



Report on the Audit of the Retail Supplier Operational Licence of Flow Systems

Independent Pricing and Regulatory Tribunal
Water Industry Competition Act 2006

Retail Supplier's Licence Audit Report
(Operational Audit)

Retail Supplier's Licence No. 13_001R: Flow Systems

Final Report
28 July 2016

Table of Contents

1. EXECUTIVE SUMMARY	3
2. INTRODUCTION	4
2.1 OBJECTIVE.....	4
2.2 LICENSEE’S INFRASTRUCTURE, SYSTEMS AND PROCEDURES.....	4
2.3 AUDIT METHOD.....	4
<i>Audit scope.....</i>	<i>4</i>
<i>Audit standard</i>	<i>4</i>
<i>Audit steps.....</i>	<i>4</i>
<i>Audit team.....</i>	<i>4</i>
<i>Acknowledgements</i>	<i>5</i>
<i>Audit grades.....</i>	<i>5</i>
2.4 REGULATORY REGIME.....	5
2.5 QUALITY ASSURANCE PROCESS	5
2.6 AUDIT FINDINGS	5
2.7 AUDIT AGENDA FOR FRIDAY 1 JULY 2016	6
3. OPERATIONAL AUDIT	8
3.1 SUMMARY OF FINDINGS	8
3.2 REVIEW OF ACTIONS	8
3.3 OPPORTUNITIES FOR IMPROVEMENT	8

APPENDICES

1. Executive Summary

This report sets out the findings of an Operational Audit completed in respect of the Retail Supplier's Licence (Licence No. 13_001R) for Flow Systems for the period 1 July 2014 to 30 April 2016. A Retail Supply Management Plan Audit, which is reported separately, was undertaken in conjunction with this audit.

The auditors were provided with sufficient and appropriate evidence, as described in the *IPART Audit Guideline for Greenfield Schemes, Water Industry Competition Act 2006 (NSW), July 2013* (the Audit Guideline), on which to base the conclusions reached during the audit.

The auditors have observed the requirements of the Audit Guideline and the Audit Deed in conducting the audit, determining audit findings and preparing this report.

The reported audit findings accurately reflect the professional opinion of the auditors. The findings have not been unduly influenced either by the Licensee or any of its associates and express the auditors' opinions as to whether the Licensee has met the Licence conditions and regulatory requirements as specified in the scope.

A summary of the audit findings is given in the following chapters and a detailed breakdown of the full audit findings against the audited criteria is given in the detailed Audit Tables in Appendix A.

The audited infrastructure complied with the audited requirements of the Regulation and Licence conditions and was found to be operating safely. The Licensee, Flow Systems, was found to be constructing, repairing, maintaining and operating the infrastructure without any significant non-compliances being identified with any of the audited criteria. In addition, four clauses were reported as no requirement.

2. Introduction

2.1 Objective

This report presents the findings of an audit undertaken for the Independent Pricing and Regulatory Tribunal (IPART) under the *Water Industry Competition Act 2006*.

The audit comprised of an Operational Audit as required in respect of the Retail Supplier's Licence (Licence No. 13_001R) for Flow Systems. The Licensee is Flow Systems.

A Retail Supply Management Plan audit was undertaken in conjunction with this audit and is reported separately.

2.2 Licensee's infrastructure, systems and procedures

The Licensee's infrastructure, systems and procedures audited were those related to all licensed retail water supply schemes managed by Flow Systems.

2.3 Audit method

Audit scope

This audit covers the operation and maintenance of the licenced infrastructure and addresses the scope specified by IPART in its letter to Flow Systems dated 3 March 2016 relating to an Operational Audit in respect of the audit period 1 July 2014 to 30 April 2016.

Audit standard

The audit broadly followed the generic principles of auditing given in *ISO 19011:2011 - Guidelines for auditing management systems*. The principal document used to guide the audit was the *IPART Audit Guideline for Greenfield Schemes, Water Industry Competition Act 2006 (NSW), July 2013* (the Audit Guideline).

Audits are by necessity limited to sampling processes. It is not practicable, nor necessary, to inspect 100 per cent of items within an audit scope. Auditing forms part of the broader risk management process, providing an independent check on the veracity of the processes and procedures in place to manage risk. Finding a balance between audit effort and practicality requires the exercise of experienced professional judgement. The amount of effort allocated to this audit has been kept to a reasonable minimum level.

The audit was undertaken and reported in accordance with the Audit Guideline and its associated Appendices. The audit templates given in the Guideline provided the reporting format for the audit as well as the detailed audit criteria.

Audit steps

An Audit Proposal was submitted to both IPART and the Licensee prior to the audit taking place. Documentation was supplied by the Licensee to both the auditor and IPART.

Desktop auditing took place both prior and subsequent to the site audit. An office-based audit took place on 1 July 2016. Some evidence was followed up after the audit with the report being prepared and submitted to the Licensee as draft, then a final, before submission to IPART.

The audit process involved seeking objective evidence that the Licensee met the Licence obligations identified for audit by IPART. The auditors collected evidence through interview and document review. The auditors randomly sampled examples sufficient to verify claims made by the Licensee.

Audit team

The audit was conducted by one auditor, Dr Dan Deere, and quality reviewed by another auditor, Mr Tom Carpenter. Both auditors hold relevant Lead Auditor Accreditation under IPART's *Technical Services and Water Licensing Audit Panel*.

Acknowledgements

The audit team notes, and greatly appreciates, the presence of IPART staff members Jamie Luke and Matthew Van Uffelen as valuable observers and commentators during the audit.

The audit team notes, and greatly appreciates, the work and effort put in by those audited, including Laura Dixon, Candice Suttor and Jason Frey.

Audit grades

Audit grades were awarded in accordance with the definitions given in the Audit Guideline. Compliance of operation of the infrastructure with the relevant legal and formal requirements was assessed. More generally the infrastructure was assessed for its capability to operate safely. Grades were allocated as follows:

- No Requirement
- Compliant
- Non-compliant Insignificant
- Non-compliant Significant

2.4 Regulatory regime

The scheme operates under the *Water Industry Competition Act 2006* (WICA) which in turn references the following requirements:

- *Water Industry Competition (General) Regulation (2008)*.
- *Conditions of Retail Supplier's Licence No. 10_013R*.
- *IPART Audit Guideline for Greenfield Schemes, Water Industry Competition Act 2006 (NSW), July 2013*.
- Relevant aspects of the national *Australian Guidelines for Water Recycling: Managing Health and Environmental Risks (Phase 1) 2006*.
- Relevant water industry and environmental NSW and national codes of practice and regulations, as applicable.

