

BUDGET ESTIMATES 2001

General Purpose Standing Committee No. 5

QUESTIONS ON NOTICE

SYDNEY WATER

QUESTIONS TAKEN ON NOTICE DURING HEARING

1. Mr Ryan asked the Minister for Sydney Water, the Hon Kim Yeadon, MP —

(Relevant area in Hansard: p4, top)

On how many occasions has the Northside Storage Tunnel vent at Scotts Creek operated?

ANSWER

To 24 August 2001, the Scotts Creek vent has operated on nine occasions during commissioning of the tunnel.

2. Mr Ryan asked the Minister for Sydney Water, the Hon Kim Yeadon, MP —

(Relevant area of Hansard: p8, middle)

- (1) What was the number and actual cost of staff redundancies under the voluntary exit program for the 2000-01 financial year?**
- (2) What was the target number of redundancies for 2000-01 under the voluntary exit program? Was this target achieved?**

ANSWER

- (1) Under the Voluntary Exit Program, 37 people departed the organisation in 2000/2001 at a cost of \$4.5 million.**
- (2) Under the Voluntary Exit Program, there was no target number of redundancies for 2000/2001.**

3. Mr Harwin asked the Minister for Sydney Water, the Hon Kim Yeadon, MP —

(Relevant area of Hansard: p 12, top)

Is Sydney Water currently under investigation of being prosecuted for any water pollution offences?

ANSWER

This question should be referred to Sydney Water's regulators.

4. Mr Ryan asked officers of Sydney Water —

(Relevant area of Hansard: p 18, bottom)

- (1) Could you please list all capital works projects that are referred to in Sydney Water's most recent statement of corporate intent?**
- (2) Have any of these projects been rescheduled from their initial start date? If so, how?**

ANSWER

- (1)** Sydney Water's 2000/2001 Statement of Corporate Intent included a forecast capital program for 2000/2001 of \$425 million. This was substantially the same program as listed in the 2000/2001 Budget Paper No 4 – State Asset Acquisition Program, adjusted for some minor escalations and the capitalisation of some borrowing costs.
- (2)** Progress on all of the listed projects was satisfactory in 2000/2001, with final expenditure of \$432 million.

5. Mr Ryan asked officers of Sydney Water —

(Relevant area of Hansard: p 19, middle)

- (1) When do you expect to begin works to upgrade the North Head sewage treatment plant to ensure that grease and sewage floatables are not discharged from the plant?**
- (2) When do you expect these works to be complete?**

ANSWER

(1)-(2) Sydney Water is planning to improve the performance of its major ocean plants as part of the Coastal Wastewater Strategy, a WaterPlan 21 initiative. Sydney Water is now proceeding with planning for the improvements at North Head STP to be constructed between 2004 and 2007.

A Scoping Study for North Head STP commenced on 3 July 2001. This work is being undertaken to progress the project to the next phase and includes a review of broad technical options, preliminary environmental assessment, and stakeholder consultation.

6. Mr Ryan asked officers of Sydney Water —

(Relevant area of Hansard: p 19, bottom)

In relation to the comment in Sydney Water's statement of corporate intent that there were some areas where lower levels of compliance had been achieved in terms of Sydney Water's operating licence,

(1) Please identify the precise areas where lower levels of compliance were achieved?

(2) Please provide details of the extent of non-compliance in each area?

ANSWER

(1)-(2) The Licence Regulator's report on the independent operational audit of Sydney Water for the 12 months ending 31 December 1999 found that Sydney Water achieved high or full compliance for the majority of the operating licence requirements. The regulator also reported there were no areas of non-compliance.

Details of those areas where lower levels of compliance occurred are found in that report.

7. Mr Ryan asked officers of Sydney Water —

(Relevant area of Hansard: p 20, top)

Could you please provide a list of the programs referred to in the statement that "[f]urther investments, including the continuation of the interim IE program, sewage pumping stations and a risk reduction program, are proposed over the next four years in the capital works program" on page 21 of Sydney Water's statement of corporate intent?

ANSWER

The programs listed in the statement are the interim Inflow/Exfiltration (I/E) program and the sewage pumping station risk reduction program.

