and clauses in Schedule 1 and Schedule 2), the ERA has adopted an approach of labelling licence clauses, which are not applicable to an individual licensee, as "Not used".
22. In the Discussion Paper, the ERA proposed to adopt this approach consistently throughout the proposed water licence. The ERA notes that it has adopted this approach for electricity licences for a number of years.
23. The Water Corporation submits that this approach may cause confusion and would prefer if affected licence clauses be removed, or an explanation be inserted about why the relevant clause is not used.
24. The ERA has decided to maintain the proposed approach for the following reasons:
  - a. The approach ensures consistency between the numbering of clauses across all individual water licences regardless of what water services are licensed. This facilitates the efficient administration of licences, as compliance documentation can refer to the same licence clauses for all water licences.

---

<sup>2</sup> [www.erawa.com.au](http://www.erawa.com.au) > Water licensing > Regulatory Guidelines.

- b. The approach has been used successfully in electricity licences for several years, and no issues have been identified with the partial adoption in the current water licences. For this reason, it would also appear that adding additional wording is unnecessary.

## **Water licence**

### *Front page: Water Services Licence*

25. The Water Corporation disagrees with the proposed change from “Water Service Operating Licence” to “Water Services Licence” as it could cause confusion with water abstraction licences.
26. The ERA has decided to keep the proposed change of title to “Water Services Licence”, for the following reasons:
  - a. “Water services licence” is consistent with the Water Act, which provides for licensing of water services.<sup>3</sup>
  - b. The Department of Water uses similar terminology in relation to water licensing and exemptions from water licensing (while also administering licences to take or abstract water).
  - c. The term “Water Services Licence” clearly distinguishes it from water abstraction or other water related licences, and there does not appear to be any significant risk of confusion.

### *Clause 3.5.1 (Works holding arrangements): Definition of water service works*

27. The Water Corporation submits that the water licence should clarify the definition of “water service works not held by the licensee”. The Water Corporation asserts that it is not clear if the intent of the clause is to include works such as stand pipes, tanking trucks or other minor works.
28. The ERA has decided to maintain clause 3.5.1 in its current form for the following reasons:
  - a. The clause captures the requirement in section 23 of the Water Act and uses the definition of “water service works” set out in the Water Act.
  - b. The definitions of “water service works” and “water service works of a licensee” in the Water Act are clear and excludes certain works such as tanking trucks.
  - c. The clause is an existing licence clause, and the ERA has not identified any issues with its operation that would justify it to be amended.

---

<sup>3</sup> The Water Act moved away from the use of the term “operating licence”, which was used by the previous legislation (*Water Services Licensing Act 1995*).

### *Clause 4.1.3: Requirement to conduct asset management system review*

29. Clause 4.1.3 of the proposed water licence reads:

4.1.3 The licensee must, unless otherwise notified in writing by the ERA:

- (a) conduct an asset management system review; and
- (b) provide the ERA with a report on the asset management system review, within 24 months after the commencement date and every 24 months thereafter.

30. The Water Corporation submits that:

- a. The clause should be deleted, as the independent expert is appointed by the ERA to undertake and provide the report to the ERA.
- b. Alternatively, if the clause is retained, it should explicitly state that the interval at which the review is to be completed is at the discretion of the ERA.

31. The ERA has decided to maintain clause 4.1.3 in its current form for the following reasons:

- a. The clause captures the requirement in section 24 of the Water Act.
- b. The current drafting clearly identifies that the ERA may write to the licensee to notify of any changes to the requirement.
- c. The clause is an existing licence clause, and the ERA has not identified any issues with its operation that would require amendment.

### *Clause 4.3.1: Requirement to provide operational audit*

32. Clause 4.3.1 of the proposed water licence reads:

The licensee must, unless otherwise notified in writing by the ERA, provide the ERA with an operational audit within 24 months after the commencement date, and every 24 months thereafter.

33. The Water Corporation submits that the clause should be deleted as an independent expert is appointed by the ERA to undertake and provide the audit to the ERA.

34. The ERA has decided to maintain clause 4.3.1 in its current form, for the following reasons:

- a. The clause captures the requirement in section 25 of the Water Act.
- b. The clause is an existing licence clause, and the ERA has not identified any issues with its operation that would require amendment.

## *Section 6 (Health)*

35. The DOH submits that the proposed heading "Health" should be changed to "Drinking Water", as the section relates to the Memorandum of Understanding (**MOU**) that deals with the Australian Drinking Water Guidelines.



36. The ERA has decided to retain the proposed heading, “Health”, as it is intentionally broad to allow coverage of a range of issues. Licence obligations evolve over time and it is impractical to tailor headings too narrowly, which could lead to a larger number of headings.

*Clause 6.1 (Memorandum of understanding): Provide greater flexibility*

37. Clause 6.1.1 requires affected licensees and the DOH to enter into a Memorandum of Understanding for Drinking Water (MOU) “as soon as practicable”.

38. The DOH submits that the clause should be amended to allow greater flexibility about when a MOU has to be entered into. The DOH argues that it could be reasonable to delay entering into a MOU, if there is a lag between the grant of the licence and commencement of the supply of water.

39. The ERA agrees and has decided to amend clause 6.1.1 of the draft licence accordingly:

6.1.1 Where the *licensee* is, or intends to provide *potable water*, the *licensee* must enter into a *MOU* with the Department of Health as soon as practicable after the *commencement date*, or as otherwise agreed with the Department of Health.

40. The DOH also submits that clause 6.1.4 should be amended to allow any confidential parts of a MOU to be removed from the published version of a MOU.

41. While this does not appear to have been an issue for parties to a MOU in the past, the ERA agrees to clarify the drafting and has decided to amend 6.1.4 accordingly:

The *licensee* must *publish, in a form agreed with the Department of Health*, the *MoU* and any amendments to the *MoU* on the *licensee’s* website within one month of entering into the *MoU* or of making amendments to the *MoU* ~~in a form agreed with the Department of Health~~.

*Clause 7 (Definitions): Clarify definition of ‘customer’*

42. The Water Corporation notes that the definition of “customer” differs between the Water Act and the *Water Services Code of Conduct (Customer Service Standards) 2013 (Water Code)*.

43. The Water Corporation submits that the definition of a “customer” in the water licence should be clarified to state if it is consistent with the Water Act or the Water Code.

44. The Water Act defines a “customer” as:<sup>4</sup>

**customer**, of a licensee, means a person to whom water services are provided by the licensee or who is entitled to the provision of water services by the licensee, other than a person who is a member of the licensee

45. The Water Code defines a “customer” as:<sup>5</sup>

**customer**, of a licensee, means a customer as defined in section 3(1) who is —

- (a) an owner of the land in respect of which the water services are provided; or

<sup>4</sup> Section 3(1) of the Water Act.

<sup>5</sup> Section 4(1) of the Water Code.

- (b) an occupier of the land in respect of which the water services are provided who is authorised by an owner to receive bills for the water services,

and includes any other person who is authorised by an owner of the land in respect of which the water services are provided to receive bills for the water services.

46. The current definition of a “customer” in the water licence is:

**customer** means a person or organisation to which water services are sold or supplied by the licensee for consumption or use.

47. The ERA notes that:

- a. The definition of “customer” in the Water Code follows on from the definition in the Water Act albeit it is more specific.
- b. The current definition of a “customer” in the water licence is consistent with the definition in the Water Act.

48. The ERA has amended the definition of “customer” in the water licence as follows:

**customer** has the meaning given to that term in section 3 of the Act. ~~means a person or organisation to which water services are sold or supplied by the licensee for consumption or use.~~

49. The definition in the Water Act is a legislative matter, but the ERA will consider the definition in the Water Code further in the upcoming review of the Water Code.

### Clause 7 (Definitions): “potable water” and “non-potable water”

50. The DOH submits that the terms “potable” and “non-potable water” should be replaced by “drinking” and “non-drinking water”. The DOH states that “drinking water” is universally used in Australia.

51. The ERA has decided to maintain the current terminology for the following reasons:

- a. The Water Act uses the term “potable” in the definition of “water supply service” (“drinking water” does not appear in the Water Act itself).
- b. The Water Code broadens the circumstances in which it applies to “water that is not potable but that is supplied on the basis that the customer is responsible for treating the water to make it fit for humans to drink” (clause 3). This allows the Water Code to apply to a subset of non-potable water supply.
- c. The water industry uses both the “potable” and the “drinking water” terminology:
  - i. The DOH itself uses both terms interchangeably on its website and its documents.<sup>6</sup>
  - ii. The Department of Water uses “potable” and “non-potable” for water licence exemptions, urban water services, design and management,

<sup>6</sup> The DOH uses the two terms interchangeably, including in relation to: “The Australian Drinking Water Guidelines”; the DOH’s “Guideline for approval of non-drinking water systems in Western Australia”; the DOH’s “Guidelines for the Non-potable uses of Recycled water in Western Australia”; and the DOH’s “Factsheet for warning signs for non-potable water schemes. Further, the Australian Drinking Water Guidelines also uses the term potable water (although more commonly *drinking water*, defined as water intended primarily for human consumption (but excluding bottled, for the purposes of these guidelines).

“drinking water” in relation to the protection and management of water used for drinking.

- iii. The *Plumbers Licensing and Plumbing Standards Regulations 2000*, which adopts the Australian Plumbing Code in Western Australia, uses “potable water”.
- iv. Reflecting the different regulatory frameworks, the water licensees also use both sets of terminologies.

### Clause 7 (Definitions): The definition of “potable water” is circular

52. The water licence defines potable water in the following way:

**potable water** means safe potable water in accordance with the *MoU* between the licensee and the *Department of Health*.

- 53. The DOH notes that the definition of “potable water” is self-referencing and proposes that it be replaced with the definition of drinking water in the *Safe Drinking Water Act 2004 (Vic)* and *Safe Drinking Water Act 2011 (SA)*.
- 54. While this has not been an issue for the parties to a MOU in the past, the ERA agrees that the definition is circular.
- 55. The ERA has formed the view that the definition of “potable water” should refer to the Australian Drinking Water Guidelines<sup>7</sup>, which apply in Western Australia rather than adopting a definition from legislation of another jurisdiction.
- 56. Therefore, the ERA has decided to amend the definition of “potable water” accordingly:

**potable water** means drinking ~~safe-potable~~ water in accordance with the Australian Drinking Water Guidelines or as otherwise defined in the *MoU* between the licensee and the *Department of Health*.

### Clause 7 (Definitions): “Provide”

- 57. The DOH submits that the term “provide” has a specific meaning in the Water Act, and that the water licence uses the term more broadly.
- 58. The ERA has decided to maintain the current drafting for the following reasons:
  - a. The Water Act definition only relates to “water service works”.
  - b. “Provide” is not defined in the licence and it is intended that it be read with its ordinary meaning.
  - c. This relates to existing drafting and the ERA has not identified any issues with its interpretation that would require amendment.

---

<sup>7</sup> The guideline defines drinking water as “water intended primarily for human consumption (but excluding bottled water, for the purposes of these guidelines).”

### *Schedule 2, clause 1.2 (Potable water system standards): pressure and flow exemption*

59. Clause 1.2 sets out pressure and flow exemptions to the pressure and flow standards stipulated in clause 1.1 of the water licence.
60. The ERA has not approved any standard exemptions that apply to the supply of potable water. Therefore, the water licence does not include any pressure and flow exemptions. The only licence that has pressure and flow exemptions granted is WL32, which is held by the Water Corporation.
61. The Water Corporation submits that the table of pressure and flow exemptions in its licence WL32, is inefficient, as the list of affected areas will change over time. Instead, the Water Corporation proposes to use a dynamic map, which would be updated annually to reflect any changes.
62. The Water Corporation's proposal led to two late submissions from individuals in affected areas, Mr Bertola and Mr Davenport, who make the following proposals to include additional licence obligations in relation to pressure and flow exemptions:
  - a. Notification of existing and new customers that their properties are affected or within areas that fall outside of the standard pressure and flow standards, and any relevant information (potential impact and any assistance to manage the exempt pressure and flow).
  - b. Notification of Landgate to update its Property Interest and any other relevant systems to inform property owners or buyers.
  - c. Notification of Plumbers Licensing Board to update members and require that customers be informed when a licensed plumber visits an affected property.
63. In addition, Mr Davenport suggests that WL32 be amended:
  - a. At regular intervals to ensure that the correct information is included in the pressure and flow exemption section.
  - b. To include an obligation to reimburse the cost of pressure and flow valves.
64. The ERA notes that individual licence amendments are explicitly excluded from the Review<sup>8</sup>, and will be dealt with separately by the ERA.
65. The ERA considers that it is impractical for the water licence to include the number of affected properties and an indicative pressure range as:
  - a. Both numbers change over time due to a number of factors such as the water infrastructure, housing developments (e.g. sub-divisions), and water use.
  - b. Information about the number of affected services is better reported on within the ERA's performance framework. This would allow for better monitoring of affected properties over time (see paragraph 67 and 68 below in relation to a new obligation to notify customers).

---

<sup>8</sup> Water Licence Review 2016 – Discussion Paper.

- c. Including an indicative pressure range in the licence is not helpful to inform customers, as customers do not refer to the licence for information, but to their service provider for information about their water service.
66. Therefore, the ERA has decided to delete clause 1.2.1.

~~1.2.1 Exemptions from the flow and pressure standards set out in section 1.1 of this Schedule are provided for the areas detailed in the following table.~~

**Pressure and flow exemptions**

Town	Area	No. of Services affected	Comment
<insert>			
...			

