

SYDNEY WATER, AUSTRALIA

1. LEGAL STRUCTURE & OWNERSHIP

Sydney Water was created by Statute in 1994. In 1998 there was a water contamination crisis in Sydney and the bulk water operations were separated out from the remainder of the business to create greater accountability. Sydney Water is a state-owned corporation owned by the people of New South Wales, Australia. The corporation has two shareholding ministers—the Minister for Infrastructure and the Minister for Finance and Commerce. The line minister for Sydney Water is the Minister for Water Utilities.

The guiding legislation is the [State-Owned Corporations Act of 1989](#) and [Sydney Water Act of 1994](#).

2. CORPORATE GOVERNANCE

The **Board of Directors** has up to 10 members with the chairman and the directors appointed by the shareholder ministers for not more than five years. The [Sydney Water Act 1994](#) requires that openings on the board be publicly advertised. Board members must have expertise in business management, environmental protection, and/or public health.

The board has adopted a **Code of Conduct** that is an adaptation of principles developed by the Australian Institute of Company Directors.

The Managing Director is appointed by the Governor following an initial recommendation by the board. The Managing Director is responsible for daily management of Sydney Water's operations in accordance with the policies and directions of the board. The Managing Director is accountable to the board through an **Instrument of Conferral of Powers and Authority** granted by the board, an **Employment Agreement**, and a **Performance Agreement**. Performance of the Managing Director is reviewed every six months.

The [State-Owned Corporations Act 1989](#) sets out a minimum standard for directors' duties and **Sydney Water's Constitution** provides additional guidance.

The Independent Pricing and Regulatory Tribunal (IPART) of NSW is an independent regulator that determines the maximum prices Sydney Water can charge for water, wastewater and stormwater services. In September 2005, Sydney Water's prices were determined by the IPART for the four-year period to 30 June 2009.

3. DOCUMENTED OBLIGATIONS AND RIGHTS

In 1994, the Council of Australian Governments issued a **Strategic Water Reform Framework** with key goals of economic and environmental sustainability. Each state agreed to reforms including:

- Commercially viable and justifiable water pricing,
- Reform of government monopolies to achieve separation of institutional roles,
- Performance monitoring, and
- Public consultation and education.

In 1995, a related reform was establishment of the **National Competition Policy** (NCP). Some key tenets of the NCP which have set the tone for all reforms in the water sector include:

- Independent oversight of pricing of government businesses,
- Competitive neutrality of government businesses, and

- Structural reform of the businesses and requirement to conform to the Corporations Law.

Within this framework, Sydney Water is governed by an [Operating License](#), issued under the [Sydney Water Act 1994](#), and regulated by IPART. The Operating License documents public expectations of performance and provides a framework to ensure that Sydney Water maximizes investment and meets objectives to protect public health, protect the environment, and be a successful business.

WaterPlan 21 is Sydney Water's strategic plan for the growth of sustainable services.

Sydney Water's **Corporate Plan** is a medium-term business plan. It identifies corporate initiatives, actions, and associated performance measures for a five-year period.

Sydney Water's operational performance under the license is assessed annually by an **operational audit** managed by IPART and presented to the Minister for Utilities and presented in Parliament.

4. ACCOUNTING AND FINANCIAL MANAGEMENT

The **Statement of Corporate Intent** is an annual statement that specifies business drivers for financial management and commercial performance targets agreed by Sydney Water and its voting shareholders. Sydney Water's revenue, operational and capital budgets form the basis of these targets.

The accounting and financial management requirements of the company are set out in legislation and reinforced by the company constitution, by-laws and the independent audits of financial statements performed annually.

5. CUSTOMER ORIENTATION

Sydney Water conducts numerous customer surveys, differentiated by type of customer. The [2005 Annual Report](#) reports showed that customer satisfaction with water and wastewater services, as measured through the Annual Residential Customer Survey, was at 91% for tap water, and 83% for the sewerage system.

There is a central customer contact center; an extensive [Web site](#) which offers online bill payment and enquiry options; and other electronic services specifically tailored to groups such as developers, plumbers, and builders; as well as three customer service centers providing over-the-counter service.

A new Customer Contact Management System was operational in late 2004, allowing Sydney Water to track the history and progress of each customer enquiry.

The new *Ask Sydney Water* feature on the [Web site](#) prompted 193,000 customer enquiries with standard responses to frequently asked questions. Another 20,000 customers emailed questions or their comments to Sydney Water. Visits to the Web site increased 32% from 2003-2004 to 2004-2005.

Additional paypoints are being developed including post offices and news agents.