8. Mr Harwin asked officers of Sydney Water —

(Relevant area of Hansard: p 20, bottom)

What costs were incurred by Sydney Water as a result of commencing appeals against 27 sewer system licences issued by the EPA earlier this year?

ANSWER

Expenditure on legal costs followed appropriate review of the circumstances and the need for such expenditure.

9. Mr Ryan asked officers of Sydney Water —

(Relevant area of Hansard: p 21, top)

- (1) Could you please provide details of pricing trends for water supply over the last five years?**
- (2) Have increases in the price of water kept pace with the rate of inflation?**

ANSWER

- (1)** Since 1995/96, the average bill per property has decreased by 5.2 per cent in real terms. This improvement is the result of continuing reforms by Sydney Water such as Water Usage Price increases to encourage more efficient water use combined with progressive elimination of Property Value Based Charges. Overall, these reforms mean cheaper bills for Sydney's water, sewerage and stormwater services, as well as better allocation of precious water resources.
- (2)** Since 1995/96, customers have benefited from a real reduction in the average bill of about \$40.

10. Mr Ryan asked officers of Sydney Water —

(Relevant area of Hansard: p 22)

- (1) Could you please provide a breakdown, year by year, of the anticipated figure of \$450 million in borrowings over the next three years?**
- (2) What is Sydney Water's current overall level of debt?**

ANSWER

(1) – (2) This matter should be referred to Sydney Water's shareholding Ministers.

11. Mr Ryan asked officers of Sydney Water —

(Relevant area of Hansard: p 23, middle)

What revenue was foregone by Sydney Water for not being able to achieve its application before IPART for a price increase?

ANSWER

I am advised that IPART's pricing determination adopted the premise that customers should not pay significantly more than they were paying in 1999/2000.

When making its decision, IPART considered the submissions made by Sydney Water and the public. It also considered the appropriate levels of capital and operating expenditure to deliver services to customers.

12. Mr Harwin asked officers of Sydney Water —

(Relevant area of Hansard: p 24, middle)

How many consultants did Sydney Water commission in the last year?

ANSWER

Engagement of consultants were in accordance with Sydney Water's procurement guidelines.

13. Mr Ryan asked officers of Sydney Water —

(Relevant area of Hansard: p 25, top)

What will be the final cost of the sewage treatment plant at Cronulla?

ANSWER

The upgrade of Cronulla Sewage Treatment Plant has been completed on time and budget at a total cost within \$90 million.

14. Mr Johnson asked officers of Sydney Water —

(Relevant area of Hansard: p 25,middle)

Could you inform the Committee of how much it cost to provide answers to questions on notice?

ANSWER

Sydney Water's contribution to the total cost of providing answers to the Budget Estimates Committee's Questions on Notice in 2001 amounted to around \$5,000.

This can be added to Sydney Water's contribution to the total cost of providing information and support to the Minister and Sydney Water staff who were subpoenaed to appear at the Budget Estimates Committee sittings in June and July 2001. Sydney Water has advised me that this amount is estimated to be around \$35,000.

ADDITIONAL QUESTIONS ON NOTICE

15. Mr R Jones asked the Minister for Sydney Water, the Hon Kim Yeadon, MP—

[In relation to Northside Storage Tunnel - Filtration and effects on Glenaeon School]

- (1) How will the public be able to be satisfied with the performance of the Northside Storage Tunnel (NST) filtration system's safety without ongoing open monitoring with community involvement (eg via a local Council participant)?**
- (2) How does Sydney Water (SW) propose to sample the filters' condition and the content and composition of the entrapped particles?**
- (3) How will SW fulfil its responsibility to notify the community, especially the Glenaeon School, of the vent operating?**
- (4) (a) Will the SW indemnify the community from the long term health effects of emissions from the vent?**
(b) If not, why not?
- (5) (a) Will the State Government fund the relocation of Glenaeon School, which is less than 100m from the vent and this distance being contrary to accepted international practice?**
(b) If not, why not?

ANSWER

- (1)-(5)** An independent expert panel convened by the NSW Chief Health Officer met to discuss alleged impacts on public health. The Expert Panel was unanimous in its view that the evidence indicates that the filtered vent presents no increase in risks to public health. Sydney Water concurs with this advice.