67. The ERA considers that a key issue is to inform customers, which is best done by imposing obligations on the licensee to:
- Inform new customers who are affected by pressure and flow exemptions in their first account.
  - Inform existing customers who are affected at least annually.
68. The ERA has inserted the following in Schedule 2, clause 1.2 (Potable Water):

1.2.2 The licensee must notify:

- new customers upon purchase of the affected property as soon as practicable; and
- existing customers at least annually,

where pressure and flow of the water supplied falls outside of the standard pressure and flow set out in section 1.1 of this Schedule.

1.2.3 The notification set out in section 1.2.2 must include:

- what the pressure and flow range is; and
- further information about how to manage the exempt pressure and flow.

69. The ERA anticipates a licence amendment proposal from the Water Corporation in relation to this matter (including in relation to the map canvassed in the Water Corporation's submission) and the ERA will consult publically on that proposal.

**Schedule 2, Clause 4.1(Drainage service standards): Clarify requirements**

70. The Water Corporation submits that subclause 4.1.2 should include more information about who is responsible for what parts of the drainage infrastructure:
- The Department of Water is responsible for drainage design under the *Metropolitan Arterial Drainage Act 1982* (WA).
  - Local governments are responsible for local drains that feed into the arterial drainage network (only the latter of which is the Water Corporation's responsibility).

71. The ERA has decided to maintain the current drafting of the water licence for the following reasons:
- a. The clause places an obligation on Water Corporation to audit their relevant drainage assets licensed under the Water Act, including for any drainage design service it contracts out, to ensure compliance with the requirements of the legislation.
  - b. The clause relates to drainage service provided by the licensee. It is not the role of the ERA to deal with matters that fall outside of the licensing framework (such as the drainage design), or to clarify aspects of other legislation that may affect the licensee.
  - c. This is an existing licence clause, and the ERA has not identified any issues with its operation that would require amendment.

### *Schedule 2 – Notification in relation to non-potable water supply*

72. The DOH notes the requirement in the licence for irrigators to notify customers that the irrigation water is not suitable for drinking (clause 5 of Schedule 2). The DOH submits that this obligation should be imposed on all licensees providing non-drinking water including to public spaces.
73. The obligation on irrigators existed in the licences prior to the ERA taking responsibility for licensing, and is understood to have been inserted as a response to an audit finding regarding the practice of irrigators.
74. The ERA has not expanded the scope of the obligation to all licensees for the following reasons:
- a. This is an existing licence clause, and the ERA has not identified any issues with its operation that would require amendment of the water licence.
  - b. A range of other requirements ensure that non-potable water supply is not used for drinking water:
    - i. It would appear to be commonly accepted that non-potable water is not intended for use as drinking water.
    - ii. There are technical regulations to guide industry practices to ensure physical separation of potable and non-potable water, including building and plumbing codes, and Australian Standards.
    - iii. The DOH has a role in regulation of non-potable or non-drinking water. It is understood that the DOH requires:
      - Warning signs for non-potable water schemes.<sup>9</sup>

---

<sup>9</sup> The DOH requires non-potable water schemes (licensed or exempt) to comply with requirements for the design and application of warning signs for non-potable water schemes. Warning signs will need to comply with the following Australian Standards (AS): AS 1319 - 1994 Safety signs for the occupational environment; AS 2416 - 2002 Design and application of water safety signs; AS 1744 – 1975 Forms of letters and numerals for road signs; AS 2700S – 1996 (R13) Colour standards for general purposes – Red; and ISO 20712-1:2008 Water safety signs and beach safety flags - Part 1: Specifications for water safety signs used in workplaces and public areas.

- Licensees subject to its MOU to notify customers annually that non-potable water supply is not suitable for drinking. As a result, adding an obligation would add an unnecessary requirement on licensees providing both potable and non-potable water.
  - Recyclable water schemes to comply with its "Guidelines for the Non potable uses of Recycled water in Western Australia", which regulate the use of recyclable water.
- c. A large number of water licence exemptions are granted for the provision of non-potable water services. These are not subject to the requirements to hold a licence, but are captured by the regulatory requirements outside of the water licence regime. The adoption of the DOH proposal would not capture all non-potable water service providers.
75. For these reasons, the ERA has removed the requirement for irrigators to notify customers annually that irrigation water is not suitable for drinking (Schedule 2, clause 5.1.3).

~~5.1.3—The licensee must provide annual notification to all customers provided with a non-potable water supply service water for irrigation purposes that the water supplied is not suitable for drinking.~~

### *Schedule 2, clause 5.1.3 (water restrictions): Move to a separate clause*

76. The Water Corporation submits that this clause is not specific to irrigation schemes and recommends the clause be moved elsewhere.
77. The ERA agrees for the following reasons:
- a. Prior to the last water licence review, the clause was placed under the heading "Drought response".
  - b. The clause relates to restrictions associated with scheme water for a water corporation<sup>10</sup>, and was unintentionally placed in the irrigation section during the last licence review.
78. The ERA has decided to move existing clause 5.1.1 of Schedule 2 to new clause 1.3 "Water restrictions" in Schedule 2.

### *Schedule 2 (Performance standards): Re-introduce specific targets*

79. Performance targets were largely removed from the water licence after the Water Act came into effect. This was done in consultation with the Department of Water, water licensees, and the public. Stakeholders generally supported the removal of specific targets from the licence. Consequently, the ERA adopted the framework used for energy licences where the Compliance Manual and Performance Handbook identify legislative requirements with which licensees have to comply.
80. The Water Corporation submits that specific performance targets be re-introduced into the water licence to clarify compliance requirements and drive desired behaviour.

---

<sup>10</sup> I.e. the Water Corporation, Bunbury Water Corporation, and Busselton Water.

81. The ERA has decided to maintain the current approach to performance standards for the following reasons:
- a. The current performance reporting framework (which is consistent across water, electricity and gas) establishes a transparent mechanism that profiles the performance of each licensee over time, and, where possible, permits benchmarking of licensees against their peers. It provides detailed data for each scheme, which allows the ERA to monitor performance trends without setting arbitrary targets.
  - b. Specific targets in licences could impose additional costs on licensees, if they are making decisions to meet the specific targets rather than making efficient expenditure decisions across their work program.
  - c. Specific targets historically provided data on aggregate performance, and did not provide for the identification of any poorly performing locations.
  - d. The re-introduction of specific performance targets in the water licence would not relieve licensees from complying with their legislative requirements<sup>11</sup> and would therefore increase regulatory burden.
  - e. The ERA has not identified any issues with the operation of the current framework that would require amendment of the water licence. The ERA also notes that the current approach has worked well across its licensed industries.

### *Schedule 3 – Customer provisions – Financial Hardship*

82. The DOH and the Water Corporation query the drafting of the customer provisions in Schedule 3, clause 1.1.2:
- 1.1.2 For the purposes of clause 1.1, a water service does not include non-potable water supply services, except where the non-potable water supply service is supplied on the basis that the customer is responsible for treating the water to make it fit for humans to drink.
83. The DOH is concerned that the definition establishes a water service for which consumers are responsible for treating the non-potable water to a level where it is suitable for humans to drink.
84. The Water Corporation notes that in third party supply schemes<sup>12</sup> residential customers receive both potable and non-potable water supply.
85. The ERA has decided to maintain the current drafting as it clearly relates the requirements for financial hardship policies<sup>13</sup> and uses the relevant definition of “drinking water” used in the Water Code ((clause 4(2)(a)) dealing with requirements for financial hardship policy.

---

<sup>11</sup> The Compliance Manual and particularly the Performance Handbook summarises these other legislative requirements.

<sup>12</sup> Treated wastewater from a water recycling plant is transported via a third pipe (purple) scheme to multiple users for watering lawns and gardens and for in-house non-drinking uses. The scheme can include irrigation of public open space within the community.

<sup>13</sup> Authorisation for water services is set out in clause 1, and this section in Schedule 3 deals with additional customer protection requirements for a financial hardship policy.



---

*New Schedule to list compliance obligations that are duplicate or unfeasible*

86. The Water Corporation is of the view that its 2015 operational audit identified a range of requirements that were “duplicate or unfeasible”. It proposes a new licence schedule to list compliance obligations of this nature.
87. The ERA has decided to maintain the current drafting for the following reasons:
- a. Where the ERA is aware of duplication resulting from the water licence, the amended water licence has consolidated those clauses as discussed in the ERA’s Discussion Paper.<sup>14</sup>
  - b. A number of other issues are outside of the scope of the Water Licence Review in that they relate to:
    - i. duplication of legislative instruments outside of the licence<sup>15</sup>; or
    - ii. the practice of licensees being inconsistent with obligations on licensees outside of the water licence.
  - c. Providing for a list of compliance issues in the licence would set up an unnecessarily bureaucratic process that would also increase the cost of administering licences.
  - d. The ERA has not identified any issues with the operation of the current framework that would require amendment of the water licence. The existing compliance framework, which also applies to energy licensees, deals effectively and efficiently with this issue.
  - e. Any issues relating to non-compliances are appropriately addressed by the ERA through the compliance process.

---

<sup>14</sup> Particularly in relation to compliance with the applicable legislation, which is now consolidated into clause 3.1 of the Water Licence (see Water Licence Review 2016 – Discussion Paper).

<sup>15</sup> E.g. certain non-compliances may breach both section 29 (Licensee must comply with duties under Act) and section 26 (Compliance with codes of practice made by Minister) or 27 (Compliance with code of conduct made by ERA).

## Appendices

[This page is left blank intentionally]

## Appendix 1 – Water Licence (Marked-up)

[This page is left blank intentionally]



# Water Services ~~Operating~~ Licence

<The Company that holds the licence>

<WLX>, Version <#>, <Date of amendment>

**Economic Regulation Authority**

WESTERN AUSTRALIA

**Legend for commentary**

- ERA comment
- Proposed new text
- ~~Proposed deletion~~
- New amendment not previously consulted on

[The text marked by "<...>" in this table is a bookmark. Insert the correct information between the "<...>". Delete the "<" and the ">". Select all the document text and press F9 to update bookmarks and cross-references. Then select the footer and repeat]

**WATER SERVICES ACT 2012**

Licensee Name: <The Company that holds the licence>  
<ABN/ACN>

Licence Number: <WLX>

Commencement Date: <Original date of grant>

Version Number: <#>

Version Date: <Date of amendment>

Expiry Date: <Date of expiry>

---

Signed by a delegate; member; or  
the Chairman of the Economic Regulation Authority  
<D>/<M>/<YEAR>

## Index

<b>1. Licence Authorisation</b> .....	<b>3</b>
1.1 Grant of licence Activities authorised under this licence [Currently Schedule 1].....	3
1.2 Commencement date [Currently Schedule 1].....	3
1.3 Expiry date [Currently Schedule 1].....	3
1.4 Term [Section 14 of the Act] [Current licence clause 3].....	3
1.5 Operating area [Currently Schedule 1].....	3
<b>2. Licence Administration</b> .....	<b>4</b>
2.1 Amendment of licence by the licensee [Section 18 of the Act] [Current licence clause 10].....	4
2.2 Amendment of licence by the Authority ERA [Section 17 of the Act] [Current licence clause 11].....	4
2.3 Transfer of licence [Section 15 of the Act] [Current licence clause 6] .....	4
2.4 Renewal of licence [Section 13 of the Act] [Current licence clause 9].....	4
2.5 Cancellation of licence for serious default [Section 34 of the Act] [Current licence clause 7] .....	4
2.6 Cancellation of licence by the licensee [Section 18 of the Act] [Current licence clause 8].....	4
2.7 Notices [Current licence clause 18].....	5
2.8 Publishing information [Current licence clause 17].....	5
2.9 Review of the Authority ERA's decisions [Current licence clause 19] .....	5
<b>3. General Licence Obligations</b> .....	<b>6</b>
3.1 Compliance with applicable legislation [Section 26, 27, 29 and 31 of the Act] [Current licence clause 5 and 26] .....	6
3.2 Fees [Current licence clause 4].....	6
3.3 Provision of water services [Section 21 of the Act] [Current licence clause 27] .....	7
3.4 Provision of water services outside operating area [Section 22 of the Act] [Current licence clause 28].....	7
3.5 Works holding arrangements [Section 23 of the Act] [Current licence clause 29].....	7
3.6 Accounting records [Current licence clause 12].....	7
3.7 Reporting a change in circumstances [Current licence clause 15] .....	7
3.8 Provision of information [Current licence clause 16].....	8
<b>4. Audits and performance reporting obligations [See also schedule 2]</b> .....	<b>9</b>
4.1 Asset management system [Section 24 of the Act] [Current licence clause 20] .....	9
4.2 Individual performance standards [Current licence clause 13] .....	9
4.3 Operational audit [Section 25 of the Act] [Current licence clause 14].....	10
<b>5. Customers</b> .....	<b>10</b>
5.1 Customer contract [Current licence clause 23] .....	10
5.2 Standard terms and conditions of service [Section 71 of the Act] [Current licence clause 22].....	11
5.3 Non standard terms and conditions of service [Current licence clause 24] .....	11
5.4 Hardship policy [Current licence clause 30].....	12
5.5 Water Services Ombudsman Scheme [Section 70 of the Act] [Current licence clause 21].....	13
5.6 Supplier of last resort [Section 60 of the Act] [Current licence clause 25] .....	13
<b>6. Health</b> .....	<b>13</b>
6.1 Memorandum of understanding [Current licence clause 31] .....	13
<b>7. Definitions and Interpretation</b> .....	<b>14</b>
7.1 Definitions and interpretation [Current licence clause 1].....	14
7.2 Interpretation .....	19
<b>Schedule 1 – Licence Details Operating area</b> .....	<b>20</b>
<del>1- Activities authorised under this licence</del> .....	<del>20</del>
<del>2- Commencement date</del> .....	<del>20</del>
<del>3- Expiry date</del> .....	<del>20</del>
<del>4- Operating area</del> .....	<del>20</del>
<b>Schedule 2 – Customer provisions</b> .....	<b>21</b>
<del>1- Customer complaints [remove as it is now spent]</del> .....	<del>21</del>
<b>Schedule 2 3– Performance standards</b> .....	<b>22</b>
<b>1. Potable water</b> .....	<b>22</b>
1.1 Potable water system – pressure and flow standards .....	22
1.2 Potable water system – pressure and flow exemptions.....	22
1.3 Water restrictions [DN: the clause has been from clause 5, where it was incorrectly placed].....	23

<b>2.</b>	<b>Non-Potable water</b> .....	<b>23</b>
<b>3.</b>	<b>Sewerage</b> .....	<b>23</b>
3.1	Sewerage system service standards [DN: consistency of wording] .....	23
<b>4.</b>	<b>Drainage</b> .....	<b>23</b>
4.1	Drainage services standards [DN: Consistency of wording] .....	23
<b>5.</b>	<b>Irrigation</b> .....	<b>25</b>
5.1	Irrigation service standards [DN: Consistency of wording] .....	25
<b>Schedule 3 – Customer provisions</b> .....		<b>26</b>
<b>1.</b>	<b>Additional customer provisions</b> .....	<b>26</b>
1.1	Requirement for approved financial hardship policy .....	26
<del><b>Schedule 4 – Standard terms and conditions of service</b> .....</del>		<del><b>27</b></del>
<del><b>Schedule 5 – Other provisions</b>.....</del>		<del><b>28</b></del>

## 1. LICENCE AUTHORISATION

In order to make the licence document clearer, it is proposed to move the specific authorisation from current licence Schedule 1 to the proposed amended clause 1 of the licence. This provides greater clarity about what activities are licensed and is similar with most other jurisdictions.