2.5 Quality assurance process

Quality was assured using a professional review process. The first auditor's work was reviewed and approved by the second auditor. Both auditors are longstanding members of the IPART audit panel.

2.6 Audit findings

Audit findings are summarised in the above Executive Summary; they are presented in more detail in section 3 and in full detail in Appendix A.

2.7 Audit agenda for Friday 1 July 2016

Time	Item and audit questions
09:00	Opening meeting
09:10	Incidents Have the required incident notifications taken place and are systems in place to ensure that they do?
09:20	Payment assistance Has payment assistance been provided and has this been reported?
09:30	Translation Has notice of translation services been provided?
09:40	Customer complaints Has a customer complaints code of practice been developed in line with AS/ISO 10002-2006 and have customers been kept informed of it?
09:50	Debt recovery Have customers, the Minister and IPART been kept informed of the code of practice for debt recovery and does that code allow for deferment of payments?
10:00	RSMP Is the Retail Supply Management Plan kept implemented and under regular review and has the RSMP been audited if required?
10:30	Break
11:00	Website Does the website contain details of relevant government policies?
11:20	Authorised use Have customers been informed of authorised uses and have customers only been supplied water for those uses?
11:30	Contracts Have all water, recycled water or sewerage contracts been serviceable with respect to quality, quantity, infrastructure, capacity and connectivity?
12:00	Termination Have any water, recycled water or sewerage customers had their supply terminated?
12:15	Restrictions Have any water restrictions been placed upon any customers?

Time	Item and audit questions
12:30	<p>Small customers</p> <p>All small retail customers are covered under a contract that specifies that customers will not be disconnected because of non-payment, will notify customers of intent to change contracts and covers the items listed in WIC Reg Schedule 2, cl 14(2) and 19(2).</p> <p>Have small retail customers been supplied with water or sewerage services been supplied with a disclosure notice regarding the customer's name and address, the date on which supply is to commence, fees and charges that will be payable, circumstances in which the customer's premises may be disconnected, procedures for handling customer complaints, government-funded rebates and where customers can obtain a copy of the contract.</p>
12:30	Lunch
13:30	<p>Scope of operations</p> <p>Confirm that water, recycled water or sewerage services have only been provided by means of the water industry infrastructure, for purposes, to the customers, and within the area of operations, specified in the Licence</p>
13:50	<p>Technical capacity</p> <p>Is the technical capacity and resource allocation adequate to meet the Licence requirements?</p>
14:00	<p>Insurance</p> <p>Has insurance changed during the audit period?</p>
14:10	<p>Reporting</p> <p>Have reports been submitted as required by the Reporting Manual?</p>
14:20	<p>Changes in plans</p> <p>Have updated Licence Plans been submitted to IPART?</p>
14:30	<p>Code of conduct</p> <p>Has a suitable code of conduct been established and implemented?</p>
14:40	<p>Incident preparedness</p> <p>Confirm that the RSMP considers events and circumstances that could adversely affect the supply water, recycled water or sewerage services, risks of such events, risk management options and alternative sources of services.</p>
14:50	<p>Compliance</p> <p>Confirm that the RSMP considers the code of practice for customer complaints, code of practice for debt recovery for small retail customers, the marketing code of conduct and transfer code of conduct.</p>
15:00	Audit close

3. Operational audit

3.1 Summary of findings

No non-compliances have been identified as a result of this audit.

3.2 Review of actions

The Licensee is acknowledged for providing helpful suggestions for corrections and clarifications following the review of the draft report prior to the final report being issued. In addition the Licensee helped to explain in detail how it addressed the language question under clause WIC Reg Sched 2 cl.3 in light of the fact that new communities do not have census data from which to draw language evidence.

3.3 Opportunities for improvement

No opportunities for improvement have been identified as a result of this audit.

Appendix A Operational Audit tables

WICReg Sched 2 c1.1(2)(a-d)	Requirement	Compliance Grade
	<p>A retail supplier must immediately notify IPART of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.</p> <p>A retail supplier must immediately notify the Minister administering the <i>Public Health Act 2010</i> (NSW) and the <i>Public Health Regulation 2012</i> (NSW) of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.</p> <p>A retail supplier must immediately notify the Minister administering Part 2 of the <i>Water Industry Competition Act 2006</i> (NSW) of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.</p> <p>A retail supplier must immediately notify any licensed network operator by means of whose infrastructure the retailer supplies water or provides sewerage services of any incident in the conduct of its activities that threatens or could threaten, water quality, public health or safety.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Retail Supply Management Plan* Revision 4 dated 11 February 2016 (RSMP).
- Flow Systems *Incident Management Plan* Version 4 dated June 2015 (document reference FS-WAT-AUS-PL- INC-1266) (IMP).
- Flow Systems scheme-specific [scheme name] *Incident Management Manual* (IMM).
- SharePoint Business Management System *Incident Register* on the Flow Systems intranet.
- Example of incident reported of 11 September 2014 that was reported to IPART and EPA.
- Flow Systems internal *Incident Notification Form*.

Summary of reasons for grade

Flow Systems is well prepared both with respect to incident prediction and incident preparedness and response, including clarity with respect to contact details of key personnel and alternative supply options. Flow Systems showed evidence of correctly responding to and notifying incidents during the audit period. Accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Section 3 of the RSMP describes an overview of the incidents that Flow Systems considers relevant to retail supply management. This includes quality and environmental incidents as well as supply security and interruption incidents and the sourcing of alternative means of providing services during incidents. This list is inclusive of what IPART, NSW Health and the EPA are likely to consider relevant and is considered to be sufficiently comprehensive.

The finer details of incident management are held within both the corporate IMP and the IMM that is held for each specific scheme. In this way Flow Systems is compliant with its obligations since it has related

risk assessment and uncertainty to possible incidents and then developed broad as well as scheme-specific incident response plans that cover quality, environmental and supply security incidents.

Flow Systems has conducted a series of risk assessment workshops as part of its *Continuity of Service Risk Assessment* as part of identifying risks and uncertainties and the associated controls required to manage those risks. These assessments are reviewed periodically. Part of that risk assessment process involves considering incident management. Incidents considered by Flow Systems included issues that may arise with the use of phone systems and the internet, e.g. using cloud-based systems and being able to divert to mobiles. The 1300 general enquiry number diverts to mobiles if there is a fault. The risks were described under the *Continuity of Service Risk Assessment*. That risk assessment was supplied to IPART. Risks considered included factors such as telephony failures, internet failures and staff sickness.

The organisation has up-to-date incident and emergency procedures and evidence of implementation of these procedures where relevant. Incidents are logged and registered, including incidents that are or are not reportable to IPART.