Based upon this advice, Sydney Water is strongly of the view that the operation of the ventilation system at Scotts Creek does not increase any public health impacts to the Glenaeon School and local community members.

A final filter has been installed at both the Scotts Creek and Lane Cove River West vents in addition to other filtering mechanisms. The Chief Health Officer's Expert Panel is unanimous in the view that the addition of the final filter together with all of the other controls is sufficient to safeguard the health of the community. The final filter will provide further reassurance to those in the community.

Sydney Water has maintained regular contact with the Glenaeon School since commissioning of the Scotts Creek vent commenced. Any formal arrangements to provide the community with information about the operation of the tunnel and vents will be in accordance with the Operation Environment Management Plan.

16. Mr R Jones asked the Minister for Sydney Water, the Hon Kim Yeadon, MP—

[In relation to Northside Storage Tunnel - Construction, Costs, Erosion, Pump Failure, Contents and STP Connections]

- (1) Did Sydney Water (SW) and or the Alliance hit an aquifer/s during construction of the Northside Storage Tunnel (NST)?**
- (2) Has SW factored into their costings any reimbursement to the environment for any environmental degradation that has occurred as a result of hitting the aquifer/s?**
- (3) What is it going to cost to maintain the tunnel annually?**
- (4) (a) As the NST is now unlined, the lining of the tunnel having been removed from the original design, will the tunnel suffer from water erosion due to wear and tear?**
 - (b) If so, how much?**
- (5) (a) Will the tunnel also eaten away by Sulphuric Acid?**
 - (b) If so, how much and what costings have been factored in for this type of erosion?**
- (6) What costs will be incurred when and if the pumps at North Head fail and how will this impact upon the overflows, particularly to other vents such as Quakers Hat Bay?**
- (7) (a) Will Ingleside Estate, which is to be sub-divided into extra buildings sites, be connected to the Warriewood sewage treatment plant which is already at peak flows?**
 - (b) If so, will the Warriewood sewage treatment plant be connected to the NST and what are the costings for this?**
- (8) Is SW continuing to connect an extra line from Chatswood to an already full system?**
- (9) What are the costings to these extra connections and how much has been allocated toward the maintenance?**
- (10) What other more environmentally-friendly and perhaps cheaper options have SW considered in place of an out-dated system such as the NST and what documentation does SW have on those options?**
- (11) (a) Did SW look at sewerage systems in Europe where there are no ocean outfalls in which to dump sewerage?**
 - (b) If so, how much money was spent on this research?**
 - (c) If not, why not?**
- (12) (a) Does SW have appropriate feasibility studies to support their decision to proceed with the out-dated NST system?**
 - (b) If so, where are copies available?**
 - (c) If not, why not?**

- (13) How will SW monitor the contents of the NST to prevent or identify any accidental or intentional spillage of toxic and/or dangerous substances, such as toxic chemicals, petrol etc, mixing with household sewerage?**
- (14) How will SW deal with such an incident?**
- (15) (a) Have funds been set aside for such monitoring and or reparatory action?**
- (b) If so, how much and where is it flagged in the budget?**
- (c) If not, why not and what will be done to rectify this?**

ANSWER

I am advised the following:

- (1) No.
- (2) No. In fact, the tunnel has already demonstrated substantial environmental benefits to Sydney Harbour. Since it's commissioning in January 2001 it has prevented some 3 billion litres of diluted sewage from polluting the Lane Cove River, Middle Harbour and Sydney Harbour.
- (3) The estimated annual operational cost of the tunnel is of the order of \$1 million.
- (4)(a)-(b) The tunnel has a concrete floor throughout it's length. Such erosion as suggested by the question is not anticipated.
- (5)(a)-(b) There is no evidence of the presence of Sulphuric Acid in the dilute sewage at levels that could cause deterioration of the sandstone.
- (6) No additional costs are anticipated. In the event of pump failure, sewage will be diverted into the tunnel, which will provide the capacity to take additional flows and reduce the incidence of overflow. It should be noted that critical spare parts for the pumps are available for replacement at short notice. Quakers Hat Bay is not a designated discharge point for tunnel ventilation air and would not be impacted.
- (7)(a)-(b) Warriewood Sewage Treatment Plant will undergo relevant process amplification to ensure that the plant continues to accommodate increased flows from future urban growth in the catchment. Warriewood STP will not be connected to the Northside Storage Tunnel.
- (8)-(9) The system has capacity to accept the flows from the extra line.
- (10) The NST is an example of best modern practice for dealing with wet weather sewage overflows. Since commissioning in January 2001, the tunnel has prevented some 3 billion litres of diluted sewage from polluting the Lane Cove River, Middle Harbour and Sydney Harbour.
- All options that were considered by Sydney Water and the community were presented to the General Purpose Standing Committee No 5 in it's inquiry into the Scotts Creek Vent, and the first and second reports of the Waterways Advisory Panel investigation into the