### 1.1 ~~Grant of licence~~ Activities authorised under this licence [Currently Schedule 1]

1.1.1 The *licensee* is granted a *licence* for the *operating area*(s) to provide the following *water services* ~~described in Schedule 1~~ in accordance with the *terms and conditions* of this *licence*:

- (a) *water supply services*:
  - (i) *potable water supply services*
  - (ii) *non-potable water supply services*
- (b) *sewerage services*
- (c) *drainage services*
- (d) *irrigation services*

[Insert “Not Used” where the individual sub-clause is not relevant.]

### 1.2 Commencement date [Currently Schedule 1]

1.2.1 <Original date of grant>

### 1.3 Expiry date [Currently Schedule 1]

1.3.1 <insert date>

### 1.4 Term [Section 14 of the Act] [Current licence clause 3]

1.4.1 This *licence* commences on the *commencement date* and continues until the earlier of:

- (a) the cancellation of the *licence* pursuant to clause 2.5 of this *licence*;
- (b) the surrender of the *licence* pursuant to clause 2.6 of this *licence*; or
- (c) the *expiry date*.

### 1.5 Operating area [Currently Schedule 1]

1.5.1 The *operating area* is set out in plan(s):

OWR-OA-XXX...

1.5.2 The *operating area plan*(s) is provided in Schedule 1.



## 2. LICENCE ADMINISTRATION

### 2.1 Amendment of licence by the licensee [Section 18 of the Act] [Current licence clause 10]

2.1.1 The *licensee* may, at any time, apply to the **Authority ERA** to amend the *licence* in accordance with the *Act*.

### 2.2 Amendment of licence by the **Authority ERA** [Section 17 of the Act] [Current licence clause 11]

2.2.1 The **Authority ERA** may, at any time, amend the *licence* on its own initiative in accordance with the *Act* and the procedure specified in clause 2.2.2.

2.2.2 Before amending the *licence* under clause 2.2.1, the **Authority ERA** must:

- (a) provide the *licensee* with written *notice* of the proposed amendments under consideration by the **Authority ERA**;
- (b) allow 15 *business days* for the *licensee* to make submissions on the proposed amendments; and
- (c) take into consideration those submissions.

2.2.3 Any amendments made to the *licence* will come into effect in accordance with the *Act* unless a longer period is specified by the **Authority ERA** or a shorter period is agreed to by the **Authority ERA** and the *licensee*.

2.2.4 This clause also applies to the substitution of the existing *licence*.

2.2.5 For avoidance of doubt, the *licensee* will not have to pay an associated application fee or *licence* fee for the purpose of clause 2.2.1.

### 2.3 Transfer of licence [Section 15 of the Act] [Current licence clause 6]

2.3.1 This *licence* may be transferred only in accordance with the *Act*.

### 2.4 Renewal of licence [Section 13 of the Act] [Current licence clause 9]

2.4.1 This *licence* may be renewed only in accordance with the *Act*.

### 2.5 Cancellation of licence for serious default [Section 34 of the Act] [Current licence clause 7]

2.5.1 This *licence* may be cancelled for serious default in accordance with the *Act*.

### 2.6 Cancellation of licence by the licensee [Section 18 of the Act] [Current licence clause 8]

2.6.1 The *licensee* may apply to the **Authority ERA** to request cancellation of the *licence* at any time by written *notice* to the **Authority ERA**.

2.6.2 The **Authority ERA** may cancel the *licence* in accordance with the *Act*.

2.6.3 The *licensee* will not be entitled to a refund of any fees by the **Authority ERA**.

## 2.7 Notices

### [Current licence clause 18]

2.7.1 Unless otherwise specified, all *notices* must be in writing.

2.7.2 A *notice* will be regarded as having been sent and received:

- (a) when delivered in person to the addressee; or
- (b) three *business days* after the date of posting if the *notice* is posted in Western Australia; or
- (c) five *business days* after the date of posting if the *notice* is posted outside Western Australia; or
- (d) if sent by facsimile when, according to the sender's transmission report, the *notice* has been successfully received by the addressee; or
- (e) if sent by email when, according to the sender's electronic record, the *notice* has been successfully sent to the addressee's *water licensing email address*.

## 2.8 Publishing information

### [Current licence clause 17]

2.8.1 The **Authority ERA** may direct the *licensee* to *publish* any information within a specified timeframe it considers relevant in connection with the *licensee* or the performance by the *licensee* of its obligations under this *licence*.

2.8.2 Subject to clause 2.8.3, the *licensee* must *publish* the information referred to in clause 2.8.1.

2.8.3 If the *licensee* considers that the information is confidential it must:

- (a) immediately notify the **Authority ERA**; and
- (b) seek a review of the **Authority ERA**'s decision in accordance with clause 2.9.

2.8.4 Once it has reviewed the decision, the **Authority ERA** will direct the *licensee* in accordance with the review to:

- (a) *publish* the information;
- (b) *publish* the information with the confidential information removed or modified; or
- (c) not *publish* the information.

## 2.9 Review of the **Authority ERA**'s decisions

### [Current licence clause 19]

2.9.1 The *licensee* may seek a review of a *reviewable decision* by the **Authority ERA** pursuant to this *licence* in accordance with the following procedure:

- (a) the *licensee* must make a submission on the subject of the *reviewable decision* within 10 *business days* (or other period as approved by the **Authority ERA**) of the decision; and
- (b) the **Authority ERA** will consider the submission and provide the *licensee* with a written response within 20 *business days*.

- 2.9.2 For the avoidance of doubt, this clause does not apply to a decision of the **Authority ERA** pursuant to the *Act*, nor does it restrict the *licensee's* right to have a decision of the **Authority ERA** reviewed in accordance with the *Act*.

### 3. GENERAL LICENCE OBLIGATIONS

#### 3.1 Compliance with applicable legislation [Section 26, 27, 29 and 31 of the Act] [Current licence clause 5 and 26]

[Proposed to be amended to simply require compliance with applicable legislation. This is consistent with energy licences. This means that current licence clause 26:

“The licensee must:

- (a) comply with the duties imposed on the licensee under the Act; and
- (b) carry out the licensee's operations under, or for the purposes of, the licence in accordance with the Act.”

has been deleted.

This is consistent with other licences, and removes the issue of multiple breaches from one action (e.g. a breach of not complying with applicable legislation, could also involve breach of a code by the Minister under section 26 or 27 of the Water Act, or a breach of duties of the licensee under current licence clause 26).]

- 3.1.1 Subject to any modifications or exemptions granted pursuant to the *Act* and this *licence*, the *licensee* must comply with any *applicable legislation*.

~~3.1.2 The licensee must comply with any code of practice made by the Minister under section 26 of the Act to the extent to which it applies to the licensee.~~

~~3.1.3 The licensee must comply with any code of conduct made by the Authority under section 27 of the Act to the extent to which:~~

- ~~(a) it applies to the licensee; and~~
- ~~(b) it is not inconsistent with the terms and conditions of this licence.~~

[Current licence clauses 5.2 and 5.3 are proposed to be deleted as they are captured by new clause 3.1.1 “compliance with the applicable legislation”.]

- 3.1.2 Subject to the provisions of any *applicable legislation*, the **Authority ERA** may direct the *licensee* in writing to do any measure necessary to:

- (a) correct the breach of any *applicable legislation*; or
- (b) prevent the breach of any *applicable legislation* occurring again, and specify a time limit by which such action must be taken.

#### 3.2 Fees [Current licence clause 4]

- 3.2.1 The *licensee* must pay the applicable fees and charges in accordance with the **Regulations Economic Regulation Authority (Licensing Funding) Regulations 2014**.

[Amended to ensure consistency with the *Economic Regulation Authority (Licensing Funding) Regulations 2014*. Please also refer to definitions of applicable legislation.]

### **3.3 Provision of water services [Section 21 of the Act] [Current licence clause 27]**

- 3.3.1 The *licensee* must provide the *water service* set out in ~~Schedule 1~~ clause 1.1:
- (a) to persons entitled to the *water service* under the *Act*, except to the extent otherwise provided for by the *Act*; and
  - (b) if requested, to any other person within the *operating area* on reasonable terms, unless the provision of the *water service* is not financially viable or is otherwise not practicable.

### **3.4 Provision of water services outside operating area [Section 22 of the Act] [Current licence clause 28]**

- 3.4.1 If the *licensee* provides a *water service* outside of the *operating area* specified for that *water service*, the *licensee* must:
- (a) notify the ~~Authority~~ *ERA* as soon as is practicable before commencing to provide the *water service*; and
  - (b) apply to amend the *licence* in accordance with clause 2.1 unless otherwise notified by the ~~Authority~~ *ERA*.

### **3.5 Works holding arrangements [Section 23 of the Act] [Current licence clause 29]**

- 3.5.1 The *licensee* must hold, or otherwise be subject to a *works holding arrangement* in respect of, all *water service works* used for the provision of a *water service*.

### **3.6 Accounting records [Current licence clause 12]**

- 3.6.1 The *licensee* and any *related body corporate* must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.

### **3.7 Reporting a change in circumstances [Current licence clause 15]**

- 3.7.1 The *licensee* must report to the ~~Authority~~ *ERA*:
- (a) if the *licensee* is under external administration as defined by the *Corporations Act 2001 (Cwth)* within two *business days*; or
  - (b) if the *licensee*:
    - (i) experiences a material change in the *licensee's* corporate, financial or technical circumstances upon which this *licence* was granted; and
    - (ii) which may materially affect the *licensee's* ability to meet its obligations under this *licence*,within 10 *business days* of the change occurring; or

- (c) if:
- (i) the *licensee's* name;
  - (ii) the *licensee's* ABN;
  - (iii) the *licensee's* address;
  - (iv) the description of the *water service works*,  
changes, within 10 *business days* of the change occurring. ~~;~~ ~~or~~

~~(d) if the licensee provides or undertakes water service works that are major works or general works, within 10 business days of the provision or undertaking occurring.~~

[Part 6, Divisions 3 and 4 provide a process for the licensee to obtain ministerial approval of major works and general works, which is a public process. It is not clear what benefit is to be obtained from requiring the licensee to subsequently inform the ERA after the works have been completed].

### 3.8 Provision of information [Current licence clause 16]

- 3.8.1 The *licensee* must provide to the ~~Authority~~ ERA in the manner and form specified by the ~~Authority~~ ERA, specified ~~any~~ information on any matter relevant to the operation or enforcement of the *licence*, the operation of the licensing scheme provided for in Part 2 of the *Act*, or the performance of the ~~Authority~~ ERA's function under that Part. ~~that the Authority may require in connection with its functions under the Act in the time.~~

ERA comment: Aligns the Water Licences with recent amendments to electricity licences.

- 3.8.2 The *licensee* must comply with any information reporting requirements prescribed by the ~~Authority~~ ERA, including but not limited to the provisions of the *Water Compliance Reporting Manual*<sup>1</sup>, which apply to the *licensee*.

- 3.8.3 Without limiting clause 3.8.1, the *licensee* must provide the ~~Authority~~ ERA with the data required for performance reporting purposes that is specified in:

- (a) the ~~Water Compliance Reporting Manual~~ Water, Sewerage and Irrigation Licence Performance Reporting Handbook<sup>2</sup> [The reporting requirements have been moved to the handbook]; and
- (b) the *National Performance Framework: urban performance reporting indicators and definitions handbook*. [Delete if not applicable to a licence] [This only applies to schemes with more than 10,000 connections (currently the water corporations and City of Kalgoorlie Boulder)]

~~(c) the National Performance Framework: rural performance reporting indicators and definitions handbook. [Deleted as the rural performance reporting~~

---

<sup>1</sup> See [www.erawa.com.au](http://www.erawa.com.au) -> Water Licensing -> Regulatory Guidelines.