Flow Systems was able to provide evidence both of incidents that it had correctly responded to and details of its incident response checklist as part of its *Incident Notification Form* that was aimed at ensuring that it correctly notified relevant parties.

An example of an incident was seen that was reported to IPART during September 2014. The notification was related to a sewer spill incident and included notification to IPART and the EPA. An example of an internal *Incident Reporting Form* was sighted that included a checkbox to alert IPART as well as a checklist summary of what the Flow Systems notification requirements were.

The standard Flow Systems *Incident Notification Form* describes notification processes and includes requirements, contact details and phone numbers. Multiple contractors are noted as being available to provide support if required.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WIC Reg Sched 2 cl.2(1)(a-d)	Requirement	Compliance Grade
	<p>The licensee must implement any relevant government policy that applies to it.</p> <p>The licensee must ensure the details of any relevant government policy are forwarded to each of its customers at least once a quarter.</p> <p>The licensee must furnish a report to IPART and the Department Head each quarter relating to the following:</p> <p>(i) the identity of each customer to whom any payment assistance, discount or rebate has been given during that quarter pursuant to any relevant government policy, and</p> <p>(ii) the amount of any such payment assistance, discount or rebate.</p> <p>The licensee must furnish a report to other retail suppliers to which there is a transfer of water supplies or sewerage services in respect of a customer referred in (i) above, as soon as practicable after the transfer takes effect as to:</p> <p>(i) the fact that the customer has been receiving any payment assistance, discount or rebate pursuant to any such policy and</p> <p>(ii) the amount of any such payment assistance, discount or rebate.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.

Summary of reasons for grade

Customer requests for payment plans have been appropriately handled and notified during the audit period; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems uses the relevant ASIC and EWON Guidelines. Flow Systems relies on EWON to advise of updated policies. In order to maintain awareness, Flow Systems retains a membership of EWON (as a requirement of their Licence) as well as having a staff member being on the Consultative Council and is therefore across its obligations in this respect.

Flow Systems bills monthly in order to reduce bill shock. An alert system has been set up to alert Flow Systems to situations where bills go up suddenly, e.g. approximately 20%. Flow Systems offer 'SmoothPay' to help with forward payment planning. The vast majority of customers pay by direct debit and use electronic bills. Currently two customers are on a payment plan.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WIC Reg Sched 2 cl.3	Requirement	Compliance Grade
	<p>Any notice that the retail supplier is required to send to its customers, whether by the WIC Act, WIC Regulation, or a licence condition, must include or be accompanied by, information as to the existence of, and the telephone numbers for, any community translation services that are available.</p> <p>Such information is to be given in: (a) English, Arabic, Cantonese, Greek, Italian, Spanish, and Vietnamese, and (b) in such other languages as are spoken by more than 3% of the population within the licensee's area of operations.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Example water bill from Green Square Water.
- Flow Systems *Customer Complaints Policy*.
- Flow Systems internet site *Help Centre* (<https://askus.flowsystems.com.au/hc/en-us>).

Summary of reasons for grade

The bill provides the pointers to multi-lingual guidance for customers in the required languages as well as an additional language; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Customers receive bills via email based on templates that are prepared for customers. Both the bills and emails include information about other languages.

The bill sighted on the intranet (for Green Square Water) and the hard copy bills show the complaint number, the payment plan information and the translation services in the relevant languages.

The Help Centre has an interpreter section that covers a wide range of languages, in addition to the main six that are required and that appear on the bill. Flow Systems also provide a general flyer on recycled water in Mandarin and make use of 'brand ambassadors' from a company called Kreate that provide bilingual support staff.

It is very challenging to predict what the language needs of Flow Systems' customers will be as these are very new land and housing developments and high risk apartment blocks. In the latter case the resident population is likely to be in a relatively high rate of flux with many tenants. Therefore, Flow Systems is unable to rely on census data to verify the various language requirements within its communities. In order to comply with the intent of this clause, Flow Systems put the following in place:

All bills and covering emails contain translation information in 6 languages (Simplified Chinese, Italian, Greek, Vietnamese, Spanish, Arabic);

A further 11 languages are included on the Flow Systems Helpcentre website. The Helpcentre is searchable and will direct customer searching for translation services to the correct page (<https://askus.flowsystems.com.au/hc/en-us/articles/200658000-Need-an-interpreter->)

Whilst not one of the default requirements, Flow Systems and its partner developers ascertained that buyers in the high rise communities had a high likelihood of being Chinese or of Chinese decent and, therefore, Flow Systems developed presales information in printed and electronic form for supply to purchasers along with settlement information in simplified Chinese. On settlement days Flow Systems

boosts its team with brand ambassadors who speak both Mandarin and Cantonese to assist in translation on the day that customers settle on their property.

Flow Systems has stated that it intends to use census information if available but notes that it will not usually be available until many years after settlement in many cases. Therefore, Flow Systems will add a language question into its online sign up form to help provide the data so that it can provide an appropriate mix of languages for its communities.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WIC Sched	Reg	Requirement	Compliance Grade
cl.4(1)(a-c); cl.4(2)	2	<p>A retail supplier must establish and comply with a code of practice for customer complaints whether in relation to:</p> <p>(i) the supply of water or the provision of sewerage services, by the retail supplier, or (ii) the operation of the water or sewerage infrastructure from which that water is supplied or those services provided. A retail supplier must provide copies of its code of practice for customers' complaints to the Minister, IPART and the ombudsman.</p> <p>A retail supplier must keep its customers informed as to:</p> <p>(i) the provisions of the code of practice for customer complaints, and (ii) the existence of and procedure for referring complaints or disputes to the ombudsman.</p> <p>A retail supplier must furnish periodic reports to the Minister and IPART in relation to complaints it receives, in such form and containing such information as the Minister or IPART requires.</p> <p>A retail supplier's code of practice for customer complaints must conform to the requirements of AS/ISO 10002- 2006.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Retail Supply Management Plan* Revision 4 dated 11 February 2016 (RSMP).
- Example water bill from Green Square Water.
- Flow Systems *Customer Complaints Policy*.
- Flow Systems *Customer Complaints Code of Practice*.
- Flow Systems internet site *Help Centre* (<https://askus.flowsystems.com.au/hc/en-us>).
- Flow Systems *Homeowners Guide*.

Summary of reasons for grade

Flow Systems had an appropriate code of practice which was available to customers whose complaints were reported to IPART; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

The Flow Systems *Customer Complaints Policy* references the Flow Systems *Customer Complaints Code of Practice*. The Flow Systems *Help Centre* internet site shows the *Customer Complaints Policy*.