tunnel. Further still, all options have been fully considered in both the Environmental Impact Statement and Review of Environmental Factors.

(11)(a)-(c) Refer to question 10.

(12)(a)-(c) Refer to question 10.

(13) Sydney Water employs a front line trade waste policy to minimise the risk of discharge of such substances into the sewage. The wet weather overflows captured by the tunnel consist of sewage of the order of three times as dilute as normal dry weather flow. The risk is therefore considered to be insignificant. In the unlikely event that such an incident were to occur, Sydney Water would deal with any such incidents in accordance with its documented incident management procedures.

(14) Refer to question 13.

(15)(a)-(c) Refer to question 13.

17. Mr R Jones asked the Minister for Sydney Water, the Hon Kim Yeadon, MP—

[In relation to Sydney Tap Water - Water Quality]

- (1) Why is it that acid/alkaline test kits show that Sydney tap water is too acidic for aquatic pets such as turtles yet the water is deemed safe for humans to drink?**
- (2) How much is spent upon ensuring safe tap water for human consumption and when might the people of Sydney expect safer drinking water?**
- (3) (a) Does SW advise Pharmacists to tell their customers who are immuno-suppressed not to take their prescribed medication with tap water?**
(b) If so, why and how much does this communication cost SW?
- (4) What are the costings to further improve the quality of drinking water for the people of Sydney?**

ANSWER

- (1) Sydney Water provides water for drinking purposes in accordance with the 1996 Australian Drinking Water Guidelines.
- (2) In 2000/2001, Sydney Water spent \$130 million directly on supplying safe drinking water. This includes the operating cost associated with water filtration plants and managing drinking water quality within the reticulation systems. Sydney Water supplies safe drinking water to its customers that fully meets all the health related aspects of the Australian Drinking Water Guidelines.
- (3)(a)-(b) Sydney Water has developed and implemented a public education program in consultation with NSW Health, which provides information about water quality issues to

the general public. Some of Sydney Water's action under this program includes the publication of material in newsletters of the Divisions of General Practice and newsletters of the Pharmacy Guild NSW.

- (4) Sydney Water's \$200 million 5 year Drinking Water Quality Management Plan integrates with WaterPlan 21 and the Government's \$3 billion Waterways Package and identifies the initiatives to be taken over a five year period between 2000 and 2005, to manage drinking water quality within Sydney, the Blue Mountains and the Illawarra. The plan was developed in conjunction with the Sydney Catchment Authority and was approved by NSW Health. An example is the allocation of a further \$57 million on the fourteen drinking water distribution systems that Sydney Water operates to ensure that mains, pumps and reservoirs are clean and continue to operate reliably.

18. Mr R Jones asked the Minister for Sydney Water, the Hon Kim Yeadon, MP—

[In relation to Northside Storage Tunnel - Operation Environmental Management Plan, Reuse Pipe and Environment Levy]

- (1) Is the NST in operating or commissioning mode?**
- (2) Has the Operation Environmental Management Plan (OEMP) been approved yet by the Department of Urban Affairs and Planning (DUAP)?**
- (3) As the reason for building the NST in particular, was environmental, shouldn't the environmental issues, i.e., the objectives that any OEMP should meet have been set first rather than having a completed project without an approved operation plan?**
- (4) If the OEMP is not yet approved by DUAP what is the delay, Sydney Water (SW) has already taken considerable time to submit the OEMP to DUAP?**
- (5) Does SW have a market to allow operation of the return reuse pipe in the NST?**
- (6) Will that pipe and its installation cost approx \$3.5 million?**
- (7) Are there any funds in the special environment levy?**

ANSWER

I am advised the following:

- (1) The Northside Storage Tunnel is in commissioning mode.
- (2) This question should be referred to the Minister for Urban Affairs and Planning.
- (3) This question should be referred to the Minister for Urban Affairs and Planning.
- (4) This question should be referred to the Minister for Urban Affairs and Planning.
- (5) Under WaterPlan 21, Sydney Water will further investigate opportunities for recycling effluent as part of the North Head STP upgrade.