6. TRANSPARENCY AND USE OF DATA

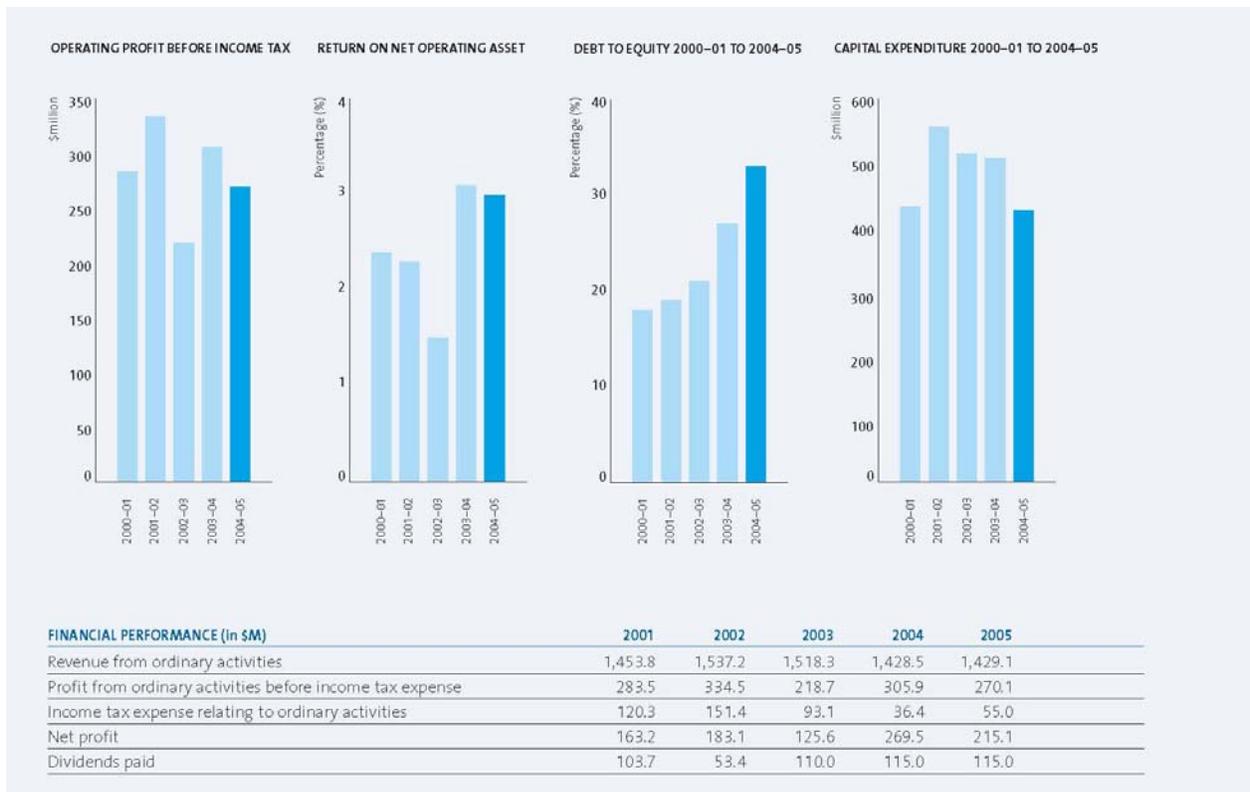
The [annual report](#) and other documentation are readily available on the [Web site](#) of Sydney Water. There are many vehicles for customer interaction with the utility including customer councils providing a forum for dialogue.

The utility is independently audited from both a financial and an operational perspective and the results are communicated in government and to the public. Sydney Water also issues reports on environmental issues and water quality.

7. PERFORMANCE RESULTS

OUR SERVICES AT A GLANCE

WATER SERVICES	2004-05	2003-04
Estimated population supplied by Sydney Water at 30 June ⁺	4,227,570	4,189,081 ^o
Properties with a water main available at 30 June [*]	1,684,617	1,661,394
Number of water meters in operation at 30 June	1,252,681	1,243,353
Total quantity of drinking quality water supplied for all purposes	526,367 ML	562,746 ML
Average day's consumption of drinking quality water for all purposes [#]	1,406 ML	1,500 ML
Per person consumption per day based on average population for period for drinking and non-drinking purposes ⁺⁺	342 L	369 L
Total estimated amount of drinking water saved through Demand Management Programs since 1999	34,574 ML	29,405 ML
Total length of drinking water mains owned and operated by Sydney Water at 30 June [~]	20,669 km	20,588 km
Drinking water mains laid during year	70 km	115 km
Drinking water mains laid – data lag from previous year	68 km	26 km
Drinking water mains renewed during year	91 km	54 km
Water mains inspected through active leak detection and repair	7,988 km	7,102 km
Amount of drinking water saved through leak detection	16,800 ML/year	15,100 ML/year
RECYCLING	2004-05	2003-04
Estimated residential population receiving non-drinking recycled water at 30 June for non-drinking purposes	45,700	42,800
Residential properties receiving non-drinking recycled water at 30 June	15,245	14,270
Commercial, industrial properties receiving non-drinking recycled water at 30 June	81	77
Total amount of non-drinking recycled water supplied	12,751 ML	14,324 ML
Estimated amount of drinking water saved through recycling during year	4,076 ML	4,037 ML
Total length of recycled water mains owned and operated by Sydney Water at 30 June	291 km	279 km
Recycled water mains laid during year	6 km	11 km
WASTEWATER SERVICES	2004-05	2003-04
Estimated population served by Sydney Water at 30 June [*]	4,101,160	4,060,689 ^o
Properties for which a sewer was available at 30 June [*]	1,634,608	1,610,804
Amount of wastewater collected during year (excluding Sydney Olympic Park Authority, SOPA)	453,969 ML	451,907 ML
Amount of wastewater recycled (reused) during year	2,757 ML	2,701 ML
Total length of sewer mains owned and operated by Sydney Water at 30 June [~]	23,247 km	23,014 km
Sewer mains laid during year	166 km	96 km
Sewer mains laid – data lag from previous year	78 km	64 km
Sewer mains rehabilitated during year	91 km	65 km



Source: Sydney Water 2005 Annual Report.