The Flow Systems 'ZenDesk' system generates a 'ticket' as soon as a complaint comes in. The tickets are allocated to a particular type of complaint and responded against a Service Level Agreement (SLA) and these can be escalated and alerted if compliance isn't achieved. The Flow Systems *Customer Complaints Code of Practice* was used to drive the SLA.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WIC Reg Sched 2 cl.5(1)(a- c);(2)	Requirement	Compliance Grade
	<p>A retail supplier must establish and comply with a code of practice for debt recovery.</p> <p>A retail supplier must provide copies of its code of practice for debt recovery to the Minister, IPART and the ombudsman.</p> <p>A retail supplier must keep its customers informed as to the provisions of the code of practice for debt recovery.</p> <p>A retail supplier's code of practice for debt recovery must provide for the deferment, in the whole or in part, of payments owed by customers suffering financial hardship.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Customer Complaints Policy*.
- Flow Systems internet site *Help Centre* (<https://askus.flowsystems.com.au/hc/en-us>).
- Flow Systems *Homeowners Guide*.
- Flow Systems *Customer Complaints Code of Practice*.
- Flow Systems *Codes of Practice for Missed Payments and Debt Recovery*.

Summary of reasons for grade

Flow Systems has a code of practice for *Missed Payments and Debt Recovery* that was reported to IPART and that is in alignment with this obligation; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems has codes of practice for *Customer Complaints* and for *Missed Payments and Debt Recovery*. The Flow Systems *Customer Complaints Policy* references the code of practice. Therefore, Flow Systems had an appropriate code of practice, which was available to customers via the internet, in relation to debt recovery arrangements, that was reported to IPART; accordingly, the Licence Holder was Compliant in respect of this obligation. To date Flow Systems has not had to implement debt recovery although two customers are currently on payment plans.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WICReg	Requirement	Compliance Grade
Sched 2 c1.6	A retail supplier must comply with any water industry code of conduct, marketing code of conduct and transfer code of conduct.	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Retail Supply Management Plan* Revision 4 dated 11 February 2016 (RSMP).
- Flow Systems *Customer Complaints Code of Practice*.
- Flow Systems *Codes of Practice for Missed Payments and Debt Recovery*.
- Examples of *Utility Services Agreement* documents with other parties

Summary of reasons for grade

Flow Systems had correctly referenced the relevant Codes of Practice and Codes of Conduct and described how it complied with those codes. In addition, where no 'code of conduct' has been agreed with other utilities, Flow Systems has agreed, or is in the process of finalising, an equivalent documents, a *Utility Services Agreement*, for each scheme. Accordingly, the Licence Holder was Compliant in respect of these obligations.

Discussion and notes

The Flow Systems *Customer Complaints Policy* references the Flow Systems *Customer Complaints Code of Practice*. The Flow Systems *Help Centre* internet site shows the *Customer Complaints Policy*.

Flow Systems had correctly referenced its Codes of Practice for *Customer Complaints* and for *Missed Payments and Debt Recovery* under Section 2 of the RSMP and described how it complied with those codes. The Flow Systems *Customer Complaints Policy* references the Code of Practice. There was no evidence of failure to comply with those codes. Accordingly, the Licence Holder was Compliant in respect of these obligations.

Flow Systems had correctly referenced the *Marketing and Transfer Codes of Conduct* under Section 5 of the RSMP and described how it would comply with those codes. Accordingly, the Licence Holder was Compliant in respect of these obligations. Marketing and Transfer Code of Conduct.

Where no 'code of conduct' has been agreed with other utilities, Flow Systems has agreed, or is in the process of finalising, a *Utility Services Agreement* for each scheme.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WIC Reg Sched 2 cl.7A(2)(a)	Requirement	Compliance Grade
	The retail supplier must ensure that its Retail Supply Management Plan is fully implemented and kept under regular review and, in particular, that all of its activities are carried out in accordance with that Plan.	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Retail Supply Management Plan* Revision 4 dated 11 February 2016 (RSMP).

Summary of reasons for grade

Flow Systems had an appropriate and current Retail Supply Management Plan which had been provided to IPART; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

The Flow Systems *Retail Supply Management Plan* Revision 4 dated 11 February 2016 is the most recent Retail Supply Management Plan (RSMP), is reasonably up to date and has been provided to IPART. Critical information that can change regularly, such as contact details of key personnel, is retained separately. There is evidence that the RSMP is subject to both a programmed review and quality assurance process with a defined frequency of review in addition to an event based review process.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WIC Reg Sched 2 cl.7A(3)(a)	Requirement	Compliance Grade
	If the Minister or IPART so demands, or if any significant change is made to its Retail Supply Management Plan, the retail supplier must provide the Minister or IPART with a report, prepared by an approved auditor in such manner and form as the Minister or IPART may direct, as to the adequacy of the Plan.	No requirement

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Retail Supply Management Plan* Revision 4 dated 11 February 2016 (RSMP).

Summary of reasons for grade

An audit on the Retail Supply Management Plan was not required by IPART during the audit period and the document hadn't otherwise significantly changed such that it required an audit prior to the audit conducted alongside that reported here; accordingly, there was No Requirement in respect of this obligation.

Discussion and notes

The Retail Supply Management Plan (RSMP) was being audited on the same day as the Operational Audit of the Retail Supplier's Licence. An audit on the RSMP was not required by IPART during the audit period and the document hadn't otherwise significantly changed such that it required an audit prior to the audit conducted alongside that reported here; accordingly, there was No Requirement in respect of this obligation. The updating of contact details and other administrative updates are not considered to represent a 'significant' change to the RSMP.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WICReg Sched 2 cl.7B(1)(f)	Requirement	Compliance Grade
	The retail supplier's website must contain details of any relevant government policy that applies to the retail supplier.	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
 - Flow Systems internet site *Help Centre* (<https://askus.flowsystems.com.au/hc/en-us>).
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Summary of reasons for grade

Flow Systems had an appropriate internet site to guide persons to the relevant government policies; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems makes reference within its internet site to the relevant government policies and internet sites. These sites are accessed via the Help Centre which references the Customer Contract, WIC Acts and Licences, EWON information, debt recovery, payment assistance and so on. These links were tested and found to be functional on the day of audit. All of these links were accessible via the relevant home page and were not buried or dark sites.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WICReg Sched 2	Requirement	Compliance Grade
cl.9(1)(a-b); (2)	<p>A retail supplier of non-potable water must inform any customer to which such water is supplied as to the authorised purposes in relation to that water.</p> <p>A retail supplier of non-potable water must not supply such water to any customer for use for an unauthorised purpose unless the water is to be processed by the customer to become water for which that purpose is an authorised purpose.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems internet site *Help Centre* (<https://askus.flowsystems.com.au/hc/en-us>).
- Flow Systems *Homeowners Guide*.
- Flow Systems *Operations and Communications Protocol High Rise Communities*.