(6) The effluent pipe is already installed in the tunnel and any further cost would depend on the location of any re-use requirement and the degree of treatment necessary for the re-use water.

(7) There are no such funds available.

19. Mr R Jones asked the Minister for Sydney Water, the Hon Kim Yeadon, MP—

[In relation to Pipes]

- (1) Why does Sydney Water (SW) have the slowest response to burst mains and pipes in the country?**
- (2) Why is SW's record for restoring water to properties affected by breakdowns worsening, in the 1998-99 financial year water was restored to 98.4% of properties yet the latest figures show that percentage has dropped to 87.3?**
- (3) Why is SW's average annual bill for last year exceeded only by that of Gold Coast Water and South Australia Water Corporation, which serves the driest urban area in Australia?**
- (4) (a) Has the average duration of breakdowns of sewerage services more than doubled in the past 12 months?**
(b) If so, why and what is being done to rectify this?
- (5) Is the average duration of breakdowns of SW sewerage services now one hour longer than for other State or city water authorities? If so, why and what is being done to rectify this?**
- (6) Why has the number of breaks and leaks per 100 kilometres of SW water main increased from 24.49 five years ago to 40.86 last year and what is being done to rectify this?**

ANSWER

I am advised the following:

- (1)** Sydney Water is performing excellently in response to burst mains and pipes, where the Corporation meets or exceeds national averages. In fact, Sydney Water's performance against "water supply average outage time for unplanned interruptions" of 13 minutes is one of the best in Australia and exceeds the national average by almost 50 per cent. Further, for both planned and unplanned interruptions, Sydney Water demonstrates excellent performance with the third lowest water supply interruption frequency per 1000 properties in Australia. Again, Sydney Water is ahead of the field by around 50 per cent better than the average. This is a clear demonstration of Sydney Water's commitment to quality and service to the residents of Sydney, the Illawarra and the Blue Mountains.
- (2)** Sydney Water's Operating Licence requires that the water service be restored within a 6 hour period. Accordingly and appropriately, the Corporation's systems are geared towards meeting the Operating Licence requirement. This does not reflect a fair basis for comparison against other water service providers.

Notwithstanding this, in 1999/00 Sydney Water's water supply restoration of service was affected by two large watermain breaks and inaccurate data collected for another watermain break at Berowra. Inaccurate data collected from a single watermain break was originally thought to have caused 7,508 properties to be without water for over 5 hours. However, due to rezoning the water supply, all but 170 properties had their service returned within one hour. A correction to the WSAA data for the Berowra break was not possible for 1999/00 and will be corrected in Sydney Water's next contribution to WSAA.

It is noted, although, that after making corrections for this, Sydney Water's actual performance improves to approximately 92 per cent.

- (3) The Independent Pricing and Regulatory Tribunal (IPART) determines Sydney Water's prices for water, sewerage and stormwater services.
- (4)-(5) A question about this matter was asked at the public hearing on 27 July 2001. (Refer to page 6 of Hansard)
- (6) A question about this matter was asked at the public hearing on 27 July 2001. (Refer to page 5 of Hansard)

20. Mr R Jones asked the Minister for Sydney Water, the Hon Kim Yeadon, MP—

[In relation to Australian Water Technologies]

How were senior staff at Australian Water Technologies allowed to take up to 136 overseas trips a year while the organisation was struggling to make a profit, even with top-ups from Sydney Water?

ANSWER

Australian Water Technologies (AWT) has operated nationally with offices in Sydney, Brisbane, Forster and the Gold Coast. The company also has branches in Singapore, New Zealand and Fiji, and a subsidiary company in the Philippines.