<sup>2</sup> See [www.erawa.com.au](http://www.erawa.com.au) -> Water Licensing -> Regulatory Guidelines.

framework is no longer adopted. Previously, this would have been deleted if not applicable to a licence]

[For further information please refer to Water Compliance Reporting Manual.]

#### 4. AUDITS AND PERFORMANCE REPORTING OBLIGATIONS [SEE ALSO SCHEDULE 2]

##### 4.1 Asset management system [Section 24 of the Act] [Current licence clause 20]

4.1.1 The *licensee* must provide for, and notify the **Authority ERA** of, an *asset management system* in respect of the *licensee's water service works* within two *business days* from the *commencement date* unless otherwise notified in writing by the **Authority ERA**.

4.1.2 The *licensee* must notify the **Authority ERA** of any material change to the *asset management system* within 10 *business days* of such change.

4.1.3 The *licensee* must, unless otherwise notified in writing by the **Authority ERA**:

- (a) conduct an *asset management system review*; and
- (b) provide the **Authority ERA** with a report on the *asset management system review*,

within 24 months after the *commencement date* and every 24 months thereafter.

4.1.4 The *asset management system review* must be conducted by an independent expert appointed by the **Authority ERA** in its sole discretion. The **Authority ERA** will determine the terms of the appointment of the independent expert.

4.1.5 Before appointing an independent expert the **Authority ERA** will:

- (a) consult with the *licensee* in a manner and form determined by the **Authority ERA**; and
- (b) take into account any relevant matters raised by the *licensee* from that consultation.

4.1.6 The *licensee* must cooperate with the independent expert and comply with the **Authority ERA's** standard guidelines dealing with the *asset management system review*.

##### 4.2 Individual performance standards [Current licence clause 13]

4.2.1 The *licensee* must comply with the *individual performance standards* as set out in Schedule 2 ~~3~~.

4.2.2 The **Authority ERA** may prescribe *individual performance standards* in relation to the *licensee* of its obligations under this *licence* or the *applicable legislation*.

4.2.3 Before approving any *individual performance standards* under this clause, the **Authority ERA** will:

- (a) provide the *licensee* with a copy of the proposed *individual performance standards*;

- (b) allow 15 *business days* for the *licensee* to make submissions on the proposed *individual performance standards*; and
  - (c) take into consideration those submissions.
- 4.2.4 Once approved by the **Authority ERA**, the *individual performance standards* are included as additional *terms and conditions* to this *licence* as set out in Schedule 2 **3**.

### **4.3 Operational audit [Section 25 of the Act] [Current licence clause 14]**

- 4.3.1 The *licensee* must, unless otherwise notified in writing by the **Authority ERA**, provide the **Authority ERA** with an *operational audit* within 24 months after the *commencement date*, and every 24 months thereafter.
- 4.3.2 The *operational audit* must be conducted by an independent expert appointed by the **Authority ERA** in its sole discretion. The **Authority ERA** will determine the terms of the appointment of the independent expert.
- 4.3.3 Before appointing an independent expert the **Authority ERA** will:
- (a) consult with the *licensee* in a manner and form determined by the **Authority ERA**; and
  - (b) take into account any relevant matters raised by the *licensee* from that consultation.
- 4.3.4 The *licensee* must cooperate with the independent expert and comply with the **Authority ERA**'s standard audit guidelines dealing with the *operational audit*.<sup>3</sup>

## **5. CUSTOMERS**

### **5.1 Customer contract [Current licence clause 23]**

- 5.1.1 The *licensee* must, if directed by the **Authority ERA**, submit a draft *customer contract* for approval by the **Authority ERA**.
- 5.1.2 The *licensee* must comply with any *Customer Contract Guidelines*<sup>4</sup> which apply to the *licensee*.
- ~~5.1.3 Once approved, the licensee may amend the customer contract only with the Authority's approval. [Deleted as captured by subsequent clause.]~~
- 5.1.3 The *licensee* may **only** amend the *customer contract* ~~at any time~~ by submitting to the **Authority ERA**:
- (a) a proposed amendment to the *customer contract*; or
  - (b) a proposed substituted *customer contract*.

---

<sup>3</sup> See [www.erawa.com.au](http://www.erawa.com.au) -> Water Licensing -> Regulatory Guidelines.

<sup>4</sup> See [www.erawa.com.au](http://www.erawa.com.au) -> Water Licensing -> Regulatory Guidelines.

5.1.4 The Authority ERA may:

- (a) approve the amendment to the *customer contract* or substituted *customer contract*; or
- (b) specify the amendments the *licensee* must make to the amended or substituted *customer contract* before the Authority ERA will amend the *customer contract*,

and notify the *licensee* of its decision within 10 *business days* of making the decision.

5.1.5 The Authority ERA may, at any time, by *notice* in writing, direct the *licensee* to amend the *customer contract* by specifying:

- (a) the amendments to be made to the *customer contract*; and
- (b) the latest date at which the amendments will come into force.

## 5.2 Standard terms and conditions of service [Section 71 of the Act] [Current licence clause 22]

["Not used" until such time the ERA makes a decision to implement standard terms and conditions. This will currently affect all licences, all of which will not include standard terms and conditions or Schedule 4]

5.2.1 Subject to:

- (a) the *Act*; and
- (b) the terms of a *customer contract* (if any) that apply to the *water service*,

the terms and conditions of service in this *licence* that apply to the *water service* are set out in Schedule 4.

5.2.2 The terms in Schedule 4 may be supplemented by terms published from time to time by the *licensee* on the *licensee's* website or as otherwise prescribed.

## 5.3 Non standard terms and conditions of service [Current licence clause 24]

5.3.1 Subject to compliance with this clause, the *licensee* may enter into an agreement with a *customer* to provide *water services* that exclude, modify or restrict:

- (a) the terms and conditions of this licence; or
- (b) the requirements of the ~~Customer Services Code~~ *Code of Conduct*.

5.3.2 Subject to clause 5.3.3, an agreement referred to in clause 5.3.1:

- (a) must be approved by the Authority ERA prior to its commencement; and
- (b) must not be amended without the prior approval of the Authority ERA.

5.3.3 The *licensee* does not need the approval of the Authority ERA if:

- (a) the terms that exclude, modify or restrict the *terms and conditions* of this *licence* or the requirements of the ~~Customer Services Code~~ *Code of Conduct* have previously been approved by the Authority ERA in another agreement that applies to the same class of *customer*; or



- (b) the terms that exclude, modify or restrict the *terms and conditions* of this *licence* were in force before the *amendment date*.

5.3.4 If a *licensee* enters into an agreement with a *customer* that excludes, modifies or restricts the terms and conditions of this *licence*, or the ~~Customer Services Code~~ *Code of Conduct*, the *licensee* must publish a report annually that includes the following information:

- (a) the total number of agreements entered into by the *licensee*, categorised by location and the type of exclusion, modification or restriction;
- (b) the number of agreements entered into by the *licensee* during the reporting period, categorised by location and the type of exclusion, modification or restriction;
- (c) the total number of agreements entered into by the *licensee*, categorised by location and by land use; and
- (d) the number of agreements entered into by the *licensee* during the reporting period, categorised by location and by land use.

#### 5.4 **Hardship policy** **[Current licence clause 30]**

["Not Used." if the financial hardship policy is not relevant i.e. the licensee only supplies water services:

- to non-residential customers;
- to its members (e.g. an irrigation co-operative); or
- that are non-potable; however, a financial hardship policy is required by water providers who supply non-potable water on the basis that the customer is responsible for treating it to make it fit for humans to drink.

This reflects the wording used in the *Water Services Code of Conduct (Customer Service Standards) 2013*, clause 4(2)(a) which provides that the Code only applies to each licensee that provides a water supply service, but only in respect of the supply of drinking water.

Clause 3 of the *Water Services Code of Conduct* defines *drinking water* as: potable water; and water that is not potable but that is supplied on the basis that the customer is responsible for treating the water to make it fit for humans to drink.

See also Schedule 3 and refer to the Financial Hardship Policy Guidelines for further information.]

5.4.1 Clause 26 of the ~~Customer Services Code~~ *Code of Conduct* requires applicable *licensees* to have a *financial hardship policy*. Notwithstanding clause 26(1) of the ~~Customer Services Code~~ *Code of Conduct*, the *licensee* is not required to have a financial hardship policy where the *licensee* supplies water services solely to:

- (a) *non-residential customers*; or
- (b) members of the *licensee*.

5.4.2 The ~~Authority~~ ERA may produce *Financial Hardship Policy Guidelines* from time to time.

5.4.3 The *licensee* must comply with any *Financial Hardship Policy Guidelines* which apply to the *licensee*.

## 5.5 Water Services Ombudsman Scheme [Section 70 of the Act] [Current licence clause 21]

5.5.1 ~~If the Authority has approved a water services ombudsman scheme,~~ The *licensee* must not supply *water services* to *customers* unless the *licensee* is:

- (a) a member of the *water services ombudsman scheme*; and
- (b) bound by, and compliant with, any decision or direction of the water services ombudsman under the *water services ombudsman scheme*.

The deleted text in clause 30.1 above reflects the fact that a water services ombudsman scheme is now approved.

This clause reflects Part 4 of the Act which provides that the ERA must not grant a licence unless an applicant is a member of an approved scheme or likely to become a member of such a scheme.

The ERA will add explanatory wording regarding the timing of a water services licence application and membership of the Water Services Ombudsman Scheme to the licence application guidelines. Potential applicants should apply early enough to allow the Ombudsman time to approve the membership application. If the potential licensee is already supplying customers it should consider liaising with the Department of Water about transitional arrangements.

## 5.6 Supplier of last resort [Section 60 of the Act] [Current licence clause 25]

5.6.1 If the *licensee* is appointed the *supplier of last resort* for a designated area under the *Act*, the *licensee* must perform the functions of the *supplier of last resort* for the designated area and the class of *water service*, comply with the duties imposed in relation to those functions under the *Act* and carry out its operations under or for the purposes of the *last resort supply plan* in accordance with the *Act*.

## 6. HEALTH

### 6.1 Memorandum of understanding [Current licence clause 31]

“Not used” if a particular licensee is not providing potable water supply.

6.1.1 Where the *licensee* is, or intends to, provide *potable water*, the *licensee* must enter into a *MoU* with the *Department of Health* as soon as practicable after the *commencement date* or as otherwise agreed with the *Department of Health*. [To allow the DOH to delay publication where this is appropriate]

6.1.2 The *MoU* must:

- (a) specify that the *MoU* is a legally binding document between the *licensee* and *Department of Health*;

- (b) requiring an audit by the *Department of Health* on compliance by the *licensee* with its obligations under the *MoU* at least once every three years, or other such time as notified by the *Department of Health*, and the provision of the *audit report* to the ~~Authority~~ *ERA*.

6.1.3 The *licensee* must comply with the terms of the *MoU*.

6.1.4 The *licensee* must publish, in a form agreed with the *Department of Health*, the *MoU* and any amendments to the *MoU* on the *licensee's* website within one month of entering into the *MoU* or of making amendments to the *MoU* ~~in a form agreed with the *Department of Health*~~. [This is to clarify that the *DOH* can make decisions about what content of the *MOU* should be published]

6.1.5 The *licensee* must publish the *audit report* on the *licensee's* website within one month of the completion of the audit.

6.1.6 The *licensee* must *publish* any other reports required by the *Department of Health* or set out in the *MoU* on the *licensee's* website quarterly or at a reporting frequency specified by the *Department of Health*.

## 7. DEFINITIONS AND INTERPRETATION

### 7.1 Definitions and interpretation [Current licence clause 1]

7.1.1 In this *licence*, the following definitions apply unless the context otherwise requires:

**Act** means the *Water Services Act 2012* (WA).

**amendment date** means <Date of amendment>.

**applicable legislation** includes:

- (a) the *Act*;
- (b) ~~the Regulations~~ any relevant subsidiary legislation including:
  - (i) regulations made under the *Act*; and
  - (ii) the *Economic Regulation Authority (Licensing Funding) Regulations 2014*; and
- (c) ~~the Codes~~ any code in force from time to time made pursuant to the *Act*.

[To incorporate the new funding regulations under the *ERA Act*, and streamline drafting in relation to any codes under the *Water Act*]

**asset management system** means the measures that are to be taken by the *licensee* for the proper maintenance, expansion or reduction of the *water service works*.

**asset management system review** means an assessment of the matters set out in section 24(2) of the *Act*.

**audit report** means a signed, written document that presents the purpose, scope and results of the audit by the *Department of Health* on compliance by the *licensee* of its obligations under the *MoU*.

~~Authority means the Economic Regulation Authority.~~

**business day** means a day which is not a Saturday, Sunday or a public holiday in Western Australia.

~~Code means any code in force from time to time made pursuant to the Act and includes the Customer Service Code~~

**Code of Conduct** means the *Water Services Code of Conduct (Customer Service Standards) 2013* as amended or replaced from time to time. [Remove from licences to which the Code is not relevant i.e. supply of non-potable water services only] [Note, used in clauses 28 (Non standard terms and conditions of service) and 29 (Hardship Policy)]. [Note, replacing the Customer Service Code previously used as abbreviation for the *Water Services Code of Conduct (Customer Service Standards) 2013*]

**commencement date** means the date specified in [clause 1.1](#) ~~Schedule 1~~.

**complaint** means an expression of dissatisfaction made to [or about](#) an organisation, related to its products, ~~or~~ services, [staff](#) or the ~~complaints-handling of a complaint process itself~~, where a response or resolution is explicitly or implicitly expected [or legally required](#). <sup>5</sup> [Updated to reflect the Standard AS/NZS 10002:2014 Guidelines for complaint management in organizations, clause 4.2. Similarly to electricity and gas licences the footnote is not required]

**customer** has the meaning given to that term in section 3 of the *Act* ~~means a person or organisation to which water services are sold or supplied by the licensee for consumption or use~~.