Summary of reasons for grade

Flow Systems provided clarity and proactive awareness in relation to permitted uses of recycled water as set out in the licence; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems and the Facilities Managers have provided (in the auditor's opinion) adequate instruction to customers on appropriate water use and have put in place adequate physical barriers to inappropriate use, such as direct connections for toilets and washing machines or unique connectors/threads. Therefore, all reasonable steps have been taken to ensure that customers are not using supplied water for unauthorised purposes. For land and housing packages the *Homeowners Guide* is available from the *Help Centre* and is sent in hard copy to customers.

For apartment customers don't have access to a tap – recycled water only fits to the washing machine and toilet. For apartments, Flow Systems maintains its relationship with Facilities Managers and Property Managers rather than having a direct relationship with the tenant. The document that is used to formalize that process, the *Operations and Communications Protocol High Rise Communities*, covers WICA, policies, obligations, uses of water, incident reporting, notification, cross-connection checks and customer notification.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WICReg Sched 2 cl.10(1)(a- d); (2)	Requirement	Compliance Grade
	<p>A retail supplier must not enter into water supply contracts under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such contracts, having regard to the capacity of the relevant water source to supply water or the volume of water available to the retail supplier from that source.</p> <p>A retail supplier must not enter into water supply contracts under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such contracts, having regard to the quality of the water derived from that water source.</p> <p>A retail supplier must not enter into water supply contracts under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such contracts, having regard to the water infrastructure from which the water is to be supplied.</p> <p>A retail supplier must not enter into water supply contracts under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such contracts, having regard to the conditions on which the retail supplier has access to the infrastructure, whether pursuant to an access agreement or access determination or otherwise.</p> <p>A retail supplier must not enter into water supply contract with a customer unless the premises to which the water is to be supplied are connected to, or readily connectable to, a water main to which the licensee has access.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Customer Contract* dated to 30 October 2015.
- Flow Systems *Homeowners Guide*.

Summary of reasons for grade

Flow Systems has full awareness of its customer base and has met its capacity and quality requirements to date for the supply of its services and is currently expanding some plant to meet future growth. There is no evidence that Flow Systems is making false claims based on a review of its marketing materials or service offering documentation. Accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems has developed a *Customer Contract* the most recent version of which was dated to 30 October 2015. The update highlights what's changed since the 2014 version. Flow Systems is planning to develop a customer charter as well as a special industrial contract for a thermal plant.

The Flow Systems communities are new, master-planned land and housing or high rise developments

with pre-allocated lot numbers. Flow Systems retains builder and surveyor guidance that shows the locations and key infrastructure. The individual property record is the point of truth for each customer. An example was sighted of a Pitt Town property search that covers customer addresses and details. Flow Systems retains 'as built' drawings as well as maintaining a dial-before-you-dig register of all of its assets and customer locations.

At present, Flow Systems only appears to be servicing customers of which it is aware and within the capacity of the systems that it is operating. To date Flow Systems has met its capacity and quality requirements for the supply of its services and is currently expanding some plant to meet future growth (e.g. Pitt Town); accordingly, the Licence Holder was Compliant in respect of this obligation

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WIC Reg Sched 2 cl.11	Requirement	Compliance Grade
	A retail supplier must not terminate the supply of water to any of its customers within the whole or any part of its area of operations unless it has given IPART and the Minister at least 14 days written notice.	No requirement
Risk		Target for Full Compliance
No significant risks were identified.		N/A
Evidence sighted		
<ul style="list-style-type: none"> ▪ Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office. ▪ Flow Systems <i>Customer Contract</i> dated to 30 October 2015. 		
Summary of reasons for grade		
To date no customers have had their supplies or services terminated; accordingly, there was No Requirement in respect of this obligation.		
Discussion and notes		
To date no customers have had their supplies or services terminated.		
Recommendations		
There are no recommendations in respect of this requirement.		
Opportunities for improvement		
No opportunities for improvement have been identified in respect of this requirement.		

WIC Reg Sched 2 cl.12	Requirement	Compliance Grade
	A retail supplier must ensure its customers are kept informed of any water restriction that applies to them in any bill or other correspondence it sends to them while the restriction is in force.	No requirement
Risk		Target for Full Compliance
No significant risks were identified.		N/A
Evidence sighted		
<ul style="list-style-type: none"> ▪ Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office. ▪ Flow Systems <i>Customer Contract</i> dated to 30 October 2015. 		
Summary of reasons for grade		
To date no customers have had their supplies or services restricted; accordingly, there was No Requirement in respect of this obligation.		
Discussion and notes		
To date no customers have had their supplies or services restricted.		
Recommendations		
There are no recommendations in respect of this requirement.		
Opportunities for improvement		
No opportunities for improvement have been identified in respect of this requirement.		

WIC Reg Sched 2 cl.14(1-4)	Requirement	Compliance Grade
	<p>A retail supplier must not supply water to a small retail customer otherwise than under a water supply contract.</p> <p>A retail supplier of small retail customers' water supply contracts must address the matters referred to in WIC Reg Schedule 2 c1.14(2).</p> <p>A retail supplier of small retail customers' water supply contracts must provide that the licensee must not disconnect the customer's premises from the retail supplier's water main as a consequence of a customer's non- payment of a debt.</p> <p>A retail supplier that proposes to supply water to a small retail customer on terms that are different from those set out in the licensee's standard water supply contract must notify the customer of the various differences before the customer enters into the contract.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Customer Contract* dated to 30 October 2015.

Summary of reasons for grade

The matters referred to in WIC Reg Schedule 2 c1.14(2) are explicitly addressed within the *Customer Contract* and all customers are connected with an associated contract. In addition no customers have been disconnected by Flow Systems. Accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems has developed a *Customer Contract* the most recent version of which was dated to 30 October 2015. The update highlights what's changed since the 2014 version. Flow Systems is planning to develop a customer charter as well as a special industrial contract for a thermal plant. No customers have been disconnected by Flow Systems.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WICReg Sched 2	Requirement	Compliance Grade
cl.14(5)(a-g)	<p>Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the customer's name, and the address of the premises to be supplied.</p> <p>Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the date on which supply is to commence.</p> <p>Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the fees and charges that will be payable in respect of the supply.</p> <p>Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the circumstances in which the customer's premises may be disconnected from the water main.</p> <p>Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the retail supplier's procedures for handling customer complaints.</p> <p>Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the existence of any government-funded rebates for which the customer may be eligible.</p> <p>Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies where the customer can obtain a copy of the contract.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Customer Contract* dated to 30 October 2015.
- Flow Systems internet site *Help Centre* (<https://askus.flowsystems.com.au/hc/en-us>).