The majority of overseas travel that AWT undertakes is related to specific projects in the country of destination. During the year 2000/2001, the company serviced contracts in New Zealand, Singapore, Hong Kong, Thailand, China, and Fiji.

I am advised that some trips were undertaken as part of commercial projects and were funded by the project income, or resulted in a direct commercial return to AWT and other trips were necessary for bidding for international contracts, business management, or promotional/fact finding purposes.

21. Mr Harwin asked the Minister for Sydney Water, the Hon Kim Yeadon, MP—

(1) Does your office have a service vehicle?

(2) (a) Which members of your staff have Government funded credit cards?

- (b) How much does this cost?
- (3) (a) Which members of your staff have Government funded mobile phones?
 - (b) If any, how much do the telephones and calls cost?
- (4) (a) Do any members of your staff have Government funded cars or salary packages including a car?
 - (b) If so:
 - (i) Who are they?
 - (ii) What do they get?
 - (iii) How much does it cost?
- (5) (a) Do any members of your staff have Government funded car spaces?
 - (b) If so:
 - (i) Who are they?
 - (ii) Where are the car spaces?
- (6) What is the cost of postage from your office?
- (7) What does it cost to rent your ministerial office?
- (8) Does your ministerial office have an ensuite, a bed, or any accommodation facilities?
- (9) What is your Ministerial Office telephone bill (including phone, fax, internet)?
- (10) (a) Who is your chief of staff?
 - (b) What is s/he paid?
- (11) (a) Who is your senior media advisor?
 - (b) What is s/he paid?
- (12) How many media advisers do you have?
- (13) (a) Have you refurbished any part of your office, or installed any new office equipment in the past year?
 - (b) If so:
 - (i) What work was performed?
 - (ii) What did it cost?
- (14) (a) What was the total salary of the Sydney Water Corporation CEO in 1999-2000?
 - (b) Did he also receive a performance bonus in 1999-2000?
 - (c) If so:
 - (i) How much was it?
 - (ii) What was his salary plus bonus?

(iii) What is his total salary for the current financial year?

(iv) Why is it different to last financial year?

(15) (a) Have there been any retreats or conferences held by senior staff of Sydney Water?

(b) If so:

(i) How many?

(ii) Where were they held?

(iii) What was the total cost?

(iv) How long were the retreats?

ANSWER

I am advised the following:

- (1) As there is no definition of service vehicle it is impossible to answer this question.
- (2)(a)-(b) Ministers and Ministerial staff do not have departmental credit cards except in the case of overseas travel where short term credit cards are issued and returned at the completion of travel.
- (3)(a)-(b) Communication devices are issued and used in accord with relevant guidelines.
- (4)(a)-(b) Terms and conditions of employment are determined by the Director-General of the Premier's Department as the employer of ministerial staff.
- (5)(a)-(b) Terms and conditions of employment are determined by the Director-General of the Premier's Department as the employer of ministerial staff.
- (6)(a)-(b) Expenditure for the Minister's Office is determined by the Budget Committee of Cabinet.
Expenditure must be in accordance with the provisions of the Public Finance and Audit Act.
- (7) The rent on Governor Macquarie Tower is managed by the Crown Property portfolio.
The former Coalition Government in January 1995 committed the Government to the lease of Governor Macquarie Tower until 2006.
- (8) The facilities within the ministerial office are in accordance with the relevant guidelines.
- (9) Communication devices are issued and used in accord with relevant guidelines.
- (10)(a) Ms Leisl Baumgartner.
- (b) Remuneration is in accord with the levels set by the Director-General of the Premier's Department, as the employer of ministerial staff.

- (11)(a) Mr Aaron Ross.
- (c) Remuneration is in accord with the levels set by the Director-General of the Premier's Department, as the employer of ministerial staff.
- (12) Two.
- (13) All expenditure was in accordance with guidelines and procedures for office fit-outs and refurbishment.
- (14)(a)-(c) In accordance with the relevant Annual Reports (Statutory Bodies) Act 1984 and regulations made under that Act, the Managing Director's total remuneration package is recorded in the respective annual report.
- (15)(a)-(b) Two executive workshops were held by the Sydney Water Executive in 2000/01.