**customer contract** means a "standard customer contract" referred to paragraph (a) of the definition of "standard terms and conditions of service" in section 71(1) of the *Act*.

**Customer Contract Guidelines** means the guidelines relating to the content of the *licensee's customer contract* issued by the [Authority ERA](#), as [amended or replaced](#) ~~or varied~~ from time to time.

~~Customer Services Code means the Water Services Code of Conduct (Customer Service Standards) 2013 as amended or replaced from time to time.~~

**Department of Health** means the Department of Health or its successors in Western Australia.

**Department of Water** means the Department of Water or its successors in Western Australia.

**drainage services** has the meaning [given to that term](#) in section 3 of the *Act*.

**ERA** means the Economic Regulation Authority.

**expiry date** means the date specified in [clause 1.3](#) ~~Schedule 1~~.

---

<sup>5</sup> ~~Standard AS ISO 10002—2006 Customer satisfaction—Guidelines for complaints handling in organizations, section 3.2.~~

**financial hardship policy** means a policy referred to in clause 26 of the ~~Customer Service Code~~ *Code of Conduct*. [Remove from licences to which the financial hardship policy is not relevant i.e. the financial hardship policy is not relevant for the supply of water services:

- to non-residential customers;
- to their members (e.g. an irrigation co-operative); or
- that are non-potable; however, a financial hardship policy is required by water providers who supply water on the basis that the customer is responsible for treating it to make it fit for humans to drink.

For further information see the Financial Hardship Policy Guideline]

**Financial Hardship Policy Guidelines** means the guidelines relating to financial hardship policies for water services issued by the *Authority ERA*, as amended or replaced ~~or varied~~ from time to time. [Remove from licences to which the financial hardship policy is not relevant i.e. the financial hardship policy is not relevant for the supply of water services:

- to non-residential customers;
- to their members (e.g. an irrigation co-operative); or
- that are non-potable; however, a financial hardship policy is required by water providers who supply water on the basis that the customer is responsible for treating it to make it fit for humans to drink.

For further information see the Financial Hardship Policy Guidelines.]

~~general works has the meaning in section 134 of the Act.~~ [Deleted due to amendment to clause 3.7]

**individual performance standards** mean any individual performance standards approved by the *Authority ERA* pursuant to clause 4.2 and specified in Schedule 2 of the *licence*.

**irrigation services** has the meaning given to that term in section 3 of the *Act*.

**last resort supply plan** has the meaning given to that term in section 50 of the *Act*.

**licence** means:

- (a) this document (excluding ~~the pages prior to clause 1 the title page, the second page, the header and footer~~ of this document);
- (b) any *Schedules* to this document; and
- (c) any *individual performance standards* approved by the *Authority ERA* pursuant to clause 4.2.

**licensee** means <The Company that holds the licence>, <ABN/ACN>.

~~major works has the meaning given to that term in section 133 of the Act.~~ [Deleted due to amendment to clause 3.7]

**MoU** means the memorandum of understanding referred to in clause 6.1 as **amended or replaced** ~~duly amended~~ from time to time. [This definition will be removed from licences to which the MOU does not apply, see clause 6.1]

~~National Performance Framework: rural performance reporting indicators and definitions handbook means the handbook initially produced by the National Water Commission of the same name as amended or replaced from time to time. [Rural performance reporting has ceased]~~

**National Performance Framework: urban performance reporting indicators and definitions handbook** means the handbook initially produced by the National Water Commission of the same name as amended or replaced from time to time. [Remove when not relevant ie. the supply of less than 10,000 connections] [Note, while the BOM has replaced the NWC, the urban handbook reference included in the licence is still correct. The urban handbook is unlikely to be revised with BoM branding before next year; in any event, the current definition would cover a replacement of the NWC handbook by a BoM handbook.]

**non-potable water supply services** means the collection, treatment, transfer or delivery of water supplied from *water services works* not designed and operated to provide *potable water*.

**non-residential customer** means a *customer* who is not a *residential customer*.

**notice** means a written notice, agreement, consent, direction, representation, advice, statement or other communication required or given pursuant to, or in connection with, this *licence*.

**operating area(s)** has the meaning given to that term in section 3 of the *Act* and is the area specified in **clause 1.5 Schedule 1**.

**operational audit** means an assessment of the matters set out in section 25(2) of the *Act*.

**potable water** means **drinking safe potable** water in accordance with the **Australian Drinking Water Guidelines** or as otherwise defined in the *MoU* between the *licensee* and the *Department of Health*.

**potable water supply services** means the collection, treatment, transfer or delivery of water supplied from *water service works* designed and operated to provide *potable water*.

**publish** in relation to a report or information means either:

- (a) posting the report or information on the *licensee's* website; or
- (b) sending the report or information to the **Authority ERA** to be published on the **Authority ERA's** website.

~~Regulations means any subsidiary legislation made under the Act, including but not limited to Water Services Regulations 2013. [Redundant due to redrafting of applicable legislation]~~

**related body corporate** has the meaning given to that term in section 50 of the *Corporations Act 2001* (Cwth).

**residential customer** means a *customer* to which *water services* are sold or supplied in respect of the place used solely or primarily as the *customer's* dwelling.

**reviewable decision** means a decision by the Authority ERA pursuant to:

- (a) clause 2.8.3; and
- (b) clause 4.1.6
- (c) clause 4.2.2;
- (d) clause 4.3.4;

of this licence.

**Schedule** means the schedule or schedules which are appended to, and which form part of, this *licence*.

**sewerage services** has the meaning given to that term in section 3 of the *Act*.

**supplier of last resort** has the meaning given to that term in section 50 of the *Act*.

**terms and conditions** means the terms and conditions in this *licence* including any terms and conditions contained in the *Schedules*.

**Water Compliance Reporting Manual** means the reporting manual issued by the Authority ERA, as amended or replaced ~~or varied~~ from time to time.

**water licensing email address** means:

- (a) in relation to the Authority ERA, the addressee's authorised Authority ERA email address or other such email address as notified in writing to the *licensee*; and
- (b) in relation to the *licensee*, the email address specified in the *licence* application or other such email address as notified in writing to the Authority ERA.

**water service** means the service or services that the *licensee* is authorised to provide by this *licence* being a *drainage service*, *irrigation service*, *sewerage service* and / or *water supply service* as more particularly described in ~~Schedule~~ clause 1.

**water service works** has the meaning given to that term in section 3 of the *Act*.

**water services ombudsman scheme** means a scheme approved under section 65 of the *Act*.

**Water, Sewerage and Irrigation Licence Performance Reporting Handbook** means the handbook produced by the Authority ERA of the same name as amended or replaced from time to time. [See clause 3.8]

**water supply service** has the meaning given to that term in section 3 of the *Act*.

**works holding arrangement** means an arrangement as set out in section 23 of the *Act*.

## 7.2 Interpretation

- 7.2.1 A reference in this *licence* to any *applicable legislation* includes, unless the context otherwise requires, any statutory modification, amendment or re-enactment of that *applicable legislation*. [‘Interpretation’ clause is included in electricity and gas licences. For consistency it has been included here]



## Schedule 1 – ~~Licence Details~~ Operating area

### ~~1. Activities authorised under this licence~~

~~1.1 In accordance with clause 2, the licensee is authorised by this licence to provide:~~

~~(a) water supply services:~~

~~(i) potable water supply services~~

~~(ii) non-potable water supply services~~

~~(b) sewerage services~~

~~(c) drainage services~~

~~(d) irrigation services~~

~~Insert "Not Used" where the individual sub-clause is not relevant.~~

### ~~2. Commencement date~~

~~2.1 <Original date of grant>~~

### ~~3. Expiry date~~

~~3.1 <insert date>~~

### ~~4. Operating area~~

~~4.1 The operating area is set out in plan:~~

~~OWR-OA-XXX...~~

## ~~Schedule 2 – Customer provisions~~

The current content of this Schedule is redundant. Additional customer provisions over and above the ones in section 5 of the proposed new licence template will be inserted in a new Schedule 3.

### ~~1. Customer complaints [remove as it is now spent]~~

- ~~1.1 This clause will apply until such time as the Authority approves a water services ombudsman scheme.~~
- ~~1.2 Where the customer makes a complaint regarding a provided or requested water service, the customer may refer the complaint to the Department of Water.~~
- ~~1.3 Where a complaint has not been resolved to the customer's satisfaction within 15 business days the licensee must inform the customer of the option of referring the complaint to the Department of Water.~~
- ~~1.4 The Department of Water may:~~
- ~~(a) conciliate the complaint; or~~
  - ~~(b) direct the licensee or customer to binding arbitration.~~
- ~~1.5 During the process of investigation and conciliation, the licensee must make every endeavour to promptly cooperate with the Department of Water's (or its representative's) requests, which shall include the expeditious release of any relevant information or documents requested by the Department of Water and the availability of the relevant staff of the licensee.~~
- ~~1.6 The licensee must, on request, provide the Department of Water with details of complaints made, names and addresses of customers who have made complaints and the manner in which the complaint was resolved.~~

## Schedule 2 3– Performance standards

The *licensee* must comply with the standards, principles and reporting requirements as set out below.

### 1. POTABLE WATER

#### 1.1 Potable water system – pressure and flow standards

1.1.1 The *water service works* provided by the *licensee*, for the purpose of *water supply services*, shall be designed, constructed, operated and maintained to provide continuity of pressure and flow for services in accordance with the following standards.

##### Pressure and flow standards

Area	Minimum Static Pressure (metres of water)	Maximum Static Pressure (metres of water)	Minimum Flow (litres per minute)
Water Corp Perth Metropolitan	15	100	20
Water Corp Country Urban Areas	13	100	20
All other water licences	15	100	20

#### 1.2 Potable water system – pressure and flow exemptions

~~1.2.1 Exemptions from the flow and pressure standards set out in section 1.1 of this Schedule are provided for the areas detailed in the following table.~~

##### Pressure and flow exemptions

Town	Area	No. of Services affected	Comment
<insert>			
...			

1.2.2 The licensee must notify:

- (a) new customers upon purchase of the affected property as soon as practicable; and
- (b) existing customers at least annually

that pressure and flow of the water supplied falls outside of the standard pressure and flow range set out in section 1.1 of this Schedule.

1.2.3 The notification set out in section 1.2.2 must include:

- (a) the pressure and flow range; and
- (b) further information about how to can manage the exempt pressure and flow.

**1.3 Water restrictions [DN: the clause has been from clause 5, where it was incorrectly placed]**

1.3.1 The *licensee* must ~~inform~~ notify [DN: 'notify' for consistency] the ~~Authority~~ ERA annually of any restrictions applied in accordance with the ~~Water Agencies (Water Restrictions) By-laws 1998~~ Water Services Regulations 2013 to a *potable water* supply, detailing restrictions by scheme, type (severity), duration, start date and number of services affected.

**2. NON-POTABLE WATER**

Not used.

**3. SEWERAGE**

**3.1 Sewerage ~~system~~ service standards [DN: consistency of wording]**

Not used.

**4. DRAINAGE**

**4.1 Drainage services standards [DN: Consistency of wording]**

4.1.1 The *licensee* must operate, manage, maintain, plan and construct its drains and drainage schemes as set out below, and shall consult in relation to such activities as required by this Schedule.

4.1.2 Urban drainage scheme infrastructure provided by the *licensee* for the purpose of protection against flooding shall be designed, constructed, operated and maintained such that the peak flows of stormwater runoff from rainfall events can be accepted into and will not overflow from the system in accordance with the following standard.

**Drainage service standard**

	How is it measured	Performance indicator / targets
Drainage – Design of new urban infrastructure.	Desk audit of scheme to test if design of new urban drainage scheme infrastructure protects against flooding from peak flows of stormwater runoff from rainfall events with intensities up to –  Residential – 5 year average recurrence interval  Commercial – 10 year average recurrence interval.	100% of schemes audited comply with the standard.

- 4.1.3 In the above table the meaning of the term “average recurrence interval” shall be consistent with the discussion on probability concepts for flood estimation and rainfall intensity – frequency – duration estimation, as contained in Books 1 & 2 respectively of the Institution of Engineers Australia publication, Australian Rainfall and Runoff (1987).
- 4.1.4 In planning and designing urban infrastructure, the *licensee* must have due regard to the principles, concepts and recommendations of Australian Rainfall and Runoff (1987).
- 4.1.5 If, prior to 1 January 1996, the *licensee* constructed drainage infrastructure to levels of service standards which were less than those specified in this Schedule then there will be no obligation under this *licence* for the *licensee* to upgrade any infrastructure existing as at 1 January 1996, to meet the above standards where there have been no instances of flooding confirmed to be due to the under capacity of the infrastructure to meet those standards. Where there have been instances of flooding confirmed to be due to under capacity of infrastructure to meet the standards of this Schedule, the *licensee* must upgrade the infrastructure to those standards or must take such action as agreed with affected *customers*.
- 4.1.6 The drainage system will accept drainage water from Local Government works, but will not be required under this *licence* to be upgraded to accept any additional drainage water.
- 4.1.7 Notwithstanding that the *licensee’s* urban drainage infrastructure shall itself be designed to the capacity standards listed in this Schedule, in planning and designing such infrastructure the *licensee* must have due regard to the major/minor concept of drainage design discussed in Book 8, 1.5.1 of Australian Rainfall and Runoff (1987). Such due regard will be adequately demonstrated:
- (a) in the case of it undertaking, commissioning or accepting a design for new drainage infrastructure, by the *licensee* ensuring that the local authorities involved have been made aware of the predicted response of the combined major/minor system to major storm events, for the information of those authorities in relation to their responsibilities for the establishment and management of the major (as described in Australian Rainfall and Runoff (1987)) elements of the major/minor system infrastructure; and
  - (b) in the case of it undertaking a capacity review of an existing *licensee* drainage scheme, by the *licensee* causing a broad assessment to be made of the behaviour of the combined major/minor system under major event conditions, and conveying the conclusions of such assessment to the local authorities involved, for the information of those authorities in relation to their responsibilities for management of the major (as described in Australian Rainfall and Runoff (1987)) elements of the major/minor system infrastructure.