Summary of reasons for grade

All matters referred to in WIC Reg Schedule 2 c1.14(5) are explicitly addressed within the customer contract and all customers are connected with an associated contract that is associated with the relevant disclosure notice. There is no evidence that Flow Systems is making false claims based on a review of its contract documentation. Accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems has developed a *Customer Contract* the most recent version of which was dated to 30 October 2015. The update highlights what's changed since the 2014 version. Flow Systems is planning to

develop a customer charter as well as a special industrial contract for a thermal plant. No customers have been disconnected by Flow Systems. The matters referred to in WIC Reg Schedule 2 c1.14(5) are explicitly addressed within the customer contract.

Flow Systems provides a suitable *Disclosure Notice*, addressing the requirements of WIC Reg Schedule 2 c1.14(5), that exists as a stand-alone document that is displayed as part of registering as a customer on the Flow Systems *Help Centre* internet. This information is provided in hard copy if so requested.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WICReg Sched 2 c1.16(1)(a- c);(2)	Requirement	Compliance Grade
	<p>A retail supplier must not enter into sewerage service arrangements under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such arrangements, having regard to the sewerage infrastructure from which those services are to be provided.</p> <p>A retail supplier must not enter into sewerage service arrangements under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such arrangements, having regard to any limitations on the capacity of that infrastructure to dispose waste.</p> <p>A retail supplier must not enter into sewerage service arrangements under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such arrangements, having regard to the conditions on which the retail supplier has access to the infrastructure services provided by that infrastructure, whether pursuant to an access arrangement or access determination or otherwise.</p> <p>A retail supplier must not enter into sewerage service arrangement with a customer unless the premises to which the service is to be supplied are connected to, or readily connectible to, a sewer main to which the licensee has access.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Customer Contract* dated to 30 October 2015.
- Flow Systems *Homeowners Guide*.

Summary of reasons for grade

Flow Systems has full awareness of its customer base and has met its capacity and quality requirements to date for the supply of its services and is currently expanding some plant to meet future growth. There is no evidence that Flow Systems is making false claims based on a review of its marketing materials or service offering documentation. Accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems has developed a *Customer Contract* the most recent version of which was dated to 30 October 2015. The update highlights what's changed since the 2014 version. Flow Systems is planning to develop a customer charter as well as a special industrial contract for a thermal plant.

The Flow Systems communities are new, master-planned land and housing or high rise developments with pre-allocated lot numbers. Flow Systems retains builder and surveyor guidance that shows the locations and key infrastructure. The individual property record is the point of truth for each customer. An example was sighted of a Pitt Town property search that covers customer addresses and details. Flow Systems retains 'as built' drawings as well as maintaining a dial-before-you-dig register of all of its assets and customer locations.

At present, Flow Systems only appears to be servicing customers of which it is aware and within the

capacity of the systems that it is operating. To date Flow Systems has met its capacity and quality requirements for the supply of its services and is currently expanding some plant to meet future growth (e.g. Pitt Town); accordingly, the Licence Holder was Compliant in respect of this obligation

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WICReg Sched 2 cl.17	Requirement	Compliance Grade
	A retail supplier must not terminate the provision of sewerage services to any of its customers within the whole or any part of its area of operations unless it has given IPART and the Minister at least 14 days' written notice.	No requirement
Risk No significant risks were identified.		Target for Full Compliance N/A
Evidence sighted		
<ul style="list-style-type: none"> ▪ Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office. ▪ Flow Systems <i>Customer Contract</i> dated to 30 October 2015. 		
Summary of reasons for grade		
To date no customers have had their supplies or services terminated; accordingly, there was No Requirement in respect of this obligation.		
Discussion and notes		
To date no customers have had their supplies or services terminated.		
Recommendations		
There are no recommendations in respect of this requirement.		
Opportunities for improvement		
No opportunities for improvement have been identified in respect of this requirement.		

WICReg Sched 2 c1.19(1-2);(3 a-b)	Requirement	Compliance Grade
	<p>A retail supplier must not provide a sewerage service to a small retail customer otherwise than under a sewerage service contract.</p> <p>A retail supplier's sewerage service contracts for small retail customer must address the matters referred to in WIC Reg Schedule 2 cl. 19(2).</p> <p>A retail supplier's sewerage contracts for small retail customers must provide that the licensee must not disconnect the customer's premises from the retail supplier's sewer main as a consequence of the customer's non-payment of a debt.</p> <p>A retail supplier's sewerage contracts for small retail customers must provide that the licensee must not reduce the flow of sewage into a retail supplier's sewer main below that necessary for basic hygiene as a consequence of the customer's non-payment of a debt.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Customer Contract* dated to 30 October 2015.

Summary of reasons for grade

The matters referred to in WIC Reg Schedule 2 c1.19(2) are explicitly addressed within the *Customer Contract* and all customers are connected with an associated contract. In addition no customers have been disconnected by Flow Systems. Accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems has developed a *Customer Contract* the most recent version of which was dated to 30 October 2015. The update highlights what's changed since the 2014 version. Flow Systems is planning to develop a customer charter as well as a special industrial contract for a thermal plant. No customers have been disconnected by Flow Systems.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

WICReg Sched 2	Requirement	Compliance Grade
cl.19(4)(a-g)	<p>Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the customer's name, and the address of the premises to be supplied.</p> <p>Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the date on which supply is to commence.</p> <p>Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the fees and charges that will be payable in respect of the supply.</p> <p>Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the circumstances in which the customer's premises may be disconnected from the sewer main.</p> <p>Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the retail supplier's procedures for handling customer complaints.</p> <p>Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the existence of any government-funded rebates for which the customer may be eligible.</p> <p>Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies where the customer can obtain a copy of the contract.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Customer Contract* dated to 30 October 2015.
- Flow Systems internet site *Help Centre* (<https://askus.flowsystems.com.au/hc/en-us>).

Summary of reasons for grade

The matters referred to in WIC Reg Schedule 2 c1.19(4) are explicitly addressed within the customer contract and all customers are connected with an associated contract that is associated with the relevant disclosure notice. Those notifications take place as part of and immediately prior to the customer entering into a contract. Accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems has developed a *Customer Contract* the most recent version of which was dated to 30 October 2015. The update highlights what's changed since the 2014 version. Flow Systems is planning to develop a customer charter as well as a special industrial contract for a thermal plant. No customers have been disconnected by Flow Systems. The matters referred to in WIC Reg Schedule 2 c1.19(4) are explicitly addressed within the customer contract.

Flow Systems provides a suitable *Disclosure Notice*, addressing the requirements of WIC Reg Schedule 2 c1.19(4), that exists as a stand-alone document that is displayed as part of registering as a customer on the Flow Systems *Help Centre* internet. This information is provided in hard copy if so requested.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

Retail Supplier Licence cl.	Requirement	Compliance Grade
A1.1-5, A2.1-5, A3.1-5	<p>The Licence Holder and the authorised third parties have supplied water or provided sewerage services by means of the water industry infrastructure specified in the Licence.</p> <p>The Licence Holder and the authorised third parties have supplied water or provided sewerage services within the area of operations specified in the Licence.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Customer Contract* dated to 30 October 2015.
- Flow Systems *Homeowners Guide*.

Summary of reasons for grade

Only the Licence Holder and the authorised third parties supplied services which were in turn limited to provision via the water industry infrastructure and within the area of operations specified in the Licence; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

The Flow Systems communities are new, master-planned land and housing or high rise developments with pre-allocated lot numbers. Flow Systems retains builder and surveyor guidance that shows the locations and key infrastructure. The individual property record is the point of truth for each customer. An example was sighted of a Pitt Town property search that covers customer addresses and details. Flow Systems retains 'as built' drawings as well as maintaining a dial-before-you-dig register of all of its assets and customer locations.

The Licence Holder and authorised third parties remain as they are described in the Licence. Only those parties have supplied the water industry services. Flow Systems's understanding of the infrastructure used to supply customers are within those described within the Licence.

Flow Systems was able to illustrate the process of existing properties switching to Flow from Hunter Water at Huntlee.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

Retail Supplier Licence cl. B1	Requirement	Compliance Grade
	<p>The Licence Holder must have the technical capacity to carry out the activities authorised by this Licence. If the Licence Holder ceases to have this capacity, it must report this to IPART immediately.</p> <p>The Licence Holder must have the organisational capacity to carry out the activities authorised by this Licence. If the Licence Holder ceases to have this capacity, it must report this to IPART immediately.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems internet site *Help Centre* (<https://askus.flowsystems.com.au/hc/en-us>).

Summary of reasons for grade

The Licence Holder had the technical capacity to carry out the activities authorised by this Licence; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

It was clear from interviews with Flow Systems staff that they had the technical and organisational capacity and understanding to deliver the required services relevant to the retailing of water services. Flow Systems had set up a situation that involved executive level reporting for its manager of the retail and customer services as well as having three staff in the customer service team. Flow Systems stated that it was planning to grow that team with its customer base. The current head count is based on customer forecast noting that most of the work associated with customer servicing occurs upfront – in setting up customer accounts. The team makes use of multi-skilled staff that cross-pollinate between roles to help provide mutual back up. In addition the Flow Systems finance team has been cross-trained in customer service to provide extra back up should that be required.

Flow Systems actively monitors its customer interactions e.g. number of customer interactions and satisfaction rating by customers. Furthermore, it is up to customers close tickets rather than Flow Systems staff to help ensure full customer satisfaction once customer servicing has been complete. Flow Systems is looking to add voice recording in future to help improve its services.

Flow Systems has a 24 hour fault and emergencies phone (advertised via its web site) that diverts to mobile to a person on call if required. Normal business enquiries are only handled during normal business hours only and that is made clear on the internet site.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

Retail Supplier Licence cl. B3.3	Requirement	Compliance Grade
	Whenever there is a change in the type, level or period of insurance held by the Licence Holder in relation to the activities authorised under the Licence, the Licence Holder must provide a copy of the certificate of currency to IPART within 10 days of the change being made.	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Email from Flow Systems to IPART with subject: *Change of Insurance Coverage* dated 19 January 2016 and IPART's reply dated 21 January 2016.

Summary of reasons for grade

Flow Systems has kept IPART informed of changes to its insurance coverage; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems provided evidence in the form of an email to IPART notifying of changes to its insurance coverage on 19 January 2016. That email provided the certificates of insurance as well as the notification. IPART confirmed the adequacy of Flow Systems' insurance by reply on 21 January 2016 indicating that IPART was comfortable with the insurance coverage and the notification period.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

Retail Supplier Licence cl. B4.1	Requirement	Compliance Grade
	The Licensee must carry out activities authorised by the licence in compliance with any requirements of NSW Health that: (a) IPART has agreed to; and (b) are notified from time to time to the Licence Holder by IPART in writing.	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Letter from IPART to Flow Systems dated 7 April 2015 stating that NSW Health requires Flow Systems to stop using the term 'refined water' to refer to recycled water by 31 December 2015 (IPART reference D15/5538).

Summary of reasons for grade

Flow Systems has a systematic approach to keeping NSW Health informed of incidents and risk assessments and for documenting and recording its formal interactions with NSW Health and requests that NSW Health makes, in particular any that are agreed to in writing by IPART. Accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems has developed a good relationship with NSW Health, both the Water Unit and with the relevant Local Health District officers in its areas of operations. The major interactions between Flow Systems and NSW Health come through incidents, where notification is required, or through risk assessments.

Flow Systems has ensured that NSW Health is involved with the risk assessment workshops for all of its schemes. To help ensure compliance with NSW Health requests, Flow Systems has developed a standard information request and documented form to capture information from NSW Health and to support compliance by Flow Systems with NSW Health's requests.

Flow Systems responded appropriately to the letter from IPART to Flow Systems (dated 7 April 2015) stating that NSW Health requires Flow Systems to stop using the term 'refined water' to refer to recycled water by 31 December 2015 (IPART reference D15/5538). The term is no longer used by Flow Systems and relevant documentation has been updated by Flow Systems. Compliance with this request has been subject to audit previously.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

Retail Supplier Licence cl. B5.1	Requirement	Compliance Grade
	The Licensee must comply with any audit guidelines issued by IPART.	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
-

Summary of reasons for grade

Flow Systems employs a dedicated Risk and Compliance Manager who actively maintains awareness of IPART's audit guidelines and any other compliance requirements and coordinates and manages Flow Systems' compliance with those requirements. Flow Systems schemes have been audited against IPART's audit guidelines and demonstrated awareness and compliance with those guidelines. Accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems employs a dedicated Risk and Compliance Manager who actively maintains awareness of IPART's audit guidelines and any other compliance requirements and coordinates and manages Flow Systems' compliance with those requirements.