- 4.1.8 The *licensee* will ensure all new rural drainage infrastructure complies with the Rural Drainage Manual of Standards 1977. The *licensee* shall endeavour to operate and maintain its rural drainage infrastructure so that the period of inundation to land abutting a drain that forms part of the system shall be a maximum of 72 hours. If the period of inundation should exceed 72 hours the *licensee* must carry out an investigation of the adequacy of those operations and maintenance procedures. An exception is those low lying land areas where the contours make this impossible or where detention basins have been constructed for the retention of water for longer periods. Low lying areas include those areas within lots which abut the drain, which would normally not readily drain to the drain. However, land that would normally drain to the drain, but where this is prevented by high flow levels in the drain, will be subject to the maximum 72 hour inundation period. This inundation period shall apply provided multiple storm events do not increase flow levels in the drains above the rural drainage infrastructure discharge points. The drainage system serves the general drainage requirements of rural properties in the Drainage Services Control Areas and there will be no obligation under this *licence* for the *licensee* to extend the service to other properties, "or serve urban drainage development within the rural areas."
- 4.1.9 The following flood protection works will be operated and maintained to cater for the peak flows of stormwater runoff from individual rainfall events set out below.

Flood protection works	Location	Level of protection (average recurrence interval)
Preston River levees	Bunbury – Leschenault Inlet to Picton Bridge	1 in 100 year
Vasse River Diversion	Busselton	1 in 20 year

## 5. IRRIGATION

### 5.1 Irrigation service standards [DN: Consistency of wording]

- 5.1.1 The *licensee* must supply water that is suitable for irrigation purposes.
- 5.1.2 The *licensee* must provide at least 5 *business days*' notice to a *customer* of any planned service interruption.
- 5.1.3 ~~The licensee must provide annual notification to all customers provided with a non-potable water supply service water for irrigation purposes that the water supplied is not suitable for drinking.~~ [DN: The ERA has not identified a reason to maintain this requirement]
- 5.1.4 The licensee must comply with the standards and principles as set out below.

#### Irrigation service standards

Irrigation Water Quality	Percentage of customers given 5 days notice of a planned interruption	Percentage of customers provided with a not suitable for drinking notice annually
<1,200mg/L TDS	>90	100

## Schedule 3 – Customer provisions

### 1. ADDITIONAL CUSTOMER PROVISIONS

#### 1.1 Requirement for approved financial hardship policy

1.1.1 Where the *licensee* intends to supply *water services* to *customers* other than *non-residential customers* or members of the *licensee*, the *licensee* must notify the ~~Authority~~ ERA and must have an approved *financial hardship policy* in accordance with clause 26 of the *Code of Conduct* prior to any such supply.

1.1.2 For the purposes of clause 1.1, a *water service* does not include *non-potable water supply services*, except where the *non-potable water supply service* is supplied on the basis that the *customer* is responsible for treating the water to make it fit for humans to drink.

To be inserted in licences where clause 5.4 Hardship policy [Current licence clause 30] is “Not used”.

The wording used in subclause (2) reflects the wording used in the *Water Services Code of Conduct (Customer Service Standards) 2013*, clause 4(2)(a) which provides that the Code only applies to each licensee that provides a water supply service, but only in respect of the supply of drinking water.

Clause 3 of the *Water Services Code of Conduct* defines *drinking water* as: potable water; and water that is not potable but that is supplied on the basis that the customer is responsible for treating the water to make it fit for humans to drink.

## **~~Schedule 4 – Standard terms and conditions of service~~**

It is proposed to remove this schedule as it is currently not used. If this schedule is needed in the future, the ERA will make a decision in consultation with stakeholders to insert it in the individual licence and/or in the licence template (see also clause 5.2).



## ~~Schedule 5 – Other provisions~~

It is proposed to delete this schedule as it is not referred to in the licence document. If additional conditions are required in the future, the ERA will make a decision in consultation with stakeholders to insert it in the individual licence and/or in the licence template.

### Amendment record sheet

Version Date	Description of Amendment
<Date of grant or amendment>	Water Services Licence granted for the following service(s): <ul style="list-style-type: none"><li>• ...</li></ul>

## Appendix 2 – Water Licence (Clean)

[This page is left blank intentionally]



# Water Services Licence

<The Company that holds the licence>

<WLX>, Version <#>, <Date of amendment>

**Economic Regulation Authority**

WESTERN AUSTRALIA

[The text marked by "<...>" in this table is a bookmark. Insert the correct information between the "<...>". Delete the "<" and the ">". Select all the document text and press F9 to update bookmarks and cross-references. Then select the footer and repeat]

**WATER SERVICES ACT 2012**

Licensee Name:	<The Company that holds the licence> <ABN/ACN>
Licence Number:	<WLX>
Commencement Date:	<Original date of grant>
Version Number:	<#>
Version Date:	<Date of amendment>
Expiry Date:	<Date of expiry>

---

Signed by a delegate; member; or  
the Chairman of the Economic Regulation Authority  
<D>/<M>/<YEAR>

## Index

<b>1. Licence Authorisation</b> .....	<b>4</b>
1.1 Activities authorised under this licence .....	4
1.2 Commencement date .....	4
1.3 Expiry date .....	4
1.4 Term [Section 14 of the Act].....	4
1.5 Operating area .....	4
<b>2. Licence Administration</b> .....	<b>4</b>
2.1 Amendment of licence by the licensee [Section 18 of the Act].....	4
2.2 Amendment of licence by the ERA [Section 17 of the Act] .....	4
2.3 Transfer of licence [Section 15 of the Act] .....	5
2.4 Renewal of licence [Section 13 of the Act].....	5
2.5 Cancellation of licence for serious default [Section 34 of the Act] .....	5
2.6 Cancellation of licence by the licensee [Section 18 of the Act].....	5
2.7 Notices.....	5
2.8 Publishing information .....	6
2.9 Review of the ERA's decisions .....	6
<b>3. General Licence Obligations</b> .....	<b>6</b>
3.1 Compliance with applicable legislation [Section 26, 27, 29 and 31 of the Act].....	6
3.2 Fees.....	7
3.3 Provision of water services [Section 21 of the Act] .....	7
3.4 Provision of water services outside operating area [Section 22 of the Act] .....	7
3.5 Works holding arrangements [Section 23 of the Act].....	7
3.6 Accounting records.....	7
3.7 Reporting a change in circumstances .....	7
3.8 Provision of information.....	8
<b>4. Audits and performance reporting obligations</b> .....	<b>8</b>
4.1 Asset management system [Section 24 of the Act] .....	8
4.2 Individual performance standards .....	9
4.3 Operational audit [Section 25 of the Act].....	9
<b>5. Customers</b> .....	<b>10</b>
5.1 Customer contract.....	10
5.2 Standard terms and conditions of service [Section 71 of the Act] .....	10
5.3 Non standard terms and conditions of service .....	11
5.4 Hardship policy.....	11
5.5 Water Services Ombudsman Scheme [Section 70 of the Act] .....	12
5.6 Supplier of last resort [Section 60 of the Act].....	12
<b>6. Health</b> .....	<b>12</b>
6.1 Memorandum of understanding .....	12
<b>7. Definitions and Interpretation</b> .....	<b>13</b>
7.1 Definitions.....	13
7.2 Interpretation .....	16
<b>Schedule 1 – Operating area</b> .....	<b>17</b>
<b>Schedule 2 – Performance standards</b> .....	<b>18</b>
<b>1. Potable water</b> .....	<b>18</b>
<b>2. Non-Potable water</b> .....	<b>19</b>
<b>3. Sewerage</b> .....	<b>19</b>
<b>4. Drainage</b> .....	<b>19</b>
<b>5. Irrigation</b> .....	<b>21</b>
<b>Schedule 3 – Customer provisions</b> .....	<b>22</b>
<b>1. Additional customer provisions</b> .....	<b>22</b>

## **1. LICENCE AUTHORISATION**

### **1.1 Activities authorised under this licence**

1.1.1 The *licensee* is granted a *licence* for the *operating area(s)* to provide the following *water services* in accordance with the *terms and conditions* of this *licence*:

- (a) *water supply services*:
  - (i) *potable water supply services*
  - (ii) *non-potable water supply services*
- (b) *sewerage services*
- (c) *drainage services*
- (d) *irrigation services*

[Insert “Not Used” where the individual sub-clause is not relevant.]

### **1.2 Commencement date**

1.2.1 <Original date of grant>

### **1.3 Expiry date**

1.3.1 <insert date>

### **1.4 Term [Section 14 of the Act]**

1.4.1 This *licence* commences on the *commencement date* and continues until the earlier of:

- (a) the cancellation of the *licence* pursuant to clause 2.5 of this *licence*;
- (b) the surrender of the *licence* pursuant to clause 2.6 of this *licence*; or
- (c) the *expiry date*.

### **1.5 Operating area**

1.5.1 The *operating area* is set out in plan(s):

OWR-OA-XXX...

1.5.2 The operating area plan(s) is provided in Schedule 1.

## **2. LICENCE ADMINISTRATION**

### **2.1 Amendment of licence by the licensee [Section 18 of the Act]**

2.1.1 The *licensee* may, at any time, apply to the *ERA* to amend the *licence* in accordance with the *Act*.

### **2.2 Amendment of licence by the ERA [Section 17 of the Act]**

2.2.1 The *ERA* may, at any time, amend the *licence* on its own initiative in accordance with the *Act* and the procedure specified in clause 2.2.2.

2.2.2 Before amending the *licence* under clause 2.2.1, the *ERA* must:

- (a) provide the *licensee* with written *notice* of the proposed amendments under consideration by the *ERA*;
- (b) allow 15 *business days* for the *licensee* to make submissions on the proposed amendments; and
- (c) take into consideration those submissions.

2.2.3 Any amendments made to the *licence* will come into effect in accordance with the *Act* unless a longer period is specified by the *ERA* or a shorter period is agreed to by the *ERA* and the *licensee*.

2.2.4 This clause also applies to the substitution of the existing *licence*.

2.2.5 For avoidance of doubt, the *licensee* will not have to pay an associated application fee or *licence* fee for the purpose of clause 2.2.1.

### **2.3 Transfer of licence [Section 15 of the Act]**

2.3.1 This *licence* may be transferred only in accordance with the *Act*.

### **2.4 Renewal of licence [Section 13 of the Act]**

2.4.1 This *licence* may be renewed only in accordance with the *Act*.

### **2.5 Cancellation of licence for serious default [Section 34 of the Act]**

2.5.1 This *licence* may be cancelled for serious default in accordance with the *Act*.

### **2.6 Cancellation of licence by the licensee [Section 18 of the Act]**

2.6.1 The *licensee* may apply to the *ERA* to request cancellation of the *licence* at any time by written *notice* to the *ERA*.

2.6.2 The *ERA* may cancel the *licence* in accordance with the *Act*.

2.6.3 The *licensee* will not be entitled to a refund of any fees by the *ERA*.

### **2.7 Notices**

2.7.1 Unless otherwise specified, all *notices* must be in writing.

2.7.2 A *notice* will be regarded as having been sent and received:

- (a) when delivered in person to the addressee; or
- (b) three *business days* after the date of posting if the *notice* is posted in Western Australia; or
- (c) five *business days* after the date of posting if the *notice* is posted outside Western Australia; or
- (d) if sent by facsimile when, according to the sender's transmission report, the *notice* has been successfully received by the addressee; or
- (e) if sent by email when, according to the sender's electronic record, the *notice* has been successfully sent to the addressee's *water licensing email address*.



## **2.8 Publishing information**

- 2.8.1 The *ERA* may direct the *licensee* to *publish* any information within a specified timeframe it considers relevant in connection with the *licensee* or the performance by the *licensee* of its obligations under this *licence*.
- 2.8.2 Subject to clause 2.8.3, the *licensee* must *publish* the information referred to in clause 2.8.1.
- 2.8.3 If the *licensee* considers that the information is confidential it must:
- (a) immediately notify the *ERA*; and
  - (b) seek a review of the *ERA*'s decision in accordance with clause 2.9.
- 2.8.4 Once it has reviewed the decision, the *ERA* will direct the *licensee* in accordance with the review to:
- (a) *publish* the information;
  - (b) *publish* the information with the confidential information removed or modified; or
  - (c) not *publish* the information.

## **2.9 Review of the *ERA*'s decisions**

- 2.9.1 The *licensee* may seek a review of a *reviewable decision* by the *ERA* pursuant to this *licence* in accordance with the following procedure:
- (a) the *licensee* must make a submission on the subject of the *reviewable decision* within 10 *business days* (or other period as approved by the *ERA*) of the decision; and
  - (b) the *ERA* will consider the submission and provide the *licensee* with a written response within 20 *business days*.
- 2.9.2 For the avoidance of doubt, this clause does not apply to a decision of the *ERA* pursuant to the *Act*, nor does it restrict the *licensee*'s right to have a decision of the *ERA* reviewed in accordance with the *Act*.