Flow Systems has been audited regularly against IPART's audit guidelines and has demonstrated its awareness of those guidelines and has attained a suitable level of compliance.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

Retail Supplier Licence cl. B6.1	Requirement	Compliance Grade
	The Licence Holder must prepare and submit reports in accordance with the applicable Reporting Manual issued by IPART and available from IPART's website www.ipart.nsw.gov.au.	Compliant
Risk	Target for Full Compliance	
No significant risks were identified.	N/A	
Evidence sighted		
<ul style="list-style-type: none"> ▪ Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office. 		
Summary of reasons for grade		
<p>The Network Operator (for fives schemes) and Retail Supplier Annual Reports were completed, signed and submitted to IPART by 31 August 2015, as required; accordingly, the Licence Holder was Compliant in respect of this obligation.</p>		
Discussion and notes		
<p>The Network Operator (for fives schemes) and Retail Supplier Annual Reports were completed, signed and submitted to IPART by 31 August 2015, as required.</p>		
Recommendations		
<p>There are no recommendations in respect of this requirement.</p>		
Opportunities for improvement		
<p>No opportunities for improvement have been identified in respect of this requirement.</p>		

Retail Supplier Licence cl. B8.1	Requirement	Compliance Grade
	Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Retail Supply Management Plan* Revision 4 dated 11 February 2016 (RSMP).

Summary of reasons for grade

The Licence Holder had supplied IPART with up to date copies of its Plans to IPART in good time; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

The Retail Supply Management Plan (RSMP) was being audited on the same day as the Operational Audit of the Retail Supplier’s Licence. Since the completion of the version that had been supplied to IPART, a review and minor updates had taken place to the RSMP. However, these changes were not significant. The updating of contact details and other administrative updates are not considered to represent a ‘significant’ change to the RSMP and as such the most recent version held by IPART was considered sufficiently up to date.

Flow Systems maintains old versions of its licence plans on file so that it’s easy to see what has changed. Documents are reviewed and updated frequently. However, the retail function is across schemes and so there is no requirement to significantly update the RSMP just because of the introduction of new customers or schemes.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

Retail Supplier Licence cl. B9.(1-3 and 5)	Requirement	Compliance Grade
	<p>If a code of conduct has not been established under clause 25 of the Regulation, the Licensee must establish a code of conduct (Licensee's code of conduct) in accordance with this clause B9.</p> <p>The Licensee's Code of Conduct must set out the respective responsibilities of:</p> <p>(a) the Licensee; and</p> <p>(b) each licensed network operator, licensed retail supplier and/or public water utility that constructs, maintains or operates any other water industry infrastructure in the Specified Area of Operations, by, at minimum, providing for:</p> <p>(c) if the Specified Water Industry Infrastructure is connected to any other water industry infrastructure, who is responsible for repairing, replacing or maintaining the Specified Water Industry Infrastructure,</p> <p>(d) who is responsible for water quality:</p> <p>(e) who is liable in the event of unavailability of water;</p> <p>(f) who is liable in the event of failure of the Specified Water Industry Infrastructure;</p> <p>(g) the fees and charges payable in respect of the use of the Specified Water Industry Infrastructure; and</p> <p>(h) who is responsible for handling customer complaints.</p> <p>Before commencing to supply water through the Specified Water Industry Infrastructure under this Licence or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between the Licensee and the other licensed network operators, licensed retail suppliers and/ or public water utilities referred to in B9.2.</p> <p>The Licensee must not contravene the Licensee's Code of Conduct to the extent that it makes the Licensee responsible or liable for the matters set out in it.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Examples of *Utility Services Agreement* documents with other parties

Summary of reasons for grade

Where no 'code of conduct' has been agreed with other utilities Flow Systems has agreed, or is in the process of finalising, an equivalent documents, a *Utility Services Agreement*, for each scheme. Accordingly, the Licence Holder was Compliant in respect of these obligations.

Discussion and notes

Where no 'code of conduct' has been agreed with other utilities Flow Systems has agreed, or is in the process of finalising, a *Utility Services Agreement* for each scheme. These *Utility Services Agreement* documents set out the required obligations in accordance with Retail Supplier Licence cl. B9.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

Retail Supplier Licence cl. B11.(1-2)	Requirement	Compliance Grade
	<p>The Licensee must only source and supply water by means of water industry infrastructure maintained and operated by a licensed network operator or a public water utility.</p> <p>The Licensee must only provide sewerage services by means of water industry infrastructure maintained and operated by a licensed network operator or public water utility.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.
- Flow Systems *Customer Contract* dated to 30 October 2015.
- Flow Systems *Homeowners Guide*.

Summary of reasons for grade

Services were limited to provision via the water industry infrastructure and within the area of operations specified in the Licence; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

The Flow Systems communities are new, master-planned land and housing or high rise developments with pre-allocated lot numbers. Flow Systems retains builder and surveyor guidance that shows the locations and key infrastructure. The individual property record is the point of truth for each customer. An example was sighted of a Pitt Town property search that covers customer addresses and details. Flow Systems retains 'as built' drawings as well as maintaining a dial-before-you-dig register of all of its assets and customer locations.

The Licence Holder and authorised third parties remain as they are described in the Licence. Only those parties have supplied the water industry services. Flow Systems's understanding of the infrastructure used to supply customers are within those described within the Licence.

Flow Systems was able to illustrate the process of existing properties switching to Flow from Hunter Water at Huntlee.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.

Retail Supplier Licence cl. B12.(2-3)	Requirement	Compliance Grade
	<p>a) The Licensee must notify IPART in accordance with the Reporting Manual that it has commenced to supply water through the relevant Specified Water Industry Infrastructure; and</p> <p>(b) provide such notification within 10 days after such commencement.</p> <p>The Licensee must:</p> <p>(a) notify IPART in accordance with the Reporting Manual that it has commenced to provide sewerage services through the relevant Specified Water Industry Infrastructure; and</p> <p>(b) provide such notification within 10 days after such commencement.</p>	Compliant

Risk	Target for Full Compliance
No significant risks were identified.	N/A

Evidence sighted

- Interviews with Laura Dixon, Candice Suttor and Jason Frey held 1 July 2016 at Flow Systems Head Office.

Summary of reasons for grade

Flow Systems has stated that it has provided notification to IPART within 10 days of commencing supply of services through the relevant Specified Water Industry Infrastructure in accordance with the Reporting Manual; accordingly, the Licence Holder was Compliant in respect of this obligation.

Discussion and notes

Flow Systems employs a dedicated Risk and Compliance Manager who actively maintains awareness of IPART’s compliance requirements and coordinates and manages Flow Systems’ compliance with those requirements. Flow Systems has been audited regularly against IPART’s requirements and has attained a suitable level of compliance in those audits. Flow Systems demonstrated that it has been able to comply with its requirements to provide notification to IPART within 10 days of commencing supply of services through the relevant Specified Water Industry Infrastructure in accordance with the Reporting Manual. Accordingly, the Licence Holder was Compliant in respect of this obligation.

Recommendations

There are no recommendations in respect of this requirement.

Opportunities for improvement

No opportunities for improvement have been identified in respect of this requirement.