## **3. GENERAL LICENCE OBLIGATIONS**

### **3.1 Compliance with applicable legislation [Section 26, 27, 29 and 31 of the Act]**

- 3.1.1 Subject to any modifications or exemptions granted pursuant to the *Act* and this *licence*, the *licensee* must comply with any *applicable legislation*.
- 3.1.2 Subject to the provisions of any *applicable legislation*, the *ERA* may direct the *licensee* in writing to do any measure necessary to:
- (a) correct the breach of any *applicable legislation*; or
  - (b) prevent the breach of any *applicable legislation* occurring again, and specify a time limit by which such action must be taken.

### **3.2 Fees**

3.2.1 The *licensee* must pay the applicable fees and charges in accordance with the *Economic Regulation Authority (Licensing Funding) Regulations 2014*.

### **3.3 Provision of water services [Section 21 of the Act]**

3.3.1 The licensee must provide the water service set out in Schedule 1 clause 1.1:

- (a) to persons entitled to the *water service* under the *Act*, except to the extent otherwise provided for by the *Act*; and
- (b) if requested, to any other person within the *operating area* on reasonable terms, unless the provision of the *water service* is not financially viable or is otherwise not practicable.

### **3.4 Provision of water services outside operating area [Section 22 of the Act]**

3.4.1 If the *licensee* provides a *water service* outside of the *operating area* specified for that *water service*, the *licensee* must:

- (a) notify the *ERA* as soon as is practicable before commencing to provide the *water service*; and
- (b) apply to amend the *licence* in accordance with clause 2.1 unless otherwise notified by the *ERA*.

### **3.5 Works holding arrangements [Section 23 of the Act]**

3.5.1 The *licensee* must hold, or otherwise be subject to a *works holding arrangement* in respect of, all *water service works* used for the provision of a *water service*.

### **3.6 Accounting records**

3.6.1 The *licensee* and any *related body corporate* must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.

### **3.7 Reporting a change in circumstances**

3.7.1 The *licensee* must report to the *ERA*:

- (a) if the *licensee* is under external administration as defined by the *Corporations Act 2001 (Cwth)* within two *business days*; or
- (b) if the *licensee*:
  - (i) experiences a material change in the *licensee's* corporate, financial or technical circumstances upon which this *licence* was granted; and
  - (ii) which may materially affect the *licensee's* ability to meet its obligations under this *licence*,within 10 *business days* of the change occurring; or
- (c) if:
  - (i) the *licensee's* name;
  - (ii) the *licensee's* ABN;

- (iii) the *licensee's* address;
- (iv) the description of the *water service works*,  
changes, within 10 *business days* of the change occurring.

### 3.8 Provision of information

- 3.8.1 The *licensee* must provide to the *ERA* in the manner and form specified by the *ERA*, specified information on any matter relevant to the operation or enforcement of the *licence*, the operation of the licensing scheme provided for in Part 2 of the Act, or the performance of the *ERA's* function under that Part.
- 3.8.2 The *licensee* must comply with any information reporting requirements prescribed by the *ERA*, including but not limited to the provisions of the *Water Compliance Reporting Manual*<sup>1</sup>, which apply to the *licensee*.
- 3.8.3 Without limiting clause 3.8.1, the *licensee* must provide the *ERA* with the data required for performance reporting purposes that is specified in:
  - (a) the *Water, Sewerage and Irrigation Licence Performance Reporting Handbook*<sup>2</sup>; and
  - (b) the *National Performance Framework: urban performance reporting indicators and definitions handbook*. [Delete if not applicable to a licence. Currently, this only applies to schemes with more than 10,000 connections (the water corporations and City of Kalgoorlie Boulder)]

## 4. AUDITS AND PERFORMANCE REPORTING OBLIGATIONS

### 4.1 Asset management system [Section 24 of the Act]

- 4.1.1 The *licensee* must provide for, and notify the *ERA* of, an *asset management system* in respect of the *licensee's water service works* within two *business days* from the *commencement date* unless otherwise notified in writing by the *ERA*.
- 4.1.2 The *licensee* must notify the *ERA* of any material change to the *asset management system* within 10 *business days* of such change.
- 4.1.3 The *licensee* must, unless otherwise notified in writing by the *ERA*:
  - (a) conduct an *asset management system review*; and
  - (b) provide the *ERA* with a report on the *asset management system review*,  
within 24 months after the *commencement date* and every 24 months thereafter.
- 4.1.4 The *asset management system review* must be conducted by an independent expert appointed by the *ERA* in its sole discretion. The *ERA* will determine the terms of the appointment of the independent expert.

---

<sup>1</sup> See [www.erawa.com.au](http://www.erawa.com.au) -> Water Licensing -> Regulatory Guidelines.

<sup>2</sup> See [www.erawa.com.au](http://www.erawa.com.au) -> Water Licensing -> Regulatory Guidelines.

- 4.1.5 Before appointing an independent expert the *ERA* will:
- (a) consult with the *licensee* in a manner and form determined by the *ERA*; and
  - (b) take into account any relevant matters raised by the *licensee* from that consultation.
- 4.1.6 The *licensee* must cooperate with the independent expert and comply with the *ERA*'s standard guidelines dealing with the *asset management system review*.

## **4.2 Individual performance standards**

- 4.2.1 The *licensee* must comply with the *individual performance standards* as set out in Schedule 3.
- 4.2.2 The *ERA* may prescribe *individual performance standards* in relation to the *licensee* of its obligations under this *licence* or the *applicable legislation*.
- 4.2.3 Before approving any *individual performance standards* under this clause, the *ERA* will:
- (a) provide the *licensee* with a copy of the proposed *individual performance standards*;
  - (b) allow 15 *business days* for the *licensee* to make submissions on the proposed *individual performance standards*; and
  - (c) take into consideration those submissions.
- 4.2.4 Once approved by the *ERA*, the *individual performance standards* are included as additional *terms and conditions* to this *licence* as set out in Schedule 3.

## **4.3 Operational audit [Section 25 of the Act]**

- 4.3.1 The *licensee* must, unless otherwise notified in writing by the *ERA*, provide the *ERA* with an *operational audit* within 24 months after the *commencement date*, and every 24 months thereafter.
- 4.3.2 The *operational audit* must be conducted by an independent expert appointed by the *ERA* in its sole discretion. The *ERA* will determine the terms of the appointment of the independent expert.
- 4.3.3 Before appointing an independent expert the *ERA* will:
- (a) consult with the *licensee* in a manner and form determined by the *ERA*; and
  - (b) take into account any relevant matters raised by the *licensee* from that consultation.
- 4.3.4 The *licensee* must cooperate with the independent expert and comply with the *ERA*'s standard audit guidelines dealing with the *operational audit*.<sup>3</sup>

---

<sup>3</sup> See [www.erawa.com.au](http://www.erawa.com.au) -> Water Licensing -> Regulatory Guidelines.

## 5. CUSTOMERS

### 5.1 Customer contract

- 5.1.1 The *licensee* must, if directed by the *ERA*, submit a draft *customer contract* for approval by the *ERA*.
- 5.1.2 The *licensee* must comply with any *Customer Contract Guidelines*<sup>4</sup>, which apply to the *licensee*.
- 5.1.3 The licensee may only amend the customer contract by submitting to the *ERA*:
- (a) a proposed amendment to the *customer contract*, or
  - (b) a proposed substituted *customer contract*.
- 5.1.4 The *ERA* may:
- (a) approve the amendment to the *customer contract* or substituted *customer contract*, or
  - (b) specify the amendments the *licensee* must make to the amended or substituted *customer contract* before the *ERA* will amend the *customer contract*,
- and notify the *licensee* of its decision within 10 *business days* of making the decision.
- 5.1.5 The *ERA* may, at any time, by *notice* in writing, direct the *licensee* to amend the *customer contract* by specifying:
- (a) the amendments to be made to the *customer contract*, and
  - (b) the latest date at which the amendments will come into force.

### 5.2 Standard terms and conditions of service [Section 71 of the Act]

["Not used" until such time the ERA makes a decision to implement standard terms and conditions in Schedule 4. This currently affects all licences]

- 5.2.1 Subject to:
- (a) the *Act*; and
  - (b) the terms of a *customer contract* (if any) that apply to the *water service*,
- the terms and conditions of service in this *licence* that apply to the *water service* are set out in Schedule 4.
- 5.2.2 The terms in Schedule 4 may be supplemented by terms published from time to time by the *licensee* on the *licensee's* website or as otherwise prescribed.

---

<sup>4</sup> See [www.erawa.com.au](http://www.erawa.com.au) -> Water Licensing -> Regulatory Guidelines.

### 5.3 Non standard terms and conditions of service

5.3.1 Subject to compliance with this clause, the *licensee* may enter into an agreement with a *customer* to provide *water services* that exclude, modify or restrict:

- (a) the terms and conditions of this licence; or
- (b) the requirements of the *Code of Conduct*.

5.3.2 Subject to clause 5.3.3, an agreement referred to in clause 5.3.1:

- (a) must be approved by the *ERA* prior to its commencement; and
- (b) must not be amended without the prior approval of the *ERA*.

5.3.3 The *licensee* does not need the approval of the *ERA* if:

- (a) the terms that exclude, modify or restrict the *terms and conditions* of this *licence* or the requirements of the *Code of Conduct* have previously been approved by the *ERA* in another agreement that applies to the same class of *customer*; or
- (b) the terms that exclude, modify or restrict the *terms and conditions* of this *licence* were in force before the *amendment date*.

5.3.4 If a *licensee* enters into an agreement with a *customer* that excludes, modifies or restricts the terms and conditions of this *licence*, or the *Code of Conduct*, the *licensee* must publish a report annually that includes the following information:

- (a) the total number of agreements entered into by the *licensee*, categorised by location and the type of exclusion, modification or restriction;
- (b) the number of agreements entered into by the *licensee* during the reporting period, categorised by location and the type of exclusion, modification or restriction;
- (c) the total number of agreements entered into by the *licensee*, categorised by location and by land use; and
- (d) the number of agreements entered into by the *licensee* during the reporting period, categorised by location and by land use.

### 5.4 Hardship policy

["Not Used." if the financial hardship policy is not relevant i.e. the licensee only supplies water services:

- to non-residential customers;
- to its members (e.g. an irrigation co-operative); or
- that are non-potable; however, a financial hardship policy is required by water providers who supply non-potable water on the basis that the customer is responsible for treating it to make it fit for humans to drink (in accordance with the *Water Services Code of Conduct (Customer Service Standards) 2013*, clause 4(2)(a)).

See also Schedule 3 and refer to the Financial Hardship Policy Guidelines for further information.]

5.4.1 Clause 26 of the *Code of Conduct* requires applicable *licensees* to have a *financial hardship policy*. Notwithstanding clause 26(1) of the *Code of Conduct*, the *licensee* is not required to have a financial hardship policy where the *licensee* supplies water services solely to:

- (a) *non-residential customers*; or
- (b) members of the *licensee*.

5.4.2 The *ERA* may produce *Financial Hardship Policy Guidelines* from time to time.

5.4.3 The *licensee* must comply with any *Financial Hardship Policy Guidelines* which apply to the *licensee*.

## **5.5 Water Services Ombudsman Scheme [Section 70 of the Act]**

5.5.1 The *licensee* must not supply *water services* to *customers* unless the *licensee* is:

- (a) a member of the *water services ombudsman scheme*; and
- (b) bound by, and compliant with, any decision or direction of the water services ombudsman under the *water services ombudsman scheme*.

## **5.6 Supplier of last resort [Section 60 of the Act]**

5.6.1 If the *licensee* is appointed the *supplier of last resort* for a designated area under the *Act*, the *licensee* must perform the functions of the *supplier of last resort* for the designated area and the class of *water service*, comply with the duties imposed in relation to those functions under the *Act* and carry out its operations under or for the purposes of the *last resort supply plan* in accordance with the *Act*.

# **6. HEALTH**

## **6.1 Memorandum of understanding**

["Not used" if a particular licensee is not providing potable water supply.]

6.1.1 Where the *licensee* is, or intends to, provide *potable water*, the *licensee* must enter into a *MoU* with the *Department of Health* as soon as practicable after the *commencement date* or as otherwise agreed with the *Department of Health*.

6.1.2 The *MoU* must:

- (a) specify that the *MoU* is a legally binding document between the *licensee* and *Department of Health*;
- (b) requiring an audit by the *Department of Health* on compliance by the *licensee* with its obligations under the *MoU* at least once every three years, or other such time as notified by the *Department of Health*, and the provision of the *audit report* to the *ERA*.

6.1.3 The *licensee* must comply with the terms of the *MoU*.

6.1.4 The *licensee* must publish, in a form agreed with the *Department of Health*, the *MoU* and any amendments to the *MoU* on the *licensee's* website within one month of entering into the *MoU* or of making amendments to the *MoU*.

6.1.5 The *licensee* must publish the *audit report* on the *licensee's* website within one month of the completion of the *audit*.

6.1.6 The *licensee* must *publish* any other reports required by the *Department of Health* or set out in the *MoU* on the *licensee's* website quarterly or at a reporting frequency specified by the *Department of Health*.

## 7. DEFINITIONS AND INTERPRETATION

### 7.1 Definitions

7.1.1 In this *licence*, the following definitions apply unless the context otherwise requires:

**Act** means the *Water Services Act 2012* (WA).

**amendment date** means <Date of amendment>.

**applicable legislation** includes:

- (a) the *Act*;
- (b) any relevant subsidiary legislation including:
  - (i) regulations made under the *Act*; and
  - (ii) the *Economic Regulation Authority (Licensing Funding) Regulations 2014*; and
- (c) any code in force from time to time made pursuant to the *Act*.

**asset management system** means the measures that are to be taken by the *licensee* for the proper maintenance, expansion or reduction of the *water service works*.

**asset management system review** means an assessment of the matters set out in section 24(2) of the *Act*.

**audit report** means a signed, written document that presents the purpose, scope and results of the audit by the *Department of Health* on compliance by the *licensee* of its obligations under the *MoU*.

**business day** means a day which is not a Saturday, Sunday or a public holiday in Western Australia.

**Code of Conduct** means the *Water Services Code of Conduct (Customer Service Standards) 2013* as amended or replaced from time to time. [\[Remove from licences to which the Code is not relevant.](#)

**commencement date** means the date specified in clause 1.1.

**complaint** means an expression of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.

**customer** has the meaning given to that term in section 3 of the *Act*.

**customer contract** means a "standard customer contract" referred to paragraph (a) of the definition of "standard terms and conditions of service" in section 71(1) of the *Act*.



**Customer Contract Guidelines** means the guidelines relating to the content of the *licensee's customer contract* issued by the *ERA*, as amended or replaced from time to time.

**Department of Health** means the Department of Health or its successors in Western Australia.

**Department of Water** means the Department of Water or its successors in Western Australia.

**drainage services** has the meaning given to that term in section 3 of the *Act*.

**ERA** means the Economic Regulation Authority.

**expiry date** means the date specified in clause 1.3.

**financial hardship policy** means a policy referred to in clause 26 of the Code of Conduct. [Remove from licences to which the financial hardship policy is not relevant i.e. the financial hardship policy is not relevant.]

**Financial Hardship Policy Guidelines** means the guidelines relating to financial hardship policies for water services issued by the *ERA*, as amended or replaced from time to time. [Remove from licences to which the financial hardship policy is not relevant i.e. the financial hardship policy is not relevant.]

**individual performance standards** mean any individual performance standards approved by the *ERA* pursuant to clause 4.2 and specified in **Error! Reference source not found.**2 of the *licence*.

**irrigation services** has the meaning given to that term in section 3 of the *Act*.

**last resort supply plan** has the meaning given to that term in section 50 of the *Act*.

**licence** means:

- (a) this document (excluding the pages prior to clause 1, the header and footer of this document);
- (b) any *Schedules* to this document; and
- (c) any *individual performance standards* approved by the *ERA* pursuant to clause 4.2.

**licensee** means <The Company that holds the licence>, <ABN/ACN>.

**MoU** means the memorandum of understanding referred to in clause 6.1 as amended or replaced from time to time. [Remove from licences to which the MOU does not apply, see clause 6.1]

**National Performance Framework: urban performance reporting indicators and definitions handbook** means the handbook initially produced by the National Water Commission of the same name as amended or replaced from time to time. [Remove when not relevant ie. the supply of less than 10,000 connections]

**non-potable water supply services** means the collection, treatment, transfer or delivery of water supplied from *water services works* not designed and operated to provide *potable water*.

**non-residential customer** means a *customer* who is not a *residential customer*.

**notice** means a written notice, agreement, consent, direction, representation, advice, statement or other communication required or given pursuant to, or in connection with, this *licence*.

**operating area(s)** has the meaning given to that term in section 3 of the *Act* and is the area specified in clause 1.5.

**operational audit** means an assessment of the matters set out in section 25(2) of the *Act*.

**potable water** means drinking water in accordance with the Australian Drinking Water Guidelines or as otherwise defined in the *MoU* between the *licensee* and the *Department of Health*.

**potable water supply services** means the collection, treatment, transfer or delivery of water supplied from *water service works* designed and operated to provide *potable water*.

**publish** in relation to a report or information means either:

- (a) posting the report or information on the *licensee's* website; or
- (b) sending the report or information to the *ERA* to be published on the *ERA's* website.

**related body corporate** has the meaning given to that term in section 50 of the *Corporations Act 2001* (Cwth).

**residential customer** means a *customer* to which *water services* are sold or supplied in respect of the place used solely or primarily as the *customer's* dwelling.

**reviewable decision** means a decision by the *ERA* pursuant to:

- (a) clause 2.8.3; and
- (b) clause 4.1.6
- (c) clause 4.2.2;
- (d) clause 4.3.4;

of this *licence*.

**Schedule** means the schedule or schedules which are appended to, and which form part of, this *licence*.

**sewerage services** has the meaning given to that term in section 3 of the *Act*.

**supplier of last resort** has the meaning given to that term in section 50 of the *Act*.

**terms and conditions** means the terms and conditions in this *licence* including any terms and conditions contained in the *Schedules*.

**Water Compliance Reporting Manual** means the reporting manual issued by the *ERA*, as amended or replaced from time to time.

**water licensing email address** means:

- (a) in relation to the *ERA*, the addressee's authorised *ERA* email address or other such email address as notified in writing to the *licensee*; and
- (b) in relation to the *licensee*, the email address specified in the *licence* application or other such email address as notified in writing to the *ERA*.

**water service** means the service or services that the *licensee* is authorised to provide by this *licence* being a *drainage service*, *irrigation service*, *sewerage service* and/or *water supply service* as more particularly described in clause 1.

**water service works** has the meaning given to that term in section 3 of the *Act*.

**water services ombudsman scheme** means a scheme approved under section 65 of the *Act*.

**Water, Sewerage and Irrigation Licence Performance Reporting Handbook** means the handbook produced by the *ERA* of the same name as amended or replaced from time to time.

**water supply service** has the meaning given to that term in section 3 of the *Act*.

**works holding arrangement** means an arrangement as set out in section 23 of the *Act*.

## 7.2 Interpretation

- 7.2.1 A reference in this *licence* to any *applicable legislation* includes, unless the context otherwise requires, any statutory modification, amendment or re-enactment of that *applicable legislation*.

# Schedule 1 – Operating area

[This page is intentionally blank]

## Schedule 2 – Performance standards

The *licensee* must comply with the standards, principles and reporting requirements as set out below.

### 1. POTABLE WATER

#### 1.1 Potable water system – pressure and flow standards

1.1.1 The *water service works* provided by the *licensee*, for the purpose of *water supply services*, shall be designed, constructed, operated and maintained to provide continuity of pressure and flow for services in accordance with the following standards.

##### Pressure and flow standards

Area	Minimum Static Pressure (metres of water)	Maximum Static Pressure (metres of water)	Minimum Flow (litres per minute)
Water Corp Perth Metropolitan	15	100	20
Water Corp Country Urban Areas	13	100	20
All other water licences	15	100	20

#### 1.2 Potable water system – pressure and flow exemptions

1.2.1 The licensee must notify:

- (a) new customers upon purchase of the affected property as soon as practicable; and
- (b) existing customers at least annually

that pressure and flow of the water supplied falls outside of the standard pressure and flow range set out in section 1.1 of this Schedule.

1.2.2 The notification set out in section 1.2.2 must include:

- (a) the pressure and flow range; and
- (b) further information about how to manage the exempt pressure and flow.

#### 1.3 Water restrictions

1.3.1 The *licensee* must notify the *ERA* annually of any restrictions applied in accordance with the *Water Services Regulations 2013* to a *potable water* supply, detailing restrictions by scheme, type (severity), duration, start date and number of services affected.

**2. NON-POTABLE WATER**

Not used.

**3. SEWERAGE****3.1 Sewerage service standards**

Not used.

**4. DRAINAGE****4.1 Drainage service standards**

4.1.1 The *licensee* must operate, manage, maintain, plan and construct its drains and drainage schemes as set out below, and shall consult in relation to such activities as required by this Schedule.

4.1.2 Urban drainage scheme infrastructure provided by the *licensee* for the purpose of protection against flooding shall be designed, constructed, operated and maintained such that the peak flows of stormwater runoff from rainfall events can be accepted into and will not overflow from the system in accordance with the following standard.

**Drainage service standard**

	How is it measured	Performance indicator / targets
Drainage – Design of new urban infrastructure.	Desk audit of scheme to test if design of new urban drainage scheme infrastructure protects against flooding from peak flows of stormwater runoff from rainfall events with intensities up to –  Residential – 5 year average recurrence interval  Commercial – 10 year average recurrence interval.	100% of schemes audited comply with the standard.

4.1.3 In the above table the meaning of the term “average recurrence interval” shall be consistent with the discussion on probability concepts for flood estimation and rainfall intensity – frequency – duration estimation, as contained in Books 1 & 2 respectively of the Institution of Engineers Australia publication, Australian Rainfall and Runoff (1987).

4.1.4 In planning and designing urban infrastructure, the *licensee* must have due regard to the principles, concepts and recommendations of Australian Rainfall and Runoff (1987).

4.1.5 If, prior to 1 January 1996, the *licensee* constructed drainage infrastructure to levels of service standards which were less than those specified in this Schedule then there will be no obligation under this *licence* for the *licensee* to upgrade any infrastructure existing as at 1 January 1996, to meet the above standards where there have been no instances of flooding confirmed to be due to the under capacity of the infrastructure to meet those standards. Where there have been instances of flooding confirmed to be due to under capacity of infrastructure to meet the standards of this Schedule, the *licensee* must upgrade the infrastructure to those standards or must take such action as agreed with affected *customers*.

- 4.1.6 The drainage system will accept drainage water from Local Government works, but will not be required under this *licence* to be upgraded to accept any additional drainage water.
- 4.1.7 Notwithstanding that the *licensee's* urban drainage infrastructure shall itself be designed to the capacity standards listed in this Schedule, in planning and designing such infrastructure the *licensee* must have due regard to the major/minor concept of drainage design discussed in Book 8, 1.5.1 of Australian Rainfall and Runoff (1987). Such due regard will be adequately demonstrated:
- (a) in the case of it undertaking, commissioning or accepting a design for new drainage infrastructure, by the *licensee* ensuring that the local authorities involved have been made aware of the predicted response of the combined major/minor system to major storm events, for the information of those authorities in relation to their responsibilities for the establishment and management of the major (as described in Australian Rainfall and Runoff (1987)) elements of the major/minor system infrastructure; and
  - (b) in the case of it undertaking a capacity review of an existing *licensee* drainage scheme, by the *licensee* causing a broad assessment to be made of the behaviour of the combined major/minor system under major event conditions, and conveying the conclusions of such assessment to the local authorities involved, for the information of those authorities in relation to their responsibilities for management of the major (as described in Australian Rainfall and Runoff (1987)) elements of the major/minor system infrastructure.
- 4.1.8 The *licensee* will ensure all new rural drainage infrastructure complies with the Rural Drainage Manual of Standards 1977. The *licensee* shall endeavour to operate and maintain its rural drainage infrastructure so that the period of inundation to land abutting a drain that forms part of the system shall be a maximum of 72 hours. If the period of inundation should exceed 72 hours the *licensee* must carry out an investigation of the adequacy of those operations and maintenance procedures. An exception is those low lying land areas where the contours make this impossible or where detention basins have been constructed for the retention of water for longer periods. Low lying areas include those areas within lots which abut the drain, which would normally not readily drain to the drain. However, land that would normally drain to the drain, but where this is prevented by high flow levels in the drain, will be subject to the maximum 72 hour inundation period. This inundation period shall apply provided multiple storm events do not increase flow levels in the drains above the rural drainage infrastructure discharge points. The drainage system serves the general drainage requirements of rural properties in the Drainage Services Control Areas and there will be no obligation under this *licence* for the *licensee* to extend the service to other properties, "or serve urban drainage development within the rural areas."
- 4.1.9 The following flood protection works will be operated and maintained to cater for the peak flows of stormwater runoff from individual rainfall events set out below.

Flood protection works	Location	Level of protection (average recurrence interval)
Preston River levees	Bunbury – Leschenault Inlet to Picton Bridge	1 in 100 year
Vasse River Diversion	Busselton	1 in 20 year

## 5. IRRIGATION

### 5.1 Irrigation service standards

- 5.1.1 The *licensee* must supply water that is suitable for irrigation purposes.
- 5.1.2 The *licensee* must provide at least 5 *business days*' notice to a *customer* of any planned service interruption.
- 5.1.3 The licensee must comply with the standards and principles as set out below.

#### Irrigation service standards

Irrigation Water Quality	Percentage of customers given 5 days notice of a planned interruption	Percentage of customers provided with a not suitable for drinking notice annually
<1,200mg/L TDS	>90	100



## Schedule 3 – Customer provisions

### 1. ADDITIONAL CUSTOMER PROVISIONS

#### 1.1 Requirement for approved financial hardship policy

Where the *licensee* intends to supply *water services to customers* other than *non-residential customers* or members of the *licensee*, the *licensee* must notify the *ERA* and must have an approved *financial hardship policy* in accordance with clause 26 of the *Code of Conduct* prior to any such supply.

For the purposes of clause 1.1, a *water service* does not include *non-potable water supply services*, except where the *non-potable water supply service* is supplied on the basis that the *customer* is responsible for treating the water to make it fit for humans to drink.

[Inserted in licences where clause 5.4 Hardship policy is “Not used”. The wording used in subclause (2) reflects the wording used in the *Water Services Code of Conduct (Customer Service Standards) 2013*]

### Amendment record sheet

Version Date	Description of Amendment
<Date of grant or amendment>	Water Services Licence granted for the following service(s): <ul style="list-style-type: none"><li>• ...</li></ul>